
CITY OF WARWICK

Comprehensive Annual Financial Report

***FOR THE PERIOD AND FISCAL YEAR ENDED
June 30, 2016***

***Scott Avedisian
Mayor***

***Ernest M. Zmyslinski
Finance Director***

***Anthony Ferrucci
Chief Budget Officer***

Prepared By: Finance Department

Parmelee, Poirier & Associates LLP

**CITY OF WARWICK, RHODE ISLAND
ANNUAL FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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FINANCIAL SECTION

This Section Contains the Following Subsections:

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



Ernest M. Zmyslinski
Finance Director

Scott Avedisian
Mayor

CITY OF WARWICK
FINANCE DEPARTMENT
3275 POST ROAD
WARWICK, RHODE ISLAND 02886

May, 1, 2017

To the Honorable Mayor, President and Members of the
Warwick City Council, and Citizens of the City of Warwick:

We hereby submit the Comprehensive Annual Financial Report for the City of Warwick, for the fiscal year ended June 30, 2016. The report has been prepared in accordance with generally accepted accounting principles (GAAP), adhering to the format promulgated through the Governmental Accounting Board's Statement 34. Responsibility for the accuracy of the data presented, as well the fairness of the representations contained within the report, rests with the City's management. To provide a reasonable basis for making these representations, the City of Warwick has established a comprehensive internal control framework that is designed to protect the government's assets from theft, loss or misuse, and to promote the compilation of reliable financial information for reporting and forecasting purposes. Since the cost of the internal control system should not outweigh its benefits, the City's internal control system has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements. As management, we assert that, to the best of our knowledge, and in all material respects, this report is fair, complete, and summarizes the City's financial position in a comprehensive manner.

The Comprehensive Annual Financial Report is presented in four sections: Introductory, Financial, Statistical, and Single Audit. The Introductory Section contains this letter of transmittal, an organizational chart, and a listing of City Officials. The Financial Section contains the independent auditor's report, the management discussion and analysis (which should be read in conjunction with this transmittal letter to provide the reader with a greater understanding of the City's net position and fund activity), the city-wide financial statements, the basic financial statements of major and non-major funds, notes to the financial statements, and other supplementary information. The Statistical Section provides selected financial and demographic information presented on a multi-year basis.

In conformity with the Single Audit Act of 1996 and the United States Office of Management and Budget Circular A-133, "*Audits of States, Local Governments, and Non-Profit Organizations*", the City is required to submit to an annual audit of all federal grant awards. The Single Audit represents the final section of our report and contains the schedule of expenditures of federal grant awards.

GOVERNMENT PROFILE

The City of Warwick was established in 1642 and incorporated in 1931. The City has the second largest population in the State of Rhode Island and has total land area of approximately 35 square miles with another 14 square miles of inland water. Located 10 miles south of Providence, in Kent County, the City is centrally located within the State and connected to the northeast corridor by a network of interstate highways, including Interstate 95 and Interstate 295.

The City operates under a legislative charter providing for a nine-member council elected for two-year terms. All legislative powers of the City are vested in the City Council. Members of the Council are elected from each of the City's nine wards. In addition, a Mayor is elected for a two-year term and is the chief executive officer of the City. The Mayor is responsible for the administration and management of all offices, departments, and agencies except as otherwise provided by the City Charter. Duties of the Mayor include appointment of officers and employees of the City, preparation and presentation of the annual budget to the City Council, and the performance of other duties as required by ordinance or resolution. The Mayor has veto power over ordinances passed by the City Council, and may be overridden by a two-thirds vote of the City Council.

PUBLIC EDUCATION

A five-member School Committee directs the general administration of the City's school system. Three members are elected from designated school districts and two are elected at-large. The School Committee directs and controls all policies affecting the administration, construction, maintenance and operation of the public schools. The School Committee also appoints a superintendent of schools as its chief administrative agent and such other administrative officers as are considered necessary.

The City Charter provides that, based on budget estimates submitted by the School committee, the City Council establishes the School Department's appropriation in total only, and that the School Committee determines the allocation of the amounts appropriated.

The City's school system consists of 16 elementary schools, 2 junior high schools, 2 senior high schools, an early childhood center and a career technical center. Most of these schools have been constructed in the last 40 years and the City does not anticipate the need for additional construction of school facilities in the near future, although renovations and additions to existing facilities are ongoing.

There is presently a professional staff of 973 in the school system, 918 of whom are teachers. In the graduating class of 2016 approximately 88% of all high school graduates continued their education by attending two and four year colleges, technical institutes, or other forms of post secondary education.

The following is a summary of the actual school population trends in the City:

<u>Schedule of Enrollment</u>	
2000	12,375
2001	12,382
2002	12,205
2003	12,078

2004	12,003
2005	11,709
2006	11,385
2007	10,944
2008	10,818
2009	10,525
2010	10,507
2011	10,277
2012	9,977
2013	9,675
2014	9,409
2015	9,277
2016	9,130

During fiscal 2016, the City appropriated \$159,530,000 to the School Department. In addition, the Department's fiscal 2015 operating surplus, \$3,183,726, was re-appropriated to them. Final expenditures totaled \$160,413,467. Their fiscal 2017 expense appropriation is \$161,135,284. The total fiscal 2017 State Aid for school operations has been budgeted at \$38,253,570.

MUNICIPAL SERVICES

In addition to its schools, the City provides major public services, certain of which are described below:

Executive and Administration

The Mayor with the assistance of the Finance, Personnel and Legal Departments exercises general oversight of the City. The City Clerk's Office is responsible for all record maintenance and supervision of the municipal and probate courts. During fiscal 2016, the Executive and Administrative Divisions expended \$13.7 million, of which \$7.4 million represented debt service. The fiscal 2017 budget has been set at \$15.2 million.

Public Safety

A three member Board of Public Safety appointed by the Mayor, oversees the City's Police Department, Fire and Rescue Services Departments and serves as license commissioners for the City.

Police: The City Police Department has 250 authorized positions consisting of 172 sworn officers, 23 school crossing guards and 55 civilian personnel. The police station, built in 1975, provides facilities for public safety issues. During fiscal 2016, the Police Department expended \$18.7 million. For fiscal 2017, \$19.6 million has been designated for operations.

Fire and Rescue: The City Fire Department and Rescue Service has 232 authorized positions consisting of 220 uniformed fire and rescue personnel and 12 civilian personnel, staffing nine stations throughout the City. Fire and Rescue expended \$22.9 million during fiscal 2016 and \$22.1 million was budgeted for fiscal 2017.

Animal Shelter: The Animal Shelter consists of 5 employees and is responsible for administering care to the animal population. The fiscal 2016 expenditures totaled \$191,345 with \$215,997 budgeted for fiscal 2017.

Building Inspector: The City Building Inspection Department consists of 15 authorized positions responsible for insuring compliance with local and state building code ordinances and laws. The fiscal 2016 expenditures totaled \$749,226; \$864,946 was budgeted for fiscal 2017.

Social Services

Parks and Recreation: A staff of 15 maintains two indoor skating rinks, an indoor swimming pool with an adjacent therapeutic pool, 7 beaches, 60 athletic fields, 32 basketball courts, 39 tennis courts and 6 parks. They are assisted by the Public Works Field Maintenance Division. The Department is also responsible for regulating the City's three major harbors in Narragansett Bay. During fiscal 2016 the Department expended \$1.7 million. The fiscal 2017 budget has allotted \$1.8 million for recreation.

Warwick Public Library: The City library consists of a main library and three branches. The main facility contains over 215,000 items and provides research services to the City's residents and business community. Total library related expenditures for fiscal 2016 totaled \$2.7 million. These funds supported the acquisition of books and materials as well as an authorized staff of 50. The central library facility serves over 395,000 visitors a year. The fiscal 2017 budget amounts to \$2.8 million.

Human Services: This Department provides social and transportation services to the City's seniors at three neighborhood senior centers. It also provides contributive and in-kind support to non-profit organizations in the City. Fiscal 2016 expenditures totaled \$1.1 million, and the fiscal 2017 budget has been set at \$1.3 million.

Physical Resources

Planning and Community Development: A staff of 12 provides professional guidance on the physical and social development of the City and administers the Federal Community Development Block Grant Program and the Lead Hazard Reduction Program. Fiscal 2016 expenditures for these programs totaled \$839,537, with \$783,359 allocated for fiscal 2017.

Tourism, Culture, and Development: This Department, working closely with the Mayor's Office, assists the private sector in finding suitable facilities in the City. Also, the Department promotes the City and its lodging facilities through general circulation and trade advertising. Fiscal 2016 expenditures totaled \$571,206 and \$727,188 has been set aside for fiscal 2017 operations.

Public Works: An authorized staff of 131 maintains the City's 480 miles of roads, monitors the disposal operations of 25,000 tons of trash per year, maintains the City's fleet of vehicles, maintains approximately 40 buildings, and designs new infrastructure projects. During fiscal 2016 the Department expended \$13.3 million and has been allocated \$13.7 million through the fiscal 2017 budget.

Sewer and Water: These departments operate as enterprise funds, collecting revenue which is sufficient to support their operations. They are responsible for overseeing the City's water and wastewater treatment facilities.

ECONOMIC CONDITIONS AND OUTLOOK

POPULATION

The table below shows the City's population trends:

<u>Year</u>	<u>City</u>
2016	81,699
2015	81,963
2010	84,760
2005	87,365
2000	85,808
1990	85,427
1980	87,123
1970	83,694
1960	68,504
1950	43,028
1940	28,757
1930	23,196
1920	13,481

INCOME LEVELS

According to the US Census Bureau, 2011-2015 American Community Survey (5 Year Estimates), the median family income of the City of Warwick was \$82,937. Median family income in the City increased 47.5% from 2000.

HOUSING

According to the US Census Bureau, 2010 Demographic Profile Data, there were 37,730 dwelling units in the City compared to 37,085 dwelling units in 2000.

ECONOMIC DEVELOPMENT

General: The Warwick Department of Tourism, Culture and Development is engaged in an on-going effort to promote and assist new, existing and expanding businesses. In this capacity, the Department serves as a liaison between City government and the private sector in the location of available land and facilities, and in the determination of available financing.

State Airport: Warwick's premier asset is also its greatest business convenience. Located directly in the heart of the City is T.F. Green Airport, the state's major commercial airport. The Rhode Island Airport Corporation opened a new \$200 million, two-level terminal in September of 1996 augmented with a landscape beautification program on the airport grounds and along its entrance on Post Road. Featuring separate arrival and departure access along with 22 gates and an improved baggage claim area, T.F. Green Airport has already attracted expanded service and increased passenger volume.

MAJOR INITIATIVES

The City of Warwick maintains a bond rating of A1, as determined by Moody's Investors Service and AA- from Standard & Poor's. These ratings are the result of firm and steady financial planning. They reflect Warwick's strong tax base, consistent financial performance, and manageable levels of bonded debt.

Annually, the City develops a Capital Improvement Plan. This plan serves as a blueprint for capital projects to be undertaken over a five-year period.

Open Space/Recreation:

The City remains especially committed to preserving recreational and open space areas. In 2007, the City purchased 40.9 acres at the site of the former Rocky Point Amusement Park in the Warwick Neck area. In March 2013, the Rhode Island Department of Environmental Management (RIDEM) purchased the remaining 82 acres from the U.S. Small Business Administration. A portion of the Park owned by the city – some 41 acres that hug the spectacular shoreline of Narragansett Bay – is already used by residents who enjoy walking, clamming, fishing, bird watching, biking and taking part in other recreational activities there.

The City remains an active partner with RIDEM as this process moves forward and looks forward to the future use of the park as open space and for recreational activities.

T.F. Green Airport and Intermodal Facility:

The City continues to receive additional revenue from airport-related activities. Taxes on airport parking and rental cars generated approximately \$2.6 million in revenue during fiscal 2016. The City also received airport-related funding from the Economic Development Commission. This revenue totaled \$762,513. The state's meal tax also generated approximately \$2.7 million for the City.

The Warwick Intermodal Train Station, known as the InterLink, is now operational. A combination of federal and state funds financed approximately \$267 million in construction costs. The facility gives Warwick one of, if not the closest, air-rail links in the country and provides MBTA commuter train service among Warwick, Providence and Boston, with service to Wickford Junction as well. It includes a bus hub, a six-level parking garage for rail commuters and car-rental companies, and a 1200-foot, enclosed, elevated walkway with moving sidewalks over Post Road that connects T.F. Green Airport to the Station.

City Centre Warwick:

The City continues to move forward with its plans to redevelop and revitalize some 95 acres surrounding the airport and InterLink formerly known as the Warwick Station Development District. In December, a new name – City Centre Warwick – and brand new identity and website (www.citycentrewarwick.com) were unveiled. The new name reflects the City's vision for the area; namely, a mixed-use, lively commerce and multi-modal transit center in the heart of southern New England that's supported by a vibrant, pedestrian-friendly neighborhood in which to live and work.

A key component of this phase of the project – funded through a \$400,000 Federal Highway Administration grant – was a market segmentation analysis of City Centre Warwick, which will help the City to market the area to local, regional, and national audiences. The analysis identified key industries, including foreign trade, medical device and high-value manufacturing, distribution services, and the health care, educational services, financial, and biotechnology industries that will flourish in the district.

City Centre Warwick and the adjacent “business innovation district” offer up to 3 million square feet for redevelopment, all located within a half-mile radius of the airport, commuter rail station and Interstates 95 and 295. At full build-out, it’s expected that City Centre Warwick will create between 2,000 and 3,000 new jobs.

The City continues its collaboration with state and federal partners, local stakeholders and the Central Rhode Island Chamber of Commerce to further economic development and revitalization in the area.

Apponaug Bypass:

The Apponaug Bypass Project is nearing completion. The project, overseen by the State Department of Transportation, is expected to be completed by September 2017. This innovative transportation project, costing an estimated \$32 million, includes reconstructing the Apponaug circulator and opening it to two-way traffic. The project will have numerous benefits for our community, including reduction of traffic volume at Apponaug Four Corners (from 28,000 average daily trips to an estimated 4,000, making the area more pedestrian-friendly), increasing recreational and alternative transportation options with the creation of a dedicated bicycle lane that will connect the Warwick Bicycle Network, creation of additional open space in Apponaug Center, the beautification of Apponaug Village with new landscaping, curbing and decorative street lighting, and the preservation of the historic sawtooth building for potential redevelopment.

The improvements are also expected to positively impact the environment, with improved air quality, “daylighting” and restoration of the local Apponaug River system (including the creation of two small ponds to provide a connection between Little Gorton Pond and Apponaug Cove), improved wildlife habitat, and reduction of stormwater runoff into Greenwich Bay.

The bypass project, together with new Village Zoning regulations, will further the City’s ongoing efforts to revitalize the historic village into a more pedestrian-friendly neighborhood that offers increased “live/work” opportunities to increase economic development and provide unique residential choices for citizens. It will enable development and redevelopment of the village center in keeping with its historic character and with an eye to the future.

Comprehensive Plan:

The City has completed a new Comprehensive Plan, which will guide development and initiatives in Warwick for the next 20 years. The Plan, called *21st Century Warwick: City of Livable Neighborhoods*, was written with input from the public. The plan is organized into a series of “elements,” or topic areas, including Natural Resources, Historic and Cultural Resources, Open Space and Recreation, Housing and Neighborhoods, Economic Development, Transportation and Circulation, Services and Facilities, and Land Use. A new element, Resilience, focuses on adaptation to increased hazards from flooding and other potential impacts of climate change.

Public Works:

Warwick continues to lead the state in recycling. The City’s automated trash and recycling system has resulted in less waste being sent to the state landfill. The first full fiscal year of City-wide automation was 2007. During fiscal 2016, the City received \$52,995 from the Rhode Island Resource Recovery Corporation as part of a profit-sharing program based on its recycling rates.

FINANCIAL INFORMATION

The City's Comprehensive Annual Financial Report provides detailed information on the City's current financial position. Our Management Discussion and Analysis will provide additional analysis.

BUDGETARY CONTROL

At least forty five days prior to the start of the fiscal year, the Mayor submits a budget to the City Council for consideration. Before the budget is adopted, a public hearing is held and taxpayers are given the opportunity to comment on the budget. After the hearing, the Council reviews the budget. They have the authority to increase or decrease budget line items. The budget is adopted on an affirmative vote of the majority of the City Council – this vote must occur at least 15 days prior to the start of each fiscal year. If the City Council has not adopted the budget by this date, the Charter stipulates that the Mayor's budget is deemed to have been adopted by the Council.

The operating budget is tracked via a budgetary control system. The system tracks expenditures and encumbrances, and compares them to budget. The report also calculates the amount of appropriation remaining. The Finance Department monitors spending and issues reports to departments to assist them in budget management.

CASH MANAGEMENT

Cash requirements are strictly monitored, and excess cash is invested in appropriate short term instruments. These investments are intended to maximize investment earnings, while maintaining an appropriate level of liquidity. The pension funds are invested in longer term investments- both bonds and equities- and are managed by consultants, hired to maximize the rates of return. Investment income includes appreciation in the fair value of investments. Increases in fair value during the current year, however, do not represent trends which can be anticipated or recognized as permanent additions to the funds. They are completely dependent on economic conditions, and may never be realized, especially for investments held for the long term.

RISK MANAGEMENT

The City is a member of the RI Interlocal Risk Management Trust. This organization was established as a joint venture to provide insurance coverage to local municipalities. The City of Warwick maintains insurance coverage for property, general liability, professional liability, and auto liability. The City self insures for workers compensation. Beacon Mutual Insurance Company administers this program.

DEBT ADMINISTRATION

The ratios of net bonded debt to total assessed (property) valuation and net bonded debt per capita provide useful information when evaluating the City's financial position. These indicators were as follows on June 30, 2016:

<u>Net Direct Bonded Debt</u>	<u>Ratio of Debt to Assessed Value</u>	<u>Debt Per Capita</u>
\$ 45,326,479.	.51%	\$ 554.80

(Please See Statistical Tables For Additional Information)

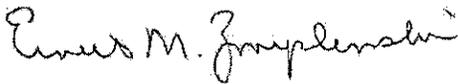
INDEPENDENT AUDIT

Per the Warwick City Charter, and the General Laws of the State of Rhode Island, an independent audit of the City's financial statements and operations has been completed by the firm of Parmelee, Poirier, and Associates. Their opinion is included within this document.

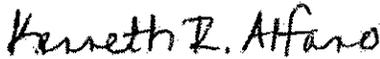
ACKNOWLEDGEMENT

The preparation of this Comprehensive Annual Financial Report would not have been possible without the efficient and dedicated efforts of the staff of the Treasury and Finance Divisions. Their competent efforts are greatly appreciated. Special thanks to Mayor Scott Avedisian, Council President Donna Travis, and the members of the City Council for their support in maintaining the highest standards of professionalism in the management of the City of Warwick's finances.

Respectfully submitted,

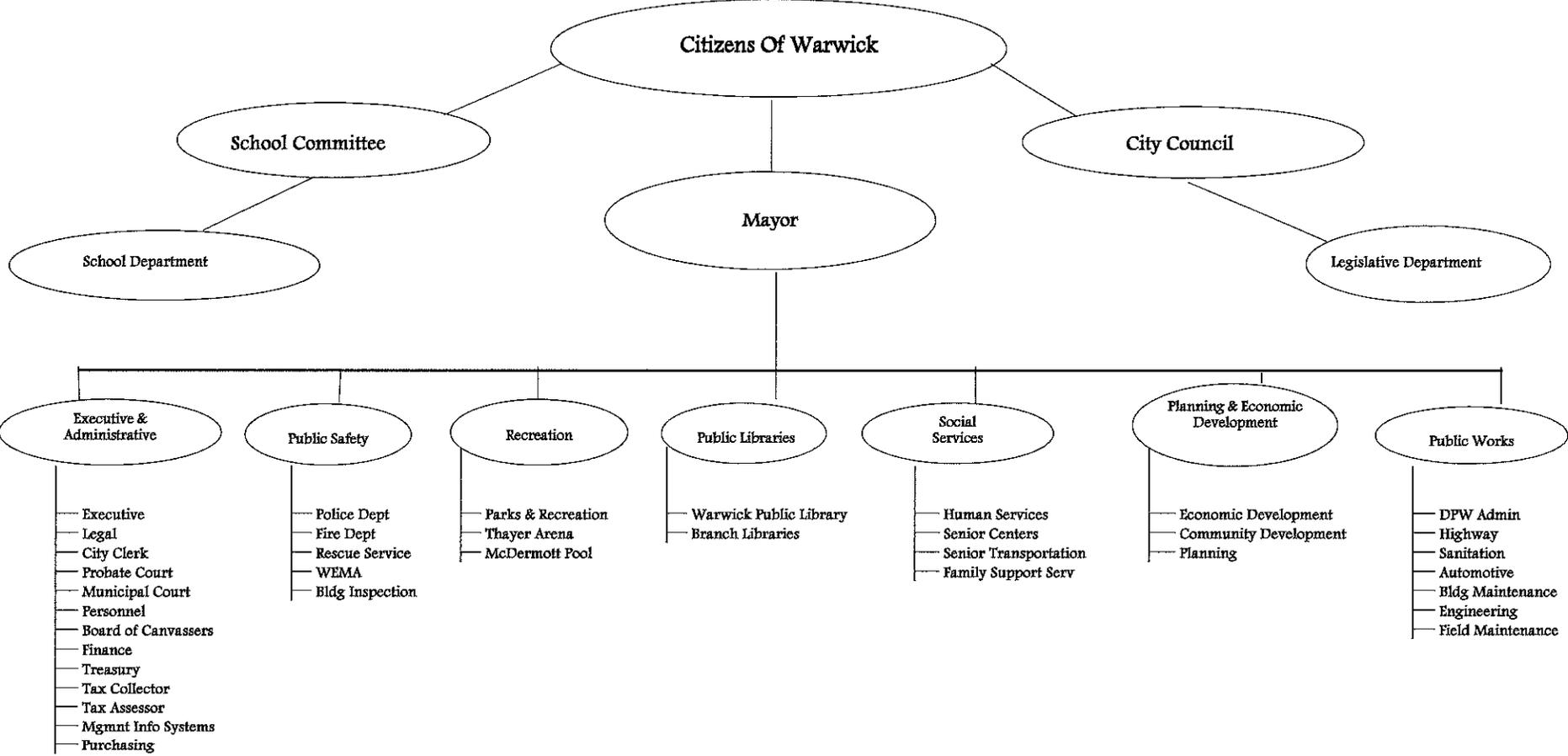


Ernest M. Zmyslinski
Finance Director



Kenneth R. Alfano
Controller

THE CITY OF WARWICK, RHODE ISLAND GOVERNMENT ORGANIZATIONAL CHART





CITY OF WARWICK, RHODE ISLAND

MAYOR

Scott Avedisian

CITY COUNCIL

Donna Travis, Council President
Thomas Chadronet
Steven Colantuono
Kathleen Usler
Joseph Gallucci
Edgar Ladouceur
Steve Merolla
Joseph J. Solomon
Camille Vella-Wilkinson

SCHOOL COMMITTEE

Bethany A. Furtado, Chairperson
Jennifer T. Ahearn
Karen A. Bachus
M. Terri Medeiros
Eugene A. Nadeau

FINANCE DEPARTMENT

Ernest M. Zmyslinski, Finance Director
David C. Olsen, City Treasurer
Kenneth R. Alfano, City Controller

SCHOOL ADMINISTRATION

Philip Thorton, Superintendent
Anthony Ferrucci, Chief Budget Officer
Robert Baxter, School Controller

INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and Members of the City Council
Warwick, Rhode Island

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of funding progress for OPEB, budgetary comparison information, schedule of changes in net pension liability, schedule of contributions for pension plans, schedule of investment return for the local police and fire pension plan, and schedule of proportionate share of the net pension liability on pages 3 through 16 and pages 118 through 137, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental*

Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Warwick, Rhode Island's basic financial statements. The combining and individual non-major fund financial statements, the combining and individual private purpose trust fund financial statements, the agency fund financial statements, other supplementary information, and the schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* 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, the combining and individual private purpose trust fund financial statements, the agency fund financial statements, other supplementary information, and the schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements, the combining and individual private purpose trust fund financial statements, the agency fund financial statements, other supplementary information, and the schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

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

Parmelee Poirier & Associates, LLP

Parmelee, Poirier & Associates, LLP

Warwick, Rhode Island

May 15, 2017

Management's Discussion and Analysis

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

As management of the City of Warwick, we offer readers of the City of Warwick's financial statements this overview and analysis of the financial activities of the City of Warwick for the fiscal year ended June 30, 2016. We encourage readers to consider this information in conjunction with the additional information that is furnished in the letter of transmittal, which can be found preceding this narrative, and with the City's financial statements which follow.

Included within our discussion will be a series of comparative tables, serving to more clearly illustrate changes in the City's financial position. These tables will reflect governmental activities, business-type activities, and total activities for the 2015 and 2016 fiscal years.

FINANCIAL HIGHLIGHTS

At the close of the fiscal year, the liabilities of the City of Warwick exceeded its assets by \$333,376,928 (*Net Position*).

The City's total net position decreased by \$35.1 million during fiscal 2016, due primarily to an increase in the City's net pension liability, recorded in accordance with GASB Statements 67 and 68. The net accrued pension liability increased by \$90.2 million to \$482.8 million. However, this liability was offset by net deferred pension outflows (assets) which totaled \$72.7 million – an increase of \$57 million over those recorded during the prior fiscal year. In addition, the City accrued an additional \$17.9 million in post-retirement healthcare benefits in accordance with GASB45.

At the close of the current fiscal year, the City's governmental funds reported *combined* ending fund balances of \$34,072,107, an increase of \$13,184,927 from those of the prior year. This was primarily due to surpluses in the General Fund and the Non-major Governmental Funds.

Fiscal 2016 operating results for the general fund reflected a net increase in total fund balance of \$6,490,550, resulting in an ending fund balance of 22,191,786. The fund's ending unassigned fund balance increased by \$10,334,663 to a total of \$18,486,180 or 6.21% of the total 2016 final budgeted expenditures.

The City's overall investment in capital assets (net of accumulated depreciation) increased by \$4.8 million during this year. Key additions this year included the new Potowomut Fire Station, fire code improvements within several city buildings, and continued expansion of the sewer infrastructure throughout the city.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Warwick's basic financial statements. The City's basic financial statements consist of three components: (1)

government-wide financial statements, (2) fund financial statements, (3) notes to the financial statements. This report also contains other supplementary information including combining statements for non-major governmental funds, enterprise funds, and other fiduciary funds. Figure 1 below graphically depicts the required elements of the financial report:

Required Components of the Annual Financial Report

Figure A-1

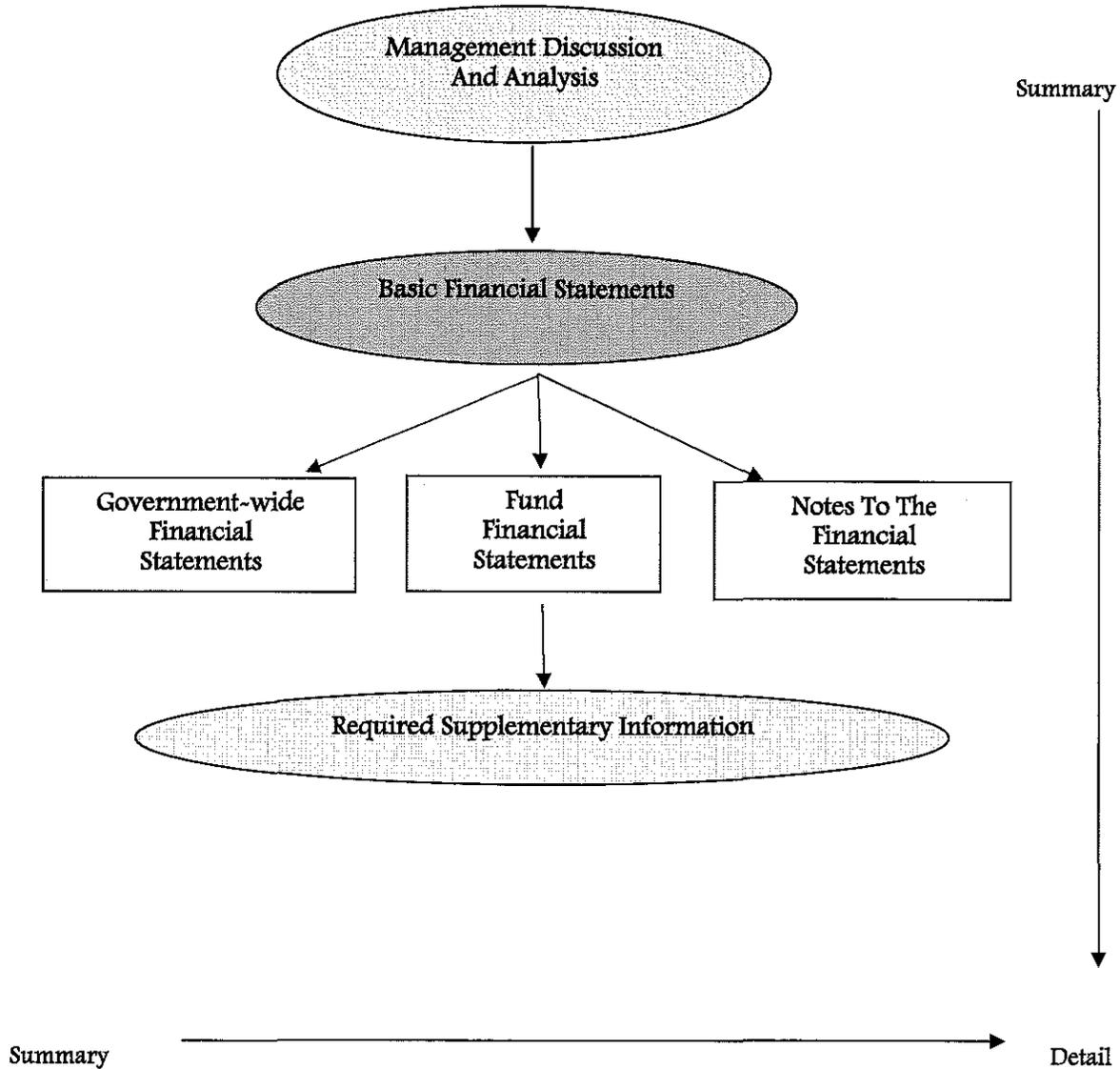


Figure A-1 shows how the required parts of this annual report are arranged and relate to one another.

- The first two statements within the basic financial statement structure are government-wide financial statements that provide both long-term and short-term information about the City's overall status.
- The remaining statements are fund financial statements that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements.
 - The *governmental fund* statements tell how general government services like public safety were financed in the short term as well as what remains for future spending.
 - *Proprietary fund* statements offer short and long term financial information about the activities the government operates like businesses, such as the sewer and water systems.
 - *Fiduciary fund* statements provide information about assets that are held by the City as a trustee or agent for the benefit of someone or something other than the City itself. The City cannot use these assets to support its own programs.
- The financial statements also include notes that provide more detailed data about some of the information in the financial statements.
- The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.
- In addition to these required elements, we have included a section with combining statements that provide details about our non-major governmental funds, enterprise funds, and fiduciary funds, which are added together and presented in a single column in the basic financial statements.

Figure A- 2

Major Features of the City of Warwick's Government-Wide and Fund Financial Statements

	Government- Wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire City government (except fiduciary funds)	The activities of the City that are not proprietary or fiduciary, such as Police, Fire and DPW.	Activities the City operate similar to private businesses such as the sewer system.	Instances in which the City is the trustee or agent for someone else's resources.
Required financial Statements	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures and Changes in Fund Balance	Statement of Net Position Statement of Revenues, Expenses, and Changes in Net Position. Statement of Cash Flows	Statement of Net Position Statement of Changes in Net Position
Accounting Basis And Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Assets/ Liability Information	All assets and liabilities both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the City's funds do not currently contain capital assets, although they can
Type of inflow/ Outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during year, regardless of when cash is received or paid

Figure A-2 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Government-wide Statements

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

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

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

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

- *Governmental activities* – Most of the City's basic services are included here, such as education, public safety, library, recreation, social services, public works and general administration. Property taxes, charges for services and state funding finance most of these activities.
- *Business-Type activities* - The City charges fees to customers to cover the costs of certain services it provides. The City's water and sewer systems are included here.
- *Component units* – The City does not have any entities that are deemed to be component units.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant funds – not the City as a whole. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. It is important to note that these fund categories use different accounting approaches and should be interpreted differently.

Governmental Funds – Most of the basic services provided by the City are reported in governmental funds, which focus on (1) how money flows into and out of those funds and (2) the balances remaining at year end that are available for spending during the next year. These funds are reported using an accounting method called the modified accrual basis of accounting, which measures cash

and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations that helps the reader to determine whether or not there are more or fewer financial resources that can be spent in the near future to finance City programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. To facilitate this comparison, a reconciliation between the governmental funds statements and the government-wide statements has been provided.

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

The basic governmental fund financial statements can be found on pages 19-22 of this report.

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

The basic proprietary fund financial statements can be found on pages 23-26 of this report.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary funds financial statements can be found on pages 27-28 of this report.

Notes to the financial statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements follow the basic financial statements.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial health. The City's combined net position (government and business-type activities) totaled (\$333,376,928) at the close of the most recent fiscal year. The largest portion of the City's net position reflects its investment in capital assets such as land, building, equipment, and infrastructure, less any related outstanding debt. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Warwick's Net Position June 30, 2016

	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Assets:						
Current Assets	\$81,503,199	\$68,725,460	\$62,354,353	\$51,969,045	\$143,857,552	\$120,694,505
Capital Assets	120,918,866	119,661,980	191,832,593	188,292,267	312,751,459	307,954,247
Other Noncurrent Assets	-	-	26,639,344	29,890,713	26,639,344	29,890,713
Total Assets:	\$202,422,065	\$188,387,440	\$280,826,290	\$270,152,025	\$483,248,355	\$458,539,465
Deferred Outflows of Resources	87,421,596	29,852,829	2,798,848	907,027	\$90,220,444	\$30,759,856
Liabilities						
Current Liabilities	\$34,005,412	\$30,604,685	\$37,532,334	\$39,068,745	\$71,537,746	\$69,673,430
Long-term Liabilities	680,389,793	571,740,544	107,994,025	128,846,352	788,383,818	700,586,896
Total Liabilities:	\$714,395,205	\$602,345,229	\$145,526,359	\$167,915,097	\$859,921,564	\$770,260,326
Deferred Inflows of Resources	20,228,318	17,302,767	26,695,845	-	\$46,924,163	\$17,302,767
Net Position:						
Invested in capital assets net of related debt	\$71,152,188	\$69,871,522	\$95,748,013	\$90,058,444	\$166,900,201	\$159,929,966
Restricted	6,278,740	4,120,308	5,204,470	3,910,099	11,483,210	8,030,407
Unrestricted	(522,210,790)	(475,399,557)	10,450,451	9,175,412	(511,760,339)	(466,224,145)
Total Net Position:	(\$444,779,862)	(\$401,407,727)	\$111,402,934	\$103,143,955	(\$333,376,928)	(\$298,263,772)

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

Changes in Net Position

During fiscal 2016, the government's total net position decreased by \$35,087,024, plus a prior period adjustment of \$26,136, as indicated below:

City of Warwick's Changes in Net Position

	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program Revenue:						
Charges for Services	\$ 17,206,223	\$ 15,295,396	\$ 33,419,879	\$ 33,966,829	\$ 50,626,102	\$ 49,262,225
Operating Grants and Contributions	62,997,136	57,836,909	-	-	62,997,136	57,836,909
Capital Grants and Contributions	209,781	125,710	841,929	-	1,051,710	125,710
General Revenue:					-	-
Property Taxes	223,200,281	217,134,855			223,200,281	217,134,855
Interest on Property Tax	2,096,950	2,206,502			2,096,950	2,206,502
State Aid/In Lieu of Tax	8,187,664	7,693,925			8,187,664	7,693,925
Investment Earnings	18,346	5,925	5,159	6,547	23,505	12,472
Tax Titles	25,427	55,085			25,427	55,085
Insurance	170,101	427,898	-	-	170,101	427,898
Miscellaneous	7,001,236	7,098,886			7,001,236	7,098,886
Total Revenues:	321,113,145	307,881,091	34,266,967	33,973,376	355,380,112	341,854,467
Expenses:						
Executive & Admin	10,576,119	8,389,533			10,576,119	8,389,533
Public Safety	131,390,376	101,268,696			131,390,376	101,268,696
Recreation	3,188,917	3,044,788			3,188,917	3,044,788
Public Libraries	5,692,619	4,829,752			5,692,619	4,829,752
Social Services	2,399,689	2,021,311			2,399,689	2,021,311
Planning & E/D	2,843,733	2,880,454			2,843,733	2,880,454
Public Works	21,396,595	21,946,560			21,396,595	21,946,560
Education	185,531,670	173,887,234			185,531,670	173,887,234
Debt Interest	1,439,426	1,706,620			1,439,426	1,706,620
Sewer			14,654,521	15,082,034	14,654,521	15,082,034
Water			11,353,471	10,905,708	11,353,471	10,905,708
Total Expenses:	364,459,144	319,974,948	26,007,992	25,987,742	390,467,136	345,962,690
Change in Net Assets						
Before Transfers	(43,345,999)	(12,093,857)	8,258,975	7,985,634	(35,087,024)	(4,108,223)
Transfers	-	15,000	-	(15,000)		
Change in Net Assets	(43,345,999)	(12,078,857)	8,258,975	7,970,634	(35,087,024)	(4,108,223)
Adjustment to Prior Yr	(26,136)	(324,531,746)	4	(4,566,439)	(26,132)	(329,098,185)
Net Assets Beginning:	(401,407,727)	(64,797,124)	103,143,955	99,739,760	(298,263,772)	34,942,636
Net Assets - End of Yr:	\$ (444,779,862)	\$ (401,407,727)	\$ 111,402,934	\$ 103,143,955	\$ (333,376,928)	\$ (298,263,772)

Governmental activities. Governmental activities decreased the City's net position by \$43.34 million. Key elements are as follows:

1. The City's net position decreased by \$88.0 million due to an increase in the City's accrued net pension liability which includes six city and school pension plans. Accordingly the City's net position increased by \$55.2 million following the addition of net deferred outflows (asset) relating to pension expense amortizations.
2. Per GASB45, the City accrued additional other post-employment benefits which decreased net position by \$17.5 million.
3. General Fund GAAP surplus increased the City's net position by 6.5 million. Additionally, surpluses in the non-major governmental funds increased the net position by \$6.7 million.
4. Capital asset additions totaled \$10.7 million while fiscal 2016 depreciation expense amounted to \$7.6 million. This resulted in a net position increase of \$3.1 million.
5. Changes in deferred revenue accruals decreased the City's net position by \$4.8 million, and increases in long term debt (bonds and leases) decreased net position by \$4.0 million.

Business-type activities. Business-type activities increased the City's net position by \$8.26 million. The key elements are as follows:

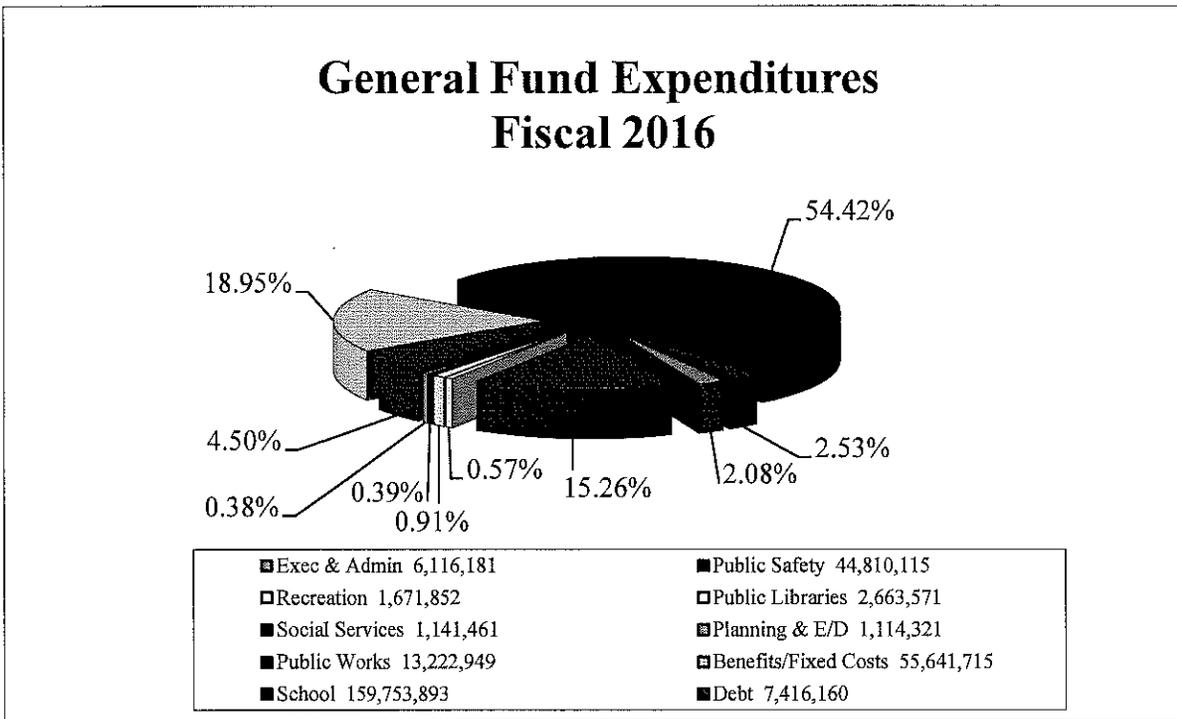
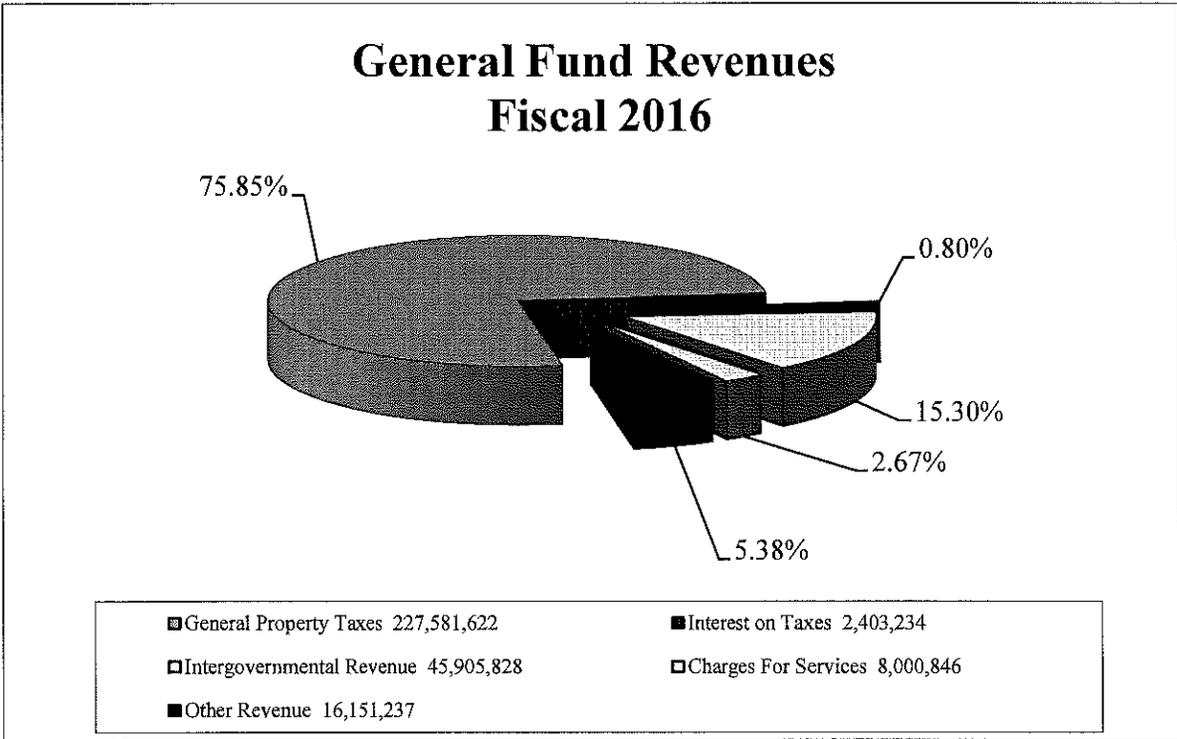
1. The Sewer Department reflected an overall increase in net position which totaled \$6.16 million. One key factor contributing to the increase was the accounting reclassification of \$10.9 million in debt principal expense to the bonds payable liability account. Conversely, Sewer depreciation expense exceeded fixed asset additions – this resulted in a net position decrease of \$3.0 million.
2. The Water Department reflected a net position decrease of \$325,217. This was primarily due to the post-employment benefit accrual which decreased net position by \$344,508.
3. The Non-Major Enterprise Funds reflected an overall increase in net position of \$1.0 million. The Enterprise Emergency Fund increased by \$833,000 (FEMA accrual for the levy upgrade project). The Sewer Infrastructure Replacement Fund's net position increased by \$119,593.

Financial Analysis of the Government's Funds

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

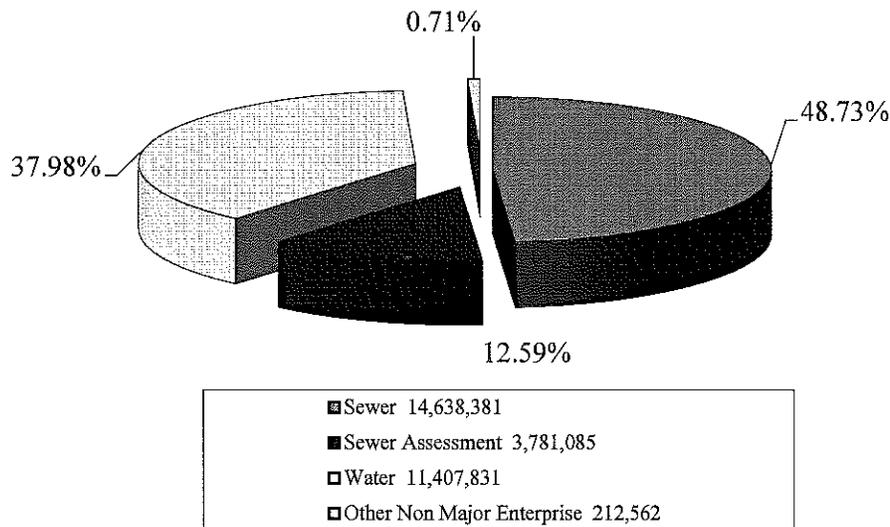
Governmental funds: The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$34,072,107, an increase of \$13,184,927 in comparison with the prior year balances. \$17,607,136 or 51.7% of this the total fund balance represents unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is reserved

to indicate that it is not available for new spending because it has already been restricted or committed.



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

Business-type Activities Fiscal 2016 Expenses



The general fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$18,486,180. Total fund balance was \$22,191,786. As a measure of the general fund liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 6.21% of total general fund budgeted expenditures. During fiscal 2016, the unassigned fund balance of the City's general fund increased by \$10,334,663. This is a 126.78% increase from the prior year unassigned fund balance.

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

Total net position of the Sewer Department amounted to \$90,396,784. The funds invested in capital assets total \$82,419,467, restricted funds total \$5,204,470, and unrestricted net position totals \$2,772,847. This year Sewer's unrestricted net position continued to increase.

The net position of the Water Department totaled \$7,342,218. Of this, \$11,283,132 represents the investment in capital assets while the unrestricted portion totals (\$3,940,914). During fiscal 2016 Water's net position decreased by \$325,217 – this was largely due to an increase in their post-employment benefit liability which totaled \$344,508.

The unrestricted net position of the workers compensation internal service fund amounted to \$450,280. Net assets decreased by \$124,239 due primarily to an increase in the outstanding claim reserve.

The net position of the City's medical healthcare internal service fund totaled \$619,620. The fund's net position balance is primarily composed of cash reserves which were previously held in escrow by health insurers when the City was self-insured.

The Warwick School Department's medical healthcare internal service fund reflected a net position balance which totaled \$4,318,061. This balance represents a combination of \$1,434,300 in escrow cash reserves held by the insurers, plus \$4,104,436 in surplus funds (excess of premiums paid vs. claims paid) held by WB Community Health, less outstanding IBNR claims totaling \$1,220,675.

General Fund Budgetary Highlights

During fiscal 2016, the City's original budget of \$294,048,252 was increased by \$3.58 million to \$297,623,622. The following budgetary adjustments were made during the year:

- A budget transfer in the amount of \$3,183,726 represented the re-appropriation of the fiscal 2015 school surplus to the School Department. The prior year education reserve funded this transfer.
- Revenue and expenditure budgets were increased by \$391,644 to reflect funding received from the State of Rhode Island as part of the State Municipal Incentive Aid Program. As designated, these funds were used to increase pension plan funding.

Capital Assets and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2016, amounted to \$312,751,456 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery & equipment, roads and construction in progress. During this year, the City's overall investment in capital assets (net of accumulated depreciation) increased by approximately \$4.8 million.

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

1. Potowomut Fire Station - \$3,290,549.
2. Mill Creek Bridge Reconstruction Project - \$333,473.
3. School Consolidation Improvements (Construction in Progress) - \$545,715.
4. Various Road Resurfacing Projects - \$1,804,907

City of Warwick's Capital Assets

	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Land	\$18,680,138	\$18,680,138	-	-	\$18,680,138	\$18,680,138
Land Improvements	11,082,066	11,022,756			11,082,066	11,022,756
Buildings	130,628,569	126,942,353	2,900,797	2,900,797	133,529,366	129,843,150
Infrastructure	199,457,152	197,616,245	5,442,130	4,694,859	204,899,282	202,311,104
Equipment	20,640,887	20,513,851	277,693,854	275,664,145	298,334,741	296,177,996
Licensed Vehicles	31,997,656	30,227,523			31,997,656	30,227,523
Artwork	62,950	62,950			62,950	62,950
Construction in Progress	3,155,297	3,537,059	17,968,203	11,064,683	21,123,500	14,601,742
Subtotal:	415,704,715	408,602,875	304,004,984	294,324,484	719,709,699	702,927,359
Less Accumulated Depreciation:	(294,785,849)	(288,940,895)	(112,172,394)	(106,032,217)	(406,958,243)	(394,973,112)
Total:	\$120,918,866	\$119,661,980	\$191,832,590	\$188,292,267	\$312,751,456	\$307,954,247

Additional information on the City's capital assets can be found in Note 2 of the notes to the financial statements of this report.

Long-term debt. At the end of the fiscal year, the City had total bonds and loans outstanding of \$153,639,990. It is broken down as follows:

- General Fund Bonds Payable \$ 47,141,102.
- Water Bonds Payable \$ 119,224.
- Sewer Bonds Payable \$ 11,578,674.
- Sewer SRF Loans Payable \$ 94,800,990.

General obligation bonds are backed by the full faith and credit of the City, including the City's power to levy additional taxes to ensure repayment of the debt. Accordingly, all general obligation debt currently outstanding was approved by a vote of the citizens. During fiscal 2016, the City of Warwick's general fund general obligation debt reflected a net increase of \$854,448. Sewer debt increased by \$7.6 million, and water debt decreased by \$914,176.

The City's bond ratings are as follows:

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

State statute limits the amount of bonds a governmental entity can issue to 3% of its total assessed valuation. The current debt limitation for the City is \$268,328,980. As of June 30, 2016 the City's current outstanding general fund debt falls under the debt limitation by \$221,187,878.

Additional information on the City's long-term debt can be found in Note 6 of the notes to the financial statements and in the statistical tables.

Economic Factors and Next Year's Budgets and Rates

- Warwick's average unemployment rate is 4.73%.
- Median family income in Warwick was \$82,937.
- Warwick ranks second in population among Rhode Island's 39 cities and towns.

The following factors were considered in preparing the City's budget for the 2016-17 fiscal year.

- The School Department budget will increase to \$161.1 million.
- The City's health care coverage will continue to be administered by the Rhode Island Interlocal Risk Management Trust.
- No funds have been drawn from the City's fund balance.

Currently, the unassigned fund balance in the general fund totals \$18,486,180. While the City has maintained its commitment toward ensuring a steady growth for the City surplus, it has sometimes been necessary to utilize part of this surplus to ease the burden on its taxpayers. The City's fiscal 2017 tax rates reflect the results of a full property revaluation. The tax rate for residential property decreased from \$20.75 to \$20.24, or 2.4%. The commercial and industrial tax rate also decreased 2.4% from \$31.13 to \$30.36. The tangible personal property rate decreased from \$41.50 to \$40.48, or 2.4%. Per Rhode Island law, the inventory tax was phased out and the motor vehicle tax remained constant at \$34.60.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements

CITY OF WARWICK, RHODE ISLAND
Statement of Net Positions
June 30, 2016

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets:			
Current Assets:			
Cash and cash equivalents	\$ 29,203,903	\$ 19,557,882	\$ 48,761,785
Restricted cash and cash equivalents	2,537,500	5,204,456	7,741,956
<i>Accounts Receivable:</i>			
Accrued interest receivable	389,446	14	389,460
Real estate and personal property tax receivable, net	6,292,686	-	6,292,686
Water and sewer use fees receivable, net	-	10,736,338	10,736,338
Sewer assessments receivable	-	4,775,687	4,775,687
Due from federal and state government	12,062,466	13,302,323	25,364,789
Internal balances	29,492,639	8,693,606	38,186,245
Inventories	-	79,829	79,829
Other receivables, net	10,032,869	4,218	10,037,087
Other assets:	4,796,234	-	4,796,234
Prepays	1,960,200	-	1,960,200
Deposits with agent	1,434,300	-	1,434,300
Total current assets	98,202,243	62,354,353	160,556,596
Noncurrent assets:			
Sewer assessments receivable	-	26,639,344	26,639,344
<i>Capital assets:</i>			
Non-Depreciable assets	18,743,088	-	18,743,088
Depreciable buildings, equipment, infrastructure, net	99,020,481	173,864,390	272,884,871
Construction in progress	3,155,297	17,968,203	21,123,500
Total noncurrent assets	120,918,866	218,471,937	339,390,803
Total assets	219,121,109	280,826,290	499,947,399
Deferred Outflows of Resources:			
Deferred charges on refunding	196,406	134,128	330,534
Deferred outflows - related to pensions	87,225,190	2,664,720	89,889,910
Total Deferred Outflows	87,421,596	2,798,848	90,220,444
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	21,535,655	3,180,073	24,715,728
Accrued interest payable	636,324	833,008	1,469,332
Due to Federal/State	523,952	-	523,952
Accrued compensated absences	1,577,016	-	1,577,016
<i>Unearned revenues:</i>			
Taxes and assessments collected in advance	2,593,981	813,378	3,407,359
Other	-	-	-
Internal balances	16,699,044	21,487,201	38,186,245
Long-term debt - due within one year	7,138,484	11,218,674	18,357,158
Total current liabilities	50,704,456	37,532,334	88,236,790
Noncurrent liabilities:			
Unearned revenue	-	125,324	125,324
Other liabilities	5,239,616	-	5,239,616
Long-term debt and retroactive payroll - due in more than one year	48,210,717	95,688,799	143,899,516
Accrued compensated absences	10,907,081	380,950	11,288,031
Net other post-employment benefits obligation	140,640,126	4,335,813	144,975,939
Net pension liability	475,392,253	7,463,139	482,855,392
Total noncurrent liabilities	680,389,793	107,994,025	788,383,818
Total liabilities	731,094,249	145,526,359	876,620,608
Deferred Inflows of Resources:			
Deferred revenue	3,108,337	26,639,344	29,747,681
Deferred inflows - related to pensions	17,119,981	56,501	17,176,482
	20,228,318	26,695,845	46,924,163
Net Position:			
Invested in capital assets, net of related debt	71,152,188	95,748,013	166,900,201
<i>Restricted for:</i>			
Debt service payments	2,537,500	5,204,470	7,741,970
Education programs	2,304,035	-	2,304,035
Community development loans	357,882	-	357,882
City clerk records preservation	947,578	-	947,578
Public safety programs	131,745	-	131,745
Unrestricted	(522,210,790)	10,450,451	(511,760,339)
Total Net Position	\$ (444,779,862)	\$ 111,402,934	\$ (333,376,928)

See auditor's report and accompanying notes to these financial statements

CITY OF WARWICK, RHODE ISLAND
Statement of Activities
For the Year Ended June 30, 2016

	Program revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/ Programs							
Governmental Activities:							
Executive and administration	\$ 10,576,119	\$ 2,587,832	\$ -	\$ -	\$ (7,988,287)	\$ -	\$ (7,988,287)
Public safety	131,390,376	8,911,292	2,282,096	189,781	(120,007,207)	-	(120,007,207)
Recreation	3,188,917	1,022,252	-	-	(2,166,665)	-	(2,166,665)
Public libraries	5,692,619	41,583	779,204	-	(4,871,832)	-	(4,871,832)
Social services	2,399,689	113,126	79,943	-	(2,206,620)	-	(2,206,620)
Planning and economic development	2,843,733	2,003,280	769,040	20,000	(51,413)	-	(51,413)
Public works	21,396,595	188,936	63,894	-	(21,143,765)	-	(21,143,765)
Education	185,531,670	2,337,922	59,022,959	-	(124,170,789)	-	(124,170,789)
Interest on long-term debt	1,439,426	-	-	-	(1,439,426)	-	(1,439,426)
Total governmental activities	<u>364,459,144</u>	<u>17,206,223</u>	<u>62,997,136</u>	<u>209,781</u>	<u>(284,046,004)</u>	<u>-</u>	<u>(284,046,004)</u>
Business type activities:							
Sewer	14,654,521	22,393,389	-	841,929	-	8,580,797	8,580,797
Water	11,353,471	11,026,490	-	-	-	(326,981)	(326,981)
Total business-type activities	<u>26,007,992</u>	<u>33,419,879</u>	<u>-</u>	<u>841,929</u>	<u>-</u>	<u>8,253,816</u>	<u>8,253,816</u>
Total	<u>\$ 390,467,136</u>	<u>\$ 50,626,102</u>	<u>\$ 62,997,136</u>	<u>\$ 1,051,710</u>	<u>(284,046,004)</u>	<u>8,253,816</u>	<u>(275,792,188)</u>
General revenues:							
					223,200,281	-	223,200,281
					2,096,950	-	2,096,950
					8,187,664	-	8,187,664
					18,346	5,159	23,505
					25,427	-	25,427
					170,101	-	170,101
					7,001,236	-	7,001,236
Transfers					-	-	-
Total general revenues and transfers					<u>240,700,005</u>	<u>5,159</u>	<u>240,705,164</u>
Change in net position prior to adjustments					<u>(43,345,999)</u>	<u>8,258,975</u>	<u>(35,087,024)</u>
Adjustments:							
					(26,136)	-	(26,136)
Change in net position after adjustments					<u>(43,372,135)</u>	<u>8,258,975</u>	<u>(35,113,160)</u>
Net Position - beginning					<u>(401,407,727)</u>	<u>103,143,959</u>	<u>(298,263,768)</u>
Net Position - ending					<u>\$ (444,779,862)</u>	<u>\$ 111,402,934</u>	<u>\$ (333,376,928)</u>

See auditor's report and accompanying notes to these financial statements

Fund Financial Statements

CITY OF WARWICK, RHODE ISLAND

Governmental Funds

Balance Sheet

June 30, 2016

	<u>General Fund</u>	<u>School Unrestricted Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Cash and cash equivalents	\$ 19,916,945	\$ 8,000	\$ 8,639,728	\$ 28,564,673
Restricted cash and cash equivalents	-	-	2,537,500	2,537,500
<i>Accounts receivable:</i>				
Real estate and personal property taxes receivable, net	6,292,686	-	-	6,292,686
Due from federal and state governments	5,276,964	504,731	6,280,771	12,062,466
Other receivables	2,039,356	23,541	3,992,399	6,055,296
Internal balances	16,699,044	14,570,127	4,016,884	35,286,055
Prepays	1,959,505	695	-	1,960,200
Other assets	4,617,934	-	178,300	4,796,234
Total assets	<u>\$ 56,802,434</u>	<u>\$ 15,107,094</u>	<u>\$ 25,645,582</u>	<u>\$ 97,555,110</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable and accrued expenditures	\$ 3,775,961	\$ 14,526,757	\$ 1,793,312	\$ 20,096,030
Due to federal and state governments	173,214	-	738	173,952
Internal balances	17,439,431	101,684	5,570,965	23,112,080
<i>Deferred revenues:</i>				
Taxes collected in advance	2,593,981	-	-	2,593,981
Uncollected property taxes	-	-	-	-
Other	1,577,068	-	6,370,568	7,947,636
Other liabilities	4,731,285	504,789	3,542	5,239,616
Total liabilities	<u>30,290,940</u>	<u>15,133,230</u>	<u>13,739,125</u>	<u>59,163,295</u>
Deferred Inflow of Resources:				
Deferred tax revenue	4,319,708	-	-	4,319,708
Fund balances:				
<i>Reserved for:</i>				
Non-Spendables	280,583	-	-	280,583
Restricted	-	-	12,759,365	12,759,365
Committed for education	3,185,454	-	-	3,185,454
Committed other	239,569	-	-	239,569
Assigned	-	-	-	-
Unassigned	18,486,180	(26,136)	(852,908)	17,607,136
Total fund balances	<u>22,191,786</u>	<u>(26,136)</u>	<u>11,906,457</u>	<u>34,072,107</u>
Total liabilities, deferred inflow of Resources, and fund balances	<u>\$ 56,802,434</u>	<u>\$ 15,107,094</u>	<u>\$ 25,645,582</u>	<u>\$ 97,555,110</u>

See auditor's report and accompanying notes to these financial statements

CITY OF WARWICK, RHODE ISLAND
Balance Sheet
Governmental Funds
June 30, 2016

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

Total Fund Balances per Governmental Fund Balance Sheet:	\$	<u>34,072,107</u>
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		120,918,866
Deferred debt charges resulting from issuance of refunding and advance bonds. These charges have been included in the governmental activities in the Statement of Net Position		196,406
Interest receivable on delinquent taxes recorded in the Statement of Net Position are not considered available and therefore not reported in the fund statements		389,446
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds		(67,833,298)
Unearned revenues (net of allowance for uncollectible) are recorded in the funds, but are not recognized under the measurement focus employed in the Statement of Net Position		9,002,144
Accrual for OPEB liabilities (net)		(140,640,126)
Accrual for net pension liabilities		(475,392,253)
Deferred outflows of resources arising from pension plans are not current financial resources and are therefore not reported on the fund statements		87,225,190
Deferred inflows of resources arising from pension plans are recognized using the measurement focus employed in the Statement of Net Position		(17,119,981)
Accrued interest payable is recorded in government activities but is not recorded in the funds		(636,324)
Internal service fund equity balance		5,387,961
Amount due to federal and state government for financing of fixed asset additions		<u>(350,000)</u>
Total Net Position of Governmental Funds per Statement of Net Position	\$	<u><u>(444,779,862)</u></u>

See auditor's report and accompanying notes to these financial statements

CITY OF WARWICK, RHODE ISLAND
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2016

	<i>General Fund</i>	<i>School Unrestricted Fund</i>	<i>Non-Major Governmental Funds</i>	<i>Total Governmental Funds</i>
Revenues:				
General property taxes	\$ 227,581,622	\$ -	\$ -	\$ 227,581,622
Interest on taxes	2,403,234	-	-	2,403,234
Intergovernmental revenue	8,451,884	37,453,944	10,227,998	56,133,826
Medicaid	-	1,336,674	-	1,336,674
State contribution to pension plan	-	11,053,803	-	11,053,803
Charges for services	8,442,854	1,335,445	5,162,366	14,940,665
Investment income	13,592	-	4,061	17,653
Contributions and private grants	-	-	198,878	198,878
Other revenue	11,376,990	147,093	722,074	12,246,157
Total revenues	<u>258,270,176</u>	<u>51,326,959</u>	<u>16,315,377</u>	<u>325,912,512</u>
Expenditures				
Executive and administrative	6,116,181	-	115,454	6,231,635
Public safety	45,217,897	-	6,160,393	51,378,290
Recreation	1,671,852	-	-	1,671,852
Public libraries	2,663,571	-	114,155	2,777,726
Social services	1,141,461	-	30,974	1,172,435
Planning and economic development	1,114,321	-	955,654	2,069,975
Public works	13,222,949	-	2,552,876	15,775,825
Employee benefits, fixed costs and capital	55,241,714	-	-	55,241,714
Education	-	157,973,275	10,224,483	168,197,758
State contribution to pension plan	-	11,053,803	-	11,053,803
Debt service:				
Principal	-	-	5,650,593	5,650,593
Interest and other costs	-	-	1,258,067	1,258,067
Total expenditures	<u>126,389,946</u>	<u>169,027,078</u>	<u>27,062,649</u>	<u>322,479,673</u>
Excess of revenues over (under) expenditures before other financing sources (uses)	<u>131,880,230</u>	<u>(117,700,119)</u>	<u>(10,747,272)</u>	<u>3,432,839</u>
Other financing sources (uses)				
Proceeds from bonds capital leases	-	-	9,752,088	9,752,088
Transfers from other funds	772,956	119,480,736	8,622,735	128,876,427
Transfers to other funds	(126,162,636)	(1,780,617)	(933,174)	(128,876,427)
Total other financing sources (uses)	<u>(125,389,680)</u>	<u>117,700,119</u>	<u>17,441,649</u>	<u>9,752,088</u>
Net change in fund balances	<u>6,490,550</u>	<u>-</u>	<u>6,694,377</u>	<u>13,184,927</u>
Fund balances July 1, 2015, restated	15,701,236	(26,136)	5,212,080	20,887,180
Fund balances June 30, 2016	<u>\$ 22,191,786</u>	<u>\$ (26,136)</u>	<u>\$ 11,906,457</u>	<u>\$ 34,072,107</u>

See auditor's report and accompanying notes to these financial statements

CITY OF WARWICK, RHODE ISLAND
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2016

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

Net change in fund balances per Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances:	<u>\$ 13,184,927</u>
Governmental funds reported 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 outlay of \$10,698,827 exceeds depreciation of (\$7,641,941) in the current period	3,056,886
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds statements	(4,493,776)
Interest expenses in the statement of activities includes accrued interest calculated for bonds payable	(109,698)
Interest on taxes in the Statement of Activities includes accrued interest calculated for property taxes not yet paid	(306,284)
Long-term liabilities (including bonds payable, debt issuance, capital leases, compensated absences, accrued retroactive payroll, net pension liabilities, and the net OPEB obligations) are not due and payable in the current period and therefore are not reported in the Governmental Funds Balance Sheet	(54,463,247)
The Internal Service Fund is used by management to charge the costs of Worker's Compensation claims. The net revenues (expenses) of the Internal Service Fund is reported with Governmental Activities in the Government-Wide financial statements	<u>(214,807)</u>
Change in net position of governmental activities	<u><u>\$(43,345,999)</u></u>

See auditor's report and accompanying notes to these financial statements

CITY OF WARWICK, RHODE ISLAND
Proprietary Funds
Statement of Net Position
June 30, 2016

	Business-Type Activities Enterprise Funds				Total	Governmental Activities
	Sewer Fund	Sewer Assessment Fund	Water Fund	Other Non-Major Enterprise Funds		Internal Service Fund
Assets						
Current assets:						
Cash and cash equivalents	\$ 10,392,979	\$ 1,697,664	\$ 6,453,577	\$ 1,013,662	\$ 19,557,882	\$ 639,230
Restricted cash and cash equivalents	5,204,456	-	-	-	5,204,456	-
Accounts receivable, net:						
Water and sewer use fees	6,987,070	-	3,742,812	6,456	10,736,338	-
Sewer assessments	-	4,775,687	-	-	4,775,687	-
Accrued interest	14	-	-	-	14	-
Due from federal & state government	11,480,484	-	-	1,821,839	13,302,323	-
Other receivables	4,218	-	-	-	4,218	4,134,436
Internal balances	2,356,267	845,750	204,121	5,287,468	8,693,606	619,620
Inventory	-	-	79,829	-	79,829	-
Total current assets	36,425,488	7,319,101	10,480,339	8,129,425	62,354,353	5,393,286
Non-current assets:						
Sewer assessments receivable	-	26,639,344	-	-	26,639,344	-
Construction in progress	15,922,789	-	-	2,045,414	17,968,203	-
Depreciable capital assets, net	162,456,050	-	11,408,340	-	173,864,390	-
Deposits with agent	-	-	-	-	-	1,434,300
Total noncurrent assets	178,378,839	26,639,344	11,408,340	2,045,414	218,471,937	1,434,300
Total assets	214,804,327	33,958,445	21,888,679	10,174,839	280,826,290	6,827,586
Deferred Outflows of Resources:						
Deferred charge on refunding	129,285	-	4,843	-	134,128	-
Deferred outflows - related to pensions	1,192,176	-	1,472,544	-	2,664,720	-
Total deferred outflows of resources	1,321,461	-	1,477,387	-	2,798,848	-
Liabilities						
Current liabilities:						
Accounts payable and accrued expenses	1,534,755	-	1,426,933	218,385	3,180,073	-
Accrued interest payable	828,490	-	4,518	-	833,008	-
Accrued compensated absences	-	-	-	-	-	-
Internal balances	10,970,463	1,021,685	7,718,493	1,776,560	21,487,201	-
Advanced collections	-	813,378	-	-	813,378	-
Unearned revenue	-	-	-	-	-	-
Accrued claims - IBNR	-	-	-	-	-	1,439,625
Current portion of long term debt	11,191,384	-	27,290	-	11,218,674	-
Total current liabilities	24,525,092	1,835,063	9,177,234	1,994,945	37,532,334	1,439,625
Non-current liabilities:						
Other liabilities	-	-	-	-	-	-
Accrued compensated absences	160,490	-	220,460	-	380,950	-
Unearned revenue	-	-	-	-	-	-
Bonds and loans payable	95,586,038	-	102,761	-	95,688,799	-
Net other post-employment benefits obligation	1,935,631	-	2,400,182	-	4,335,813	-
Net pension liability	3,371,364	-	4,091,775	-	7,463,139	-
Unearned revenue	125,324	-	-	-	125,324	-
Total noncurrent liabilities	101,178,847	-	6,815,178	-	107,994,025	-
Total liabilities	125,703,939	1,835,063	15,992,412	1,994,945	145,526,359	1,439,625
Deferred Inflows of Resources:						
Deferred inflows - revenue	-	26,639,344	-	-	26,639,344	-
Deferred inflows - related to pension	25,065	-	31,436	-	56,501	-
Total deferred inflows of resources	25,065	26,639,344	31,436	-	26,695,845	-
Net Position:						
Invested in capital assets, net of related debt	82,419,467	-	11,283,132	2,045,414	95,748,013	-
Restricted for debt service payments	5,204,470	-	-	-	5,204,470	-
Unrestricted	2,772,847	5,484,038	(3,940,914)	6,134,480	10,450,451	5,387,961
Total Net Position	\$ 90,396,784	\$ 5,484,038	\$ 7,342,218	\$ 8,179,894	\$ 111,402,934	\$ 5,387,961

See auditor's report and accompanying notes to these financial statements

CITY OF WARWICK, RHODE ISLAND
Proprietary Funds
Statement of Revenues, Expenditures, and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2016

	Business-Type Activities Enterprise Funds				Total	Governmental Activities
	Sewer Fund	Sewer Assessment Fund	Water Fund	Other Non-Major Enterprise Funds		Internal Service Fund
Operating revenues						
Assessments and user fees	\$ 16,408,923	\$ 3,147,092	\$ 10,749,422	\$ 973,758	\$ 31,279,195	\$ -
Other revenues	466,004	2,041,302	220,068	246,359	2,973,733	42,930,452
Total operating revenues	<u>16,874,927</u>	<u>5,188,394</u>	<u>10,969,490</u>	<u>1,220,117</u>	<u>34,252,928</u>	<u>42,930,452</u>
Operating expenses						
Contract services	561,598	-	225,876	-	787,474	42,768,776
Salaries and benefits	3,014,003	-	3,587,397	-	6,601,400	-
Materials and supplies	576,165	-	176,010	16,140	768,315	-
Depreciation and amortization	5,578,454	-	761,413	-	6,339,867	-
Operations	2,335,202	-	6,594,227	-	8,929,429	-
Worker's compensation claims	-	-	-	-	-	377,176
Miscellaneous	-	-	-	-	-	-
Total operating expenses	<u>12,065,422</u>	<u>-</u>	<u>11,344,923</u>	<u>16,140</u>	<u>23,426,485</u>	<u>43,145,952</u>
Operating income (loss)	<u>4,809,505</u>	<u>5,188,394</u>	<u>(375,433)</u>	<u>1,203,977</u>	<u>10,826,443</u>	<u>(215,500)</u>
Non-operating revenues (expenses)						
Interest income	3,208	428	536	987	5,159	693
Interest expense	(2,326,806)	-	(8,548)	-	(2,335,354)	-
Capital contributions	8,880	-	-	-	8,880	-
Loan issuance costs	(241,349)	-	-	-	(241,349)	-
Loss on disposal of assets	(4,804)	-	-	-	(4,804)	-
Total non-operating revenues (expenses)	<u>(2,560,871)</u>	<u>428</u>	<u>(8,012)</u>	<u>987</u>	<u>(2,567,468)</u>	<u>693</u>
Income (loss) before contributions and transfers	<u>2,248,634</u>	<u>5,188,822</u>	<u>(383,445)</u>	<u>1,204,964</u>	<u>8,258,975</u>	<u>(214,807)</u>
Transfers in	24,047,688	-	112,588	10,000	24,170,276	-
Transfers out	(20,138,409)	(3,781,085)	(54,360)	(196,422)	(24,170,276)	-
Total contributions and transfers	<u>3,909,279</u>	<u>(3,781,085)</u>	<u>58,228</u>	<u>(186,422)</u>	<u>-</u>	<u>-</u>
Change in Net Position	<u>6,157,913</u>	<u>1,407,737</u>	<u>(325,217)</u>	<u>1,018,542</u>	<u>8,258,975</u>	<u>(214,807)</u>
Total Net Position- beginning of year	84,238,871	4,076,301	7,667,435	7,161,352	103,143,959	5,602,768
Total Net Position - end of year	<u>\$ 90,396,784</u>	<u>\$ 5,484,038</u>	<u>\$ 7,342,218</u>	<u>\$ 8,179,894</u>	<u>\$ 111,402,934</u>	<u>\$ 5,387,961</u>

See auditor's report and accompanying notes to these financial statements

CITY OF WARWICK, RHODE ISLAND
Proprietary Funds
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2016

	Business-Type Activities Enterprise Funds				Total	Governmental Activities
	Sewer Fund	Sewer Assessment Fund	Water Fund	Other Non-major Enterprise Funds		Internal Service Fund
<i>Cash flows from operating activities</i>						
Cash received from customers	\$ 5,543,300	\$ 4,450,545	\$10,692,411	\$ 140,708	\$ 20,826,964	\$ -
Cash payments to suppliers for goods and services	(3,404,660)	-	(6,736,190)	53,306	(10,087,544)	-
Cash payments to employees for services	(2,719,669)	-	(2,980,239)	-	(5,699,908)	-
Other operating receipts	-	-	-	246,359	246,359	42,737,768
Other operating payments	-	-	-	-	-	(42,849,459)
<i>Net cash provided by (used for) operating activities</i>	<u>(581,029)</u>	<u>4,450,545</u>	<u>975,982</u>	<u>440,373</u>	<u>5,285,871</u>	<u>(111,691)</u>
<i>Cash flows from non-capital financing activities</i>						
Interfund cash receipts	11,159,588	12,500	(8,444)	586,627	11,750,271	-
Interfund cash payments	(6,699,713)	462,025	3,025,422	-	(3,212,266)	-
Transfers from other funds	24,047,688	-	112,588	10,000	24,170,276	-
Transfers to other funds	(20,138,409)	(3,781,085)	(54,360)	(196,422)	(24,170,276)	-
<i>Net cash provided by (used for) non-capital financing activities</i>	<u>8,369,154</u>	<u>(3,306,560)</u>	<u>3,075,206</u>	<u>400,205</u>	<u>8,538,005</u>	<u>-</u>
<i>Cash flows from capital and related financing activities</i>						
Acquisition and construction of capital assets	(8,653,798)	-	(319,409)	(906,986)	(9,880,193)	-
Loan proceeds	-	-	326	-	326	-
Loss on disposal of capital assets	(4,804)	-	-	-	(4,804)	-
Capital contributions	8,880	-	-	-	8,880	-
Bond issuance costs	(343,537)	-	1,011	-	(342,526)	-
Interest paid on bonds and loans	(2,326,806)	-	(8,548)	-	(2,335,354)	-
Principal paid on bonds and loans	7,791,486	-	(929,679)	-	6,861,807	-
<i>Net cash provided (used for) capital and related financing activities</i>	<u>(3,528,579)</u>	<u>-</u>	<u>(1,256,299)</u>	<u>(906,986)</u>	<u>(5,691,864)</u>	<u>-</u>
<i>Cash flows from investing activities</i>						
Interest and dividends on investment	3,208	428	536	987	5,159	693
<i>Net cash provided by (used for) investing activities</i>	<u>3,208</u>	<u>428</u>	<u>536</u>	<u>987</u>	<u>5,159</u>	<u>693</u>
<i>Net increase (decrease) in cash and cash equivalents</i>	4,262,754	1,144,413	2,795,425	(65,421)	8,137,171	(110,998)
<i>Cash and cash equivalents at beginning of year</i>	11,334,681	553,251	3,658,152	1,079,083	16,625,167	750,228
<i>Cash and cash equivalents at end of year</i>	<u>\$ 15,597,435</u>	<u>\$ 1,697,664</u>	<u>\$ 6,453,577</u>	<u>\$ 1,013,662</u>	<u>\$ 24,762,338</u>	<u>\$ 639,230</u>

See auditor's report and accompanying notes to these financial statements

CITY OF WARWICK, RHODE ISLAND
Proprietary Funds
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2016

	Business-Type Activities Enterprise Funds					Governmental Activities
	Sewer Fund	Sewer Assessment Fund	Water Fund	Other Non-major Enterprise Funds	Total	Internal Service Fund
<i>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</i>						
Operating income (Loss)	\$ 4,809,505	\$ 5,188,394	\$ (375,433)	\$ 1,203,977	\$ 10,826,443	\$ (215,500)
<i>Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:</i>						
Depreciation and amortization	5,578,454	-	761,413	-	6,339,867	-
<i>Changes in assets and liabilities:</i>						
(Increase) decrease in accounts receivable net	(11,318,529)	2,414,210	(277,079)	(833,050)	(10,014,448)	-
(Increase) decrease in other receivables	(4,218)	-	-	-	(4,218)	(80,993)
(Increase) decrease in accrued interest receivable	-	-	-	-	-	-
(Increase) decrease in inventory	-	-	5,698	-	5,698	-
(Increase) decrease in prepaid expenditures	-	-	-	-	-	-
(Increase) decrease in deposits with agent	-	-	-	-	-	-
Increase (decrease) in accounts payable and accrued expense	175,575	-	256,395	69,446	501,416	-
Increase (decrease) in accrued interest payable	(107,188)	-	(2,170)	-	(109,358)	-
Increase (decrease) in advanced collections	-	99,311	-	-	99,311	(111,691)
Increase (decrease) in unearned revenue	(8,880)	-	-	-	(8,880)	-
Increase (decrease) in net other post employment benefits obligations	78,893	-	344,508	-	423,401	-
Increase (decrease) in net pension liability and deferred inflows/outflows of resources	179,332	-	224,914	-	404,246	-
Increase (decrease) in deferred inflows related to pension and revenue	25,065	(3,251,370)	31,436	-	(3,194,869)	-
Increase (decrease) in other liabilities	(82)	-	-	-	(82)	-
Increase (decrease) in accrued claims - IBNR	-	-	-	-	-	296,493
Increase (decrease) in compensated absences	11,044	-	6,300	-	17,344	-
Total adjustments	<u>(5,390,534)</u>	<u>(737,849)</u>	<u>1,351,415</u>	<u>(763,604)</u>	<u>(5,540,572)</u>	<u>103,809</u>
Net cash provided by operating activities	<u>\$ (581,029)</u>	<u>\$ 4,450,545</u>	<u>\$ 975,982</u>	<u>\$ 440,373</u>	<u>\$ 5,285,871</u>	<u>\$ (111,691)</u>

See auditor's report and accompanying notes to these financial statements

CITY OF WARWICK, RHODE ISLAND
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2016

	<u>Pension Trust Funds</u>	<u>Private-purpose Trust Funds</u>	<u>Agency Funds</u>
Assets			
Cash	\$ 5,971,684	\$ 123,312	\$ 1,274,510
<i>Investments, at fair value:</i>			
Equity pool	38,617,469	-	-
Equity small cap funds	47,463,127	-	-
Fixed income pool	117,036,765	-	-
Index funds	73,011,666	-	-
Multi asset manager funds	99,717,295	-	-
International equity funds	25,637,709	-	-
Immediate participation guarantee contracts	4,622,353	-	-
Stable value fund	-	-	-
Mutual funds	34,426,031	-	-
Accrued interest receivable	1,247	-	-
Other receivable	1,020,795	12,056	52,107
Total Assets	<u>447,526,141</u>	<u>135,368</u>	<u>1,326,617</u>
Liabilities			
Accounts payable	323,793	60	78,083
Due to federal and state governments	-	-	103,155
Deposits held in custody for others	-	-	1,030,141
Total liabilities	<u>323,793</u>	<u>60</u>	<u>1,215,530</u>
Net Position			
Held in trust for pension benefits and other purposes	<u>\$ 447,202,348</u>	<u>\$ 135,308</u>	<u>\$ 111,087</u>

See auditor's report and accompanying notes to these financial statements

CITY OF WARWICK, RHODE ISLAND
Fiduciary Funds
Statement of Changes in Net Position
For the Fiscal Year Ended June 30, 2016

	<u>Pension Trust Fund</u>	<u>Private-purpose Trust Funds</u>
<i>Additions</i>		
Contributions- employer	\$ 33,349,476	\$ 20,753
Plan members	5,305,871	-
<i>Total additions</i>	<u>38,655,347</u>	<u>20,753</u>
<i>Investment earnings</i>		
Net appreciation in fair value of investments	(4,693,468)	-
Interest and dividends	10,004	112
Less investment expense	(1,237,023)	-
<i>Net investment earnings</i>	<u>(5,920,487)</u>	<u>112</u>
<i>Other revenue</i>	<u>-</u>	<u>17,896</u>
<i>Total additions</i>	<u>32,734,860</u>	<u>38,761</u>
<i>Deductions</i>		
Benefits paid	39,429,060	-
Administrative and other expenses	109,027	41,352
<i>Total deductions</i>	<u>39,538,087</u>	<u>41,352</u>
<i>Change in net position</i>	<u>(6,803,227)</u>	<u>(2,591)</u>
<i>Net position - beginning of year</i>	454,005,575	137,899
<i>Net position - end of year</i>	<u>\$ 447,202,348</u>	<u>\$ 135,308</u>

See auditor's report and accompanying notes to these financial statements

Notes to Financial Statements

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

- (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.

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2016

NOTE 1 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (continued)

The following entities were considered for classification as component units for fiscal year 2016:

- Warwick School Department

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

B. Basis of Presentation

Government-Wide Financial Statements

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

Fund Financial Statements

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

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

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (continued)

The funds of the financial reporting entity are described below:

Governmental Funds:

General Fund

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

Special Revenue Funds

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

Capital Project Fund

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

Permanent Funds

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

Proprietary Fund

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

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest, other than those payable for Enterprise Funds.

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2016

NOTE 1 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (continued)

Fiduciary Fund (Not included in government-wide statements)

Agency Funds

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

Pension Trust Funds

These funds account for the funding and payment of pension benefits provided to police officers, fire fighters and municipal and school employees.

Private Purpose Trust Funds

These funds account for resources legally in trust held by the City under various trust arrangements for the benefit of certain individuals and groups.

Major and Non-Major Funds:

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

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

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2016

NOTE 1 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (continued)

<u>Fund</u>	<u>Brief Description</u>
Major:	
Water Fund:	Accounts for water use fees and the expenses associated with water services to City residents.
Non-Major:	
Special Revenue:	Community Development Block Grant, Home Improvement Loan Escrow Account, Drug Seizure, State Asset Forfeiture, Open Space Land Dedication, Warwick Public Library Trustees, Disaster Recovery Program, Sewer Connection Grants, JAG Grant, Excess Hotel Tax, Special Detail, Senior Center Gift Shop, Mooring Fee Reserve, City Clerk, Emergency Operations City, IDEA, IDEA Pre-School, IDEA Pre-School Targeted, Title I, Title II, E2T2 Training Consortium, Title III, Perkins Voc Even Year, Perkins Voc Odd Year, Homeless Even Year, Homeless Odd Year, Fresh Fruit/Veg Program, Skills USA, Big Yellow Bus, Scott Tech Donations, Esther Chester Donations, Mary Maini Memorial Fund, City/Town Contribution Sports, Injury Fund, Emergency Repairs – Tech, Full Day Kindergarten, Feinstein, Rhode Island Foundation, Smart Arts, Verizon ThinkFinity, Walmart, Dorothy Rich Association, Holliman Yearbook, Reading Excellence, Soc Skills for Life – Vets, Alt Learning Program, City – Town Center, Cedar Hill Library Books, PTO Donation, Education Development Center, School Lunch Fund, Media Labs at Wickes, The Jason Fund, Champlin Aldrich Gorton, Champlin Comp., Champlin, Target, Art Talks Sherman, C.A.S.I.T Italian Program, Race to the Top, Common Core State Status, United Way, Shapiro Fund for Warwick, Gen. Youth Foundation, Wireless Classroom Initiative, RIPIN, CTE, Stop & Shop, Carol Gray Memorial Fund, IGT Charitable Contribution, Patricia St. Amant Afterschool and Technology Self Insurance.
Debt Service Fund:	This fund is used to account for the payments of interest and principal on all general long-term debt other than that payable from the Enterprise Funds.

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2016

NOTE 1 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (continued)

<u>Fund</u>	<u>Brief Description</u>
Non-Major:	
Capital Projects:	2000 Open Space Bond Fund, 2006 School Bond Fund, 2002 Drainage Bond Fund, 2006 City Buildings Bond Fund, 2006 Fire Station Bond Fund, Road and Bridge Fund and Capital Leases.
Permanent Funds:	City of Warwick has no Permanent Bond Funds.
Private Purpose Trust Funds:	Employee Benefit Trust Fund, Neighbors Helping Neighbors and Jeanette Cram Scholarship Fund.
Pension Trust Fund:	Police and Fire I Pension, Police II Pension, Fire II Pension, City Employees' Pension, and Other School Department Employees' Pension.
Agency Funds:	Treasurer's Agent, Funds in Registry of Probate Court, Sewer Line Agency, Realty Tax Fund, Winman Student Activity, Career Center Student Activity, Pilgrim Student Activity Fund, Gorton Student Activity Fund, Toll Gate Student Activity, Aldrich Student Activity and Warwick Veterans Student Activity Fund,.
Enterprise Funds:	Emergency Operations Enterprise, On-Site Revolving Loan, Sewer Infrastructure Replacement Fund, Sewer Renewal & Replacement Fund, Water Renewal & Replacement Fund, Water Restricted Emergency Fund and Water Infrastructure Replacement Fund.
Internal Service Funds:	Workers Compensation, City and School Medical Health Insurance Funds.

Measurement Focus:

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

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2016

NOTE 1 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (continued)

- (a) All governmental funds utilize a “current financial resources” measurement focus and the modified accrual basis of accounting. Only current financial assets, deferred outflow of resources, liabilities, and deferred inflow of resources are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period. The city considers property taxes as available if they are collected within 60 days after year end.
- (b) The proprietary funds and private purpose trust funds utilize “economic resources” measurement focus and the accrual basis of accounting. The accounting objectives of this measurement focus are the determination of net income, financial position and cash flow. All inflows of resources associated with their activities are reported. Fund equity is classified as net position.
- (c) Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

Basis of Accounting

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

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues such as property taxes, are recognized when “measurable and available”. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

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

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (continued)

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

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

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

C. Cash

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

D. Investments

In accordance with GASB No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, investments are reported at fair value. Investments are disclosed in accordance with GASB No. 40, Deposits and Investments Risk Disclosures.

E. Accounts and Taxes Receivable

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

Accounts receivable and taxes receivable are shown net of an allowance for uncollectible accounts. The allowances are calculated based on the age of the individual receivables. In the fund financial statements, material receivables in governmental funds include revenue accruals such as property taxes collected within 60 days of year-end, grants, and other similar intergovernmental revenues since they are usually both measureable and available. Non-exchange transactions earned/measureable but not yet available are deferred in the fund financial

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Accounts and Taxes Receivable (continued)

statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivables are based upon historical trends and the periodic aging of accounts receivable. The allowance for uncollectible accounts receivable amounted to \$13,214,856 for the general fund and \$853,316 for business-type activities at June 30, 2016.

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

F. Unbilled Services Receivable

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

G. Property Taxes

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

H. Inventory

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

I. Capital Assets

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

Government-Wide Financial Statements

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

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Capital Assets (continued)

expense in the year of acquisition. Capital assets are defined by the City, as assets with an individual cost of \$10,000 (\$5,000 for the Water Fund) or more and an estimated useful life in excess of one year.

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

Depreciation of all exhausted capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position.

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

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

Fund Financial Statements

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

J. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position and/or Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate section represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditures) until that later date. At June 30, 2016, there were two items that qualified as deferred outflows of resources; deferred charge on refunding and deferred pension amounts reported in the government-wide Statement of Net Position. The deferred charge on the refunding totaling \$330,534 is the unamortized balance of the difference

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Deferred Outflows/Inflows of Resources (continued)

between the carrying value of the refunded debt and new debt. The deferred pension amounts totaled \$89,889,910 and relates to contributions to pension plans made subsequent to the actuarial valuation date and amounts amortized as part of the net pension liability in future years.

In addition to liabilities, the Statement of Net Position and/or Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate section represents the acquisition of Net Position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until a later date. At June 30, 2016, the City had two items that qualified as a deferred inflow of resources on the government-wide Statement of Net Position; deferred revenues and deferred pension amounts. The deferred revenue amounted to \$3,108,337, which represents the tax revenue not collected within 60 days of June 30, 2016. This amount will be recognized as an inflow of resources when it becomes available. Deferred inflows for sewer assessment charges not yet billed (as part of a 20 year amortization) totaled \$26,639,344. The deferred inflows related to pension amounts totaled \$17,176,482 and represent amounts to be amortized as a component of pension expense in future years.

K. Inter-fund Transactions

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

Reciprocal Inter-fund Activities:

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

Non-Reciprocal Inter-fund Activities:

- Inter-fund transfers are reported in governmental funds as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers. In proprietary funds, transfers are reported after non-operating revenues and expenses.
- Inter-fund reimbursements are repayments from the fund responsible for particular expenditures or expenses to other funds that initially paid for them. Reimbursements are not displayed separately within the financial statements.
- Inter-fund transactions are accounted for as expenditures/expenses when they constitute reimbursements from one fund to another. These transactions are accounted for as expenditures/expenses in the reimbursing fund and are recorded as reductions of expenditures/expenses in the fund receiving the reimbursement. All other inter-fund transactions are reported as transfers.

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2016

NOTE 1 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Taxes Collected in Advance

Tax collected in advance pertains to property taxes levied on June 30, 2016 (for fiscal year 2017) and paid prior to June 30, 2016. These advance payments could not be recognized as revenue in fiscal year 2016 and instead were reported as unearned revenue at June 30, 2016.

M. Self-Insurance

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

N. Encumbrances

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

O. Net Position / Fund Balance Classifications

Government-Wide Statements

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

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

Fund Financial Statements

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

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2016

NOTE 1 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Net Position / Fund Balance Classifications (continued)

- **Non-spendable**- Includes the amount of fund balances that cannot be spent because it is either not in spendable form or legally or contractually required to be maintained intact.
- **Restricted** – Includes amounts that are restricted to specific purposes. Fund balance is reported as restricted when constraints placed in the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- **Committed Fund Balance** – Includes amounts that can be used only for the specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The City Council is the highest level of decision-making authority and utilizes City Ordinances as a formal procedure to commit fund balance. In addition, the passage of the budget by the taxpayers at the annual financial City meeting is considered the commitment of funds for the line items included in the fiscal budget.
- **Assigned Fund Balance** – Includes amounts that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed. The intent should be expressed by the governing body itself or a body (a budget or finance committee) or official to which the governing body has delegate the authority to assign amounts to be used for specific purposes. The Mayor through the City Council has the authority to assign fund balance. Fund balance assigned by the Finance Director is documented through issuance of a memorandum
- **Unassigned Fund Balance** – Is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The unassigned fund balance may also include negative balances for any governmental funds if the expenditures exceed amounts restricted, committed, or assigned for specific purposes.

Application of Funds

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

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2016

NOTE 1 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Net Position / Fund Balance Classifications (continued)

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

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

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

P. Judgments and Claims

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

Q. Compensated Absences

Under the terms of various contracts and agreements, City employees are granted vacation, sick and personal leave in varying amounts based on length of service and bargaining unit. Unused vacation leave is paid upon an employee's termination. Up to one-half of unused sick-leave is paid upon termination, retirement or death depending on bargaining unit. Severance pay and personal days are also paid to terminating employees depending on bargaining unit. The liability is calculated at the rate of pay in effect at June 30, 2016. The City estimates the long-term versus short-term amount of earned but unpaid vacation and sick leave relating to governmental fund employees and records it in the applicable section of the liabilities in the government-wide financial statements.

R. Recent Accounting Pronouncements

Effective for the fiscal year ended June 30, 2016, the City was required to adopt the provisions of Statement No. 72 of the Government Accounting Standards Board, *Fair Value Measurement and Application*, **GASB 72**. GASB 72 addresses issues relating to fair value measurement and provides guidance for determining fair value for purposes of financial reporting. Additionally, GASB 72 provides guidance for the application of fair value to certain investments and disclosures related to all fair value measurements.

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2016

NOTE 1 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Recent Accounting Pronouncements (continued)

Effective for the fiscal year ended June 30, 2017, the City will be required to adopt the provisions of Statement No. 74 of the Government Accounting Standards Board, *Financial Reporting for Postemployment Benefits Other Than Pensions*, **GASB 74**. GASB 74 establishes guidelines relating to note disclosures and required supplementary information. The effect of GASB 74 adoption on the City's financial statements has not yet been determined.

Effective for the fiscal year ended June 30, 2018, the City will be required to adopt the provisions of Statement No. 75 of the Government Accounting Standards Board, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, **GASB 75**. GASB 75 establishes standards for measuring and recognizing liabilities, deferred inflows of resources, deferred outflows of resources, and expenditures related to other postemployment benefits (OPEB) administered through trusts or equivalent arrangements. GASB 75 identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Additionally, GASB 75 will require more extensive footnote disclosures in the financial statements. The effect of GASB 75 adoption on the City's financial statements has not yet been determined.

Effective for the fiscal year ended June 30, 2017, the City will be required to adopt the provisions of Statement No. 77 of the Government Accounting Standards Board, *Tax Abatement Disclosures*, **GASB 77**. GASB 77 will require more extensive footnotes regarding tax abatement agreements entered into by the Town or another governmental entity that reduces the City's tax revenues. The effect of GASB 77 adoption on the Town's financial statements has not yet been determined.

Effective for the fiscal year ended June 30, 2018, the City will be required to adopt the provisions of Statement No. 82 of the Government Accounting Standards Board, *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73*, **GASB 82**. GASB 82 addresses the presentation of payroll-related measures in required supplementary information, the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and the classification of payments made by employers to satisfy employee contribution requirements. The effect of GASB 82 adoption on the City's financial statements has not yet been determined.

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2016

NOTE 1 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of Warwick, Rhode Island's various pension plans (described in greater detail in Note 12) and additions to/deductions from the pension plans net position have been determined on the same basis as they are reported by the pension plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

T. Estimates

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

CITY OF WARWICK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2. DIFFERENCES BETWEEN GOVERNMENTAL FUNDS AND GOVERNMENT-WIDE STATEMENTS

"Total fund balances" of the city's governmental funds of \$34,072,107 differs from "net position" of governmental activities of (\$444,779,862) reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the current financial resources focus of the governmental fund balance sheets. The effect of the differences is illustrated below.

Balance Sheet / Statement of Net Position

	Total Governmental Funds	Long-term Assets/ Liabilities (1)	Reclassifications and Eliminations (2)	Statement of Net Position Totals
Assets:				
Cash and cash equivalents	\$ 28,564,673	\$ -	\$ 639,230	\$ 29,203,903
Restricted cash	2,537,500	-	-	2,537,500
<i>Accounts receivable:</i>				
Interest receivable	-	389,446	-	389,446
Real estate & personal property taxes receivable, net	6,292,686	-	-	6,292,686
Due from federal and state governments	12,062,466	-	-	12,062,466
Other receivables	6,055,296	(156,863)	4,134,436	10,032,869
Internal balances	35,286,055	-	(5,793,416)	29,492,639
Prepays	1,960,200	-	-	1,960,200
Other assets	4,796,234	-	-	4,796,234
Deposits with agent	-	-	1,434,300	1,434,300
Non-Depreciable assets	-	18,743,088	-	18,743,088
Depreciable capital assets	-	99,020,481	-	99,020,481
Construction in progress	-	3,155,297	-	3,155,297
Total assets	97,555,110	121,151,449	414,550	219,121,109
Deferred Outflows of Resources:				
Deferred charges on refunding	-	196,406	-	196,406
Deferred outflows - related to pensions	-	87,225,190	-	87,225,190
	-	87,421,596	-	87,421,596
Liabilities and Fund Balances				
Liabilities:				
Accounts payable and accrued expenses	20,096,030	-	1,439,625	21,535,655
Accrued interest payable	-	636,324	-	636,324
Due to federal and state governments	173,952	350,000	-	523,952
Internal balances	23,112,080	-	(6,413,036)	16,699,044
<i>Unearned revenue:</i>				
Taxes collected in advance	2,593,981	-	-	2,593,981
Uncollected property taxes	-	-	-	-
Other	7,947,636	(4,839,299)	(3,108,337)	-
<i>Long-term liabilities</i>				
Due within one year	-	8,715,500	-	8,715,500
Due in more than one year	-	675,150,177	-	675,150,177
Other liabilities	5,239,616	-	-	5,239,616
Total liabilities	59,163,295	680,012,702	(8,081,748)	731,094,249
Deferred Inflow of Resources				
Deferred revenue	4,319,708	(4,319,708)	3,108,337	3,108,337
Deferred inflows - related to pensions	-	17,119,981	-	17,119,981
	4,319,708	12,800,273	3,108,337	20,228,318
Fund Balances				
Total fund balances/Net position	\$ 34,072,107	\$ (484,239,930)	\$ 5,387,961	\$ (444,779,862)

(continued)

CITY OF WARWICK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2 DIFFERENCES BETWEEN GOVERNMENTAL FUNDS AND GOVERNMENT-WIDE STATEMENTS (CONTINUED)

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

Non-Depreciable assets	\$ 18,743,088
Construction in progress	3,155,297
Depreciable capital assets	393,806,330
Accumulated depreciation	(294,785,849)
	\$ 120,918,866

In fiscal year 2015, the City financed the costs of the Career and Technical Center. This is the amount capitalized in fiscal year 2015 that is due to the federal government/state government.

\$ (350,000)

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

Increase in allowance for uncollectible receivables	\$ (156,863)
Adjustment of deferred revenue	\$ 9,159,007

Interest on long-term debt is accrued in the Statement of Net Position but is not accrued in governmental funds. Rather, it is recognized as an expenditure when due.

Adjustment of accrued interest expense	\$ (636,324)
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Accrued interest receivable on property taxes are reported as revenue in the government-wide financial statements in the period earned. In the governmental funds financial statements, interest on property taxes is reported when received.

Adjustment of accrued interest receivable	\$ 389,446
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Long-term liabilities applicable to the city's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term are reported in the Statement of Net Position.

Bonds & notes payable	\$ (47,141,102)
Capital leases	(5,715,524)
Amortized premium on bonds	(1,229,219)
Deferred amount on refunding	196,406
Net pension liability	(475,392,253)
Deferred outflows - pension amortizations	87,225,190
Deferred inflows - pension amortizations	(17,119,981)
Net other post employment benefit obligation	(140,640,126)
Accrued compensated absences	(12,484,097)
Accrued retroactive payroll	(1,263,356)
	\$ (613,564,062)

(2) Internal service funds are used by management to charge the costs of healthcare and worker's compensation claims. The assets and liabilities of internal service funds are included in governmental activities in the government-wide Statement of Net Position.

\$ 5,387,961

CITY OF WARWICK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2 DIFFERENCES BETWEEN GOVERNMENTAL FUNDS AND GOVERNMENT-WIDE STATEMENTS (CONTINUED)

The "net change in the fund balances" for governmental funds \$13,184,927 differs from the "change in net position" for governmental activities (\$43,345,999) reported in the Statement of Activities. The differences arise primarily from the long-term economic focus of the Statement of Activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

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

	Total Governmental Funds	Long-term Revenues/ Expenses & Reclassifications (1)	Capital- related Items (2)	Internal Service Fund (3)	Long-term Debt Transactions (4)	Statement of Activities Totals
Revenues						
General property tax	\$ 227,581,622	\$ (4,381,341)	\$ -	\$ -	\$ -	\$ 223,200,281
Interest on taxes	2,403,234	(306,284)	-	-	-	2,096,950
Intergovernmental revenue	56,133,826	36,550	-	-	-	56,170,376
Medicaid	1,336,674	-	-	-	-	1,336,674
State contribution to pension plan	11,053,803	-	-	-	-	11,053,803
Charges for services	14,940,665	-	-	-	-	14,940,665
Interest on investments	17,653	-	-	693	-	18,346
Contributions and private grants	198,878	-	-	-	-	198,878
Other revenues	<u>12,246,157</u>	<u>(148,985)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,097,172</u>
Total revenues	<u>325,912,512</u>	<u>(4,800,060)</u>	<u>-</u>	<u>693</u>	<u>-</u>	<u>321,113,145</u>
Expenditures						
Current:						
Executive and administrative	6,231,635	2,670,438	3,930	124,932	1,545,184	10,576,119
Public safety	51,378,290	43,657,544	(2,108,151)	-	38,462,693	131,390,376
Recreation	1,671,852	949,017	358,184	-	209,864	3,188,917
Public libraries	2,777,726	1,718,046	212,394	-	984,453	5,692,619
Social services	1,172,435	726,146	57,631	-	443,477	2,399,689
Planning and economic development	2,069,975	533,199	46,945	-	193,614	2,843,733
Public works	15,775,825	4,987,324	(1,162,408)	-	1,795,854	21,396,595
Employee benefits, fixed costs and capital	55,241,714	(55,241,714)	-	-	-	-
Education	168,197,758	-	(465,411)	90,568	6,654,952	174,477,867
State contribution to pension plan	11,053,803	-	-	-	-	11,053,803
Debt service						
Principal	5,650,593	-	-	-	(5,650,593)	-
Interest	1,258,067	109,698	-	-	71,661	1,439,426
Total expenditures	<u>322,479,673</u>	<u>109,698</u>	<u>(3,056,886)</u>	<u>215,500</u>	<u>44,711,159</u>	<u>364,459,144</u>
Excess of revenues over (under) expenditures before other financing sources (uses)	3,432,839	(4,909,758)	3,056,886	(214,807)	(44,711,159)	(43,345,999)
Other financing uses/changes in net position						
Bond proceeds	9,752,088	-	-	-	(9,752,088)	-
Net transfers (to) from other funds	-	-	-	-	-	-
Net other financing sources (uses)	<u>9,752,088</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,752,088)</u>	<u>-</u>
Net change for the year	<u>\$ 13,184,927</u>	<u>\$ (4,909,758)</u>	<u>\$ 3,056,886</u>	<u>\$ (214,807)</u>	<u>\$ (54,463,247)</u>	<u>\$ (43,345,999)</u>

CITY OF WARWICK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2 DIFFERENCES BETWEEN GOVERNMENTAL FUNDS AND GOVERNMENT-WIDE STATEMENTS (CONTINUED)

(1) Because some property taxes and other receivables will not be collected for several months after the fiscal year ends, they are not considered "available" revenues in the governmental funds. This represents the increase (decrease) in unearned revenue from 2015.

Unearned revenue - property taxes	\$ (4,381,341)
Unearned revenue - special revenue funds	36,550
Other revenue - special revenue funds	(148,985)
	\$ (4,493,776)

Interest expense in the Statement of Activities differs from the amount reported in governmental funds. Accrued interest was calculated for bonds and notes payable. This represents the change from the prior year.

Accrued interest expenditure adjustment	\$ (109,698)
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Interest revenue in the Statement of Activities differs from the amount reported in governmental funds. Accrued interest was calculated for property taxes not paid as of year end. This represents the change from the prior year.

Accrued interest revenue adjustment	\$ (306,284)
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Employee benefits, fixed costs, capital expenditures, and state contribution to the pension plan were reclassified to the appropriate program. Other revenues were reclassified to charges for services and intergovernmental revenues.

	55,241,714
	\$ 55,241,714

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

Capital outlay	\$ 10,698,827
Depreciation expense	(7,641,941)
Difference	\$ 3,056,886

(3) Internal service funds are used by management to charge the cost of certain activities, such as workers compensation insurance coverage to individual funds. The adjustments for internal service funds "close" those funds by charging additional amounts or reducing expenditures to the governmental funds thus eliminating any surplus or deficit on the internal service fund.

	\$ (214,807)
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(4) Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not recorded as fund liabilities. All liabilities, both current and long-term, are reported in the Statement of Net Position. As a result, debt proceeds and repayment of principal are reported as other financing sources and expenditures respectively in the governmental funds. Other long-term liabilities are reported as expenditures in the governmental funds when due and payable.

Net increase in compensated absences	\$ (31,559)
Contribution to pension plans	41,840,692
Net increase in the net pension liability and deferred outflows and inflows of resources	(74,660,827)
Net increase in the net other post-employment benefit obligation	(17,471,315)
Net decrease in the accrued retroactive payroll	32,918
Net increase in bond premium, refunding, deferred refunding, and bond issuance costs	(71,661)
Principal payments made	5,650,593
Less proceeds from bond issues & capital lease	(9,752,088)
	\$ (54,463,247)

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
 June 30, 2016

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 regulator must be collateralized.

Deposits

At June 30, 2016 the carrying amount of the City's deposits was \$63,873,247, (including Fiduciary Funds) while the bank balance was \$67,662,232. Of the balance, \$1,473,431 was covered by federal depository insurance and \$66,188,801 was uninsured. The City has entered into collateralization agreements with various financial institutions and as a result \$66,188,801 of the uninsured balances at June 30, 2016 collateralized by securities held by financial institutions and/or third parties in the name of the City.

Reconciliation to Government-wide Statement of Net Position:

Unrestricted cash including time deposits.....	\$	63,873,247
Less: Fiduciary funds cash, including time deposits (not included in the government-wide statement).....		(7,369,506)
Total cash and cash equivalents on A-1 (Including Restricted Cash)	\$	56,503,741

Investments

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

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

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
 June 30, 2016

NOTE 3 – CASH AND INVESTMENTS (Continued)

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

<u>Investments</u>	<u>Fair Value</u>	<u>Rating</u>
Equity Pool	\$ 38,617,469	N/R
Equity Small Cap	\$ 47,463,127	N/R
Fixed Income	\$ 117,036,765	N/R
Index Funds	\$ 73,011,666	N/R
Multi Asset Manager	\$ 99,717,295	N/R
International Equity Funds	\$ 25,637,709	N/R
Stable Value Fund	\$ 4,622,353	N/R
Immediate Participation Guarantee Contracts	\$ -	N/R
Mutual Funds	\$ 34,426,031	N/R
Total Investments	<u>\$ 440,532,415</u>	

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

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

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

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

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2016

NOTE 3 – CASH AND INVESTMENTS (Continued)

Fair Value of Investments:

The City of Warwick measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than quoted market prices; and,
- *Level 3:* Unobservable inputs.

At June 30, 2016, the City had the following recurring fair value measurements:

	Level One	Level Two	Level Three	N/A	Totals
<u>Investment In Securities</u>					
Assets					
Cash Equivalents					
STIF-Type Instrument	\$ -	\$ 1,847,976	\$ -	\$ -	\$ 1,847,976
Total Cash Equivalents	-	1,847,976	-	-	1,847,976
Equities					
Common Stock	66,949,202	-	-	-	66,949,202
Depository Receipts	947,139	-	-	-	947,139
Mutual Funds	187,053,075	87,750,718	-	-	274,803,793
Preferred Stock	519,032	-	-	-	519,032
Real Estate Investment Trust	3,746,624	-	-	-	3,746,624
Total Equities	259,215,072	87,750,718	-	-	346,965,789
Fixed Income					
Auto Loan Receivable	-	1,034,957	-	-	1,034,957
CMO	-	4,775,348	-	-	4,775,348
Corporate Bonds	-	21,268,582	-	-	21,268,582
Credit Card Receivables	-	340,487	-	-	340,487
FHLMC	-	18,263	-	-	18,263
FNMA	-	359	-	-	359
Government Issues	-	17,857,457	-	-	17,857,457
Municipals	-	1,629,752	-	-	1,629,752
Other Asset Backed	-	5,722,548	-	-	5,722,548
Total Fixed Income	-	52,647,753	-	-	52,647,753
Total Investments in Securities	\$ 259,215,072	\$ 142,246,447	\$ -	\$ -	\$ 401,461,518

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2016

NOTE 4 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Legal Debt Margin

The City's legal debt margin as set forth by the State Statute is limited to three percent of total taxable assessed value which approximates \$268,328,980. As of June 30, 2016, the City's debt applicable to the debt limitation is under the debt limit by \$221,187,878. All other City debt has been incurred through special statutory authority which consists of approval by the legislature and voter referendum.

NOTE 5 – PROPERTY TAXES

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

Net property taxes levied for the fiscal year 2016 were based on a gross assessed value of approximately \$9,332,703,111 less exemptions of \$388,403,791 for a net assessed valuation of \$8,944,299,320 at December 31, 2014 and amounted to a levy of \$229,189,681. After abatements and adjustments, the net levy amounted to \$228,117,676. Collections through June 30, 2016 amounted to \$223,570,078 which represents approximately 97.5% of the adjusted tax levy.

The City recognizes property tax revenues in accordance with Section P70, "Property Taxes" of the Codification of Governmental Accounting and Financial Reporting Standards on the fund statements. Unpaid property taxes as of June 30, 2016 amount to \$19,507,542 and are recorded as a receivable, net of an allowance for uncollectible property taxes of \$13,214,856.

Those net property taxes receivable which were not collected within the 60 days immediately following June 30, 2016 are recorded as deferred and amounted to \$4,319,708. Property taxes recognized as revenue on the fund statements for the fiscal year ended June 30, 2016 (due to their collection within the 60 days immediately following June 30, 2016) amounted to \$1,972,978. Taxes are due in equal quarterly installments on July 15, October 15, January 15, and April 15 during fiscal year.

CITY OF WARWICK, RHODE ISLAND
Notes to Financial Statement
June 30, 2016

NOTE 6. CAPITAL ASSETS

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

	Beginning Balance 6/30/2015	Additions	Deletions	Ending Balance 6/30/2016
<i>Governmental activities:</i>				
<i>Nondepreciable assets:</i>				
Land	\$ 18,680,138	\$ -	\$ -	\$ 18,680,138
Construction in progress	3,537,059	3,064,358	(3,446,120)	3,155,297
Artwork	62,950	-	-	62,950
<i>Total nondepreciable assets</i>	<u>22,280,147</u>	<u>3,064,358</u>	<u>(3,446,120)</u>	<u>21,898,385</u>
<i>Depreciable assets:</i>				
Land improvements	11,022,756	59,310	-	11,082,066
Buildings	126,942,353	3,686,216	-	130,628,569
Infrastructure	197,616,245	1,840,907	-	199,457,152
Machinery & equipment	20,513,851	127,036	-	20,640,887
Motor vehicles	30,227,523	3,567,120	(1,796,987)	31,997,656
<i>Total depreciable assets</i>	<u>386,322,728</u>	<u>9,280,589</u>	<u>(1,796,987)</u>	<u>393,806,330</u>
<i>Less accumulated depreciation for:</i>				
Land improvements	(8,919,963)	(273,875)	-	(9,193,838)
Buildings	(61,563,186)	(2,901,622)	-	(64,464,808)
Infrastructure	(177,118,850)	(2,371,455)	-	(179,490,305)
Machinery & equipment	(18,666,864)	(463,350)	-	(19,130,214)
Motor Vehicles	(22,672,032)	(1,631,639)	1,796,987	(22,506,684)
<i>Total accumulated depreciation</i>	<u>(288,940,895)</u>	<u>(7,641,941)</u>	<u>1,796,987</u>	<u>(294,785,849)</u>
<i>Depreciable capital assets, net</i>	<u>97,381,833</u>	<u>1,638,648</u>	<u>-</u>	<u>99,020,481</u>
<i>Governmental activities capital assets, net</i>	<u><u>\$119,661,980</u></u>	<u><u>\$ 4,703,006</u></u>	<u><u>\$ (3,446,120)</u></u>	<u><u>\$120,918,866</u></u>

CITY OF WARWICK, RHODE ISLAND
Notes to Financial Statements
June 30, 2016

NOTE 6. CAPITAL ASSETS (continued)

Capital asset activity for business-type activities for the fiscal year ended June 30, 2016 was as follows:

	Beginning Balance 6/30/2015	Additions	Reductions	Ending Balance 6/30/2016
<i>Business-type activities:</i>				
<i>Nondepreciable assets:</i>				
Construction in progress	\$ 11,064,683	\$ 7,087,159	\$ (183,639)	\$ 17,968,203
<i>Total nondepreciable assets</i>	<u>11,064,683</u>	<u>7,087,159</u>	<u>(183,639)</u>	<u>17,968,203</u>
<i>Depreciable assets:</i>				
Buildings	2,900,797	-	-	2,900,797
Machinery, equipment & furniture	4,694,859	916,698	(169,427)	5,442,130
Water distribution system & wastewater collection system	275,664,141	2,050,295	(20,582)	277,693,854
<i>Total depreciable assets</i>	<u>283,259,797</u>	<u>2,966,993</u>	<u>(190,009)</u>	<u>286,036,781</u>
<i>Less accumulated depreciation for:</i>				
Buildings	(1,044,203)	(44,518)	-	(1,088,721)
Machinery, equipment & furniture	(3,366,046)	(357,397)	169,427	(3,554,016)
Water distribution system & wastewater collection system	(101,621,968)	(5,923,467)	15,778	(107,529,657)
<i>Total accumulated depreciation</i>	<u>(106,032,217)</u>	<u>(6,325,382)</u>	<u>185,205</u>	<u>(112,172,394)</u>
<i>Depreciable capital assets, net</i>	<u>177,227,580</u>	<u>(3,358,389)</u>	<u>(375,214)</u>	<u>173,864,387</u>
<i>Business-type activities capital assets, net</i>	<u>\$188,292,263</u>	<u>\$ 3,728,770</u>	<u>\$ (375,214)</u>	<u>\$191,832,590</u>

Depreciation expense was charged to functions/programs as follows:

<i>Governmental activities:</i>	
Executive and administration	\$ 36,715
Public safety	1,426,271
Recreation	390,449
Public Libraries	230,454
Social Services	57,631
Planning & Economic Development	71,931
Public Works	3,253,516
Education	2,174,975
<i>Total governmental activities depreciation expense</i>	<u>\$ 7,641,942</u>
<i>Business-type activities:</i>	
Water	\$ 738,263
Sewer	5,613,812
<i>Total business-type activities depreciation expense</i>	<u>\$ 6,352,075</u>

CITY OF WARWICK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 7 - LONG-TERM LIABILITIES

A. LONG-TERM LIABILITIES

Long-term liability activity for the governmental activities for the year ended June 30, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities					
Long-term debt:					
General obligation bonds	\$ 46,286,654	\$ 5,435,000	\$ 4,580,552	\$ 47,141,102	\$ 5,719,162
Capital lease payable	2,570,079	4,252,088	1,106,643	5,715,524	1,419,322
Plus amortized premium on bonds	1,040,904	364,381	176,066	1,229,219	-
Less deferred amount on refunding	(181,354)	(77,873)	(62,821)	(196,406)	-
Total long-term debt	<u>49,716,283</u>	<u>10,129,342</u>	<u>5,800,440</u>	<u>53,889,439</u>	<u>7,138,484</u>
Other long-term liabilities:					
Compensated absences	12,452,537	52,580	21,020	12,484,097	1,577,016
Accrued retroactive payroll	1,296,274	-	32,918	1,263,356	-
Net pension liability	387,338,603	88,053,650	-	475,392,253	-
Net other post-employment benefits	123,168,811	26,616,662	9,145,346	140,640,126	-
Total other long-term liabilities	<u>524,256,225</u>	<u>114,722,892</u>	<u>9,199,284</u>	<u>629,779,832</u>	<u>1,577,016</u>
Governmental Activities long-term liabilities	<u>\$ 573,972,508</u>	<u>\$ 124,852,234</u>	<u>\$ 14,999,724</u>	<u>\$ 683,669,271</u>	<u>\$ 8,715,500</u>
Business-Type Activities					
Long-term debt:					
Bond Payable	\$ 14,512,346	\$ -	\$ 2,814,448	\$ 11,697,898	\$ 1,564,338
Loans Payable	85,304,257	18,574,903	9,078,167	94,800,993	9,654,336
Amortized premium on bond	229,063	221,707	42,188	408,582	-
Deferred amount on refunding	(32,951)	(118,484)	(17,307)	(134,128)	-
Net pension liability	5,268,249	2,194,890	-	7,463,139	-
Net other post-employment benefits	3,912,412	654,485	231,085	4,335,813	-
Total long-term debt	<u>109,193,376</u>	<u>21,527,501</u>	<u>12,148,581</u>	<u>118,572,297</u>	<u>11,218,674</u>
Other long-term liabilities:					
Compensated absences	363,606	17,344	-	380,950	-
Total other long-term liabilities	<u>363,606</u>	<u>17,344</u>	<u>-</u>	<u>380,950</u>	<u>-</u>
Business-Type Activities long-term liabilities	<u>\$ 109,556,982</u>	<u>\$ 21,544,845</u>	<u>\$ 12,148,581</u>	<u>\$ 118,953,247</u>	<u>\$ 11,218,674</u>

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

CITY OF WARWICK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 7 - LONG-TERM LIABILITIES (CONTINUED)
B. SCHEDULE OF BONDS AND LOANS PAYABLE

	Date of Issuance	Interest Rate	Date of Maturity	Authorized and Issued	Outstanding Principal June 30, 2015	Maturities During Year	Refunding During Fiscal 15/16	New Issues	Outstanding Principal June 30, 2016
Governmental Funds									
General Fund									
School	6/15/2003	2.5/5.0%	6/15/2023	\$ 5,000,000	\$ 2,534,000	\$ -	\$ (2,534,000)	\$ -	\$ -
School	8/15/2004	3.0/4.75%	8/15/2024	5,000,000	3,112,000	-	(3,112,000)	-	-
School	1/15/2006	3.75/5.0%	1/15/2026	2,500,000	1,635,000	(120,000)	(1,515,000)	-	-
School - Refunding	4/30/2008	3.5/4.2%	8/1/2017	9,740,114	2,470,120	(957,509)	-	-	1,512,611
School - RIHEBC	6/15/2010	5.75%	4/1/2027	3,908,000	3,908,000	-	-	-	3,908,000
School - RIHEBC	11/15/2010	6.29%	4/1/2027	4,212,000	4,212,000	-	-	-	4,212,000
School - Refunding	5/26/2011	3.0/5.0%	1/15/2022	8,713,480	6,617,540	(892,027)	-	-	5,725,513
School - RIHEBC	6/15/2013	3.52%	5/15/2033	4,295,000	3,865,000	(215,000)	-	-	3,650,000
School - RIHEBC	8/6/2014	3.63%	5/15/2034	3,370,000	3,220,000	(130,000)	-	-	3,090,000
School - Refunding	8/12/2015	1.5/4.0%	8/1/2025	7,140,621	-	(432,145)	7,140,621	-	6,708,476
Highway/Drainage	6/15/2003	2.5/5.0%	6/15/2023	1,000,000	506,800	-	(506,800)	-	-
Highway/Drainage	8/15/2004	3.0/4.75%	8/15/2024	1,000,000	622,400	-	(622,400)	-	-
Hwy/Drainage - Refunding	4/30/2008	3.5/4.2%	8/1/2017	685,646	251,517	(79,410)	-	-	172,107
Hwy/Drainage - Refunding	8/12/2015	1.5/4.0%	8/1/2025	1,125,836	-	(68,210)	1,125,836	-	1,057,626
Fire - Refunding	4/30/2008	3.5/4.2%	8/1/2017	424,435	140,159	(49,151)	-	-	91,008
Open Space - Refunding	4/30/2008	3.5/4.2%	8/1/2017	870,396	295,984	(100,799)	-	-	195,185
Open Space - Refunding	5/26/2011	3.0/5.0%	1/15/2022	2,085,827	1,626,528	(212,867)	-	-	1,413,661
City Buildings - Refunding	5/26/2011	3.0/5.0%	1/15/2022	1,266,653	1,018,627	(128,782)	-	-	889,845
City Buildings	8/12/2015	2.0/4.5%	8/1/2035	3,455,000	-	-	-	3,455,000	3,455,000
Library - Refunding	4/30/2008	3.5/4.2%	8/1/2017	2,546,610	840,955	(294,906)	-	-	546,049
Recreation	6/15/2003	2.5/5.0%	6/15/2023	3,000,000	1,520,400	-	(1,520,400)	-	-
Recreation	4/30/2008	3.5/4.2%	8/1/2017	870,396	295,983	(100,798)	-	-	195,185
Recreation - Refunding	5/26/2011	3.0/5.0%	1/15/2022	1,830,556	1,295,370	(188,889)	-	-	1,106,481
Recreation - Refunding	8/12/2015	1.5/4.0%	8/1/2025	1,509,106	-	(92,025)	1,509,106	-	1,417,081
Public Safety	6/15/2003	2.5/5.0%	6/15/2023	2,000,000	506,800	-	(506,800)	-	-
Public Safety	8/15/2004	3.0/4.75%	8/15/2024	5,500,000	3,423,200	-	(3,423,200)	-	-
Public Safety	8/12/2015	1.5/4.0%	8/1/2025	3,928,436	-	(237,120)	3,928,436	-	3,691,316
Transportation - Refunding	4/30/2008	3.5/4.2%	8/1/2017	1,004,699	337,482	(116,350)	-	-	221,132
Fire Station	8/12/2015	2.0/4.5%	8/12/2015	1,980,000	-	-	-	1,980,000	1,980,000
Animal Shelter - Refunding	5/26/2011	3.0/5.0%	1/15/2022	610,184	431,789	(62,963)	-	-	368,826
Municipal Road & Bridge Loan	7/17/2014	0.76/3.3%	9/1/2034	1,600,000	1,599,000	(65,000)	-	-	1,534,000
Total Governmental Funds Bonds Payable				\$ 92,172,995	\$ 46,286,654	\$ (4,543,951)	\$ (36,601)	\$ 5,435,000	\$ 47,141,102

CITY OF WARWICK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 7 - LONG-TERM LIABILITIES (CONTINUED)

B. SCHEDULE OF BONDS AND LOANS PAYABLE

	Date of Issuance	Interest Rate	Date of Maturity	Authorized and Issued	Outstanding Principal June 30, 2015	Maturities During Year	Refunding During Fiscal 15/16	New Issues	Outstanding Principal June 30, 2016
Enterprise Funds									
Bonds Payable									
WATER									
Water	6/15/2003	2.5/5.0%	6/15/2023	1,500,000	760,200	-	(760,200)	-	-
Water - Refunding	4/30/2008	3.5/4.2%	8/1/2017	45,714	9,732	(4,911)	-	-	4,821
Water - Refunding	5/26/2011	3.0/5.0%	1/15/2022	319,171	263,468	(32,344)	-	-	231,124
Water - Refunding	8/12/2015	1.5/4.0%	8/1/2025	-	-	11,672	(128,393)	-	(116,721)
Total Water Bonds Payable				1,864,885	1,033,400	(25,583)	(888,593)	-	119,224
SEWER									
Sewer	6/15/2003	2.5/5.0%	6/15/2023	1,000,000	506,800	-	(506,800)	-	-
Sewer	8/15/2004	3.0/4.75%	8/15/2024	1,000,000	622,400	-	(622,400)	-	-
Sewer	1/15/2006	3.75/5.0%	1/15/2026	15,000,000	9,840,000	(710,000)	(9,130,000)	-	-
Sewer - Refunding	4/30/2008	3.5/4.2%	8/1/2017	3,066,990	903,068	(326,166)	-	-	576,902
Sewer - Refunding	5/26/2011	3.0/5.0%	1/15/2022	2,164,129	1,606,678	(222,128)	-	-	1,384,550
Sewer - Refunding	8/12/2015	1.5/4.0%	8/1/2025	10,234,394	-	(617,172)	10,234,394	-	9,617,222
Total Sewer Bonds Payable				32,465,513	13,478,946	(1,875,466)	(24,806)	-	11,578,674
Total Enterprise Funds Bonds Payable				\$ 34,330,398	\$ 14,512,346	\$ (1,901,049)	\$ (913,399)	\$ -	\$ 11,697,898
Loans Payable									
PLUS SRF - 2ND	3/1/1993	3.11%	9/1/2016	3,100,000	213,000	(213,000)	-	-	-
PLUS SRF - 3RD	12/28/1995	2.82%	9/1/2016	3,996,000	399,600	(199,800)	-	-	199,800
PLUS SRF - 4TH	4/1/1997	2.97%	9/1/2016	10,000,000	1,052,631	(526,316)	-	-	526,315
PLUS SRF - 5TH	6/26/1998	2.57%	9/1/2019	10,200,000	3,045,076	(572,629)	-	-	2,472,447
PLUS SRF - 6TH	8/25/1999	2.84%	9/1/2019	14,750,000	4,866,448	(919,627)	-	-	3,946,821
PLUS SRF - 7TH	12/19/2000	2.90%	9/1/2020	20,232,323	7,323,957	(1,135,070)	-	-	6,188,887
PLUS SRF - 8TH	4/25/2002	1.25%	9/1/2022	12,000,000	5,659,725	(636,653)	-	-	5,023,072
PLUS SRF - 9TH	10/24/2002	1.00%	9/1/2022	20,000,000	9,576,396	(1,095,952)	-	-	8,480,444
PLUS SRF - 10TH	11/13/2003	1.34%	9/1/2024	20,000,000	10,915,000	(995,000)	-	-	9,920,000
PLUS SRF - 11TH	12/30/2004	1.40%	9/1/2025	20,000,000	11,867,000	(980,000)	-	-	10,887,000
PLUS SRF - 12TH	12/15/2005	1.41%	9/1/2026	5,000,000	3,000,000	(250,000)	-	-	2,750,000
PLUS SRF - 13TH	12/21/2006	1.27%	9/1/2027	9,500,000	6,175,000	(475,000)	-	-	5,700,000
PLUS SRF - 14TH	12/12/2007	1.685/2.145%	9/1/2026	6,942,000	4,860,000	(347,000)	-	-	4,513,000
PLUS SRF - 15TH	10/6/2009	1.26%/3.35%	9/1/2029	1,169,026	878,424	(58,120)	-	-	820,304
PLUS SRF - 16TH	3/6/2014	2.714%	9/1/2034	7,000,000	6,999,000	(281,000)	-	-	6,718,000
PLUS SRF - 17TH	7/30/2015	0.69/2.89%	9/1/2034	10,574,900	-	(1,000)	-	10,574,900	10,573,900
PLUS SRF - 18TH	6/2/2016	0.37/2.41%	9/1/2035	8,000,000	-	-	-	8,000,000	8,000,000
Sewer Conduit	4/30/2008	4.85%	3/1/2008	4,000,000	2,995,000	(170,000)	-	-	2,825,000
Sewer Conduit	6/26/2012	3.29%		2,400,000	1,978,000	(221,000)	-	-	1,757,000
Sewer Conduit/Admin	3/31/2016	1.95%	9/1/2034	3,500,000	3,500,000	(1,000)	-	-	3,499,000
Total Enterprise Funds Loans Payable				\$ 192,364,249	\$ 85,304,257	\$ (9,078,167)	\$ -	\$ 18,574,900	\$ 94,800,990

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2016

NOTE 7 – LONG-TERM LIABILITIES (CONTINUED)

C. Debt Maturity

Debt service requirements at June 30, 2016 were as follows:

GOVERNMENTAL ACTIVITIES

General Obligation Debt

Year Ended June 30,	Principal	Interest	Total Debt Service
2017	\$ 5,211,662 *	\$ 1,262,005	\$ 6,473,667
2018	4,806,909	1,078,389	5,885,298
2019	3,745,196	923,159	4,668,355
2020	3,863,700	806,764	4,670,464
2021	3,973,341	703,041	4,676,382
2022-2026	10,315,294	2,339,867	12,655,161
2027-2031	11,999,000	1,073,896	13,072,896
2032-2036	3,226,000	267,482	3,493,482
	<u>\$ 47,141,102</u>	<u>\$ 8,454,603</u>	<u>\$ 55,595,705</u>

* Does not include voluntary payments to School RIHEBC bond sinking fund

BUSINESS-TYPE ACTIVITIES

General Obligation Debt
BONDS PAYABLE-ENTERPRISE FUNDS

Year Ended June 30,	Principal	Interest	Total Debt Service
2017	\$ 1,564,338	\$ 315,312	\$ 1,879,650
2018	1,514,091	267,698	1,781,789
2019	1,311,805	226,459	1,538,264
2020	1,349,300	194,486	1,543,786
2021	1,381,659	163,383	1,545,042
2022-2026	4,576,705	327,271	4,903,976
	<u>\$ 11,697,898</u>	<u>\$ 1,494,609</u>	<u>\$ 13,192,507</u>

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
 June 30, 2016

NOTE 7 – LONG-TERM LIABILITIES (CONTINUED)

C. Debt Maturity (Continued)

School RIHEBC Bonds

The proceeds from the bonds were used to finance the acquisition, construction, furnishing and equipping of schools and school facilities, including but not limited to various school renovation projects, and to pay the costs of issuance. The \$3,908,000 bond and \$4,212,000 bond require sinking fund deposits to be held on deposit by the trustee and will be paid to the bondholders in full May 2027 for both bonds. While these sinking fund deposits do not allow the City to present these payments as retirements of the respective debt, the City has effectively accumulated \$2,537,500 to retire the debts in 2027. These restricted funds are shown as restricted fund balance within the debt service fund.

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

\$3,908,000 Revenue Bond			\$4,212,000 Revenue Bond		
Year Ended June 30,	Required Sinking Fund Deposits Principal	Actual Sinking Fund Deposits	Year Ended June 30,	Required Sinking Fund Deposits Principal	Actual Sinking Fund Deposits
2012	\$ 244,250	\$ 244,250	2012	\$ 263,250	\$ 263,250
2013	244,250	244,250	2013	263,250	263,250
2014	244,250	244,250	2014	263,250	263,250
2016	244,250	244,250	2016	263,250	263,250
2016	244,250	244,250	2016	263,250	263,250
2017	244,250		2017	263,250	
2018	244,250		2018	263,250	
2019	244,250		2019	263,250	
2020	244,250		2020	263,250	
2021	244,250		2021	263,250	
2022	244,250		2022	263,250	
2023	244,250		2023	263,250	
2024	244,250		2024	263,250	
2025	244,250		2025	263,250	
2026	244,250		2026	263,250	
2027	244,250		2027	263,250	
TOTAL	\$ 3,908,000	\$ 1,221,250	TOTAL	\$ 4,212,000	\$ 1,316,250

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
 June 30, 2016

NOTE 7 – LONG-TERM LIABILITIES (CONTINUED)

D. Loans Payable

The City of Warwick has entered into nineteen loan agreements with the Rhode Island Infrastructure Bank, formerly known as Rhode Island Clean Water Finance Agency. The loan proceeds are to be used by the City for the extension and upgrade of the City's sewer system. The Bank advances loan proceeds to the City periodically to reimburse the City for capital costs incurred on the projects. The following loan agreements were active as of June 30, 2016:

Agreement Date	Amount	Interest Rate	Maturity Dates
December 19, 1995	\$ 3,996,000	2.82%	September 1, 1997-2016
March 31, 1997	\$ 10,000,000	2.97%	September 1, 1997-2016
June 26, 1998	\$ 10,200,000	2.57%	September 1, 1999-2019
August 25, 1999	\$ 14,750,000	2.84%	September 1, 2002-2019
December 19, 2000	\$ 20,232,323	2.90%	September 1, 2001-2020
April 25, 2002	\$ 12,000,000	1.25%	September 1, 2002-2022
October 24, 2002	\$ 20,000,000	1.00%	September 1, 2004-2022
November 13, 2003	\$ 20,000,000	1.34%	September 1, 2005-2024
December 30, 2004	\$ 20,000,000	1.40%	September 1, 2006-2025
December 15, 2005	\$ 5,000,000	1.41%	September 1, 2007-2026
December 21, 2006	\$ 9,500,000	1.27%	September 1, 2008-2027
December 12, 2007	\$ 6,942,000	1.185-1.645%	September 1, 2009-2028
April 30, 2008	\$ 4,000,000	4.85%	September 1, 2009-2028
October 6, 2009	\$ 1,169,026 *	2.16%	September 1, 2010-2029
June 26, 2012	\$ 2,400,000	3.29%	September 1, 2012-2022
March 6, 2014	\$ 7,000,000	2.71%	September 1, 2014-2034
March 31, 2015	\$ 3,500,000	1.95%	September 1, 2015-2034
July 30, 2015	\$ 10,574,900	2.16%	September 1, 2015-2034
June 2, 2016	\$ 8,000,000	1.74%	September 1, 2016-2035

*SFR/Stimulus Loan is shown net of \$178,601.10 principal forgiveness

The City pays an additional 0.5% finance fee on all loans except for the loan dated April 30, 2008

The loan proceeds are to be used by the City for the extension and upgrade of the sewer system. The Bank pays project invoices certified by the City directly to the contractors or reimburses the City for costs incurred on the projects. As of June 30, 2016, loans payable of \$94,800,990 are reflected in the Sewer Fund. A due from the Rhode Island Infrastructure Bank of \$11,480,484 is shown for that portion of the loans which has not been advanced as of June 30, 2016. The City is responsible to draw down and to repay the full amount of the loan.

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2016

NOTE 7 – LONG-TERM LIABILITIES (CONTINUED)

The debt service through maturity for the above loans is as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 9,654,336	\$ 2,030,449
2018	9,473,886	1,951,227
2019	9,678,149	1,747,837
2020	9,883,111	1,519,771
2021	8,378,796	1,310,729
2022-2026	28,884,714	4,367,174
20207-2031	11,020,098	1,998,756
2032-2036	7,827,900	546,431
	<u>\$ 94,800,990</u>	<u>\$ 15,472,374</u>

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

E. Debt Service Requirements

The City's Business Type debt service requirement relating to outstanding bond and loan obligations consist of the following:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>
2017	\$ 11,218,674	\$ 2,345,760	\$ 13,564,434
2018	10,987,978	2,218,924	13,206,902
2019	10,989,954	1,974,296	12,964,250
2020	11,232,411	1,714,257	12,946,668
2021	9,760,455	1,474,112	11,234,567
2022-2026	33,461,419	4,694,445	38,155,864
2027-2031	11,020,097	1,998,757	13,018,854
2032-2036	7,827,900	546,431	8,374,331
	<u>\$ 106,498,888</u>	<u>\$ 16,966,982</u>	<u>\$ 123,465,870</u>

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
 June 30, 2016

NOTE 7 – LONG-TERM LIABILITIES (CONTINUED)

F. Bonds Authorized but Unissued

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

<u>Purpose</u>	<u>Statutory Authorization</u>	<u>Authorized But Unissued Debt</u>
Incinerator Purposes	P.L. Ch. 33-1966	\$ 1,900,000
Energy Conservation	P.L. Ch. 65-1980	600,000
Sewer Improvements	P.L. Ch. 223-1994	417,677
Open Space	P.L. Ch. 77-2000	175,000
Open Space	P.L. Ch. 125/479-2006	2,000,000
Recreation	P.L. Ch. 77-2000	500,000
Parks and Recreation	P.L. Ch. 74/147-2006	3,500,000
Drainage	P.L. Ch. 78-2002	3,000,000
Building Repairs	P.L. Ch. 426/527-2006	5,500,000
Mickey Stevens Sports Complex	P.L. Ch. 385-2006	7,000,000
Fire Station	P.L. Ch. 51/73-2006	- *
School Renovations	P.L. Ch. 386/516-2006	9,215,000
		<u>\$ 33,807,677</u>

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

G. Capital Lease Commitments

The City of Warwick's capital lease program consists of two leases for the purchase of various vehicles and equipment. The City may purchase leased vehicles and equipment as set forth in the lease agreements. Leases are renewed annually based on the City's appropriation of funds sufficient to pay the obligations under the lease agreements.

Obligations of Governmental Activities under capital leases at June 30, 2016 were as follows:

<u>FISCAL YEAR ENDED JUNE 30,</u>	<u>LEASE PAYMENT REQUIRED</u>
2017	\$ 1,419,322
2018	989,628
2019	989,628
2020	632,478
2021	632,478
2022-2026	1,475,310
Future Minimum Rental Commitments	6,138,844
Interest Portion of Payments	423,320
Principal Portion of Payments	<u>\$ 5,715,524</u>

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2016

NOTE 8 – OPERATING LEASES

The School Department entered into an operating lease for equipment in 2013. The operating lease was for 36 months and started July 1, 2012. On July 1, 2016, the lease expired and the equipment was bought out for \$1. There were no other operating leases for the fiscal year ended June 30, 2016.

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2016

NOTE 9 - INTERFUND RECEIVABLES AND PAYABLES

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

	Due From Other Funds	Due To Other Funds
General Fund	\$ 16,699,044	\$ 17,439,431
School Unrestricted Fund	14,570,127	101,684
Non Governmental Funds:		
Community Development Block Grant	400	94,576
Drug Seizure Fund	28,775	-
State Asset Forfeiture Fund	10,901	-
Warwick Public Library Restricted Fund	22,316	-
Sewer Connection Grant	-	4,713
JAG Grant	-	3,129
Special Detail Fund	59,270	-
Senior Center Gift Shop	-	1,089
Mooring Fee Reserve Fund	34,412	-
City Clerk Restricted Fund	948,424	-
Emergency Operations - City	253,412	-
IDEA	-	793,237
IDEA Preschool	-	24,188
Title I	-	421,369
Title II	-	164,081
Title III	-	12,469
Perkins Voc (Even Year)	-	88,489
Homeless (Even Year)	-	15,528
Fresh Fruit/Veg Program	-	2,278
Big Yellow Bus	1,970	-
Scott Tech Donations	3,291	-
Esther Chester Donation	-	1,597
Mary Maini Memorial Fund	50	-
City/Town Contribution Sports	4,990	-
Injury Fund	228	-
Emergency Repairs - Tech	2,096,407	-
Full Day Kindergarten	880	-
Feinstein	164,399	-
Rhode Island Foundation	1,959	-
Dorothy Rich Association	314	-
Holliman Yearbook	3,359	-

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
 June 30, 2016

NOTE 9 - INTERFUND RECEIVABLES AND PAYABLES (CONTINUED)

Cedar Hill Library Books	42	-
PTO Donations	5,832	-
School Lunch Fund	-	79,827
Champlin Aldrich Gorton	3,306	-
Champlin	6,706	-
Target	1,240	-
Art Talks Sherman	3,371	-
C.A.S.I.T. Italian Program	2,715	-
Common Core State Status	-	3,200
United Way	589	-
Shapiro Fund for Warwick	550	-
Gen. Youth Foundation	2,400	-
Wireless Classroom Initiative	-	896,110
CTE	179,396	-
Stop & Shop	2,043	-
Carol Gray Memorial Fund	23	-
IGT Charitable Contribution	250	-
Patricia St. Amant	10,296	-
Technology Self Insurance	100,300	-
2000 Open Space Bond Fund	19,915	-
2006 Fire Station Bond Fund	42,153	-
2002 Drainage Bond Fund	-	7,000
2006 City Buildings Bond Fund	-	15,489
Capital Leases	-	2,942,596
<i>Total Non Governmental Funds</i>	<u>4,016,884</u>	<u>5,570,965</u>
 <i>Major Enterprise Funds:</i>		
Sewer Fund	2,356,267	10,970,463
Sewer Assessment Fund	845,750	1,021,685
Water Fund	204,121	7,718,493
<i>Total Major Enterprise Funds</i>	<u>3,406,138</u>	<u>19,710,641</u>
 <i>Non-Major Enterprise Funds:</i>		
Emergency Operations Enterprise Funds	-	1,662,243
On-Site Revolving Loan Fund	3,712	-
Sewer Infrastructure Replacement Fund	-	56,089
Sewer Renewal & Replacement Fund	2,283,756	-
Water Renewal & Replacement Fund	750,000	-
Water Restricted Emergency Fund	250,000	-
Water Infrastructure replacement Fund	2,000,000	58,228
<i>Total Non-Major Enterprise Funds</i>	<u>5,287,468</u>	<u>1,776,560</u>
 <i>Internal Service Funds:</i>		
Healthcare Management City	619,620	-
<i>Total Internal Service Funds</i>	<u>619,620</u>	<u>-</u>
 <i>Totals</i>	 <u>\$ 44,599,281</u>	 <u>\$ 44,599,281</u>

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2016

NOTE 10 – NET POSITION/FUND BALANCES

(a) Fund Balances

As stated in Note 1, Fund Balance may be classified as one of five categories: Nonspendable, Restricted, Committed, Assigned or Unassigned. See Note 1 of these financial statements for definitions of these five Fund Balance categories. The detail of the composition of Nonspendable, Restricted, Committed, and Assigned Fund Balance follows.

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

MAJOR GOVERNMENTAL FUNDS:

General Fund:

Prepaid Expenditures	<u>\$ 280,583</u>
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At June 30, 2016 Restricted Fund Balance consisted of the following:

NONMAJOR GOVERNMENTAL FUNDS:

Special Revenue Funds:

Entitlement Community program of U.S. Housing	\$ 338,399
CDBG Seed Program	19,484
Drug related property seizure	131,745
Open space acquisition	295,486
Library operations	159,158
Pilgrim Senior Center	25,839
Sewer connections assistance	44,306
State hotel tax exceeding current year tourism expenditures	146,650
Public Safety	-
Emergency operations FEMA	253,412
Waterfront safety	215,477
Maintenance of historical records	948,424
Education	<u>2,764,950</u>
	<u>5,343,330</u>

Capital Project Funds:

Open Space acquisition	362,800
School capital improvements	2,478,002
Road and bridge improvements	476,400
Municipal building improvements	<u>1,561,334</u>
	<u>4,878,536</u>

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2016

NOTE 10 – NET POSITION/FUND BALANCES (CONTINUED)

(a) Fund Balances (Continued)

Debt Service Fund	2,537,500
Total Non-Major Government Funds	\$ 12,759,366

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

MAJOR GOVERNMENTAL FUNDS:

General Fund:

Education	\$ 3,185,454
Encumbrances	239,569
Total Major Governmental Funds	\$ 3,425,023

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

(b) Fund Deficits

The following funds had fund deficits at June 30, 2016:

Special Revenue Funds:

Special Detail Fund	\$ 97,134
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Capital Project Funds:

Capital Leases	755,774
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Total Non-Major Fund Deficits	\$ 852,908
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(c) Operating Deficits

Deficits for non-major governmental fund activities will be funded through the General Fund, a major governmental activities fund, future bond issuance and a future lease purchase issuance.

The following individual funds had operating deficits for the year ending June 30, 2016, but still maintained positive fund balances:

MAJOR BUSINESS-TYPE FUNDS

Water Fund	\$ 325,217
Total Major Business-Type Funds	\$ 325,217

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2016

NOTE 10 – NET POSITION/FUND BALANCES (CONTINUED)

(c) Operating Deficits (continued)

Non-Major Governmental Funds:

Special Revenue Funds:

Entitlement Community Program of US Housing	17,919
Home Improvement Loan Escrow Account	2,635
Emergency Operations - City	59,900
Sewer Connection Grants	7,941
Full Day Kindergarten	29,120
Champlin	7,428
Senior Center Gift Shop	12,137
	<u>137,080</u>

Capital Project Funds

2006 City Buildings Bond	1,098,433
Road & Bridge Fund	316,373
	<u>1,414,806</u>

Total deficits Non-Major Governmental Funds	<u>\$ 1,551,886</u>
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Non-Major Business Type Activities

Water Infrastructure Replacement Fund	1,104
On-Site Revolving Loan Fund	2,429
	<u>3,533</u>

Total deficits Non-Major Business-Type Funds	<u>\$ 3,533</u>
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CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
 June 30, 2016

NOTE 11 – INTER-FUND TRANSFERS

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

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Funds:		
General Fund	\$ 772,956	\$ 126,162,636
School Unrestricted Fund	119,480,736	1,780,617
Debt Service Fund	7,416,160	-
Sewer Fund	24,047,688	20,138,409
Sewer Assessment Fund	-	3,781,085
Water Fund	112,588	54,360
Non-major Funds:		
Enterprise Funds	10,000	196,422
Special Revenue Funds	806,575	933,174
Capital Projects Funds	400,000	-
Total:	<u>\$ 153,046,703</u>	<u>\$ 153,046,703</u>

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLANS

A) City Employees' Pension Plan

Summary of Significant Accounting Policies

Basis of Accounting

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

Plan Description

The City of Warwick City Employees' Pension Plan covers all City employees not covered by other plans. Non-elected employees are eligible to participate after six months of employment. Elected officials are eligible on the date they assume their elected position. The City Employees' Pension Plan is a single employer defined benefit pension plan that was established in 1965. The Municipal Retirement Board is responsible for the administration of the plan. The Board is comprised of (11) members consisting of the City's Finance Director, Personnel Director, Municipal Union President, Chairperson of the City Finance Committee, (1) Union Employee, (1) Non-Union Employee, (1) Municipal Retiree, and (4) Members of the Public. The pension plan is reported as a Pension Trust Fund in the City's financial statements. The City does not issue a separate publicly available financial report that includes financial statements and required supplementary information (RSI) for the City Employees' Pension Plan. Employee membership data related to the pension plan was as follows:

Active Plan Members	369
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	368
Inactive Plan Members Entitled To, But Not Yet Receiving Benefits	<u>28</u>
	765

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

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLANS (CONTINUED):

A) City Employees' Pension Plan (continued)

Benefit Provisions

Members in the plan who have attained age 65 and have reached their fifth anniversary of participation may retire. The normal monthly retirement benefit is equal to 2.5% of their final average monthly compensation multiplied by years of creditable service. Final average monthly compensation is one-twelfth of the average of the highest three consecutive years of base compensation. However, no elected member will receive less than one-twelfth of the sum of \$1,500 plus \$200 multiplied by years of creditable service; the sum not to exceed \$5,500. Effective September 1, 1994, the plan compensation is equal to the sum of base compensation and longevity pay. Eligibility for early retirement is after age 55 with at least 10 years of creditable service or any member whose age plus service totals 80 or more. Effective for new hires after July 1, 2012, the eligibility requirement changes to the attainment of age 59 with 25 years of service, or age 65 if vested. Additionally, the monthly retirement benefit decreases to 2% of final average monthly compensation multiplied by years of creditable service. Benefits will be calculated based upon the average of the last three years of service. Effective September 1, 1994, an elected official is eligible upon the attainment of age 55 with at least six years of service. The retirement benefit for early retirement is determined under the normal retirement formula above reduced for commencement prior to age 65. The reduction is equal to ½% per month for the first sixty months prior to age 65 plus 1/3% per month in excess of sixty. If the sum of the retired member's years of age plus service is at least equal to 80, there is no reduction for early commencement. The provision for late retirement is continued employment beyond normal retirement. The retirement benefit for late retirement is the same as the normal retirement benefit formula determined as of the member's actual retirement date.

Upon termination of employment, a non-elected member is eligible for a benefit deferred to retirement age after 10 years of creditable service. An elected member is eligible after 6 years of creditable service. The benefit is the same as early retirement. For all members except elected officials, the benefit amount determined under the normal retirement formula is increased by 3% per year between termination and retirement. In lieu of receiving retirement benefits, a member may receive a lump sum payment of his or her accumulated contributions with interest at any time prior to the commencement of retirement benefits.

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

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

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLANS (CONTINUED):

A) City Employees' Pension Plan (continued)

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

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

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

Contributions

The City's annual contribution to the plan is based upon an actuarially determined amount recommended by an independent actuary. During fiscal 2016, this contribution amounted to 27.20% of covered payroll. In addition, the non-elected plan members contribute 8% of their annual base compensation and longevity compensation. Elected plan members contribute 8% of their annual base compensation plus \$20.00 per month. Administrative costs are included in the actuarial valuation as part of the normal cost and financed through contributions.

Investments

Investment Policy:

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

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

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
 June 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLANS (CONTINUED):

A) City Employees' Pension Plan (continued)

weighing the expected future rates of return by the target asset allocation percentage plus expected inflation.

Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income Core	37.50%	4.00%
Large Cap Domestic Equity	29.00%	7.85%
Small Cap Domestic Equity	12.50%	8.15%
International Equity Developed	12.50%	8.05%
International Equity Emerging M:	4.75%	9.10%
Commodities	3.75%	4.50%

Rate of Return

For the year ended June 30, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (1.37%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability

The City's net pension liability was measured as of June 30, 2016. The components of the net pension liability of the City at June 30, 2016 were as follows:

Total Pension Liability	164,959,238.00
Plan Fiduciary Net Position	112,475,888.00
City's Net Pension Liability	52,483,350.00
Plan Fiduciary Net Position As A Percentage of the Total Pension Liability	68.18%

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLANS (CONTINUED):

A) City Employees' Pension Plan (continued)

Actuarial Assumptions

The following actuarial assumptions, used in the June 30, 2016 valuation, were based on the results of an actual experience study as of July 1, 2014.

Actuarial Cost Method	Entry Age Normal Actuarial Cost Method
Inflation	2.75%
Salary Increases	3.50% to 7.50% including inflation
Investment Rate of Return	7.50%
Mortality Rates	Based Upon the RP-2000 Healthy Annuitant Mortality Tables for Males and Females, as appropriate, projected with Scale AA from 2000

Measurement of the Net Pension Liability

Discount Rate

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

A single discount rate of 6.90% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 6.90%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
 June 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLANS (CONTINUED):

A) City Employees' Pension Plan (continued)

City Employees Pension Plan
Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 6/30/15	151,713,345	115,824,719	35,888,626
Changes for the year:			
Service Cost	2,604,452		2,604,452
Interest	11,143,830		11,143,830
Differences Between Expected and Actual Experience	(552,930)		(552,930)
Assumption Changes	8,912,895		8,912,895
Contributions-Employer		5,505,376	(5,505,376)
Contributions-Employee		1,620,427	(1,620,427)
Net Investment Income		(1,578,910)	1,578,910
Benefit Payments, Including Refunds of Contributions	(8,862,354)	(8,862,354)	-
Administrative Expense		(33,370)	33,370
Other Charges		-	-
Net Changes	13,245,893	(3,348,831)	16,594,724
Balance at 6/30/16	164,959,238	112,475,888	52,483,350

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

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

Sensitivity of the Net Pension Liability to the Single Discount Rate

Plan	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
	City Employees Pension Plan	71,809,238	52,483,350

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
 June 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLANS (CONTINUED):

A) City Employees' Pension Plan (continued)

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

For the year ended June 30, 2016 the City Employee Pension Plan recognized pension expense of \$8,988,915. As of June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$898,036	427,178
Changes of assumptions	6,885,854	-
Net difference between projected and actual earnings on pension plan investments	11,708,900	-
Total	\$19,492,790	427,178

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

Year Ended June 30:	
2017	\$5,482,793
2018	5,482,793
2019	5,298,416
2020	2,801,610
2121	-
Thereafter	-
	\$19,065,612

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLANS (CONTINUED):

B) Police I and Fire Pension Plan

Summary of Significant Accounting Policies

Basis of Accounting

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

Plan Description

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

Employee membership date related to the pension plan was as follows:

Active Plan Members	31
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	404
Inactive Plan Members Entitled To, But Not Yet Receiving Benefits	0
	<hr/> 435

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

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLANS (CONTINUED):

B) Police I and Fire Pension Plan (continued)

Benefit Provisions-Police Officers

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

Benefit Provisions-Firefighters

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

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

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

A member is eligible for a return of contributions without interest for terminations prior to the completion of ten years of service. For termination after the completion of 10 years of service, but prior to eligibility for retirement, the employee is eligible for a deferred benefit equal to 2½% of annual salary at termination, multiplied by the number of full years of service, payable on the 20th anniversary of employment.

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

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLANS (CONTINUED):

B) Police I and Fire Pension Plan (continued)

the member's death). The maximum family death benefit for service related death is 75% of the deceased member's highest annual salary and for non-service related deaths 50% of the highest annual salary.

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

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

Funding Policy

Active plan members contribute 7% of their covered earnings (regular, holiday, and longevity). In addition, the City is required to contribute an actuarially determined amount each year, calculated in accordance with its pension ordinances. The statutory contribution level includes a 40 year amortization of the unfunded actuarial liability as a level percentage of payroll. During fiscal 2016, this contribution amounted to \$17,378,897. Administrative costs are netted against investment return in the actuarial valuation.

Investments

Investment Policy:

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

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

Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016 are summarized in the following table:

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLANS (CONTINUED):

B) Police I and Fire Pension Plan (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income Core	37.50%	4.00%
Large Cap Domestic Equity	29.00%	7.85%
Small Cap Domestic Equity	12.50%	8.15%
International Equity Developed	12.50%	8.05%
International Equity Emerging Markets	4.75%	9.10%
Commodities	3.75%	4.50%

Rate of Return

For the year ended June 30, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (1.94%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability

The components of the net pension liability of the City at June 30, 2016 were as follows:

Total Pension Liability	294,678,763.00
Plan Fiduciary Net Position	<u>66,038,452.00</u>
City's Net Pension Liability	228,640,311.00
 Plan Fiduciary Net Position As A Percentage of the Total Pension Liability	 22.41%

Actuarial Assumptions

The following actuarial assumptions, used in the June 30, 2016 valuation, were based on the results of an actual experience study as of July 1, 2014.

Actuarial Cost Method	Entry Age Normal Actuarial Cost Method
Inflation	2.75%
Salary Increases	4.00% to 14.00% including inflation
Investment Rate of Return	7.50%
Mortality Rates	Based Upon the RP-2000 Healthy Annuitant Mortality Tables for Males and Females, as appropriate, projected with Scale AA from 2000

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
 June 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLANS (CONTINUED):

B) Police I and Fire Pension Plan (continued)

Measurement of the Net Pension Liability

Discount Rate

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

A single discount rate of 6.90% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 6.90%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Police I & Fire Pension Plan
Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 6/30/15	277,320,653	69,544,038	207,776,615
Changes for the year:			
Service Cost	936,610		936,610
Interest	20,076,965		20,076,965
Differences Between Expected and Actual Experience	1,862		1,862
Assumption Changes	16,534,846		16,534,846
Contributions-Employer		17,378,897	(17,378,897)
Contributions-Employee		266,831	(266,831)
Net Investment Income		(929,819)	929,819
Benefit Payments, Including Refunds of Contributions	(20,192,173)	(20,192,173)	-
Administrative Expense		(29,322)	29,322
Other Charges		-	-
Net Changes	17,358,110	(3,505,586)	20,863,696
Balance at 6/30/16	294,678,763	66,038,452	228,640,311

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLANS (CONTINUED):

B) Police I and Fire Pension Plan (continued)

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

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

Sensitivity of the Net Pension Liability to the Single Discount Rate

<u>Plan</u>	<u>1% Decrease (5.90%)</u>	<u>Current Discount Rate (6.90%)</u>	<u>1% Increase (7.90%)</u>
Police I & Fire Pension Plan	260,826,565	228,640,311	201,676,765

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

For the year ended June 30, 2016 the Police I & Fire Pension Plan recognized pension expense of \$34,157,526. As of June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Police I & Fire

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	-	-
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	\$7,199,039	-
Total	<u>\$7,199,039</u>	<u>-</u>

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLANS (CONTINUED):

B) Police I and Fire Pension Plan (continued)

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

	Outflows of Resources	Inflows of Resources
Year Ended June 30:		
2017	\$1,994,385	-
2018	1,994,385	-
2019	1,994,381	-
2020	1,215,888	-
2121	-	-
Thereafter	-	-
	\$7,199,039	-

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLANS (CONTINUED):

C) Police Pension II Plan

Summary of Significant Accounting Policies

Basis of Accounting

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

Plan Description

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

As of July 1, 2014 employee membership date related to the pension plan was as follows:

Active Plan Members	161
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	174
Inactive Plan Members Entitled To, But Not Yet Receiving Benefits	4
	<hr/> 339

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

Benefit Provisions

Members in the plan who have completed 20 years of service may retire. The normal annual retirement benefit is equal to 50 percent of annual salary at retirement plus incremental increases of 2 percent per year between the 20th and 25th years, and annual increases of 3 percent between

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLANS (CONTINUED):

C) Police Pension II Plan (continued)

the 26th and 30th years. For pension purposes, annual salary includes regular, longevity, and holiday pay.

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

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

A member who leaves employment prior to completing ten year of service will receive a lump sum payment of accumulated contributions without interest. For termination after the completion of 10 years of service, but prior to eligibility for retirement, the employee is eligible for a deferred benefit equal to 2½% of annual salary at termination, multiplied by the number of full years of service, payable on the 20th anniversary of employment.

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

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

Funding Policy

Active plan members contribute a percentage of their covered earnings (regular, holiday, and longevity) equal to 1/3 of the actuarially determined contribution rate. The City is required to contribute 2/3 of the actuarially determined contribution rate. For fiscal year 2016, employees were required to contribute 14.56% and the City was required to contribute 29.12% of covered

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLANS (CONTINUED):

C) Police Pension II Plan (continued)

earnings. The statutory contribution level includes a 20, 25, and 30 year amortization of the unfunded actuarial liability as a level percentage of payroll. Administrative costs are netted against investment return in the actuarial valuation.

Investments

Investment Policy:

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

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

Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income Core	37.50%	4.00%
Large Cap Domestic Equity	29.00%	7.85%
Small Cap Domestic Equity	12.50%	8.15%
International Equity Developed	12.50%	8.05%
International Equity Emerging M:	4.75%	9.10%
Commodities	3.75%	4.50%

Rate of Return

For the year ended June 30, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (1.40%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLANS (CONTINUED):

C) Police Pension II Plan (continued)

Net Pension Liability

The components of the net pension liability of the City at June 30, 2016 were as follows:

Total Pension Liability	223,166,775.00
Plan Fiduciary Net Position	<u>173,436,969.00</u>
City's Net Pension Liability	49,729,806.00
Plan Fiduciary Net Position As A Percentage of the Total Pension Liability	77.72%

Actuarial Assumptions

The following actuarial assumptions, used in the June 30, 2016 valuation, were based on the results of an actual experience study as of July 1, 2014.

Actuarial Cost Method	Entry Age Normal Actuarial Cost Method
Inflation	2.75%
Salary Increases	4.00% to 14.00% including inflation
Investment Rate of Return	7.50%
Mortality Rates	Based Upon the RP-2000 Healthy Annuitant Mortality Tables for Males and Females, as appropriate, projected with Scale AA from 2000

Measurement of the Net Pension Liability

Discount Rate

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

A single discount rate of 6.90% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 6.90%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLANS (CONTINUED):

C) Police Pension II Plan (continued)

investments was applied to all periods of projected benefit payments to determine the total pension liability.

Police II Pension Plan

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 6/30/15	196,709,719	178,415,137	18,294,582
Changes for the year:			
Service Cost	3,884,441		3,884,441
Interest	14,589,705		14,589,705
Differences Between Expected and Actual Experience	329,603		329,603
Assumption Changes	15,898,398		15,898,398
Contributions-Employer		3,853,855	(3,853,855)
Contributions-Employee		1,931,974	(1,931,974)
Net Investment Income		(2,481,497)	2,481,497
Benefit Payments, Including Refunds of Contributions	(8,245,091)	(8,245,091)	-
Administrative Expense		(37,409)	37,409
Other Charges		-	-
Net Changes	26,457,056	(4,978,168)	31,435,224
Balance at 6/30/16	223,166,775	173,436,969	49,729,806

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

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

Sensitivity of the Net Pension Liability to the Single Discount Rate

Plan	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
	Police II Pension Plan	83,752,480	49,729,806

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
 June 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLANS (CONTINUED):

C) Police Pension II Plan (continued)

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

For the year ended June 30, 2016 the Police II Pension Plan recognized pension expense of \$11,629,447. As of June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$729,855	-
Changes of assumptions	12,709,790	-
Net difference between projected and actual earnings on pension plan investments	18,117,492	-
Total	\$31,557,137	-

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

	Outflows of Resources	Inflows of Resources
Year Ended June 30:		
2017	\$8,376,188	-
2018	8,376,188	-
2019	8,376,184	-
2020	6,428,577	-
2121	-	-
Thereafter	-	-
	\$31,557,137	-

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLANS (CONTINUED):

D) Fire II Pension Plan

Summary of Significant Accounting Policies

Basis of Accounting

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

Plan Description

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

As of July 1, 2014, employee membership data related to the pension plan was as follows:

Active Plan Members	178
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	10
Inactive Plan Members Entitled To, But Not Yet Receiving Benefits	<u>0</u>
	188

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

Benefit Provisions

A member who has completed 20 years of service may retire. Such member shall receive an annual benefit equal to 50% of their last year's salary, plus 2% of their average salary for each of

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLANS (CONTINUED):

D) Fire II Pension Plan (continued)

service from 20 – 25, plus 3% for each year of service form 25-30. For pension purposes, annual salary includes regular, holiday, and longevity pay.

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

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

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

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

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

Any member who terminates employment prior to the completion of 10 years of creditable service will receive a lump sum payment of his or her accumulated contributions without interest.

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
 June 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLANS (CONTINUED):

D) Fire II Pension Plan (continued)

Funding Policy

Active plan members contribute a percentage of their covered earnings (regular, holiday, and longevity) equal to 1/3 of the actuarially determined contribution rate. The City is required to contribute 2/3 of the actuarially determined contribution rate. Administrative costs are netted against investment return in the actuarial valuation. For fiscal year 2016, employees were required to contribute 11.10% and the City was required to contribute 22.19% of covered earnings.

Investments

Investment Policy:

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

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

Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income Core	37.50%	4.00%
Large Cap Domestic Equity	29.00%	7.85%
Small Cap Domestic Equity	12.50%	8.15%
International Equity Developed	12.50%	8.05%
International Equity Emerging M:	4.75%	9.10%
Commodities	3.75%	4.50%

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLANS (CONTINUED):

D) Fire II Pension Plan (continued)

Rate of Return

For the year ended June 30, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (1.81%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability

The components of the net pension liability of the City at June 30, 2016 were as follows:

Total Pension Liability	65,498,628.00
Plan Fiduciary Net Position	52,607,801.00
City's Net Pension Liability	12,890,827.00
Plan Fiduciary Net Position As A	
Percentage of the Total Pension Liability	80.32%

Actuarial Assumptions

The following actuarial assumptions, used in the June 30, 2015 valuation, were based on the results of an actual experience study as of July 1, 2014.

Actuarial Cost Method	Entry Age Normal Actuarial Cost Method
Inflation	2.75%
Salary Increases	4.00% to 14.00% including inflation
Investment Rate of Return	7.50%
Mortality Rates	Based Upon the RP-2000 Healthy Annuitant Mortality Tables for Males and Females, as appropriate, projected with Scale AA from 2000

Measurement of the Net Pension Liability

Discount Rate

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

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
 June 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLANS (CONTINUED):

D) Fire II Pension Plan (continued)

A single discount rate of 6.90% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 6.90%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Fire II Pension Plan
Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 6/30/15	53,252,922	49,536,540	3,716,382
Changes for the year:			
Service Cost	3,946,558		3,946,558
Interest	4,125,110		4,125,110
Differences Between Expected and Actual Experience Assumption Changes	(577,982)		(577,982)
Contributions-Employer		2,973,277	(2,973,277)
Contributions-Employee		1,486,639	(1,486,639)
Net Investment Income		(930,262)	930,262
Benefit Payments, Including Refunds of Contributions	(449,467)	(449,467)	-
Administrative Expense		(8,926)	8,926
Other Charges		-	-
Net Changes	12,245,706	3,071,261	9,174,445
Balance at 6/30/16	65,498,628	52,607,801	12,890,827

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

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

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLANS (CONTINUED):

D) Fire II Pension Plan (continued)

Sensitivity of the Net Pension Liability to the Single Discount Rate

Plan	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Fire II Pension Plan	26,218,671	12,890,827	2,437,244

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

For the year ended June 30, 2016 the Fire II Pension Plan recognized pension expense of \$4,626,518. As of June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$407,344	\$532,738
Changes of assumptions	4,794,325	-
Net difference between projected and actual earnings on pension plan investments	5,483,323	-
Total	<u>\$10,684,992</u>	<u>\$532,738</u>

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

Year Ended June 30:	
2017	\$1,907,121
2018	1,907,121
2019	1,907,118
2020	1,360,631
2121	399,667
Thereafter	2,670,596
	<u>\$10,152,254</u>

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLANS (CONTINUED):

E) Warwick Public School Employees' Pension Plan

Summary of Significant Accounting Policies

Basis of Accounting

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

Plan Description

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

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLANS (CONTINUED):

E) Warwick Public School Employees' Pension Plan (continued)

As of July 1, 2014, employee membership data related to the pension plan was as follows:

Active Plan Members	359
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	109
Inactive Plan Members Entitled To, But Not Yet Receiving Benefits	<u>20</u>
	488

Benefit Provisions

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

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

The plan also provides death and disability benefits.

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

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLANS (CONTINUED):

E) Warwick Public School Employees' Pension Plan (continued)

Plan Provisions

Effective Date:	July 1, 1965
Plan Year Beginning:	July 1, 2016
Requirements	Minimum Age: 0 Minimum months of service: 3
Eligible Class	An elected school committee member or a member covered by the collective bargaining agreement.
Entry Dates	1st day of the month coinciding with or next following the date the plan requirements are met.
Employee Contributions	5% of earnings
Normal Retirement Date	First day of the month coinciding with or next following attainment of age 62, or if later, the 10th anniversary of plan entry, or 32 years of service with 10 years of plan participation.
Normal Retirement Benefit	1.67% of the member's average monthly earnings multiplied by years of participation, plus .33% times average monthly earnings times years of participation greater than 20. The yearly amount of annuity for a school committee member who becomes a retired member is \$1,000 plus 4.8% times the salary amount for each plan year in which one made mandatory employee contributions.
Average Monthly Earnings	Monthly average of total compensation for the 3 consecutive years of highest compensation of the previous 10 years.
Maximum Annual Benefit	\$215,000 as adjusted per IRC sec 415 for retirement age other than social security retirement age and annuity form.
Normal Form of Benefit	Life Annuity
Accrued Benefit	Normal Retirement Benefit based on earnings and participation to date.
Early Retirement Benefit	Minimum Age: 52 Minimum Service: 10 Years Benefit Amount: Accrued benefit, reduced by 7% for each year by which early retirement precedes normal retirement.
Pre-Retirement Death Benefit	Member contributions with interest, plus a \$5,000 lump sum benefit.
Disability Benefit	Determined in the same manner as the normal retirement benefit.
Vest Termination Benefit	Upon termination after 10 years of service, 100% of the accrued benefit, deferred until the normal retirement date. A school committee member is vested after 6 years of plan participation.

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLANS (CONTINUED):

E) Warwick Public School Employees' Pension Plan (continued)

Contributions

Plan members contribute 5% of earnings during the year. The School Department contributes based upon an annual actuarial valuation. During fiscal 2016, the School Department's contribution totaled \$1,968,941. Administrative costs are included in the actuarial valuation as part of the normal cost and financed through contributions.

Investments

Investment information has been provided by USI Advisors.

Investment Policy:

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

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

Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity-Large Cap	25.69%	8.70%
US Equity-Small/Mid Cap	15.61%	9.80%
Non-US Equity - Developed	9.40%	8.70%
Non-US Equity - Emerging	5.56%	9.60%
US Corporate Bonds - Core	11.06%	5.10%
US Corporate Bonds-High Yield	4.80%	7.70%
Non-US Debt - Emerging	3.87%	6.80%
TIPS (Inflation Protected)	3.84%	5.30%
US Treasuries (Cash Equivalents)	20.17%	0.00%
Real Estate	0.00%	7.20%

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLANS (CONTINUED):

E) Warwick Public School Employees' Pension Plan (continued)

Rate of Return

For the year ended June 30, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 2.30%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability

The City's net pension liability was measured as of June 30, 2016. The components of the net pension liability of the City at June 30, 2016 were as follows:

Total Pension Liability	48,504,159.00
Plan Fiduciary Net Position	42,643,238.00
City's Net Pension Liability	5,860,921.00

Plan Fiduciary Net Position As A	
Percentage of the Total Pension L	87.92%

Actuarial Assumptions

The following actuarial assumptions, used in the June 30, 2016 valuation, were based on the results of an actual experience study as of July 6, 2012.

Actuarial Cost Method	Individual Entry Age Normal Actuarial Cost Method
Amortization Method	Level Amortization
Salary Increases	3.00%
Investment Rate of Return	7.00%
Mortality Rates	Prescribed IRS Static Mortality Tables for

Measurement of the Net Pension Liability

Discount Rate

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

A single discount rate of 7.0% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.0%. The

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLANS (CONTINUED):

E) Warwick Public School Employees' Pension Plan (continued)

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

Warwick Public School Employees' Pension Plan
Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension	Plan Fiduciary	Net Pension
	Liability	Net Position	Liability
	(a)	(b)	(a) - (b)
Balance at 6/30/15	45,839,537	40,685,142	5,154,395
Changes for the year:			
Service Cost	1,182,332		1,182,332
Interest	3,239,682		3,239,682
Differences Between Expected and Actual Experience	(363,953)		(363,953)
Assumption Changes	113,452		113,452
Contributions-Employer		1,968,941	(1,968,941)
Contributions-Employee		732,245	(732,245)
Net Investment Income		936,885	(936,885)
Benefit Payments, Including Refunds of Contributions	(1,506,891)	(1,506,891)	-
Administrative Expense		(173,084)	173,084
Other Charges		-	-
Net Changes	2,664,622	1,958,096	706,526
Balance at 6/30/16	48,504,159	42,643,238	5,860,921

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

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

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLANS (CONTINUED):

E) Warwick Public School Employees' Pension Plan (continued)

Sensitivity of the Net Pension Liability to the Single Discount Rate

Plan	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Warwick School Employees	11,453,350	5,860,921	914,753

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

For the year ended June 30, 2016 the Warwick Public School Employees Pension Plan recognized pension expense of \$1,640,262. As of June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$239,184	305,345
Changes of assumptions	95,183	-
Net difference between projected and actual earnings on pension plan investments	2,225,074	-
Total	<u>\$2,559,441</u>	<u>305,345</u>

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

Year Ended June 30:	
2017	\$625,383
2018	625,383
2019	625,385
2020	393,315
2121	(6,903)
Thereafter	(8,467)
	<u>\$2,254,096</u>

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLANS (CONTINUED):

F) Warwick Public School Teachers' Pension Plan

Summary of Significant Accounting Policies

Basis of Accounting

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

Plan Description

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

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

Benefit Provisions

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

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLANS (CONTINUED):

F) Warwick Public School Teachers' Pension Plan (continued)

any member with less than 5 years of service as of July 1, 2012. Members are vested after 5 years of service.

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

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

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

Funding Policy

The funding policy, as set forth in the General Laws, Section 16-16-22, provides for actuarially determined periodic contributions to the plan. For fiscal 2015, Warwick Public School System Teachers were required to contribute 3.75% of their annual covered salary, except for teachers with twenty or more years of service as of June 30, 2012 who must contribute 11% of their annual covered salary. The State and Warwick Public Schools are required to contribute at an actuarially determined rate, 40% of which is to be paid by the State and the remaining 60% is to be paid by Warwick Public Schools; the rates were 9.41% and 13.73 % of annual covered payroll for the fiscal year ended June 30, 2016 for the State and Warwick Public Schools, respectively. Warwick Public Schools contributed \$10,888,514, \$10,546,876 and \$9,851,725 for the fiscal years ended June 30, 2016, 2015 and 2014, respectively, equal to 100% of the required contributions for each year.

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

At June 30, 2016, Warwick Public Schools reported a liability of \$133,250,179 for its proportionate share of the net pension liability that reflected a reduction for contributions made by the state. The amount recognized by Warwick Public Schools as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with Warwick Public Schools were as follows:

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLANS (CONTINUED):

F) Warwick Public School Teachers' Pension Plan (continued)

Warwick Public Schools' proportionate share of the Net Pension Liability	133,250,179.00
State of Rhode Island's proportionate share of the Net Pension Liability	<u>91,032,340.00</u>
Total Net Pension Liability	224,282,519.00

The net pension liability was measured as of June 30, 2015, the measurement date, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015. Warwick Public School's proportion of the net pension liability was based on a projection of Warwick Public School's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the state, actuarially determined. At June 30, 2015 Warwick Public School's proportion was 4.84%.

For the year ended June 30, 2016 Warwick Public Schools recognized gross pension expense of \$26,678,044 and revenue of \$11,053,803 for support provided by the State. At June 30, 2016 Warwick Public Schools reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Outflows of Resources

Contributions subsequent to the measurement date	<u>10,888,514</u>
Net difference between projected and actual investment earnings	7,507,996

Deferred Inflows of Resources

Difference between expected and actual experience	867,641
Changes in assumptions	3,582,219
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,852,840
Net difference between projected and actual investment earnings	<u>7,608,520</u>
Total-Future Net Deferred Inflows:	<u>(8,403,224)</u>

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
 June 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLANS (CONTINUED):

F) Warwick Public School Teachers' Pension Plan (continued)

\$10,885,514 reported as deferred outflows of resources related to pensions resulting from Warwick Public School's contributions in fiscal year 2016 subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Net Deferred Inflows of Resources
Year Ended June 30:	<u></u>
2017	(\$1,979,669)
2018	(1,979,669)
2019	(1,979,669)
2020	556,504
2121	(1,320,495)
Thereafter	<u>(1,700,226)</u>
	<u>(\$8,403,224)</u>

Actuarial Assumptions

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

Inflation	2.75%
Salary Increases	3.50% to 13.5%
Investment Rate of Return	7.50%

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

The actuarial assumptions used in the June 30, 2014 valuation rolled forward to June 30, 2015 and the calculation of the total pension liability at June 30, 2015 were consistent with the results of an actuarial experience study performed as of June 30, 2013.

Investments

The long-term expected rate of return best-estimate on pension plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of pension plan investment expense and

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLANS (CONTINUED):

F) Warwick Public School Teachers' Pension Plan (continued)

inflation) for each major asset class, based on a collective summary of capital market expectations from 23 sources. The June 30, 2015 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

<u>Type of Investment</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global Equity:	38.0%	
U.S. Equity		6.93%
International Developed		7.32%
International Emerging Markets		9.52%
Equity Hedge Funds	8.0%	3.98%
Private Equity	7.0%	9.99%
Core Fixed Income	15.0%	2.18%
Absolute Return Hedge Funds	7.0%	3.98%
Infrastructure	3.0%	5.70%
Real Estate	8.0%	4.85%
Other Real Return Asssets:	11.0%	
Master Limited Partnerships		4.51%
Credit		4.51%
Inflation Linked Bonds		1.24%
Cash, Overlay, Money Market	3.0%	7.80%
	<u>100.00%</u>	

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

Measurement of the Net Pension Liability

Discount Rate

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

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
 June 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLANS (CONTINUED):

F) Warwick Public School Teachers' Pension Plan (continued)

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

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

Sensitivity of the Net Pension Liability to the Single Discount Rate

<u>Plan</u>	<u>1% Decrease (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
Police I & Fire Pension Plan	167,094,653	133,250,179	105,543,686

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

NOTE 13 – DEFINED CONTRIBUTION PLAN

Defined Contribution Plan Description:

Employees participating in the defined benefit plan with less than 20 years of service as of June 30, 2012, as described above, also participate in a defined contribution plan authorized by General Law Chapter 36-10.3. The defined contribution plan is established under IRS section 401(a) and is administered by TIAA-CREF. Employees may choose among various investment options available to plan participants. Employees contribute 5% of their annual covered salary and employers contribute between 1% and 1.5% of annual covered salary depending on the employee's total years of service as of June 30, 2012. Employee contributions are immediately vested while employer contributions and any investment earnings thereon are vested after three years of contributory service. Benefit terms and contributions required under the plan by both the employee and employer are established by the General Laws, which are subject to amendment by the General Assembly.

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

Warwick Public Schools recognized pension expense of \$458,625, for the fiscal year ended June 30, 2016.

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>.

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2016

NOTE 14 – OTHER POST EMPLOYMENT BENEFITS

A) Other Post-Employment Benefits – City

Plan Description

The City of Warwick administers a single-employer defined benefit healthcare plan. This plan does not include the pension benefits discussed in Note 12. The plan provides medical/drug and dental (police officers only) benefits for eligible retirees and their dependents through the City group health and dental insurance plans, which cover both active and retired members. Benefit provisions are established and amended by union contract, through negotiations between the City and respective unions. The plan does not issue a publicly available financial report.

Funding Policy

Contribution requirements are negotiated between the City and the respective unions. The City is required to contribute the cost of medical/drug and dental benefits, less the amount of any applicable co-payments in effect at the time or retirement. For the year ended June 30, 2016, the plan operated on a pay as you go basis and no provision has been made to fund future benefits to be provided to plan members. For the fiscal year ended June 30, 2016, the City contributed \$8,104,497 to the plan.

At July 1, 2015, membership consisted of:	<u>City, Police, Fire</u>
Active Employees:	757
Retired	631
Total	<u>1,388</u>

Annual OPEB Cost and Net OPEB Obligation

Fiscal Year Ending June 30,	Beginning Net OPEB Obligation	Annual OPEB Cost	Expected Contribution	Ending Net OPEB Obligation
2012	\$ 49,411,581	\$ 20,673,126	\$ 6,750,000	\$ 63,334,707
2013	\$ 63,334,707	\$ 21,871,662	\$ 7,191,700	\$ 78,014,669
2014	\$ 78,014,669	\$ 23,081,875	\$ 7,307,821	\$ 93,788,723
2015	\$ 93,788,723	\$ 24,080,274	\$ 7,224,889	\$ 110,644,108
2016	\$ 110,644,108	\$ 22,953,802	\$ 8,104,497	\$ 125,493,413

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
 June 30, 2016

NOTE 14 – OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

A) Other Post-Employment Benefits – City (Continued)

Actuarial Valuation Date July 1,	Actuarial Value of Assets (a)	Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2012	-	\$246,036,471	\$246,036,471	-	N/A	N/A
2013	-	\$263,936,479	\$263,936,479	-	N/A	N/A
2014	-	\$281,166,875	\$281,166,875	-	N/A	N/A
2015	-	\$272,613,934	\$272,613,934	-	N/A	N/A

Actuarial Methods and Assumptions

The information presented was determined as part of the actuarial valuation. Additional information as of the last valuation follows:

Actuarial Cost Method:	Projected Unit Credit (PUC)
Asset Valuation Method:	Plan is currently unfunded
Payroll Growth Rate:	N/A
Amortization Method:	30 years
Remaining Amortization Period:	29 years

Annual OPEB Cost and Net OPEB Obligation:

Below are the required OPEB obligation presentations per GASB 45 for the period ending June 30, 2016:

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
 June 30, 2016

NOTE 14 – OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

A) Other Post-Employment Benefits – City (Continued)

Annual Required Contribution (ARC)	\$ 24,802,342
Interest on Net OPEB Obligation	4,425,764
Adjustment to ARC	<u>(6,274,304)</u>
Annual OPEB Cost (Expense)	\$ 22,953,802
Expected Benefit Payments	<u>(8,104,497)</u>
Increase in net OPEB Obligation	14,849,305
Net OPEB Obligation - Beginning of Year	<u>110,644,108</u>
Net OPEB Obligation - End of Year	<u>\$125,493,413</u>

B) Other Post-Employment Benefits - School

Plan Description

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

Teaching Employees are eligible for GASB Statement 45 benefits after serving the district for 20 to 30 years depending on their date of hire. Other district employees are required to reach age 62 and have 25 years of service. Teaching employees contribute 20 to 60% for coverage depending on their date of hire. Other employees will contribute 20% for coverage. Spouses of teaching employees are not covered by the plan. Spouses of other district employees will contribute 20% for coverage. Surviving beneficiaries continue to receive access to the districts medical coverage through COBRA after the death of the retired employee. Survivors are required to pay the full cost of benefits.

Funding Policy

Contribution requirements are negotiated between the City and the respective unions. The City is required to contribute the cost of medical/drug and dental benefits, less the amount of any applicable co-payments in effect at the time of retirement. For the year ended June 30, 2016, the plan operated on a pay as you go basis and no provision has been made to fund future benefits to be provided to plan members. For the fiscal year ended June 30, 2016, the Warwick School Department contributed \$1,271,934 (estimated) for its employees.

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
 June 30, 2016

NOTE 14 – OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

B) Other Post-Employment Benefits – School (continued)

At July 1, 2013, membership consisted of:	School
Active Employees:	1,165
Retired	69
Total	1,234

Annual OPEB Cost and Net OPEB Obligation

Fiscal Year Ending June 30,	Beginning Net OPEB Obligation	Annual OPEB Cost	Expected Contribution	Ending Net OPEB Obligation
2012	\$ 10,497,017	\$ 3,494,693	\$2,777,971	\$ 11,213,739
2013	\$ 11,213,739	\$ 3,654,601	\$2,637,067	\$ 12,231,273
2014	\$ 12,231,273	\$ 3,526,052	\$1,443,740	\$ 14,313,585
2015	\$ 14,313,585	\$ 3,832,606	\$1,709,076	\$ 16,437,115
2016	\$ 16,437,115	\$ 4,317,345	\$1,271,934	\$ 19,482,526

Actuarial Valuation Date July 1,	Actuarial Value of Assets (a)	Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2012	-	\$ 39,359,679	\$ 39,359,679	-	N/A	N/A
2013	-	\$ 35,979,047	\$ 35,979,047	-	N/A	N/A
2014	-	\$ 40,139,099	\$ 40,139,099	-	N/A	N/A
2015	-	\$ 47,656,754	\$ 47,656,754	-	N/A	N/A

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
 June 30, 2016

NOTE 14 – OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

B) Other Post-Employment Benefits – School (continued)

Actuarial Methods and Assumptions

The information presented was determined as part of the actuarial valuation. Additional information as of the last valuation follows:

Actuarial Cost Method:	Projected Unit Credit (PUC)
Asset Valuation Method:	Plan is currently unfunded
Payroll Growth Rate:	N/A
Amortization Method:	30 years
Remaining Amortization Period:	29 years

Annual OPEB Cost and Net OPEB Obligation:

Below are the required OPEB obligation presentations per GASB 45 for the period ending June 30, 2016:

Annual Required Contribution (ARC)	\$ 4,591,961
Interest on Net OPEB Obligation	657,485
Adjustment to ARC	<u>(932,101)</u>
Annual OPEB Cost (Expense)	\$ 4,317,345
Expected Benefit Payments	<u>(1,271,934)</u>
Increase in net OPEB Obligation	3,045,411
Net OPEB Obligation - Beginning of Year	<u>16,437,115</u>
Net OPEB Obligation - End of Year	<u>\$ 19,482,526</u>

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2016

NOTE 15 – SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Litigation

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

At June 30, 2016, the City had several lawsuits pending. The Total maximum damages being sought from the City to these cases are not known. In the opinion of the City officials and the City's legal counsel, the City's ultimate liability with respects to these cases, if any, will be immaterial.

Commitments

The City of Warwick had several outstanding construction projects as of June 30, 2016. These projects are evidenced by contractual commitments with contractors and include:

<u>Contract</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>	<u>Funding Source(s)</u>
AWT	\$ 14,767,371	\$ 422,023	SRF Capital Contracts
NW Gorton's Pond	162,188	22,639	SRF Capital Contracts
Governor Francis III	154,644	11,200	SRF Capital Contracts
E Natick	26,560	7,400	SRF Capital Contracts
TideWater	287,551	7,257	SRF Capital Contracts
Sewer Levy Reconstruction	1,867,086	709,291	FEMA/GO Bond/SRF Capital Contracts
Potowomut Fire Station	2,540,814	46,186	GO Bond/City Emergency Fund/ 16 Operating Budget
East Natick Riverwalk	59,310	740	GO Bond
Police Heating System	23,532	1,918	GO Bond
Fire Protection	192,795	71,490	GO Bond
Fire Alarm Upgrades	112,050	26,650	GO Bond
Fire Alarm Upgrades	221,310	73,490	GO Bond
Mill Creek Bridge	1,171,565	109,446	Municipal Road & Bridge
	<u>\$ 21,586,777</u>	<u>\$ 1,509,730</u>	

Grants

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

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2016

NOTE 16 – DEFERRED COMPENSATION PLAN

The City offers its municipal employees a deferred compensation plan established in accordance with the provisions of Internal Revenue Code Section 457 (g). The Plan, available to certain municipal employees, permits the deferral of a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

The City has implemented the Governmental Accounting Standards Board, Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plan. All assets and income of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries. As a result, deferred compensation investments and the respective liability have been removed from the City's financial statement.

NOTE 17 – RISK MANAGEMENT

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

There have been no significant reductions in insurance coverage during the year ended June 30, 2016 as compared to the previous year. The claims incurred did not exceed insurance coverage this year.

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

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
 June 30, 2016

NOTE 17 – RISK MANAGEMENT (CONTINUED)

	Beginning Fiscal	Current Year	Claims	Balance
	Year Liability	Claims and Changes in Estimate	Payments	Fiscal Year End
2011-2012	\$ 74,868	\$ 253,092	\$ 276,539	\$ 51,421
2012-2013	\$ 51,421	\$ 390,714	\$ 247,352	\$ 194,783
2013-2014	\$ 194,783	\$ 299,376	\$ 258,930	\$ 235,229
2014-2015	\$ 235,229	\$ 381,556	\$ 522,767	\$ 94,018
2015-2016	\$ 94,018	\$ 377,176	\$ 252,244	\$ 218,950

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

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

An analysis of claims activity is presented below:

	Net Position	Claims	Plan	Net Position
	Balance	and Expenses	Deposits	Balance at
	June 30, 2015	Including IBNR	Deposits	June 30, 2016
School	\$ 4,408,629	\$ 21,730,563	\$ 21,639,995	\$ 4,318,061
City	\$ 619,620	\$ 21,038,213	\$ 21,038,213	\$ 619,620

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2016

NOTE 18 - RELATED PARTIES

The City reviews its records on an annual basis to determine if any related party transactions exist that would represent a conflict of interest with parties related to its officers and department heads. No such transactions were noted in the fiscal year ended June 30, 2016.

NOTE 19 – SUBSEQUENT EVENTS

On August 17, 2016, the City issued \$4,755,000 in general obligation bonds through the Rhode Island Health & Educational Building Corporation. The proceeds will be used by the Warwick School Department to fund school building improvements.

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION
CITY OF WARWICK, RHODE ISLAND
OTHER POST EMPLOYMENT BENEFITS
SCHEDULE OF FUNDING PROGRESS (1)
AS OF JUNE 30, 2016
"UNAUDITED"

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability Projected Unit Credit	AAL (UAAL) Funding Excess (Deficit)	Funding Ratio	Covered Payroll	UAAL (Funding Excess) as a Percentage of Covered Payroll
6/30/2012	\$ -	\$ 261,427,061	\$ (261,427,061)	0.00%	N/A	N/A
6/30/2013	-	285,396,150	(285,396,150)	0.00%	N/A	N/A
6/30/2014	-	299,915,526	(299,915,526)	0.00%	N/A	N/A
6/30/2015	-	321,305,974	(321,305,974)	0.00%	N/A	N/A
6/30/2016	-	320,270,688	(320,270,688)	0.00%	N/A	N/A

(1) The information included in the Schedule of Funding Progress was updated from biennial actuarial valuations at the dates indicated.

REQUIRED SUPPLEMENTARY INFORMATION
CITY OF WARWICK, RHODE ISLAND
Budgetary Comparison Schedule - General Fund
Schedule of Revenues and Expenditures (Non-GAAP Budgetary Basis)
Budget and Actual
For the Fiscal Year Ended June 30, 2016

	Original Budgeted Revenues	Final Budgeted Revenues	Actual Amounts (Budgetary Basis)	Variance
General property taxes	\$ 221,900,051	\$ 221,900,051	\$ 227,581,622	\$ 5,681,571
Intergovernmental				
Telephone tax	1,120,907	1,120,907	1,056,511	(64,396)
Aid to school buildings	1,032,620	1,032,620	1,173,420	140,800
Connecticut tax	1,272,221	1,272,221	1,712,951	440,730
GPA reimbursements	-	-	-	-
Motor vehicle tax phase-out	964,785	964,785	964,536	(249)
Departmental grant income	2,037,973	2,037,973	3,438,175	1,400,202
State municipal incentive aid	-	391,644	402,713	11,069
Total intergovernmental	<u>6,428,506</u>	<u>6,820,150</u>	<u>8,748,306</u>	<u>1,928,156</u>
Licenses and fees				
Licenses- police/miscellaneous	352,083	352,083	347,422	(4,661)
Municipal fees	1,945,000	1,945,000	2,196,315	251,315
Building permits	800,150	800,150	956,757	156,607
Advertising and zoning fees	21,000	21,000	23,955	2,955
Recreational fees	858,000	858,000	940,695	82,695
Parking violations and fines	201,000	201,000	250,865	49,865
Department processing/program fees	369,000	369,000	616,851	247,851
Total licenses and fees	<u>4,546,233</u>	<u>4,546,233</u>	<u>5,332,860</u>	<u>786,627</u>
Other revenue				
Tax titles	113,000	113,000	25,427	(87,573)
Interest on taxes	1,800,000	1,800,000	2,403,234	603,234
Interest on investments/ capital projects	900	900	13,436	12,536
Housing authority	130,000	130,000	141,786	11,786
Airport parking tax	500,000	500,000	500,000	-
Airport miscellaneous income	775,000	775,000	940,513	165,513
Airport surcharge	1,000,000	1,000,000	1,191,494	191,494
Airport EDC	778,000	778,000	762,513	(15,487)
Municipal court	250,000	250,000	249,964	(36)
Hotel tax	1,675,000	1,675,000	1,966,794	291,794
Meal Tax	2,500,000	2,500,000	2,712,574	212,574
Pilot Program - Johnson & Wales	40,000	40,000	40,000	-
School back charge - lease purchase/tipping fee	15,000	15,000	23,215	8,215
School RIHEBC Debt Reimbursement	1,169,334	1,169,334	1,168,672	(662)
Enterprise fund back charges	2,212,592	2,212,592	2,381,540	168,948
Other	2,957,100	2,957,100	3,618,851	661,751
Total other revenues	<u>15,915,926</u>	<u>15,915,926</u>	<u>18,140,013</u>	<u>2,224,087</u>
Total revenues	<u>248,790,716</u>	<u>249,182,360</u>	<u>259,802,801</u>	<u>10,620,441</u>
Other financing sources				
Appropriation of fund balance-education reserve	3,000,000	3,000,000	-	(3,000,000)
School re-appropriated surplus	-	3,183,726	3,183,726	-
Rescue service fees	2,210,000	2,210,000	2,667,986	457,986
Transfers - In from school	40,047,536	40,047,536	40,273,157	225,621
Total other financing sources	<u>45,257,536</u>	<u>48,441,262</u>	<u>46,124,869</u>	<u>(2,316,393)</u>
Total revenues and other financing sources	<u>\$ 294,048,252</u>	<u>\$ 297,623,622</u>	<u>\$ 305,927,670</u>	<u>\$ 8,304,048</u>

(continued)

REQUIRED SUPPLEMENTARY INFORMATION
CITY OF WARWICK, RHODE ISLAND
Budgetary Comparison Schedule - General Fund
Schedule of Revenues and Expenditures (Non-GAAP Budgetary Basis)

For the Fiscal Year Ended June 30, 2016
(continued)

	<u>Original Budgeted Expenditures</u>	<u>Final Budgeted Expenditures</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance</u>
Executive and administrative				
Executive department	\$ 396,174	\$ 396,174	\$ 368,623	\$ 27,551
Legal department	432,350	432,350	253,203	179,147
City clerk	393,701	393,701	324,527	69,174
Probate court	102,132	118,432	115,906	2,526
Municipal court	100,600	100,600	83,634	16,966
Personnel department	287,367	305,767	302,756	3,011
	<u>1,712,324</u>	<u>1,747,024</u>	<u>1,448,649</u>	<u>298,375</u>
Legislative and citizens representation				
Legislative department	291,924	291,924	193,072	98,852
Board of canvassers	194,155	203,155	188,027	15,128
	<u>486,079</u>	<u>495,079</u>	<u>381,099</u>	<u>113,980</u>
Financial management				
Finance administration	407,556	407,556	401,828	5,728
Purchasing	183,031	367,577	369,696	(2,119)
Treasury	332,877	1,208,778	1,068,517	140,261
City collection	606,436	190,731	191,336	(605)
Management information services	1,208,778	606,436	844,685	(238,249)
City assessment	1,403,659	1,564,659	1,569,968	(5,309)
Board of assessment review	15,150	15,150	3,000	12,150
	<u>4,157,487</u>	<u>4,360,887</u>	<u>4,449,030</u>	<u>(88,143)</u>
Total executive and administrative	<u>6,355,890</u>	<u>6,602,990</u>	<u>6,278,778</u>	<u>324,212</u>
Public safety department				
Animal shelter	207,062	207,062	192,370	14,692
Police department	18,332,627	18,799,627	18,751,593	48,034
Fire department	20,919,527	21,594,527	22,916,377	(1,321,850)
Organized crime/drug enforcement task force	24,000	24,000	41,233	(17,233)
Building inspection and minimum housing	838,001	838,001	749,226	88,775
Emergency management	233,042	233,042	472,002	(238,960)
Alcohol and highway safety enforcement	112,000	112,000	93,558	18,442
Police grants	34,300	34,300	95,255	(60,955)
Fire grants	-	-	984,193	(984,193)
Board of public safety	51,743	53,542	54,468	(926)
Total public safety	<u>40,752,302</u>	<u>41,896,101</u>	<u>44,350,275</u>	<u>(2,454,174)</u>
Social services				
Recreation department:				
Parks and recreation	401,072	401,072	332,469	68,603
William Thayer memorial ice rink	825,984	825,984	819,589	6,395
McDermott swimming pool	523,173	523,173	520,019	3,154
	<u>1,750,229</u>	<u>1,750,229</u>	<u>1,672,077</u>	<u>78,152</u>
Public library	<u>2,608,038</u>	<u>2,643,038</u>	<u>2,663,571</u>	<u>(20,533)</u>

(continued)

REQUIRED SUPPLEMENTARY INFORMATION
CITY OF WARWICK, RHODE ISLAND
Budgetary Comparison Schedule - General Fund
Schedule of Revenues and Expenditures (Non-GAAP Budgetary Basis)
Budget and Actual
For the Fiscal Year Ended June 30, 2016
(continued)

	<u>Original Budgeted Expenditures</u>	<u>Final Budgeted Expenditures</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance</u>
Human services:				
Human services administration	544,692	549,892	474,725	75,167
Senior center	473,266	473,265	418,246	55,019
Senior transportation	266,779	272,179	248,455	23,724
	<u>1,284,737</u>	<u>1,295,336</u>	<u>1,141,426</u>	<u>153,910</u>
Total social services	<u>5,643,004</u>	<u>5,688,603</u>	<u>5,477,074</u>	<u>211,529</u>
Planning department	<u>504,554</u>	<u>516,654</u>	<u>557,728</u>	<u>(41,074)</u>
Community development	<u>269,788</u>	<u>269,788</u>	<u>279,757</u>	<u>(9,969)</u>
Tourism, culture, and development	<u>719,521</u>	<u>729,021</u>	<u>571,206</u>	<u>157,815</u>
Public works department:				
Administrative division	196,251	205,951	199,404	6,547
Highway division	6,179,799	5,644,099	5,350,539	293,560
Sanitation division	2,098,723	2,098,723	1,995,498	103,225
Automotive division	2,440,166	2,498,166	1,951,620	546,546
City building maintenance division	1,297,232	1,297,232	1,212,107	85,125
Engineering division	1,563,952	1,593,452	1,758,899	(165,447)
Recycling	69,500	69,500	63,498	6,002
Field maintenance	775,444	775,444	690,733	84,711
	<u>14,621,067</u>	<u>14,182,567</u>	<u>13,222,298</u>	<u>960,269</u>
Sewer review board	<u>2,000</u>	<u>2,000</u>	<u>1,750</u>	<u>250</u>
Totals physical resources	<u>16,116,930</u>	<u>15,700,030</u>	<u>14,632,739</u>	<u>1,067,291</u>
Employee benefits, special and capital	<u>57,534,349</u>	<u>57,051,095</u>	<u>57,738,220</u>	<u>(687,125)</u>
Total expenditures	<u>126,402,475</u>	<u>126,938,819</u>	<u>128,477,086</u>	<u>(1,538,267)</u>
Other financing uses				
Operating transfer to debt service fund	8,115,777	7,971,077	7,416,160	554,917
Operating transfer to school unrestricted fund	159,530,000	162,713,726	159,753,893	2,959,833
Total other financing uses	<u>167,645,777</u>	<u>170,684,803</u>	<u>167,170,053</u>	<u>3,514,750</u>
Total expenditures and other financing uses	<u>\$ 294,048,252</u>	<u>\$ 297,623,622</u>	<u>\$ 295,647,139</u>	<u>\$ 1,976,483</u>

(concluded)

CITY OF WARWICK, RHODE ISLAND
Budgetary Comparison Schedule - School General Fund
Schedule of Revenues and Expenditures (Non-GAAP Budgetary Basis)
Budget and Actual
For the Fiscal Year Ended June 30, 2016
(Unaudited)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance</u>
Revenues				
State and Federal School Aid	\$ 38,543,936	\$ 38,543,936	\$ 37,453,944	\$ (1,089,992)
Other school miscellaneous revenue	1,503,600	1,503,600	2,820,941	1,317,341
Appropriation from the City	119,482,464	119,482,464	119,480,736	(1,728)
Re-appropriation of fund balance - transfer from City	-	3,183,726	3,183,726	-
Total revenues	<u>159,530,000</u>	<u>162,713,726</u>	<u>162,939,347</u>	<u>225,621</u>
Expenditures				
Education	<u>159,530,000</u>	<u>162,713,726</u>	<u>159,753,892</u>	<u>2,959,834</u>
Total expenditures	<u>159,530,000</u>	<u>162,713,726</u>	<u>159,753,892</u>	<u>2,959,834</u>
Gross Excess of Revenue Over Expenditures	-	-	3,185,455	3,185,455
Less Prior Period Adjustment	-	-	-	-
Net Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,185,455</u>	<u>\$ 3,185,455</u>

CITY OF WARWICK, RHODE ISLAND
Notes to Required Supplementary Information
June 30, 2016

BUDGETARY DATA AND BUDGETARY COMPLIANCE

(a) Adoption

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

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

Appropriations in addition to those contained in the annual operating budgets, except for the purpose of meeting a public emergency, are made upon the recommendation of the City Mayor and by a resolution adopted by the favorable votes of at least five members of the council. Amendments to the operating budgets that do not result in additional appropriations may be made within departments by means of a transfer. The Director of Finance, subject to approval of the Mayor, may at any time transfer any unencumbered appropriation balance or portion thereof between general classifications of expenditures within an office, department or agency. At the request of the Mayor and within the last three months of the fiscal year, the Council may by resolution transfer any unencumbered appropriation balance or portion thereof from one office, department or agency to another. The level at which General Fund expenditures may not legally exceed appropriations is at the department level. The Schools Unrestricted Fund, a Special Revenue Fund, does not have a legal level of control over expenditures, except that total expenditures may not exceed available revenues. Appropriations which are no expended or encumbered lapse at year end.

CITY OF WARWICK, RHODE ISLAND
Notes to Required Supplementary Information
June 30, 2016

BUDGETARY DATA AND BUDGETARY COMPLIANCE (CONTINUED)

(b) Budgetary to GAAP Basis Reconciliation

The following reconciliation summarizes the difference for the City's General Fund and the School Unrestricted Fund between budgetary and GAAP basis accounting principles for the year ended June 30, 2016:

<u>Revenue and Other Financing Sources</u>	<u>General Fund</u>	<u>School Unrestricted Fund</u>
Actual Amounts (budgetary basis)	\$ 305,927,670	\$ 162,939,347
Difference - budget to GAAP		
The appropriated fund balance is a budgetary revenue but is not a current year revenue for financial reporting purposes.	-	-
The appropriated fund balance from Reserve for Education is a budgetary revenue but is not a current year revenue for financial reporting purposes.	(3,183,726)	(3,185,454)
Transfer from other funds is a budgetary revenue, but is reported net of the related transfer to other funds for financial reporting purposes.	(41,761,466)	-
Fund back charges are budgetary revenue, but are reflected as a reduction of expenditures for financial reporting purposes.	(2,381,540)	-
Rescue Service Fund revenue net of transfer to General Fund reported as revenue for GAAP purposes not included in Budget Basis revenues.	407,782	-
Transfer to other funds are reflected as reductions of revenue for budgetary purposes, but are reflected as revenues for financial reporting purposes.	34,412	-
The pension contributions made to the Employees Retirement System by the State of Rhode Island on behalf of the City of Warwick is not reported as budgetary revenue, but is a current year revenue for financial reporting purposes.	-	11,053,803
Total revenues and other financing sources as reported in the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds.	<u>\$ 259,043,132</u>	<u>\$ 170,807,696</u>

CITY OF WARWICK, RHODE ISLAND
Notes to Required Supplementary Information
June 30, 2016

BUDGETARY DATA AND BUDGETARY COMPLIANCE (CONTINUED)

(b) Budgetary to GAAP Basis Reconciliation (Continued)

<u>Expenditures and Other Financing Uses</u>	<u>General Fund</u>	<u>School Unrestricted Fund</u>
Actual Amounts (budgetary basis)	\$295,647,139	\$159,753,892
Difference - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year supplies are received for financial reporting purposes.	606,255	-
Transfer to School Department is reported at gross amount for budget purposes but is reported net of School revenue for GAAP.	(40,273,157)	-
Transfer from other funds is a budgetary revenue, but is reported net of the related transfer to other funds for financial reporting purposes.	(1,488,309)	-
Fund back charges are budgetary revenue, but are reflected as a reduction of expenditures for financial reporting purposes.	(2,381,540)	-
Rescue Service Fund revenue net of transfer to General Fund reported as revenue for GAAP purposes not part of the budgetary basis expenditures.	407,782	-
Transfer to other funds are reflected as reductions of revenue for budgetary purposes, but are reflected as revenues for financial reporting purposes.	34,412	-
The pension contributions made to the Employees Retirement System by the State of Rhode Island on behalf of the City of Warwick is not reported as budgetary revenue, but is a current year revenue for financial reporting purposes.	-	11,053,803
Total expenditures and other financing sources as reported in the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds.	<u>\$252,552,582</u>	<u>\$170,807,695</u>

**THE CITY OF WARWICK, RHODE ISLAND
REQUIRED SUPPLEMENTARY INFORMATION**

**Schedule of Changes in Employers' Net Pension Liability and Related Ratios
City Employees' Pension Plan
June 30, 2016**

	2016	2015	2014
Total Pension Liability			
Service Cost	\$ 2,604,452	\$ 2,361,164	\$ 1,368,801
Interest	11,143,830	10,681,187	9,817,470
Benefit Changes	-	-	-
Difference Between Actual and Expected Experience	(552,930)	1,619,642	8,308,519
Assumption Changes	8,912,895	-	(354,818)
Benefit Payments	(8,862,354)	(8,367,787)	(7,872,056)
Net Change in Total Pension Liability	13,245,893	6,294,206	11,267,916
Total Pension Liability-Beginning	151,713,345	145,419,139	134,151,223
Total Pension Liability-Ending (a)	<u>\$ 164,959,238</u>	<u>\$ 151,713,345</u>	<u>\$ 145,419,139</u>
Plan Fiduciary Net Position			
Contributions-Employer	\$ 5,505,376	\$ 5,640,498	\$ 5,436,625
Contributions-Member	1,620,427	1,579,755	1,572,702
Net Investment Income	(1,578,910)	2,695,082	15,609,969
Benefit Payments	(8,862,354)	(8,367,787)	(7,872,056)
Administrative Expense	(33,370)	(34,244)	(28,582)
Transfers to Affiliated Systems	-	-	-
Other	-	-	-
Net Change in Fiduciary Net Position	(3,348,831)	1,513,304	14,718,658
Plan Fiduciary Net Position-Beginning	115,824,719	114,311,415	99,592,757
Plan Fiduciary Net Position-Ending (b)	<u>\$ 112,475,888</u>	<u>\$ 115,824,719</u>	<u>\$ 114,311,415</u>
Net Pension Liability (a - (b))	\$ 52,483,350	\$ 35,888,626	\$ 31,107,724
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.2%	76.3%	78.6%
Covered Employee Payroll	\$ 20,255,338	\$ 20,072,947	\$ 18,391,191
Net Pension Liability as a Percentage of Covered Employee Payroll	259.1%	178.8%	169.1%

**THE CITY OF WARWICK, RHODE ISLAND
REQUIRED SUPPLEMENTARY INFORMATION**

**Schedule of Changes in Employers' Net Pension Liability and Related Ratios
Police I & Fire Pension Plan
June 30, 2016**

	2016	2015	2014
Total Pension Liability			
Service Cost	\$ 936,610	\$ 1,005,457	\$ 1,276,922
Interest	20,076,965	20,085,394	22,543,132
Benefit Changes	-	-	-
Difference Between Actual and Expected Experience	1,862	(1,195,853)	(10,108,652)
Assumption Changes	16,534,846	-	(26,630,682)
Benefit Payments	(20,192,173)	(19,753,740)	(19,675,904)
Net Change in Total Pension Liability	17,358,110	141,258	(32,595,184)
Total Pension Liability-Beginning	277,320,653	277,179,395	309,774,579
Total Pension Liability-Ending (a)	\$ 294,678,763	\$ 277,320,653	\$ 277,179,395
Plan Fiduciary Net Position			
Contributions-Employer	\$ 17,378,897	\$ 16,039,998	\$ 15,206,485
Contributions-Member	266,831	284,810	321,061
Net Investment Income	(929,819)	1,380,201	9,803,078
Benefit Payments	(20,192,173)	(19,753,740)	(19,675,904)
Administrative Expense	(29,322)	(29,576)	(24,335)
Transfers to Affiliated Systems	-	-	-
Other	-	-	-
Net Change in Fiduciary Net Position	(3,505,586)	(2,078,307)	5,630,385
Plan Fiduciary Net Position-Beginning	69,544,038	71,622,345	65,991,960
Plan Fiduciary Net Position-Ending (b)	\$ 66,038,452	\$ 69,544,038	\$ 71,622,345
Net Pension Liability (a - (b))	\$ 228,640,311	\$ 207,776,615	\$ 205,557,050
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	22.4%	25.1%	25.8%
Covered Employee Payroll	\$ 3,811,871	\$ 4,068,714	\$ 4,154,657
Net Pension Liability as a Percentage of Covered Employee Payroll	5998.1%	5106.7%	4947.6%

THE CITY OF WARWICK, RHODE ISLAND
REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in Employers' Net Pension Liability and Related Ratios
Police II Pension Plan
June 30, 2016

	2016	2015	2014
Total Pension Liability			
Service Cost	\$ 3,884,441	\$ 3,770,366	\$ 3,762,837
Interest	14,589,705	13,811,883	13,520,113
Benefit Changes	-	-	-
Difference Between Actual and Expected Experience	329,603	738,684	(1,806,121)
Assumption Changes	15,898,398	-	(3,961,813)
Benefit Payments	(8,245,091)	(7,768,947)	(7,488,066)
Net Change in Total Pension Liability	26,457,056	10,551,986	4,026,950
Total Pension Liability-Beginning	196,709,719	186,157,733	182,130,783
Total Pension Liability-Ending (a)	\$ 223,166,775	\$ 196,709,719	\$ 186,157,733
Plan Fiduciary Net Position			
Contributions-Employer	\$ 3,853,855	\$ 3,828,534	\$ 3,322,236
Contributions-Member	1,931,974	1,914,267	1,661,118
Net Investment Income	(2,481,497)	4,075,102	24,147,499
Benefit Payments	(8,245,091)	(7,768,947)	(7,488,066)
Administrative Expense	(37,409)	(39,395)	(24,100)
Transfers to Affiliated Systems	-	-	-
Other	-	-	-
Net Change in Fiduciary Net Position	(4,978,168)	2,009,561	21,618,687
Plan Fiduciary Net Position-Beginning	178,415,137	176,405,576	154,786,889
Plan Fiduciary Net Position-Ending (b)	\$ 173,436,969	\$ 178,415,137	\$ 176,405,576
Net Pension Liability (a - (b))	\$ 49,729,806	\$ 18,294,582	\$ 9,752,157
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.7%	90.7%	94.8%
Covered Employee Payroll	\$ 13,269,052	\$ 12,781,663	\$ 12,212,862
Net Pension Liability as a Percentage of Covered Employee Payroll	374.8%	143.1%	79.9%

THE CITY OF WARWICK, RHODE ISLAND
REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in Employers' Net Pension Liability and Related Ratios
Fire II Pension Plan
June 30, 2016

	2016	2015	2014
Total Pension Liability			
Service Cost	\$ 3,946,558	\$ 3,534,726	\$ 3,435,947
Interest	4,125,110	3,572,193	3,205,452
Benefit Changes	-	-	-
Difference Between Actual and Expected Experience	(577,982)	482,842	(62,953)
Assumption Changes	5,201,487	-	(1,341,914)
Benefit Payments	(449,467)	(397,441)	(394,626)
Net Change in Total Pension Liability	12,245,706	7,192,320	4,841,906
Total Pension Liability-Beginning	53,252,922	46,060,602	41,218,696
Total Pension Liability-Ending (a)	\$ 65,498,628	\$ 53,252,922	\$ 46,060,602
Plan Fiduciary Net Position			
Contributions-Employer	\$ 2,973,277	\$ 2,943,088	\$ 2,903,462
Contributions-Member	1,486,639	1,471,544	1,451,731
Net Investment Income	(930,262)	782,789	5,483,041
Benefit Payments	(449,467)	(397,441)	(394,626)
Administrative Expense	(8,926)	(8,697)	(4,315)
Transfers to Affiliated Systems	-	-	-
Other	-	-	-
Net Change in Fiduciary Net Position	3,071,261	4,791,283	9,439,293
Plan Fiduciary Net Position-Beginning	49,536,540	44,745,257	35,305,964
Plan Fiduciary Net Position-Ending (b)	\$ 52,607,801	\$ 49,536,540	\$ 44,745,257
Net Pension Liability (a - (b))	\$ 12,890,827	\$ 3,716,382	\$ 1,315,345
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.3%	93.0%	97.1%
Covered Employee Payroll	\$ 13,393,144	\$ 12,602,432	\$ 11,548,952
Net Pension Liability as a Percentage of Covered Employee Payroll	96.2%	29.5%	11.4%

**THE CITY OF WARWICK, RHODE ISLAND
REQUIRED SUPPLEMENTARY INFORMATION**

**Schedule of Changes in Employers' Net Pension Liability and Related Ratios
Warwick Public School Employees' Pension Plan
June 30, 2016**

	2016	2015	2014
Total Pension Liability			
Service Cost	\$ 1,182,332	\$ 1,153,661	\$ 1,233,904
Interest	3,239,682	3,013,821	2,683,152
Benefit Changes	-	-	-
Difference Between Actual and Expected Experience	(363,953)	342,058	664,117
Assumption Changes	113,452	-	67,700
Benefit Payments	(1,506,891)	(1,122,881)	(1,035,956)
Net Change in Total Pension Liability	2,664,622	3,386,659	3,612,917
Total Pension Liability-Beginning	45,839,537	42,452,878	38,839,961
Total Pension Liability-Ending (a)	\$ 48,504,159	\$ 45,839,537	\$ 42,452,878
Plan Fiduciary Net Position			
Contributions-Employer	\$ 1,968,941	\$ 1,752,679	\$ 2,160,500
Contributions-Member	732,245	766,137	743,492
Net Investment Income	936,885	1,487,522	3,977,291
Benefit Payments	(1,506,891)	(1,122,881)	(1,035,956)
Administrative Expense	(173,084)	(95,056)	(83,496)
Transfers to Affiliated Systems	-	-	-
Other	-	-	-
Net Change in Fiduciary Net Position	1,958,096	2,788,401	5,761,831
Plan Fiduciary Net Position-Beginning	40,685,142	37,896,741	32,134,910
Plan Fiduciary Net Position-Ending (b)	\$ 42,643,238	\$ 40,685,142	\$ 37,896,741
Net Pension Liability (a - (b))	\$ 5,860,921	\$ 5,154,395	\$ 4,556,137
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.9%	88.8%	89.3%
Covered Employee Payroll	\$ 12,567,847	\$ 13,918,915	\$ 13,335,646
Net Pension Liability as a Percentage of Covered Employee Payroll	46.6%	37.0%	34.2%

CITY OF WARWICK, RHODE ISLAND
REQUIRED OTHER SUPPLEMENTARY INFORMATION
Schedule of City Contributions
Police I & Fire Pension Plan

	2016	2015	2014
Actuarially Determined Contribution	\$ 17,378,897	\$ 16,039,998	\$ 15,206,485
Actual Contribution Made in Relation to the Actuarially Determined Contribution	17,378,897	16,039,998	15,206,485
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered Employee Payroll	\$ 3,811,871	\$ 4,068,714	\$ 4,154,657
Contributions as a Percentage of Covered Employee Payroll	455.9%	394.2%	366.0%

Notes to the Schedule of Contributions
Police I & Fire Pension Plan

Valuation Date: June 30, 2014

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	For funding purposes, the Entry Age Normal Actuarial Cost Method is used.
Amortization Method	Level Percentage of Payroll
Single Equivalent Amortization Period	21 Years Closed
Amortization Period for New Gains/Losses	20 Years Closed
Asset Valuation Method	5 Year Smoothed Market
Inflation	2.75%
Salary Increases	4.00% to 14.00% including inflation
Investment Rate of Return	7.50%
Retirement Age	Experienced-based table of rates that are specific to the type of eligibility condition.
Mortality	(Male) 115% of RP-2000 Combined Healthy for Males with While Collar Adjustments projected with Scale AA from 2000. (Female) 95% of RP-2000 Combined Healthy for Females with While Collar Adjustments projected with Scale AA from 2000.

Other Information:

Notes: There were no benefit changes during the year.

CITY OF WARWICK, RHODE ISLAND
REQUIRED OTHER SUPPLEMENTARY INFORMATION
Schedule of City Contributions
Police II Pension Plan

	2016	2015	2014
Actuarially Determined Contribution	\$ 3,853,855	\$ 3,828,534	\$ 3,322,236
Actual Contribution Made in Relation to the Actuarially Determined Contribution	3,853,855	3,828,534	3,322,236
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered Employee Payroll	\$ 13,269,052	\$ 12,781,663	\$ 12,494,306
Contributions as a Percentage of Covered Employee Payroll	29.0%	30.0%	26.6%

Notes to the Schedule of Contributions
Police II Pension Plan

Valuation Date: June 30, 2014

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	For funding purposes, the Entry Age Normal Actuarial Cost Method is used.
Amortization Method	Level Percentage of Payroll
Single Equivalent Amortization Period	25 Years Closed
Amortization Period for New Gains/Losses	30 Years Closed
Asset Valuation Method	5 Year Smoothed Market
Inflation	2.75%
Salary Increases	4.00% to 14.00% including inflation
Investment Rate of Return	7.50%
Retirement Age	Experienced-based table of rates that are specific to the type of eligibility condition.
Mortality	(Male) 115% of RP-2000 Combined Healthy for Males with While Collar Adjustments projected with Scale AA from 2000. (Female) 95% of RP-2000 Combined Healthy for Females with While Collar Adjustments projected with Scale AA from 2000.

Other Information:

Notes: There were no benefit changes during the year.

CITY OF WARWICK, RHODE ISLAND
REQUIRED OTHER SUPPLEMENTARY INFORMATION
Schedule of City Contributions
Fire II Pension Plan

	2016	2015	2014
Actuarially Determined Contribution	\$ 2,973,277	\$ 2,943,088	\$ 2,903,462
Actual Contribution Made in Relation to the Actuarially Determined Contribution	2,973,277	2,943,088	2,903,462
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered Employee Payroll	\$ 13,393,144	\$ 12,602,432	\$ 11,769,201
Contributions as a Percentage of Covered Employee Payroll	22.2%	23.4%	24.7%

Notes to the Schedule of Contributions
Fire II Pension Plan

Valuation Date: June 30, 2014

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	For funding purposes, the Entry Age Normal Actuarial Cost Method is used.
Amortization Method	Level Percentage of Payroll
Single Equivalent Amortization Period	17 Years Closed
Amortization Period for New Gains/Losses	20 Years Closed
Asset Valuation Method	5 Year Smoothed Market
Inflation	2.75%
Salary Increases	4.00% to 14.00% including inflation
Investment Rate of Return	7.50%
Retirement Age	Experienced-based table of rates that are specific to the type of eligibility condition.
Mortality	(Male) 115% of RP-2000 Combined Healthy for Males with White Collar Adjustments, projected with Scale AA from 2000. (Female) 95% of RP-2000 Combined Healthy for Females with White Collar Adjustments, projected with Scale AA from 2000.

Other Information:

Notes: There were no benefit changes during the year.

CITY OF WARWICK, RHODE ISLAND
REQUIRED OTHER SUPPLEMENTARY INFORMATION
Schedule of City Contributions
City Employees' Pension Plan

	2016	2015	2014
Actuarially Determined Contribution	\$ 5,505,376	\$ 5,640,498	\$ 5,436,625
Actual Contribution Made in Relation to the Actuarially Determined Contribution	5,505,376	5,640,498	5,436,625
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered Employee Payroll	\$ 20,255,338	\$ 20,072,947	\$ 18,391,191
Contributions as a Percentage of Covered Employee Payroll	27.2%	28.1%	29.6%

Notes to the Schedule of Contributions
City Employees Pension Plan

Valuation Date: June 30, 2014

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	For funding purposes, the Entry Age Normal Actuarial Cost Method is used.
Amortization Method	Level Percentage of Payroll
Single Equivalent Amortization Period	12 Years Closed
Amortization Period for New Gains/Losses	20 Years Closed
Asset Valuation Method	5 Year Smoothed Market
Inflation	2.75%
Salary Increases	3.5% to 7.50% including inflation
Investment Rate of Return	7.50%
Retirement Age	Experience-based tables of rates that are specific to the type of eligibility condition.
Mortality	(Male) 115% of RP-2000 Combined Healthy for Males with While Collar Adjustments, projected with Scale AA from 2000. (Female) 95% of RP-2000 Combined Healthy for Females with While Collar Adjustments, projected with Scale AA from 2000.

Other Information:

Notes: There were no benefit changes during the year.

CITY OF WARWICK, RHODE ISLAND
REQUIRED OTHER SUPPLEMENTARY INFORMATION
Schedule of City Contributions
Warwick Public School Employees' Pension Plan

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially Determined Contribution	\$ 1,161,346	\$ 1,092,021	\$ 1,236,062
Actual Contribution Made in Relation to the Actuarially Determined Contribution	1,968,941	1,752,679	2,160,500
Contribution Deficiency (Excess)	<u>\$ (807,595)</u>	<u>\$ (660,658)</u>	<u>\$ (924,438)</u>
Covered Employee Payroll	\$ 12,567,847	\$ 13,918,915	\$ 13,335,646
Contributions as a Percentage of Covered Employee Payroll	15.7%	12.6%	16.2%

Notes to the Schedule of Contributions
Warwick Public School Employees' Pension Plan

Valuation Date: July 1, 2015

Notes: Actuarially determined contribution rates are calculated as of the beginning of the fiscal year - July 1st.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	For funding purposes, the Individual Entry Age Normal Actuarial Cost Method is used
Amortization Method	Level Percentage of Payroll
Remaining Amortization Period	30 Years
Asset Valuation Method	Fair Market Value
Salary Increases	3.0% per annum
Investment Rate of Return	7.00%
Retirement Age	15% Per year for ages 62-64; 100% at Age 65
Mortality	Prescribed IRS Static Mortality Table for the Year of the Valuation

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

**City of Warwick, Rhode Island
Schedule of Investment Returns
City Pension Plans**

Annual Money-Weighted Rate of Return, Net of Investment Expense	2016	2015	2014
Police I & Fire Pension Plan	-1.94%	0.51%	15.35%
Police II Pension Plan	-1.40%	2.25%	15.70%
Fire II Pension Plan	-1.81%	1.31%	14.80%
City Employees Pension Plan	-1.37%	2.11%	15.73%
Warwick Public School Employees' Pension Plan	2.30%	1.97%	17.24%

Note: This Schedule is intended to show historical information over a 10 year period. Additional years will be displayed as they become available.

CITY OF WARWICK, RHODE ISLAND
REQUIRED OTHER SUPPLEMENTARY INFORMATION
Schedule of Warwick Public School's Proportionate Share
Of the Net Pension Liability for the Employees Retirement System of RI

	2016	2015
Employer's Proportion of the Net Pension Liability	4.840%	5.003%
Employer's Proportionate Share of the Net Pension Liability	\$ 133,250,179	\$ 121,776,253
State's Proportionate Share of the Net Pension Liability	91,032,340	83,507,586
Total Net Pension Liability	\$ 224,282,519	\$ 205,283,839
Employer's Covered Employee Payroll	\$ 79,304,545	\$ 78,649,336
Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	168.02%	154.83%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	57.60%	61.40%

Notes:

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

SCHEDULE OF WARWICK PUBLIC SCHOOLS' CONTRIBUTIONS
Employees Retirement System of RI

	2016	2015
Actuarially Determined Contribution	\$ 10,888,514	\$ 10,546,876
Contributions Made in Relation to the Actuarially Determined Contribution	10,888,514	10,546,876
Contribution Deficiency (Excess)	\$ -	\$ -
Covered Employee Payroll	\$ 79,304,545	\$ 78,649,336
Contributions as a Percentage of Covered Employee Payroll	13.73%	13.41%

Notes:

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

SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUNDS

CITY OF WARWICK, RHODE ISLAND
NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS:

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

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

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

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

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

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

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

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

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

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

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

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

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

(CONTINUED)

CITY OF WARWICK, RHODE ISLAND

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS (CONTINUED):

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

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

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

School Lunch Fund – Accounts for the fees, Federal reimbursements and related expenditures for the school lunch program.

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

IDEA	Dorothy Rich Association
IDEA Pre-School	Holliman Yearbook
IDEA Pre-School Targeted	Reading Excellence
Title I	Soc Skills for Life – Vets
Title II	Alt Learning Program
E2T2 Training Consortium	City-Town Center
Title III	Cedar Library Books
Perkins Voc Even Year	PTO Donations
Perkins Voc Odd Year	Education Development Center
Homeless Even Year	School Lunch Fund
Homeless Odd Year	Media Labs at Wickes
Fresh Fruit/Veg Program	The Jason Fund
Skills USA	Champlin Aldrich Gorton
Big Yellow Bus	Champlin Comp
Scott Tech Donations	Art Talks Sherman
Esther Chester Donations	C.A.S.I.T Italian Program
Mary Maini Memorial Fund	Race to the Top
City/Town Contributions Sports	Common Core State Status
Walmart	United Way
Full Day Kindergarten	Wireless Classroom Initiative
Injury Fund	RIPIN
Emergency Repairs-Tech	CTE
Feinstein	Stop & Shop
Rhode Island Foundation	Carol Gray Memorial Fund

CITY OF WARWICK, RHODE ISLAND

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS (CONTINUED):

Smart Arts
Verizon Thinkfinity
Target
Shapiro Fund for Warwick
Generation Youth Foundation

Champlin
IGT Charitable Contribution
Patricia St. Amant Afterschool
Technology Self Insurance

DEBT SERVICE FUND:

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

(CONCLUDED)

CITY OF WARWICK, RHODE ISLAND
Non-Major Governmental Funds
Combining Balance Sheet
June 30, 2016

	Special Revenue Restricted City	Special Revenue Restricted School	Capital Projects Funds	Debt Service Fund	Total Non-Major Governmental
<i>Assets:</i>					
Cash and cash equivalents	\$ 1,347,192	\$ 1,530	\$ 7,291,006	\$ -	\$ 8,639,728
Restricted cash	-	-	-	2,537,500	2,537,500
Accounts receivable	3,771,205	214,194	7,000	-	3,992,399
Due from federal and state governments	2,790,642	2,922,194	567,935	-	6,280,771
Internal balances	1,357,910	2,596,906	62,068	-	4,016,884
Other assets	-	178,300	-	-	178,300
Total assets	\$ 9,266,949	\$ 5,913,124	\$ 7,928,009	\$ 2,537,500	\$ 25,645,582
<i>Liabilities and Fund Balances</i>					
<i>Liabilities:</i>					
Accounts payable and accrued expenditures	\$ 307,349	\$ 645,801	\$ 840,162	\$ -	\$ 1,793,312
Due to federal and state governments	738	-	-	-	738
Internal balances	103,507	2,502,373	2,965,085	-	5,570,965
Unearned revenue	6,370,568	-	-	-	6,370,568
Other liabilities	3,542	-	-	-	3,542
Total liabilities	6,785,704	3,148,174	3,805,247	-	13,739,125
<i>Fund balances (deficits)</i>					
Restricted	2,481,245	2,764,950	4,878,536	2,537,500	12,662,231
Unassigned	-	-	(755,774)	-	(755,774)
Fund balances (deficits)	2,481,245	2,764,950	4,122,762	2,537,500	11,906,457
Total liabilities and fund balances	\$ 9,266,949	\$ 5,913,124	\$ 7,928,009	\$ 2,537,500	\$ 25,645,582

CITY OF WARWICK, RHODE ISLAND
Non-Major Governmental Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the fiscal year ended June 30, 2016

	Special Revenue Restricted City	Special Revenue Restricted School	Capital Projects Funds	Debt Service Fund	Total Non-Major Governmental
Revenues					
Intergovernmental revenue	\$ 1,038,557	\$ 8,979,660	\$ 209,781	\$ -	\$ 10,227,998
Charges for services	4,159,890	1,002,476	-	-	5,162,366
Investment income	959	-	3,102	-	4,061
Contributions and private grants	-	198,878	-	-	198,878
Other revenue	281,920	440,154	-	-	722,074
Total Revenues	5,481,326	10,621,168	212,883	-	16,315,377
Expenditures					
Executive and administration	101,454	-	14,000	-	115,454
Public safety	3,416,938	-	2,743,455	-	6,160,393
Public libraries	114,155	-	-	-	114,155
Recreation	-	-	-	-	-
Social services	30,974	-	-	-	30,974
Planning and economic development	936,394	-	19,260	-	955,654
Public works	59,990	-	2,492,886	-	2,552,876
Education	-	9,126,050	1,098,433	-	10,224,483
<i>Debt service:</i>					
Principal	-	-	-	5,650,593	5,650,593
Interest and other costs	-	-	-	1,258,067	1,258,067
Total Expenditures	4,659,905	9,126,050	6,368,034	6,908,660	27,062,649
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	821,421	1,495,118	(6,155,151)	(6,908,660)	(10,747,272)
Other financing sources (uses)					
Proceeds from bonds capital leases	-	-	9,752,088	-	9,752,088
Transfers from other funds	194,630	611,945	400,000	7,416,160	8,622,735
Transfers to other funds	(933,174)	-	-	-	(933,174)
Total other financing sources (uses)	(738,544)	611,945	10,152,088	7,416,160	17,441,649
Net change in fund balances	82,877	2,107,063	3,996,937	507,500	6,694,377
FUND BALANCES - July 1, 2015	2,398,368	657,887	125,825	2,030,000	5,212,080
FUND BALANCES - June 30, 2016	\$ 2,481,245	\$ 2,764,950	\$ 4,122,762	\$ 2,537,500	\$ 11,906,457

CITY OF WARWICK, RHODE ISLAND
Special Revenue Restricted City
Combining Balance Sheet
June 30, 2016

	Community Development Block Grant	Home Improvement Loan Escrow Account	Drug Seizure Fund	State Asset Forfeiture Fund	Open Space Land Dedication	Warwick Public Library Restricted Fund
<i>Assets:</i>						
Cash	\$ 338,736	\$ 22,744	\$ 106,072	\$ 20,134	\$ 295,486	\$ 157,270
Accounts receivables	2,496,958	-	-	-	-	-
Due from federal and state governments	999,965	-	-	-	-	-
Due from other funds	400	-	28,775	10,901	-	22,316
Total assets	\$ 3,836,059	\$ 22,744	\$ 134,847	\$ 31,035	\$ 295,486	\$ 179,586
<i>Liabilities and Fund Balances</i>						
<i>Liabilities:</i>						
Accounts payable and accrued expenditures	\$ 78,223	\$ 3,260	\$ 30,595	\$ -	\$ -	\$ 20,428
Due to federal and state governments	738	-	-	-	-	-
Due to other funds	94,576	-	-	-	-	-
Deferred revenues	3,324,124	-	-	-	-	-
Other liabilities	-	-	-	3,542	-	-
Total liabilities	3,497,661	3,260	30,595	3,542	-	20,428
<i>Fund balances (deficits):</i>						
Restricted	338,398	19,484	104,252	27,493	295,486	159,158
Total fund balances (deficits)	338,398	19,484	104,252	27,493	295,486	159,158
Total liabilities and fund balances	\$ 3,836,059	\$ 22,744	\$ 134,847	\$ 31,035	\$ 295,486	\$ 179,586

(continued)

CITY OF WARWICK, RHODE ISLAND
Special Revenue Restricted City
Combining Balance Sheet
June 30, 2016
(continued)

	Disaster Recovery Program	Sewer Connection Grant	JAG Grant	Excess Hotel Tax Fund	Special Detail Fund	Senior Center Gift Shop
<i>Assets:</i>						
Cash	\$ -	\$ 50,019	\$ -	\$ 146,650	\$ -	\$ 29,016
Accounts receivables	1,132	-	-	-	1,273,115	-
Due from federal and state governments	1,778,119	-	12,558	-	-	-
Due from other funds	-	-	-	-	59,270	-
Total assets	\$ 1,779,251	\$ 50,019	\$ 12,558	\$ 146,650	\$ 1,332,385	\$ 29,016
<i>Liabilities and Fund Balances</i>						
<i>Liabilities:</i>						
Accounts payable and accrued expenditures	\$ 5,922	\$ 1,000	\$ 9,429	\$ -	\$ 156,404	\$ 2,088
Due to federal and state governments	-	-	-	-	-	-
Due to other funds	-	4,713	3,129	-	-	1,089
Deferred revenues	1,773,329	-	-	-	1,273,115	-
Other liabilities	-	-	-	-	-	-
Total liabilities	1,779,251	5,713	12,558	-	1,429,519	3,177
<i>Fund balances (deficits):</i>						
Restricted	-	44,306	-	146,650	(97,134)	25,839
Total fund balances (deficits)	-	44,306	-	146,650	(97,134)	25,839
Total liabilities and fund balances	\$ 1,779,251	\$ 50,019	\$ 12,558	\$ 146,650	\$ 1,332,385	\$ 29,016

(continued)

CITY OF WARWICK, RHODE ISLAND
Special Revenue Restricted City
Combining Balance Sheet
June 30, 2016
(continued)

	Mooring Fee Reserve Fund	City Clerk Restricted Fund	Emergency Operations- City	Totals
<i>Assets:</i>				
Cash	\$ 181,065	\$ -	\$ -	\$ 1,347,192
Accounts receivables	-	-	-	3,771,205
Due from federal and state governments	-	-	-	2,790,642
Due from other funds	34,412	948,424	253,412	1,357,910
Total assets	\$ 215,477	\$ 948,424	\$ 253,412	\$ 9,266,949
<i>Liabilities and Fund Balances:</i>				
<i>Liabilities</i>				
Accounts payable and accrued expenditures	\$ -	-	\$ -	\$ 307,349
Due to federal and state governments	-	-	-	738
Due to other funds	-	-	-	103,507
Deferred revenues	-	-	-	6,370,568
Other liabilities	-	-	-	3,542
Total liabilities	-	-	-	6,785,704
<i>Fund balances (deficits)</i>				
Restricted	215,477	948,424	253,412	2,481,245
Total fund balances (deficits)	215,477	948,424	253,412	2,481,245
Total liabilities and fund balances	\$ 215,477	\$ 948,424	\$ 253,412	\$ 9,266,949

(concluded)

CITY OF WARWICK, RHODE ISLAND
Special Revenue Restricted - City
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
For the fiscal year ended June 30, 2016

	Community Development Block Grant	Home Improvement Loan Escrow Account	Drug Seizure Fund	State Asset Forfeiture Fund	Open Space Land Dedication	Warwick Public Library Restricted Fund
Revenues						
Intergovernmental	\$ 724,825	\$ -	\$ 120,015	\$ 10,901	\$ -	\$ 123,017
Charges for services	-	-	-	-	-	-
Investment income	-	-	95	18	290	137
Contributions and private grants	-	-	-	-	-	-
Other revenue	138,800	-	500	-	6,368	31,346
Total Revenues	<u>863,625</u>	<u>-</u>	<u>120,610</u>	<u>10,919</u>	<u>6,658</u>	<u>154,500</u>
Expenditures						
<i>Current:</i>						
Executive and administration	-	-	-	-	-	-
Public safety	-	-	105,972	-	-	-
Public libraries	-	-	-	-	-	114,155
Social services	-	-	-	-	-	-
Planning and economic development	724,826	162,853	-	-	-	-
Public works	-	-	-	-	-	-
Total Expenditures	<u>724,826</u>	<u>162,853</u>	<u>105,972</u>	<u>-</u>	<u>-</u>	<u>114,155</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	138,799	(162,853)	14,638	10,919	6,658	40,345
Other financing sources (uses)						
Transfers from other funds	-	160,218	-	-	-	-
Transfers to other funds	(156,718)	-	-	-	-	-
Total other financing sources (uses)	<u>(156,718)</u>	<u>160,218</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(17,919)	(2,635)	14,638	10,919	6,658	40,345
Fund Balances - July 1, 2015	356,317	22,119	89,614	16,574	288,828	118,813
Fund Balances- June 30, 2016	<u>\$ 338,398</u>	<u>\$ 19,484</u>	<u>\$ 104,252</u>	<u>\$ 27,493</u>	<u>\$ 295,486</u>	<u>\$ 159,158</u>

(concluded)

CITY OF WARWICK, RHODE ISLAND
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
For the fiscal year ended June 30, 2016
(continued)

	Disaster Recovery Program	Sewer Connection Grants	JAG Grant	Excess Hotel Tax Fund	Special Detail Fund	Senior Center Gift Shop
Revenues						
Intergovernmental	\$ 44,215	\$ -	\$ 15,584	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	4,143,320	16,570
Investment income	-	59	-	140	-	32
Contributions and private grants	-	-	-	-	-	-
Other revenue	-	-	-	-	-	2,235
Total Revenues	44,215	59	15,584	140	4,143,320	18,837
Expenditures						
<i>Current:</i>						
Executive and administration	-	-	-	-	-	-
Public safety	-	-	15,584	-	3,295,382	-
Public libraries	-	-	-	-	-	-
Social services	-	-	-	-	-	30,974
Planning and economic development	40,715	8,000	-	-	-	-
Public works	-	-	-	-	-	-
Total Expenditures	40,715	8,000	15,584	-	3,295,382	30,974
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	3,500	(7,941)	-	140	847,938	(12,137)
Other financing sources (uses)						
Transfers from other funds	-	-	-	-	-	-
Transfers to other funds	(3,500)	-	-	-	(772,956)	-
Total other financing sources (uses)	(3,500)	-	-	-	(772,956)	-
Net change in fund balances	-	(7,941)	-	140	74,982	(12,137)
Fund Balances - July 1, 2015	-	52,247	-	146,510	(172,116)	37,976
Fund Balances - June 30, 2016	\$ -	\$ 44,306	\$ -	\$ 146,650	\$ (97,134)	\$ 25,839

(concluded)

CITY OF WARWICK, RHODE ISLAND
Special Revenue Restricted - City
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the fiscal year ended June 30, 2016
(continued)

	Mooring Fee Reserve Fund	City Clerk Restricted Fund	Emergency Operations- City	Totals
Revenues				
Intergovernmental	\$ -	\$ -	\$ -	\$ 1,038,557
Charges for services	-	-	-	4,159,890
Investment income	188	-	-	959
Contributions and private grants	-	-	-	-
Other revenue	-	102,671	-	281,920
Total Revenues	188	102,671	-	5,481,326
Expenditures				
<i>Current:</i>				
Executive and administration	-	101,454	-	101,454
Public safety	-	-	-	3,416,938
Recreation	-	-	-	-
Public libraries	-	-	-	114,155
Social services	-	-	-	30,974
Planning and economic development	-	-	-	936,394
Public works	-	-	59,990	59,990
Total Expenditures	-	101,454	59,990	4,659,905
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	188	1,217	(59,990)	821,421
Other financing sources (uses)				
Transfers from other funds	34,412	-	-	194,630
Transfers to other funds	-	-	-	(933,174)
Total other financing sources (uses)	34,412	-	-	(738,544)
Net change in fund balances	34,600	1,217	(59,990)	82,877
Fund Balances - July 1, 2015	180,877	947,207	313,402	2,398,368
Fund Balances - June 30, 2016	\$ 215,477	\$ 948,424	\$ 253,412	\$ 2,481,245

(concluded)

CITY OF WARWICK, RHODE ISLAND
Special Revenue Restricted - School
Combining Balance Sheet
June 30, 2016

	IDEA	IDEA Preschool	IDEA Pre-School Targeted	Title I	Title II	E2T2 Training Consortium ARRA	Title III
Assets							
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable	-	-	-	-	-	-	-
Due federal and state governments	941,066	33,633	-	518,989	204,024	-	30,703
Due from other funds	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-
Total assets	\$ 941,066	\$ 33,633	\$ -	\$ 518,989	\$ 204,024	\$ -	\$ 30,703
Liabilities and Fund Balances							
Liabilities							
Accounts payable and accrued expenditures	\$ 147,829	\$ 9,445	\$ -	\$ 97,620	\$ 39,943	\$ -	\$ 18,234
Due to other funds	793,237	24,188	-	421,369	164,081	-	12,469
Total liabilities	941,066	33,633	-	518,989	204,024	-	30,703
Fund Balances							
Restricted	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balances	-	-	-	-	-	-	-
Total liabilities and fund balances	\$ 941,066	\$ 33,633	\$ -	\$ 518,989	\$ 204,024	\$ -	\$ 30,703

(continued)

CITY OF WARWICK, RHODE ISLAND
Special Revenue Restricted - School
Combining Balance Sheet
June 30, 2016
(continued)

	<u>Perkins Voc (Even year)</u>	<u>Perkins Voc (Odd year)</u>	<u>Homeless (Even year)</u>	<u>Homeless (Odd year)</u>	<u>Fresh Fruit/Veg Program</u>	<u>Skills USA</u>	<u>Big Yellow Bus</u>
<i>Assets</i>							
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable	-	-	-	-	-	-	-
Due from federal and state governments	152,798	-	19,926	-	2,278	-	-
Due from other funds	-	-	-	-	-	-	1,970
Other assets	-	-	-	-	-	-	-
Total assets	<u>\$ 152,798</u>	<u>\$ -</u>	<u>\$ 19,926</u>	<u>\$ -</u>	<u>\$ 2,278</u>	<u>\$ -</u>	<u>\$ 1,970</u>
<i>Liabilities and Fund Balances</i>							
<i>Liabilities</i>							
Accounts payable and accrued expenditures	\$ 64,309	\$ -	\$ 3,752	\$ -	\$ -	\$ -	\$ -
Due to other funds	88,489	-	15,528	-	2,278	-	-
Total liabilities	<u>152,798</u>	<u>-</u>	<u>19,280</u>	<u>-</u>	<u>2,278</u>	<u>-</u>	<u>-</u>
<i>Fund Balances</i>							
Restricted	-	-	646	-	-	-	1,970
Unassigned	-	-	-	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>646</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,970</u>
Total liabilities and fund balances	<u>\$ 152,798</u>	<u>\$ -</u>	<u>\$ 19,926</u>	<u>\$ -</u>	<u>\$ 2,278</u>	<u>\$ -</u>	<u>\$ 1,970</u>

(continued)

CITY OF WARWICK, RHODE ISLAND
Special Revenue Restricted - School
Combining Balance Sheet
June 30, 2016
(continued)

	<u>Scott Tech Donations</u>	<u>Esther Chester Donations</u>	<u>Mary Maini Memorial Fund</u>	<u>City/Town Contribution Sports</u>	<u>Injury Fund</u>	<u>Emergency Repairs - Tech</u>	<u>Full Day Kindergarten</u>
Assets							
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable	-	-	-	-	-	-	-
Due from federal and state governments	-	-	-	-	-	-	-
Due from other funds	3,291	-	50	4,990	228	2,096,407	880
Other assets	-	178,300	-	-	-	-	-
Total assets	<u>\$ 3,291</u>	<u>\$ 178,300</u>	<u>\$ 50</u>	<u>\$ 4,990</u>	<u>\$ 228</u>	<u>\$ 2,096,407</u>	<u>\$ 880</u>
Liabilities and Fund Balances							
Liabilities							
Accounts payable and accrued expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,096	\$ -
Due to other funds	-	1,597	-	-	-	-	-
Total liabilities	<u>-</u>	<u>1,597</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,096</u>	<u>-</u>
Fund Balances							
Restricted	3,291	176,703	50	4,990	228	2,088,311	880
Unassigned	-	-	-	-	-	-	-
Total fund balances	<u>3,291</u>	<u>176,703</u>	<u>50</u>	<u>4,990</u>	<u>228</u>	<u>2,088,311</u>	<u>880</u>
Total liabilities and fund balances	<u>\$ 3,291</u>	<u>\$ 178,300</u>	<u>\$ 50</u>	<u>\$ 4,990</u>	<u>\$ 228</u>	<u>\$ 2,096,407</u>	<u>\$ 880</u>

(continued)

CITY OF WARWICK, RHODE ISLAND
Special Revenue Restricted - School
Combining Balance Sheet
June 30, 2016
(continued)

	<u>Feinstein</u>	<u>Rhode Island Foundation</u>	<u>Smart Arts</u>	<u>Verizon ThinkFinity</u>	<u>Walmart</u>	<u>Dorothy Rich Association</u>	<u>Holliman Yearbook</u>
<i>Assets</i>							
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable	-	-	-	-	-	-	-
Due from federal and state governments	-	-	-	-	-	-	-
Due from other funds	164,399	1,959	-	-	-	314	3,359
Other assets	-	-	-	-	-	-	-
Total assets	\$ 164,399	\$ 1,959	\$ -	\$ -	\$ -	\$ 314	\$ 3,359
<i>Liabilities and Fund Balances</i>							
<i>Liabilities</i>							
Accounts payable and accrued expenditures	\$ 1,306	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,832
Due to other funds	-	-	-	-	-	-	-
Total liabilities	1,306	-	-	-	-	-	1,832
<i>Fund Balances</i>							
Restricted	163,093	1,959	-	-	-	314	1,527
Unassigned	-	-	-	-	-	-	-
Total fund balances	163,093	1,959	-	-	-	314	1,527
Total liabilities and fund balances	\$ 164,399	\$ 1,959	\$ -	\$ -	\$ -	\$ 314	\$ 3,359

(continued)

CITY OF WARWICK, RHODE ISLAND
Special Revenue Restricted - School
Combining Balance Sheet
June 30, 2016
(continued)

	Reading Excellence	Soc Skills for Life- Vets	Alt Learning Program	City- Town Center	Cedar Hill Library Books	PTO Donations	Education Development Ctr
<i>Assets</i>							
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable	-	-	-	-	-	-	13,475
Due from federal and state governments	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	42	5,832	-
Other assets	-	-	-	-	-	-	-
Total assets	\$ -	\$ -	\$ -	\$ -	\$ 42	\$ 5,832	\$ 13,475
<i>Liabilities and Fund Balances</i>							
<i>Liabilities</i>							
Accounts payable and accrued expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-	-
<i>Fund Balances</i>							
Restricted	-	-	-	-	42	5,832	13,475
Unassigned	-	-	-	-	-	-	-
Total fund balances	-	-	-	-	42	5,832	13,475
Total liabilities and fund balances	\$ -	\$ -	\$ -	\$ -	\$ 42	\$ 5,832	\$ 13,475

(continued)

CITY OF WARWICK, RHODE ISLAND
Special Revenue Restricted - School
Combining Balance Sheet
June 30, 2016
(continued)

	<u>School Lunch Fund</u>	<u>Media Labs at Wickes</u>	<u>The Jason Fund</u>	<u>Champlin Aldrich Gorton</u>	<u>Champlin Comp.</u>	<u>Champlin</u>	<u>Target</u>
Assets							
Cash	\$ 1,530	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable	200,719	-	-	-	-	-	-
Due from federal and state governments	119,467	-	-	-	-	-	-
Due from other funds	-	-	-	3,306	-	6,706	1,240
Other assets	-	-	-	-	-	-	-
Total assets	<u>\$ 321,716</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,306</u>	<u>\$ -</u>	<u>\$ 6,706</u>	<u>\$ 1,240</u>
Liabilities and Fund Balances							
Liabilities							
Accounts payable and accrued expenditures	\$ 241,889	\$ -	\$ -	\$ -	\$ -	-	\$ -
Due to other funds	79,827	-	-	-	-	-	-
Total liabilities	<u>321,716</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances							
Restricted	-	-	-	3,306	-	6,706	1,240
Unassigned	-	-	-	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,306</u>	<u>-</u>	<u>6,706</u>	<u>1,240</u>
Total liabilities and fund balances	<u>\$ 321,716</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,306</u>	<u>\$ -</u>	<u>\$ 6,706</u>	<u>\$ 1,240</u>

(continued)

CITY OF WARWICK, RHODE ISLAND
Special Revenue Restricted - School
Combining Balance Sheet
June 30, 2016
(continued)

	<u>Art Talks Sherman</u>	<u>C.A.S.I.T Italian Program</u>	<u>Race to the Top</u>	<u>Common Core State Status</u>	<u>United Way</u>	<u>Shapiro Fund For Warwick</u>	<u>Gen. Youth Foundation</u>
Assets							
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable	-	-	-	-	-	-	-
Due from federal and state governments	-	-	-	3,200	-	-	-
Due from other funds	3,371	2,715	-	-	589	550	2,400
Other assets	-	-	-	-	-	-	-
Total assets	<u>\$ 3,371</u>	<u>\$ 2,715</u>	<u>\$ -</u>	<u>\$ 3,200</u>	<u>\$ 589</u>	<u>\$ 550</u>	<u>\$ 2,400</u>
Liabilities and Fund Balances							
Liabilities							
Accounts payable and accrued expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	3,200	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,200</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances							
Restricted	3,371	2,715	-	-	589	550	2,400
Unassigned	-	-	-	-	-	-	-
Total fund balances	<u>3,371</u>	<u>2,715</u>	<u>-</u>	<u>-</u>	<u>589</u>	<u>550</u>	<u>2,400</u>
Total liabilities and fund balances	<u>\$ 3,371</u>	<u>\$ 2,715</u>	<u>\$ -</u>	<u>\$ 3,200</u>	<u>\$ 589</u>	<u>\$ 550</u>	<u>\$ 2,400</u>

(continued)

CITY OF WARWICK, RHODE ISLAND
Special Revenue Restricted - School
Special Revenue Restricted - School
June 30, 2016
(continued)

	Wireless Classroom Int.	RIPIN	CTE	Stop & Shop	Carol Gray Memorial Fund	IGT Charitable Contribution
<i>Assets</i>						
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable	-	-	-	-	-	-
Due from federal and state governments	896,110	-	-	-	-	-
Due from other funds	-	-	179,396	2,043	23	250
Other assets	-	-	-	-	-	-
Total assets	\$ 896,110	\$ -	\$ 179,396	\$ 2,043	\$ 23	\$ 250
<i>Liabilities and Fund Balances</i>						
<i>Liabilities</i>						
Accounts payable and accrued expenditures	\$ -	\$ -	\$ 3,207	\$ -	\$ -	\$ -
Due to other funds	896,110	-	-	-	-	-
Total liabilities	896,110	-	3,207	-	-	-
<i>Fund Balances</i>						
Restricted	-	-	176,189	2,043	23	250
Unassigned	-	-	-	-	-	-
Total fund balances	-	-	176,189	2,043	23	250
Total liabilities and fund balances	\$ 896,110	\$ -	\$ 179,396	\$ 2,043	\$ 23	\$ 250

(continued)

CITY OF WARWICK, RHODE ISLAND
Special Revenue Restricted - School
Combining Balance Sheet
June 30, 2016
(continued)

	<u>Patricia St. Amant Afterschool</u>	<u>Technology Self Insurance</u>	<u>TOTALS</u>
<i>Assets</i>			
Cash	\$ -	\$ -	\$ 1,530
Accounts receivable	-	-	214,194
Due from federal and state governments	-	-	2,922,194
Due from other funds	10,296	100,300	2,596,906
Other assets	-	-	178,300
Total assets	<u>\$ 10,296</u>	<u>\$ 100,300</u>	<u>\$ 5,913,124</u>
 <i>Liabilities and Fund Balances</i>			
<i>Liabilities</i>			
Accounts payable and accrued expenditures	\$ 4,533	\$ 3,806	\$ 645,801
Due to other funds	-	-	2,502,373
Total liabilities	<u>4,533</u>	<u>3,806</u>	<u>3,148,174</u>
 <i>Fund Balances</i>			
Restricted	5,763	96,494	2,764,950
Unassigned	-	-	-
Total fund balances	<u>5,763</u>	<u>96,494</u>	<u>2,764,950</u>
Total liabilities and fund balances	<u>\$ 10,296</u>	<u>\$ 100,300</u>	<u>\$ 5,913,124</u>

(concluded)

CITY OF WARWICK, RHODE ISLAND
Special Revenue Restricted - School
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
For the fiscal year ended June 30, 2016

	IDEA	Preschool	IDEA Pre-School Targeted	Title I	Title II	E2T2 Training Consortium ARRA	Title III
Revenues							
Intergovernmental revenues	\$ 2,584,398	\$ 88,684	\$ -	\$ 1,392,556	\$ 569,503	\$ -	\$ 33,049
Contributions and private grants	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Other revenues	-	-	-	-	-	-	-
Total revenues	<u>2,584,398</u>	<u>88,684</u>	<u>-</u>	<u>1,392,556</u>	<u>569,503</u>	<u>-</u>	<u>33,049</u>
Expenditures							
Salaries	1,709,551	57,093	-	910,951	342,946	-	10,197
Employee benefits	802,462	29,139	-	393,513	159,555	-	765
Purchased services	-	-	-	9,322	43,158	-	350
Other purchased services	-	-	-	5,501	-	-	247
Supplies and materials	22,954	-	-	21,354	2,889	-	7,821
Capital equipment and property	-	-	-	702	-	-	13,354
Indirect costs	49,431	2,452	-	51,213	20,955	-	315
Miscellaneous	-	-	251	-	-	44	-
Total expenditures	<u>2,584,398</u>	<u>88,684</u>	<u>251</u>	<u>1,392,556</u>	<u>569,503</u>	<u>44</u>	<u>33,049</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	(251)	-	-	(44)	-
Other Financing Sources							
Transfers from other funds	-	-	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	(251)	-	-	(44)	-
Fund Balance - July 1, 2015	-	-	251	-	-	44	-
Fund Balance - June 30, 2016	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(continued)

CITY OF WARWICK, RHODE ISLAND
Special Revenue Restricted - School
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
For the fiscal year ended June 30, 2016

	Perkins Voc (Even Year)	Perkins Voc (Odd year)	Homeless (Even year)	Homeless (Odd year)	Fresh Fruit/Veg Program	Skills USA	Big Yellow Bus
Revenues							
Intergovernmental revenues	\$ 283,894	\$ -	\$ 31,140	\$ -	\$ 30,433	\$ 3,500	\$ -
Contributions and private grants	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Other revenues	-	-	-	-	-	-	-
Total revenues	<u>283,894</u>	<u>-</u>	<u>31,140</u>	<u>-</u>	<u>30,433</u>	<u>3,500</u>	<u>-</u>
Expenditures							
Salaries	162,503	-	13,125	1,350	-	-	-
Employee benefits	72,194	-	12,704	104	-	-	-
Purchased services	14,386	-	2,844	-	-	3,500	-
Other purchased services	-	-	-	-	30,433	-	-
Supplies and materials	55	-	858	-	-	-	-
Capital equipment and property	27,839	-	-	-	-	-	-
Indirect costs	6,917	-	950	-	-	-	-
Miscellaneous	38,317	29,274	199	-	-	-	-
Total expenditures	<u>322,211</u>	<u>29,274</u>	<u>30,680</u>	<u>1,454</u>	<u>30,433</u>	<u>3,500</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	(38,317)	(29,274)	460	(1,454)	-	-	-
Other Financing Sources							
Transfers from other funds	-	-	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(38,317)	(29,274)	460	(1,454)	-	-	-
Fund Balance - July 1, 2015	38,317	29,274	186	1,454	-	-	1,970
Fund Balance - June 30, 2016	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 646</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,970</u>

(continued)

CITY OF WARWICK, RHODE ISLAND
Special Revenue Restricted - School
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
For the fiscal year ended June 30, 2016
(continued)

	<u>Scott Tech Donations</u>	<u>Esther Chester Donations</u>	<u>Mary Maini Memorial Fund</u>	<u>City/Town Contribution Sports</u>	<u>Injury Fund</u>	<u>Emergency Repairs - Tech</u>	<u>Full Day Kindergarden</u>
Revenues							
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,800,000	\$ -
Contributions and private grants	20	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Other revenues	-	-	-	-	3,052	-	-
Total revenues	<u>20</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,052</u>	<u>1,800,000</u>	<u>-</u>
Expenditures							
Salaries	-	-	-	-	-	-	-
Employee benefits	-	-	-	-	-	-	-
Purchased services	-	-	-	-	-	-	-
Other purchased services	-	-	-	-	-	-	-
Supplies and materials	-	-	-	-	-	-	18,590
Capital equipment and property	-	-	-	-	-	668,992	10,530
Indirect costs	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	3,052	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,052</u>	<u>668,992</u>	<u>29,120</u>
Excess (deficiency) of revenues over (under) expenditures	20	-	-	-	-	1,131,008	(29,120)
Other Financing Sources							
Transfers from other funds	-	-	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	20	-	-	-	-	1,131,008	(29,120)
Fund Balance - July 1, 2015	3,271	176,703	50	4,990	228	957,303	30,000
Fund Balance - June 30, 2016	<u>\$ 3,291</u>	<u>\$ 176,703</u>	<u>\$ 50</u>	<u>\$ 4,990</u>	<u>\$ 228</u>	<u>\$ 2,088,311</u>	<u>\$ 880</u>

(continued)

CITY OF WARWICK, RHODE ISLAND
Special Revenue Restricted - School
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
For the fiscal year ended June 30, 2016
(continued)

	Feinstein	Rhode Island Foundation	Smart Arts	Verizon Thinkfinity	Walmart	Dorothy Rich Association	Holliman Yearbook
Revenues							
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions and private grants	102,270	44,060	-	-	-	-	3,359
Charges for services	-	-	-	-	-	-	-
Other revenues	-	-	-	-	-	-	-
Total revenues	<u>102,270</u>	<u>44,060</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,359</u>
Expenditures							
Salaries	-	40,000	-	-	-	-	-
Employee benefits	-	3,060	-	-	-	-	-
Purchased services	12,333	-	-	82	-	-	1,832
Other purchased services	-	-	-	-	-	-	-
Supplies and materials	34,085	1,000	220	-	67	-	-
Capital equipment and property	10,356	-	-	-	-	-	-
Indirect costs	-	-	-	-	-	-	-
Miscellaneous	535	-	-	-	-	-	-
Total expenditures	<u>57,309</u>	<u>44,060</u>	<u>220</u>	<u>82</u>	<u>67</u>	<u>-</u>	<u>1,832</u>
Excess (deficiency) of revenues over (under) expenditures	44,961	-	(220)	(82)	(67)	-	1,527
Other Financing Sources							
Transfers from other funds	-	-	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	44,961	-	(220)	(82)	(67)	-	1,527
Fund Balance - July 1, 2015	118,132	1,959	220	82	67	314	-
Fund Balance - June 30, 2016	<u>\$ 163,093</u>	<u>\$ 1,959</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 314</u>	<u>\$ 1,527</u>

(continued)

CITY OF WARWICK, RHODE ISLAND
Special Revenue Restricted - School
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
For the fiscal year ended June 30, 2016
(continued)

	Reading Excellence	Social Skills for Life- Vets	Alt Learn Program	City- Town Center	Cedar Hill Library Books	PTO Donations	Education Development Ctr
Revenues							
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions and private grants	-	-	-	-	-	2,046	13,475
Charges for services	-	-	-	-	-	-	-
Other revenues	-	-	-	-	-	280	-
Total revenues	-	-	-	-	-	2,326	13,475
Expenditures							
Salaries	-	-	-	-	-	-	-
Employee benefits	-	-	-	-	-	-	-
Purchased services	-	-	-	-	-	-	-
Other purchased services	-	-	-	-	-	66	-
Supplies and materials	83	-	30	170	-	-	-
Capital equipment and property	-	113	-	-	-	-	-
Indirect costs	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-
Total expenditures	83	113	30	170	-	66	-
Excess (deficiency) of revenues over (under) expenditures	(83)	(113)	(30)	(170)	-	2,260	13,475
Other Financing Sources							
Transfers from other funds	-	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	-	-
Net change in fund balances	(83)	(113)	(30)	(170)	-	2,260	13,475
Fund Balance - July 1, 2015	83	113	30	170	42	3,572	-
Fund Balance - June 30, 2016	\$ -	\$ -	\$ -	\$ -	\$ 42	\$ 5,832	\$ 13,475

(continued)

CITY OF WARWICK, RHODE ISLAND
Special Revenue Restricted - School
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
For the fiscal year ended June 30, 2016
(continued)

	<u>School Lunch Fund</u>	<u>Media Labs at Wickes</u>	<u>The Jason Fund</u>	<u>Champlin Aldrich/Gorton</u>	<u>Champlin Comp.</u>	<u>Champlin</u>	<u>Target</u>
Revenues							
Intergovernmental revenues	\$ 1,486,743	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions and private grants	-	-	-	-	-	-	298
Charges for services	1,002,476	-	-	-	-	-	-
Other revenues	15	-	178	-	-	-	-
Total revenues	<u>2,489,234</u>	<u>-</u>	<u>178</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>298</u>
Expenditures							
Salaries	404,135	-	-	-	-	-	-
Employee benefits	46,435	-	-	-	-	-	-
Purchased services	2,618,421	-	-	-	-	-	-
Other purchased services	29,509	-	-	-	-	-	-
Supplies and materials	2,679	1,908	-	-	-	-	-
Capital equipment and property	-	-	-	-	4	7,428	-
Indirect costs	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-
Total expenditures	<u>3,101,179</u>	<u>1,908</u>	<u>-</u>	<u>-</u>	<u>4</u>	<u>7,428</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	(611,945)	(1,908)	178	-	(4)	(7,428)	298
Other Financing Sources							
Transfers from other funds	611,945	-	-	-	-	-	-
Total other financing sources	<u>611,945</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	(1,908)	178	-	(4)	(7,428)	298
Fund Balance - July 1, 2015	-	1,908	(178)	3,306	4	14,134	942
Fund Balance - June 30, 2016	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,306</u>	<u>\$ -</u>	<u>\$ 6,706</u>	<u>\$ 1,240</u>

(continued)

CITY OF WARWICK, RHODE ISLAND
Special Revenue Restricted - School
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
For the fiscal year ended June 30, 2016
(continued)

	Art Talks Sherman	C.A.S.I.T. Italian Program	Race to the Top	Common Core State Status	United Way	Shapiro Fund For Warwick	Gen. Youth Foundation
Revenues							
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ 3,200	\$ -	\$ -	\$ -
Contributions and private grants	872	1,500	-	-	-	500	3,000
Charges for services	-	-	-	-	-	-	-
Other revenues	-	-	2,662	-	-	-	-
Total revenues	872	1,500	2,662	3,200	-	500	3,000
Expenditures							
Salaries	-	-	-	-	-	-	-
Employee benefits	-	-	-	-	-	-	-
Purchased services	-	-	-	3,200	-	-	-
Other purchased services	-	-	-	-	-	-	-
Supplies and materials	-	471	-	-	-	450	600
Capital equipment and property	-	-	-	-	-	-	-
Indirect costs	-	-	-	-	-	-	-
Miscellaneous	-	-	364	-	-	-	-
Total expenditures	-	471	364	3,200	-	450	600
Excess (deficiency) of revenues over (under) expenditures	872	1,029	2,298	-	-	50	2,400
Other Financing Sources							
Transfers from other funds	-	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	-	-
Net change in fund balances	872	1,029	2,298	-	-	50	2,400
Fund Balance - July 1, 2015	2,499	1,686	(2,298)	-	589	500	-
Fund Balance - June 30, 2016	\$ 3,371	\$ 2,715	\$ -	\$ -	\$ 589	\$ 550	\$ 2,400

(continued)

CITY OF WARWICK, RHODE ISLAND
Special Revenue Restricted - School
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
For the fiscal year ended June 30, 2016
(continued)

	Wireless Classroom Int.	RIPIN	CTE	Stop & Shop	Carol Gray Memorial Fund	IGT Charitable Contribution
Revenues						
Intergovernmental revenues	\$ 896,109	\$ -	\$ 125,418	\$ -	\$ -	\$ -
Contributions and private grants	-	-	-	1,123	-	250
Charges for services	-	-	-	-	-	-
Other revenues	-	-	-	-	-	-
Total revenues	<u>896,109</u>	<u>-</u>	<u>125,418</u>	<u>1,123</u>	<u>-</u>	<u>250</u>
Expenditures						
Salaries	-	-	-	-	-	-
Employee benefits	-	-	-	-	-	-
Purchased services	-	-	2,182	-	-	-
Other purchased services	-	-	-	-	-	-
Supplies and materials	-	37	34,385	406	-	-
Capital equipment and property	-	-	73,355	-	-	-
Indirect costs	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>37</u>	<u>109,922</u>	<u>406</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	896,109	(37)	15,496	717	-	250
Other Financing Sources						
Transfers from other funds	-	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	896,109	(37)	15,496	717	-	250
Fund Balance - July 1, 2015	(896,109)	37	160,693	1,326	23	-
Fund Balance - June 30, 2016	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 176,189</u>	<u>\$ 2,043</u>	<u>\$ 23</u>	<u>\$ 250</u>

(continued)

CITY OF WARWICK, RHODE ISLAND
Special Revenue Restricted - School
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
For the fiscal year ended June 30, 2016
(continued)

	Patricia St. Amant Afterschool	Technology Self Insurance	TOTALS
Revenues			
Intergovernmental revenues	\$ -	\$ -	\$ 8,979,660
Contributions and private grants	10,805	15,300	198,878
Charges for services	-	-	1,002,476
Other revenues	-	85,000	440,154
Total revenues	<u>10,805</u>	<u>100,300</u>	<u>10,621,168</u>
Expenditures			
Salaries	450	-	3,652,301
Employee benefits	58	-	1,519,989
Purchased services	1,500	-	2,713,110
Other purchased services	-	-	65,756
Supplies and materials	3,034	-	154,146
Capital equipment and property	-	3,806	816,479
Indirect costs	-	-	132,233
Miscellaneous	-	-	72,036
Total expenditures	<u>5,042</u>	<u>3,806</u>	<u>9,126,050</u>
Excess (deficiency) of revenues over (under) expenditures	5,763	96,494	1,495,118
Other Financing Sources			
Transfers from other funds	-	-	611,945
Total other financing sources	<u>-</u>	<u>-</u>	<u>611,945</u>
Net change in fund balances	5,763	96,494	2,107,063
Fund Balance - July 1, 2015	-	-	657,887
Fund Balance - June 30, 2016	<u>\$ 5,763</u>	<u>\$ 96,494</u>	<u>\$ 2,764,950</u>

(concluded)

CAPITAL PROJECT FUNDS

CITY OF WARWICK, RHODE ISLAND

NON-MAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECT FUNDS:

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

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

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

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

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

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

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

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

CITY OF WARWICK, RHODE ISLAND
Capital Project Funds
Combining Balance Sheet
June 30, 2016

	2000 Open Space Bond Fund	2006 Fire Station Bond Fund	2006 School Bond Fund	2002 Drainage Bond Fund	2002 Public Safety Bond Fund
<i>Assets</i>					
Cash and cash equivalent	\$ 342,885	\$ 153,732	\$ 2,958,887	\$ -	\$ -
Due from federal and state governments	-	36,489	-	-	-
Due from other funds	19,915	42,153	-	-	-
Other receivable	-	-	-	7,000	-
Total assets	\$ 362,800	\$ 232,374	\$ 2,958,887	\$ 7,000	\$ -
<i>Liabilities and Fund Balances</i>					
<i>Liabilities:</i>					
Accounts payable and accrued expenditures	\$ -	\$ 130,712	\$ 480,885	\$ -	\$ -
Due to other funds	-	-	-	7,000	-
Total liabilities	-	130,712	480,885	7,000	-
<i>Fund balances (deficits)</i>					
Restricted	362,800	101,662	2,478,002	-	-
Unassigned	-	-	-	-	-
Total fund balances (deficits)	362,800	101,662	2,478,002	-	-
Total liabilities and fund balances	\$ 362,800	\$ 232,374	\$ 2,958,887	\$ 7,000	\$ -

(continued)

CITY OF WARWICK, RHODE ISLAND
Capital Project Funds
Combining Balance Sheet
June 30, 2016
(continued)

	2006		Road and	
	City Buildings	Capital Leases	Bridge	Totals
	Bond Fund	Capital Leases	Fund	Totals
<i>Assets</i>				
Cash and cash equivalents	\$ 1,648,680	\$ 2,186,822	\$ -	\$ 7,291,006
Due from federal and state governments	-	-	531,446	567,935
Due from other funds	-	-	-	62,068
Other receivable	-	-	-	7,000
Total assets	\$ 1,648,680	\$ 2,186,822	\$ 531,446	\$ 7,928,009
<i>Liabilities and Fund Balances</i>				
<i>Liabilities :</i>				
Accounts payable and accrued expenditures	\$ 173,519	\$ -	\$ 55,046	\$ 840,162
Due to other funds	15,489	2,942,596	-	2,965,085
Total liabilities	189,008	2,942,596	55,046	3,805,247
<i>Fund balances (deficits)</i>				
Restricted	1,459,672	-	476,400	4,878,536
Unassigned	-	(755,774)	-	(755,774)
Total fund balances (deficits)	1,459,672	(755,774)	476,400	4,122,762
Total liabilities and fund balances	\$ 1,648,680	\$ 2,186,822	\$ 531,446	\$ 7,928,009

(concluded)

CITY OF WARWICK, RHODE ISLAND
Non-major Governmental Funds - Capital Project Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
For the fiscal year ended June 30, 2016

	<u>2000</u> <u>Open Space</u> <u>Bond Fund</u>	<u>2006</u> <u>Fire Station</u> <u>Bond Fund</u>	<u>2006</u> <u>School</u> <u>Bond Fund</u>	<u>2002</u> <u>Drainage</u> <u>Bond Fund</u>	<u>2002</u> <u>Public Safety</u> <u>Bond Fund</u>
<i>Revenues</i>					
Intergovernmental	\$ 20,000	\$ 189,781	\$ -	\$ -	\$ -
Other revenue	-	-	-	-	-
<i>Total revenues</i>	<u>20,000</u>	<u>189,781</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures</i>					
Executive and administration	-	-	-	-	-
Public safety	-	1,240,650	-	-	-
Recreation	-	-	-	-	-
Social services	-	-	-	-	-
Planning and economic development	19,260	-	-	-	-
Public works	-	-	-	-	-
Education	-	-	1,098,433	-	-
Debt service	-	-	-	-	-
Debt issuance costs	-	-	-	-	-
<i>Total expenditures</i>	<u>19,260</u>	<u>1,240,650</u>	<u>1,098,433</u>	<u>-</u>	<u>-</u>
<i>Excess of revenues over</i> <i>expenditures before other financing sources</i>	<u>740</u>	<u>(1,050,869)</u>	<u>(1,098,433)</u>	<u>-</u>	<u>-</u>
<i>Other financing sources</i>					
Proceeds from bonds capital leases	-	2,000,000	-	-	-
Transfers In	-	400,000	-	-	-
<i>Total other financing sources</i>	<u>-</u>	<u>2,400,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balances</i>	<u>740</u>	<u>1,349,131</u>	<u>(1,098,433)</u>	<u>-</u>	<u>-</u>
<i>Fund Balance - beginning of year</i>	362,060	(1,247,469)	3,576,435	-	-
<i>Fund Balance - end of year</i>	<u>\$ 362,800</u>	<u>\$ 101,662</u>	<u>\$ 2,478,002</u>	<u>\$ -</u>	<u>\$ -</u>

(continued)

CITY OF WARWICK, RHODE ISLAND
Non-major Governmental Funds - Capital Project Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
(continued)

	2006 City Buildings Bond Fund	Capital Leases	Road and Bridge Fund	Totals
<i>Revenues</i>				
Intergovernmental	\$ -	\$ -	\$ -	\$ 209,781
Investment income	-	3,102	-	3,102
Other revenue	-	-	-	-
Total revenues	-	3,102	-	212,883
<i>Expenditures</i>				
Executive and administration	-	14,000	-	14,000
Public safety	-	1,502,805	-	2,743,455
Recreation	-	-	-	-
Social services	-	-	-	-
Planning and economic development	-	-	-	19,260
Public works	671,018	1,505,495	316,373	2,492,886
Education	-	-	-	1,098,433
Debt service	-	-	-	-
Total expenditures	671,018	3,022,300	316,373	6,368,034
<i>Deficiency of revenues under expenditures before other financing uses</i>	<u>(671,018)</u>	<u>(3,019,198)</u>	<u>(316,373)</u>	<u>(6,155,151)</u>
<i>Other financing sources</i>				
Proceeds from bonds capital leases	3,500,000	4,252,088	-	9,752,088
Transfers In	-	-	-	400,000
Total other financing sources	3,500,000	4,252,088	-	10,152,088
<i>Net change in fund balances</i>	<u>2,828,982</u>	<u>1,232,890</u>	<u>(316,373)</u>	<u>3,996,937</u>
<i>Fund Balance - beginning of year</i>	(1,369,310)	(1,988,664)	792,773	125,825
Fund Balance - end of year	<u>\$ 1,459,672</u>	<u>\$ (755,774)</u>	<u>\$ 476,400</u>	<u>\$ 4,122,762</u>

(concluded)

NON-MAJOR ENTERPRISE FUNDS

CITY OF WARWICK, RHODE ISLAND

NON-MAJOR ENTERPRISE FUNDS

Non-Major Enterprise Funds:

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

The following is a list of Non-Major enterprise funds in this section:

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

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

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

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

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

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

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

CITY OF WARWICK, RHODE ISLAND
Non-major Proprietary Funds
Combining Statement of Net Position
June 30, 2016

	Emergency Operations Enterprise Fund	On-Site Revolving Loan Fund	Sewer Infrastructure Replacement Fund	Sewer Renewal & Replacement Fund	Water Renewal & Replacement Fund	Water Restricted Emergency Fund	Water Infrastructure Replacement Fund	Total All Non-major Enterprise Funds
<i>Assets</i>								
<i>Current assets:</i>								
Cash and cash equivalents	\$ -	\$ -	\$ 263,798	\$ 660,164	\$ 72	\$ 197	\$ 89,431	\$ 1,013,662
Accounts receivable, net	-	6,456	-	-	-	-	-	6,456
Other receivables	-	-	-	-	-	-	-	-
Due from federal and state government	1,821,839	-	-	-	-	-	-	1,821,839
Due from other funds	-	3,712	-	2,283,756	750,000	250,000	2,000,000	5,287,468
Total current assets	1,821,839	10,168	263,798	2,943,920	750,072	250,197	2,089,431	8,129,425
<i>Non-current assets:</i>								
Construction in process	2,022,788	-	22,626	-	-	-	-	2,045,414
Total noncurrent assets	2,022,788	-	22,626	-	-	-	-	2,045,414
Total assets	\$ 3,844,627	\$ 10,168	\$ 286,424	\$ 2,943,920	\$ 750,072	\$ 250,197	\$ 2,089,431	\$ 10,174,839
<i>Liabilities</i>								
<i>Current liabilities:</i>								
Accounts payable and accrued expenses	\$ 200,188	\$ -	\$ 18,197	-	\$ -	\$ -	\$ -	\$ 218,385
Due to other funds	1,662,243	-	56,089	-	-	-	58,228	1,776,560
Total current liabilities	1,862,431	-	74,286	-	-	-	58,228	1,994,945
<i>Non-current liabilities:</i>								
Accrued compensated absences	-	-	-	-	-	-	-	-
Net other post-employment benefit obligation	-	-	-	-	-	-	-	-
Total noncurrent liabilities	-	-	-	-	-	-	-	-
Total liabilities	1,862,431	-	74,286	-	-	-	58,228	1,994,945
<i>Net position</i>								
Unrestricted	1,982,196	10,168	212,138	2,943,920	750,072	250,197	2,031,203	8,179,894
Total net position	\$ 1,982,196	\$ 10,168	\$ 212,138	\$ 2,943,920	\$ 750,072	\$ 250,197	\$ 2,031,203	\$ 8,179,894

CITY OF WARWICK, RHODE ISLAND
Non-major Proprietary Funds
Combining Statement of Revenues, Expenditures and Changes in Net Position
For the Fiscal Year Ended June 30, 2016

	Emergency Operations Enterprise Fund	On-site Revolving Loan Fund	Sewer Infrastructure Replacement Fund	Sewer Renewal & Replacement Fund	Water Renewal & Replacement Fund	Water Restricted Emergency Fund	Water Infrastructure Replacement Fund	Total All Non-major Enterprise Funds
Operating revenues:								
Assessments and user fees	\$ 833,049	\$ -	\$ -	\$ 140,709	\$ -	\$ -	\$ -	\$ 973,758
Intergovernmental revenue	-	-	-	-	-	-	-	-
Other revenue	-	-	189,359	-	-	-	57,000	246,359
Total operating revenues	833,049	-	189,359	140,709	-	-	57,000	1,220,117
Operating expenses:								
Salaries and benefits	-	-	-	-	-	-	-	-
Materials and supplies	-	-	6,692	9,448	-	-	-	16,140
Depreciation and amortization	-	-	-	-	-	-	-	-
Operations	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Total operating expenses	-	-	6,692	9,448	-	-	-	16,140
Operating income (loss)	833,049	-	182,667	131,261	-	-	57,000	1,203,977
Non-operating revenues:								
Interest income	-	-	111	712	19	21	124	987
Total non-operating revenues	-	-	111	712	19	21	124	987
Income (loss) before transfers	833,049	-	182,778	131,973	19	21	57,124	1,204,964
Transfers:								
Operating transfers in	-	-	-	10,000	-	-	-	10,000
Operating transfers out	-	(2,429)	(63,185)	(72,580)	-	-	(58,228)	(196,422)
Total transfers	-	(2,429)	(63,185)	(62,580)	-	-	(58,228)	(186,422)
Change in Net Position	833,049	(2,429)	119,593	69,393	19	21	(1,104)	1,018,542
NET POSITION - BEGINNING OF YEAR	1,149,147	12,597	92,545	2,874,527	750,053	250,176	2,032,307	7,161,352
NET POSITION - END OF YEAR	\$ 1,982,196	\$ 10,168	\$ 212,138	\$ 2,943,920	\$ 750,072	\$ 250,197	\$ 2,031,203	\$ 8,179,894

(continued)

CITY OF WARWICK, RHODE ISLAND
Non-major Proprietary Funds
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2016

	Emergency Operations Enterprise Fund	On-site Revolving Loan Fund	Sewer Infrastructure Replacement Fund	Sewer Renewal & Replacement Fund	Water Renewal & Replacement Fund	Water Restricted Emergency Fund	Water Infrastructure Replacement Fund	Total All Non-major Enterprise Funds
<i>Cash flows from operating activities:</i>								
Cash received from customers	\$ -	\$ (1)	\$ -	\$ 140,709	\$ -	\$ -	\$ -	\$ 140,708
Cash payments to suppliers for goods and services	129,988	-	11,505	(19,203)	-	-	(68,984)	53,306
Cash payments to employees for services	-	-	-	-	-	-	-	-
Other operating revenues	-	-	189,359	-	-	-	57,000	246,359
Other operating payments	-	-	-	-	-	-	-	-
<i>Net cash provided by (used for) operating activities</i>	<u>129,988</u>	<u>(1)</u>	<u>200,864</u>	<u>121,506</u>	<u>-</u>	<u>-</u>	<u>(11,984)</u>	<u>440,373</u>
<i>Cash flows from non-capital financing activities:</i>								
Interfund loans	795,622	2,430	56,602	(180,419)	(41,000)	(45,000)	(1,608)	586,627
Operating transfers from other funds	-	-	-	10,000	-	-	-	10,000
Operating transfers to other funds	-	(2,429)	(63,185)	(72,580)	-	-	(58,228)	(196,422)
<i>Net cash provided by (used for) non-capital financing activities</i>	<u>795,622</u>	<u>1</u>	<u>(6,583)</u>	<u>(242,999)</u>	<u>(41,000)</u>	<u>(45,000)</u>	<u>(59,836)</u>	<u>400,205</u>
<i>Cash flows from capital and related financing activities:</i>								
Additions to capital assets	(925,610)	-	(22,626)	41,250	-	-	-	(906,986)
<i>Net cash provided (used for) capital and related financing activities</i>	<u>(925,610)</u>	<u>-</u>	<u>(22,626)</u>	<u>41,250</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(906,986)</u>
<i>Cash flows from investing activities:</i>								
Interest and dividends on investment	-	-	111	712	19	21	124	987
<i>Net cash provided by (used for) investing activities</i>	<u>-</u>	<u>-</u>	<u>111</u>	<u>712</u>	<u>19</u>	<u>21</u>	<u>124</u>	<u>987</u>
<i>Net increase (decrease) in cash and cash equivalents</i>	-	-	171,766	(79,531)	(40,981)	(44,979)	(71,696)	(65,421)
<i>Cash and cash equivalents at beginning of year</i>	-	-	92,032	739,695	41,053	45,176	161,127	1,079,083
<i>Cash and cash equivalents at end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 263,798</u>	<u>\$ 660,164</u>	<u>\$ 72</u>	<u>\$ 197</u>	<u>\$ 89,431</u>	<u>\$ 1,013,662</u>

CITY OF WARWICK, RHODE ISLAND
Non-major Proprietary Funds
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2016

	Emergency Operations Enterprise Fund	On-site Revolving Loan Fund	Sewer Infrastructure Replacement Fund	Sewer Renewal & Replacement Fund	Water Renewal & Replacement Fund	Water Restricted Emergency Fund	Water Infrastructure Replacement Fund	Total All Non-major Enterprise Funds
<i>Reconciliation of operating income to net cash provided by operating activities</i>								
Operating income (Loss)	\$ 833,049	\$ -	\$ 182,667	\$ 131,261	\$ -	\$ -	\$ 57,000	1,203,977
<i>Adjustments to reconcile operating income to net cash provided by operating activities:</i>								
Depreciation and amortization	-	-	-	-	-	-	-	-
<i>Changes in assets and liabilities:</i>								
(Increase) decrease in accounts receivable	(833,049)	(1)	-	-	-	-	-	(833,050)
(Increase) decrease in other receivable	-	-	-	-	-	-	-	-
(Increase) decrease in accrued interest receivable	-	-	-	-	-	-	-	-
Increase (decrease) in accounts payable and accrued expense	129,988	-	18,197	(9,755)	-	-	(68,984)	69,446
Increase (decrease) in compensated absences	-	-	-	-	-	-	-	-
Increase (decrease) in net other post-employment benefits	-	-	-	-	-	-	-	-
Total adjustments	<u>(703,061)</u>	<u>(1)</u>	<u>18,197</u>	<u>(9,755)</u>	<u>-</u>	<u>-</u>	<u>(68,984)</u>	<u>(763,604)</u>
Net cash provided by operating activities	<u>\$ 129,988</u>	<u>\$ (1)</u>	<u>\$ 200,864</u>	<u>\$ 121,506</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (11,984)</u>	<u>\$ 440,373</u>

(continued)

**PENSION TRUST FUNDS
AND
PRIVATE PURPOSE TRUST FUNDS**

CITY OF WARWICK, RHODE ISLAND

TRUST FUNDS

PENSION TRUST FUNDS:

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

PRIVATE PURPOSE TRUST FUNDS:

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

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

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

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

CITY OF WARWICK, RHODE ISLAND
Combining Statement of Net Position
Pension Trust Funds
June 30, 2016

	Police Pension I and Fire Pension	Police Pension II	Fire Pension II	City Employees Pension	Other School Department Employees	Totals
ASSETS						
Cash and cash equivalents	\$ 954,014	\$ 214,540	\$ 1,725,130	\$ 503,941	\$ 2,574,059	\$ 5,971,684
Investments, at fair value:						
Equity pool	6,083,907	16,960,030	4,828,292	10,745,240	-	38,617,469
Equity small cap funds	7,541,941	20,499,492	5,920,274	13,501,420	-	47,463,127
Fixed income pool	19,166,564	50,298,430	14,583,814	32,987,957	-	117,036,765
Index funds	11,714,610	31,867,425	8,942,409	20,487,222	-	73,011,666
Multi Asset Manager Fund	16,524,826	42,753,865	13,117,825	27,320,779	-	99,717,295
International equity funds	4,108,127	10,979,467	3,530,470	7,019,645	-	25,637,709
Immediate participation guarantee contracts	-	-	-	-	4,622,353	4,622,353
Stable value fund	-	-	-	-	-	-
Mutual funds	-	-	-	-	34,426,031	34,426,031
Total investments	<u>65,139,975</u>	<u>173,358,709</u>	<u>50,923,084</u>	<u>112,062,263</u>	<u>39,048,384</u>	<u>440,532,415</u>
Interest receivable	265	155	542	285	-	1,247
Other receivable	-	-	-	-	1,020,795	1,020,795
Total receivables	<u>265</u>	<u>155</u>	<u>542</u>	<u>285</u>	<u>1,020,795</u>	<u>1,022,042</u>
Total Assets	<u>66,094,254</u>	<u>173,573,404</u>	<u>52,648,756</u>	<u>112,566,489</u>	<u>42,643,238</u>	<u>447,526,141</u>
LIABILITIES						
Accounts payable and accrued expenses	55,802	136,435	40,955	90,601	-	323,793
Total liabilities	<u>55,802</u>	<u>136,435</u>	<u>40,955</u>	<u>90,601</u>	<u>-</u>	<u>323,793</u>
NET POSITION						
Held in trust for pension benefits	<u>\$ 66,038,452</u>	<u>\$ 173,436,969</u>	<u>\$ 52,607,801</u>	<u>\$ 112,475,888</u>	<u>\$ 42,643,238</u>	<u>\$ 447,202,348</u>

CITY OF WARWICK, RHODE ISLAND
Combining Statement of Changes in Net Position
Pension Trust Funds
For the Fiscal Year Ended June 30, 2016

	<u>Police Pension I Pension</u>	<u>Police Pension II</u>	<u>Fire Pension II</u>	<u>City Pension</u>	<u>Other School Employees</u>	<u>Totals</u>
ADDITIONS						
Contributions						
Employer	\$ 17,378,897	\$ 3,853,855	\$ 2,973,277	\$ 5,505,376	\$ 3,638,071	\$ 33,349,476
Plan members	266,831	1,931,974	1,486,639	1,620,427		5,305,871
Total contributions	<u>17,645,728</u>	<u>5,785,829</u>	<u>4,459,916</u>	<u>7,125,803</u>	<u>3,638,071</u>	<u>38,655,347</u>
Investment income						
Gain on sale of investments	3,280,374	8,277,881	486,559	4,963,287		17,008,101
Net appreciation (depreciation) in fair value of investments	(4,053,269)	(10,205,701)	(1,259,352)	(6,183,247)		(21,701,569)
Interest and dividends	2,601	1,952	3,586	1,865		10,004
Less: investment expense	(159,525)	(555,629)	(161,055)	(360,814)	-	(1,237,023)
Net investment income	<u>(929,819)</u>	<u>(2,481,497)</u>	<u>(930,262)</u>	<u>(1,578,909)</u>	<u>-</u>	<u>(5,920,487)</u>
Total additions	<u>16,715,909</u>	<u>3,304,332</u>	<u>3,529,654</u>	<u>5,546,894</u>	<u>3,638,071</u>	<u>32,734,860</u>
DEDUCTIONS						
Benefits paid	20,192,173	8,245,091	449,467	8,862,354	1,679,975	39,429,060
Administrative and other expense	29,322	37,409	8,926	33,370		109,027
Total deductions	<u>20,221,495</u>	<u>8,282,500</u>	<u>458,393</u>	<u>8,895,724</u>	<u>1,679,975</u>	<u>39,538,087</u>
Change in Net Position	(3,505,586)	(4,978,168)	3,071,261	(3,348,830)	1,958,096	(6,803,227)
Net position - beginning of year	<u>69,544,038</u>	<u>178,415,137</u>	<u>49,536,540</u>	<u>115,824,718</u>	<u>40,685,142</u>	<u>454,005,575</u>
Net position - end of year	<u>\$ 66,038,452</u>	<u>\$ 173,436,969</u>	<u>\$ 52,607,801</u>	<u>\$ 112,475,888</u>	<u>\$ 42,643,238</u>	<u>\$ 447,202,348</u>

CITY OF WARWICK, RHODE ISLAND
Private Purpose Trust Funds
Combining Statement of Net Position
For the Fiscal Year Ended June 30, 2016

	Employee Benefit Trust Fund	Neighbors Helping Neighbors	Jeanette Cram Scholarship Fund	Totals
<i>Assets:</i>				
Cash and cash equivalents	\$ 89,963	\$ 8,830	\$ 24,519	\$ 123,312
Accounts receivable	-	-	-	-
Investments	-	-	-	-
Due from other funds	5,407	6,649		12,056
Total assets	<u>95,370</u>	<u>15,479</u>	<u>24,519</u>	<u>135,368</u>
 <i>Liabilities:</i>				
Due to other funds	-	-	-	-
Account Payable	60	-	-	60
Total liabilities	<u>60</u>	<u>-</u>	<u>-</u>	<u>60</u>
 <i>Net Position:</i>				
Held in trust for benefits and other purposes	<u>\$ 95,310</u>	<u>\$ 15,479</u>	<u>\$ 24,519</u>	<u>\$ 135,308</u>

CITY OF WARWICK, RHODE ISLAND
Private Purpose Trust Funds
Combining Statement of Changes in Net Position
For the Fiscal Year Ended June 30, 2016

	Employee Benefit Trust Fund	Neighbors Helping Neighbors	Jeanette Cram Scholarship Fund	Totals
<i>Additions:</i>				
Payroll deductions	\$ 14,224	\$ 6,529	\$ -	\$ 20,753
Investment income	81	6	25	112
Other income	6,834	11,062		17,896
<i>Total additions</i>	<u>21,139</u>	<u>17,597</u>	<u>25</u>	<u>38,761</u>
<i>Deductions</i>				
	<u>20,402</u>	<u>19,950</u>	<u>1,000</u>	<u>41,352</u>
	737	(2,353)	(975)	(2,591)
Other Financing Sources (uses)				
<i>Net position - beginning of year</i>	<u>94,573</u>	<u>17,832</u>	<u>25,494</u>	<u>137,899</u>
<i>Net position - end of year</i>	<u>\$ 95,310</u>	<u>\$ 15,479</u>	<u>\$ 24,519</u>	<u>\$ 135,308</u>

AGENCY FUNDS

CITY OF WARWICK, RHODE ISLAND

AGENCY FUNDS

AGENCY FUNDS:

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

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

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

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

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

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

CITY OF WARWICK, RHODE ISLAND
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended June 30, 2016

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2016</u>
<u>Treasurer's Agent</u>				
<i>Assets:</i>				
Cash and cash equivalent	\$ 281,672	\$ 70,817	\$ 31,931	\$ 320,558
Due from others	4,568	-	4,568	-
<i>Total assets</i>	<u>\$ 286,240</u>	<u>\$ 70,817</u>	<u>\$ 36,499</u>	<u>\$ 320,558</u>
<i>Liabilities:</i>				
Accounts payable and accrued expenditures	\$ 3,767	\$ 48,700	\$ 47,456	\$ 5,011
Deposits held in custody for others	282,473	235,223	207,143	310,553
Due to other funds	-	4,994	-	4,994
<i>Total liabilities</i>	<u>\$ 286,240</u>	<u>\$ 288,917</u>	<u>\$ 254,599</u>	<u>\$ 320,558</u>
<u>Funds in Registry of Probate Court</u>				
<i>Assets:</i>				
Cash and cash equivalents	\$ 49,336	\$ 61,585	\$ 14,416	\$ 96,505
<i>Total assets</i>	<u>\$ 49,336</u>	<u>\$ 61,585</u>	<u>\$ 14,416</u>	<u>\$ 96,505</u>
<i>Liabilities:</i>				
Deposits held in custody for others	\$ 49,336	\$ 61,585	\$ 14,416	\$ 96,505
<i>Total liabilities</i>	<u>\$ 49,336</u>	<u>\$ 61,585</u>	<u>\$ 14,416</u>	<u>\$ 96,505</u>
<u>Sewer Line Agency</u>				
<i>Assets:</i>				
Cash and cash equivalents	\$ 215,967	\$ 26,305	\$ -	\$ 242,272
Due from others	15,087	209,634	172,614	52,107
<i>Total assets</i>	<u>\$ 231,054</u>	<u>\$ 235,939</u>	<u>\$ 172,614</u>	<u>\$ 294,379</u>
<i>Liabilities:</i>				
Accounts payable and accrued expenditures	\$ 1,931	\$ 204,370	\$ 133,229	\$ 73,072
Deposits held in custody for others	225,201	209,634	217,679	217,156
Due to others	3,922	229	-	4,151
<i>Total liabilities</i>	<u>\$ 231,054</u>	<u>\$ 414,004</u>	<u>\$ 350,908</u>	<u>\$ 294,379</u>
<u>Realty Tax Fund</u>				
<i>Assets:</i>				
Cash and cash equivalents	\$ 303,845	\$ 209,248	\$ 303,845	\$ 209,248
<i>Total assets</i>	<u>\$ 303,845</u>	<u>\$ 209,248</u>	<u>\$ 303,845</u>	<u>\$ 209,248</u>
<i>Liabilities:</i>				
Accounts payable and accrued expenditures	\$ -	\$ -	\$ -	\$ -
Due to federal and state governments	158,516	1,189,731	1,245,092	103,155
Due to other funds	145,329	1,134,707	1,173,943	106,093
<i>Total liabilities</i>	<u>\$ 303,845</u>	<u>\$ 2,324,438</u>	<u>\$ 2,419,035</u>	<u>\$ 209,248</u>

(continued)

CITY OF WARWICK, RHODE ISLAND
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended June 30, 2016

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2016</u>
<u>Winman Student Activity Fund</u>				
<i>Assets:</i>				
Cash and cash equivalents	\$ 23,525	\$ 46,082	\$ 41,042	\$ 28,565
<i>Total assets</i>	<u>\$ 23,525</u>	<u>\$ 46,082</u>	<u>\$ 41,042</u>	<u>\$ 28,565</u>
<i>Liabilities:</i>				
Deposits held in custody for others	23,525	46,082	41,042	28,565
<i>Total liabilities</i>	<u>\$ 23,525</u>	<u>\$ 46,082</u>	<u>\$ 41,042</u>	<u>\$ 28,565</u>
<u>Career Center Student Activity</u>				
<i>Assets:</i>				
Cash and cash equivalents	\$ 59,313	\$ 110,525	\$ 106,117	\$ 63,721
<i>Total assets</i>	<u>\$ 59,313</u>	<u>\$ 110,525</u>	<u>\$ 106,117</u>	<u>\$ 63,721</u>
<i>Liabilities:</i>				
Deposit held in custody for others	\$ 59,313	\$ 110,525	\$ 106,117	\$ 63,721
<i>Total liabilities</i>	<u>\$ 59,313</u>	<u>\$ 110,525</u>	<u>\$ 106,117</u>	<u>\$ 63,721</u>
<u>Pilgrim Student Activity</u>				
<i>Assets:</i>				
Cash and cash equivalents	\$ 100,347	\$ 255,975	\$ 235,687	\$ 120,635
<i>Total assets</i>	<u>\$ 100,347</u>	<u>\$ 255,975</u>	<u>\$ 235,687</u>	<u>\$ 120,635</u>
<i>Liabilities:</i>				
Deposits held in custody for others	\$ 100,347	\$ 255,975	\$ 235,687	\$ 120,635
<i>Total liabilities</i>	<u>\$ 100,347</u>	<u>\$ 255,975</u>	<u>\$ 235,687</u>	<u>\$ 120,635</u>
<u>Gorton Student Activity</u>				
<i>Assets:</i>				
Cash and cash equivalents	\$ 28,407	\$ 34,274	\$ 49,617	\$ 13,064
<i>Total assets</i>	<u>\$ 28,407</u>	<u>\$ 34,274</u>	<u>\$ 49,617</u>	<u>\$ 13,064</u>
<i>Liabilities:</i>				
Deposits held in custody for others	\$ 28,407	\$ 34,274	\$ 49,617	\$ 13,064
<i>Total liabilities</i>	<u>\$ 28,407</u>	<u>\$ 34,274</u>	<u>\$ 49,617</u>	<u>\$ 13,064</u>

(continued)

CITY OF WARWICK, RHODE ISLAND
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended June 30, 2016

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2016</u>
<u>Toll Gate Student Activity</u>				
<i>Assets:</i>				
Cash and cash equivalents	\$ 104,226	\$ 141,912	\$ 153,652	\$ 92,486
<i>Total assets</i>	<u>\$ 104,226</u>	<u>\$ 141,912</u>	<u>\$ 153,652</u>	<u>\$ 92,486</u>
<i>Liabilities:</i>				
Deposits held in custody for others	\$ 104,226	\$ 141,912	\$ 153,652	\$ 92,486
<i>Total liabilities</i>	<u>\$ 104,226</u>	<u>\$ 141,912</u>	<u>\$ 153,652</u>	<u>\$ 92,486</u>
<u>Aldrich Student Activity</u>				
<i>Assets:</i>				
Cash and cash equivalents	\$ 34,386	\$ 26,921	\$ 39,951	\$ 21,356
<i>Total assets</i>	<u>\$ 34,386</u>	<u>\$ 26,921</u>	<u>\$ 39,951</u>	<u>\$ 21,356</u>
<i>Liabilities:</i>				
Deposits held in custody for others	\$ 34,386	\$ 26,921	\$ 39,951	\$ 21,356
<i>Total liabilities</i>	<u>\$ 34,386</u>	<u>\$ 26,921</u>	<u>\$ 39,951</u>	<u>\$ 21,356</u>
<u>Warwick Veterans Student Activity</u>				
<i>Assets:</i>				
Cash and cash equivalents	\$ 96,263	\$ 168,516	\$ 198,679	\$ 66,100
<i>Total assets</i>	<u>\$ 96,263</u>	<u>\$ 168,516</u>	<u>\$ 198,679</u>	<u>\$ 66,100</u>
<i>Liabilities:</i>				
Deposits held in custody for others	\$ 96,263	\$ 168,516	\$ 198,679	\$ 66,100
<i>Total liabilities</i>	<u>\$ 96,263</u>	<u>\$ 168,516</u>	<u>\$ 198,679</u>	<u>\$ 66,100</u>
<u>Total Agency Funds</u>				
<i>Assets:</i>				
Cash and cash equivalents	\$ 1,297,287	\$ 1,152,160	\$ 1,174,937	\$ 1,274,510
Due from others	19,655	209,634	177,182	52,107
<i>Total assets</i>	<u>\$ 1,316,942</u>	<u>\$ 1,361,794</u>	<u>\$ 1,352,119</u>	<u>\$ 1,326,617</u>
<i>Liabilities:</i>				
Accounts payable and accrued expenditures	\$ 5,698	\$ 253,070	\$ 180,685	\$ 78,083
Due to federal and state governments	158,516	1,189,731	1,245,092	103,155
Deposits held in custody for others	1,003,477	1,290,647	1,263,983	1,030,141
<i>Total liabilities</i>	<u>\$ 1,171,613</u>	<u>\$ 2,733,677</u>	<u>\$ 2,689,760</u>	<u>\$ 1,215,530</u>

(concluded)

COMBINING SCHEDULES

CITY OF WARWICK, RHODE ISLAND
Combining Balance Sheet
Funds Which Comprise the City's General Fund
June 30, 2016

	<u>General Fund</u>	<u>Rescue Service Fees Fund</u>	<u>Total General Fund</u>
Assets:			
Cash and cash equivalents	\$ 17,531,583	\$ 2,385,362	\$ 19,916,945
Accounts Receivable			
Real estate and personal property taxes receivable (net)	6,292,686	-	6,292,686
Due from federal and state governments	5,276,964	-	5,276,964
Other receivables	225,635	1,813,721	2,039,356
Due from other funds	16,699,044	-	16,699,044
Prepays	1,959,505	-	1,959,505
Other assets	4,617,934	-	4,617,934
Total Assets	<u>52,603,351</u>	<u>4,199,083</u>	<u>56,802,434</u>
Liabilities:			
Accounts payable and accrued expenditures	3,758,373	17,588	3,775,961
Due to federal and state governments	173,214	-	173,214
Due to other funds	14,835,004	2,604,427	17,439,431
Deferred Revenues:			
Taxes collected in advance	2,593,981	-	2,593,981
Uncollected property taxes	4,319,708	-	4,319,708
Other	-	1,577,068	1,577,068
Other liabilities	4,731,285	-	4,731,285
Total liabilities	<u>30,411,565</u>	<u>4,199,083</u>	<u>34,610,648</u>
Deferred Inflow of Resources:			
Unearned tax revenue	-	-	-
Fund Balance:			
Non-Spendable	280,583	-	280,583
Restricted	-	-	-
Committed for education	3,185,454	-	3,185,454
Committed for other	239,569	-	239,569
Unassigned	18,486,180	-	18,486,180
Total fund balances	<u>22,191,786</u>	<u>-</u>	<u>22,191,786</u>
Total liabilities, deferred inflow of resources, and fund balances	<u>\$ 52,603,351</u>	<u>\$ 4,199,083</u>	<u>\$ 56,802,434</u>

The Funds listed above are maintained separately by the City. However, these funds are all considered to be part of the City's General Fund in accordance with GASB Statement No. 54. As such, the information is presented as the General Fund (a Major Fund) in the City's audited financial statements.

See auditor's report and accompanying notes to these financial statements

CITY OF WARWICK, RHODE ISLAND
Combining Statement of Revenue, Expenditures and Changes in Fund Balances
Funds Which Comprise the City's General Fund
For the Fiscal Year Ended June 30, 2016

	<u>General Fund</u>	<u>Rescue Service Fees Fund</u>	<u>Total General Fund</u>
Revenues:			
General property taxes	\$227,581,622	\$ -	\$227,581,622
Interest on taxes	2,403,234	-	2,403,234
Intergovernmental revenue	8,451,884	-	8,451,884
Charges for service	5,367,272	3,075,582	8,442,854
Investment income	13,436	156	13,592
Other revenues	11,376,960	30	11,376,990
Total Revenue	<u>255,194,408</u>	<u>3,075,768</u>	<u>258,270,176</u>
Expenditures:			
Current:			
Executive and administrative	6,116,181	-	6,116,181
Public safety	44,810,115	407,782	45,217,897
Recreation	1,671,852	-	1,671,852
Public libraries	2,663,571	-	2,663,571
Social services	1,141,461	-	1,141,461
Planning and economic development	1,114,321	-	1,114,321
Public works	13,222,949	-	13,222,949
Employee benefits, fixed costs and capital	55,241,714	-	55,241,714
Total expenditures	<u>125,982,164</u>	<u>407,782</u>	<u>126,389,946</u>
Excess of revenue over (under) expenditures before other financing sources (uses)	<u>129,212,244</u>	<u>2,667,986</u>	<u>131,880,230</u>
Other financing sources (uses)			
Transfer in	3,440,942	-	3,440,942
Transfer out	(126,162,636)	(2,667,986)	(128,830,622)
Net other financing sources (uses)	<u>(122,721,694)</u>	<u>(2,667,986)</u>	<u>(125,389,680)</u>
Net change in fund balance	6,490,550	-	6,490,550
Fund Balance - Beginning of the Year	<u>15,701,236</u>	<u>-</u>	<u>15,701,236</u>
Fund Balance - End of the Year	<u>\$ 22,191,786</u>	<u>\$ -</u>	<u>\$ 22,191,786</u>

The Funds listed above are maintained separately by the City. However, these funds are all considered to be part of the City's General Fund in accordance with GASB Statement No. 54. As such, the information is presented as the General Fund (a Major Fund) in the City's audited financial statements.

See auditor's report and accompanying notes to these financial statements

CITY OF WARWICK, RHODE ISLAND
Internal Service Funds
Combining Statement of Net Position
June 30, 2016

INTERNAL SERVICE FUNDS

	Worker's Compensation Fund	Healthcare Management School Department	Healthcare Management City	Totals
<i>Assets:</i>				
Cash and cash equivalents	\$ 639,230	\$ 1,434,300	\$ -	\$ 2,073,530
Accounts receivable	30,000	4,104,436	-	4,134,436
Due from other funds	-	-	619,620	619,620
Deposit with agent	-	-	-	-
Total assets	669,230	5,538,736	619,620	6,827,586
<i>Liabilities:</i>				
Accounts payable and accrued expenses	-	-	-	-
Accrued claims - IBNR	218,950	1,220,675	-	1,439,625
Due to general fund	-	-	-	-
Total liabilities	218,950	1,220,675	-	1,439,625
<i>Net Position:</i>				
Unrestricted	\$ 450,280	\$ 4,318,061	\$ 619,620	\$ 5,387,961

CITY OF WARWICK, RHODE ISLAND
Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Net Position
For the Fiscal Year Ended June 30, 2016

INTERNAL SERVICE FUNDS

	Worker's Compensation Fund	Healthcare Management School Department	Healthcare Management City	Totals
OPERATING REVENUES:				
Revenues				
Proceeds from reinsurance	\$ -	\$ 21,639,995	\$ -	\$ 21,639,995
Worker's compensation	252,244	-	-	252,244
Healthcare insurance premiums	-	-	21,038,213	21,038,213
Dental insurance premiums	-	-	-	-
Total revenues	252,244	21,639,995	21,038,213	42,930,452
EXPENDITURES:				
Claims - Healthcare	\$ -	\$ 21,730,563	\$ 21,038,213	\$ 42,768,776
Claims - Dental	-	-	-	-
Stop loss insurance coverage	-	-	-	-
Administrative fees	-	-	-	-
Worker's compensation claims	377,176	-	-	377,176
Total expenditures	377,176	21,730,563	21,038,213	43,145,952
Operating Income (Loss)	(124,932)	(90,568)	-	(215,500)
NON-OPERATING REVENUES (EXPENSE)				
Interest Income	693	-	-	693
Total non-operating revenue (expense)	693	-	-	693
CHANGE IN NET POSITION:	(124,239)	(90,568)	-	(214,807)
Net position - beginning of year	574,519	4,408,629	619,620	5,602,768
Net position - end of year	\$ 450,280	\$ 4,318,061	\$ 619,620	\$ 5,387,961

CITY OF WARWICK, RHODE ISLAND
Proprietary Funds - Sewer
Combining Statement of Net Position
June 30, 2016

	SEWER FUNDS			
	Sewer Revenue Fund	1994 Sewer Bond Fund	Sewer SRF Bond Fund	Total
Assets				
Current assets:				
Cash and cash equivalents	\$ 10,392,979	\$ -	\$ -	\$ 10,392,979
Restricted cash and cash equivalents	-	27,556	5,176,900	5,204,456
Accounts receivable, net:				
Sewer use fees	6,987,070	-	-	6,987,070
Accrued interest	-	-	14	14
Due from federal & state government	-	-	11,480,484	11,480,484
Other receivables	4,218	-	-	4,218
Due from other funds	1,528,899	8,313	819,055	2,356,267
Total current assets	18,913,166	35,869	17,476,453	36,425,488
Non-current assets:				
Construction in progress	-	-	15,922,789	15,922,789
Depreciable capital assets, net	30,134,071	9,176,830	123,145,149	162,456,050
Total noncurrent assets	30,134,071	9,176,830	139,067,938	178,378,839
Total assets	49,047,237	9,212,699	156,544,391	214,804,327
Deferred Outflows of Resources:				
Deferred charge on refunding	129,285	-	-	129,285
Deferred outflows - net pension liability amortizations	1,192,176	-	-	1,192,176
Total deferred outflows	1,321,461	-	-	1,321,461
Liabilities				
Current liabilities:				
Accounts payable and accrued expenses	715,480	377	818,898	1,534,755
Accrued interest payable	828,490	-	-	828,490
Accrued compensated absences	-	-	-	-
Due to other funds	10,970,463	-	-	10,970,463
Unearned revenue	-	-	-	-
Current portion of long term debt	1,537,048	-	9,654,336	11,191,384
Total current liabilities	14,051,481	377	10,473,234	24,525,092
Non-current liabilities:				
Other liabilities	-	-	-	-
Accrued compensated absences	160,490	-	-	160,490
Bonds and loans payable	10,439,382	-	85,146,656	95,586,038
Net other post-employment benefits obligation	1,935,631	-	-	1,935,631
Net pension liability	3,371,364	-	-	3,371,364
Unearned revenue	-	-	125,324	125,324
Total noncurrent liabilities	15,906,867	-	85,271,980	101,178,847
Total liabilities	29,958,348	377	95,745,214	125,703,939
Deferred Inflows of Resources:				
Deferred inflows - net pension amortization	25,065	-	-	25,065
Total deferred inflows	25,065	-	-	25,065
Net position:				
Net investment in capital assets	18,286,926	9,204,009	54,928,532	82,419,467
Restricted for debt service payments	-	27,556	5,176,914	5,204,470
Unrestricted	2,098,359	(19,243)	693,731	2,772,847
Total net position	\$ 20,385,285	\$ 9,212,322	\$ 60,799,177	\$ 90,396,784

See auditor's report and accompanying notes to these financial statements

CITY OF WARWICK, RHODE ISLAND
Proprietary Funds - Sewer
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2016

SEWER FUNDS				
	Sewer Revenue Fund	1994 Sewer Bond Fund	Sewer SRF Bond Fund	Total
Operating revenues				
Assessments and user fees	\$ 16,408,923	\$ -	\$ -	\$ 16,408,923
Other revenues	466,004	-	-	466,004
Total operating revenues	16,874,927	-	-	16,874,927
Operating expenses				
Contract services	409,871	151,727	-	561,598
Salaries and benefits	3,014,003	-	-	3,014,003
Materials and supplies	576,165	-	-	576,165
Depreciation and amortization	1,503,897	319,630	3,754,927	5,578,454
Operations	2,335,202	-	-	2,335,202
Total operating expenses	7,839,138	471,357	3,754,927	12,065,422
Operating income (loss)	9,035,789	(471,357)	(3,754,927)	4,809,505
Non-operating revenues (expenses)				
Interest income	1,790	1,140	278	3,208
Interest expense	(2,326,806)	-	-	(2,326,806)
Capital contributions	-	-	8,880	8,880
Loan issuance costs	-	-	(241,349)	(241,349)
Loss on disposal of assets	-	-	(4,804)	(4,804)
Total non-operating revenues (expenses)	(2,325,016)	1,140	(236,995)	(2,560,871)
Income (loss) before transfers	6,710,773	(470,217)	(3,991,922)	2,248,634
Transfers:				
Transfers in	3,906,850	11,062,671	9,078,167	24,047,688
Transfers out	(20,138,409)	-	-	(20,138,409)
Total transfers	(16,231,559)	11,062,671	9,078,167	3,909,279
Change in Net Position	(9,520,786)	10,592,454	5,086,245	6,157,913
Total Net Position - beginning of year	29,906,071	(1,380,132)	55,712,932	84,238,871
Total Net Position - end of year	\$ 20,385,285	\$ 9,212,322	\$ 60,799,177	\$ 90,396,784

See auditor's report and accompanying notes to these financial statements

CITY OF WARWICK, RHODE ISLAND
Proprietary Funds -Water
Combining Statement of Net Position
June 30, 2016

	WATER FUNDS			
	<u>Water Revenue Fund</u>	<u>1994 Water Bond Fund</u>	<u>2000 Water Bond Fund</u>	<u>Total</u>
Assets				
Current assets:				
Cash and cash equivalents	\$ 6,453,577	\$ -	\$ -	\$ 6,453,577
Accounts receivable, net:				
Water use fees	3,742,812	-	-	3,742,812
Due from federal & state government	-	-	-	-
Due from other funds	87,400	-	116,721	204,121
Inventory	79,829	-	-	79,829
Total current assets	<u>10,363,618</u>	<u>-</u>	<u>116,721</u>	<u>10,480,339</u>
Non-current assets:				
Depreciable capital assets, net	9,308,713	1,104,024	995,603	11,408,340
Total noncurrent assets	<u>9,308,713</u>	<u>1,104,024</u>	<u>995,603</u>	<u>11,408,340</u>
Total assets	<u>19,672,331</u>	<u>1,104,024</u>	<u>1,112,324</u>	<u>21,888,679</u>
Deferred Outflows of Resources:				
Deferred charge on refunding	4,843			4,843
Deferred outflows - net pension liability amortizations	1,467,700	263	4,581	1,472,544
Total deferred outflows of resources	<u>1,472,543</u>	<u>263</u>	<u>4,581</u>	<u>1,477,387</u>
Liabilities				
Current liabilities:				
Accounts payable and accrued expenses	1,426,933	-	-	1,426,933
Accrued interest payable	4,518	-	-	4,518
Accrued compensated absences	-	-	-	-
Due to other funds	7,574,483	-	144,010	7,718,493
Current portion of long term debt	27,290	-	-	27,290
Total current liabilities	<u>9,033,224</u>	<u>-</u>	<u>144,010</u>	<u>9,177,234</u>
Non-current liabilities:				
Accrued compensated absences	220,460	-	-	220,460
Bonds and loans payable	-	5,061	97,700	102,761
Net other post-employment benefits obligation	2,400,182	-	-	2,400,182
Net pension liability	4,091,775	-	-	4,091,775
Total noncurrent liabilities	<u>6,712,417</u>	<u>5,061</u>	<u>97,700</u>	<u>6,815,178</u>
Total liabilities	<u>15,745,641</u>	<u>5,061</u>	<u>241,710</u>	<u>15,992,412</u>
Deferred inflows of Resources:				
Deferred inflows - net pension liability	31,436	-	-	31,436
Total deferred inflows of resources	<u>31,436</u>	<u>-</u>	<u>-</u>	<u>31,436</u>
Net position:				
Net investment in capital assets	9,286,266	1,098,963	897,903	11,283,132
Unrestricted	(3,918,469)	263	(22,708)	(3,940,914)
Total net position	<u>\$ 5,367,797</u>	<u>\$ 1,099,226</u>	<u>\$ 875,195</u>	<u>\$ 7,342,218</u>

See auditor's report and accompanying notes to these financial statements

CITY OF WARWICK, RHODE ISLAND
Proprietary Funds - Water
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2016

	WATER FUNDS			
	Water Revenue Fund	1994 Water Bond Fund	2000 Water Bond Fund	Total
<i>Operating revenues</i>				
Assessments and user fees	\$ 10,749,422	\$ -	\$ -	\$ 10,749,422
Other revenues	204,565	160	15,343	220,068
Total operating revenues	10,953,987	160	15,343	10,969,490
<i>Operating expenses</i>				
Contract services	225,876	-	-	225,876
Salaries and benefits	3,587,397	-	-	3,587,397
Materials and supplies	176,010	-	-	176,010
Depreciation and amortization	623,894	20,063	117,456	761,413
Operations	6,594,227	-	-	6,594,227
Total operating expenses	11,207,404	20,063	117,456	11,344,923
Operating income (loss)	(253,417)	(19,903)	(102,113)	(375,433)
<i>Non-operating revenues (expenses)</i>				
Interest income	260	-	276	536
Interest expense	(8,548)	-	-	(8,548)
Capital contributions	-	-	-	-
Loss on disposal of assets	-	-	-	-
Total non-operating revenues (expenses)	(8,288)	-	276	(8,012)
Income (loss) before transfers	(261,705)	(19,903)	(101,837)	(383,445)
<i>Transfers:</i>				
Transfers in	87,005	4,911	20,672	112,588
Transfers out	(25,583)	-	(28,777)	(54,360)
Total transfers	61,422	4,911	(8,105)	58,228
Change in Net Position	(200,283)	(14,992)	(109,942)	(325,217)
Total Net Position - beginning of year	5,568,080	1,114,218	985,137	7,667,435
Total Net Position - end of year	\$ 5,367,797	\$ 1,099,226	\$ 875,195	\$ 7,342,218

See auditor's report and accompanying notes to these financial statements

CITY OF WARWICK, RHODE ISLAND
Schedule of Tax Collections
For the Fiscal Year Ended June 30, 2016

Assessment of	Balance Uncollected July 1, 2015	Current Year Assessment	Additions & Adjustments	Tax Titles	Authorized Abatements	Amount to Be Collected	Current Year Collections	Balance Uncollected June 30, 2016
2015	\$ -	\$ 229,189,681	\$ 93,593	\$ -	\$ (1,152,243)	\$ 228,131,031	\$ 222,136,825	\$ 5,994,206
2014	6,767,794	-	9,533	-	(64,494)	6,712,833	4,836,909	1,875,924
2013	3,198,463	-	5,691	-	(162,189)	3,041,965	575,623	2,466,342
2012	1,042,922	-	(11,055)	-	(286,201)	745,666	(354,535)	1,100,201
2011	784,989	-	4,986	-	(153,509)	636,466	(324,146)	960,612
2010	125,717	-	(95)	-	(436,945)	(311,323)	(757,416)	446,093
2009	219,255	-	99	-	17,138	236,492	1,327	235,165
2008	189,275	-	7	-	35,686	224,968	(41,931)	266,899
2007	357,876	-	(259)	-	33,055	390,672	7,150	383,522
2006	344,860	-	(15)	-	(1,310)	343,535	3,607	339,928
2005	329,914	-	49	-	(811)	329,152	1,720	327,432
2004	325,227	-	-	-	(479)	324,748	175	324,573
2003	261,732	-	-	-	(414)	261,318	701	260,617
2002	256,972	-	-	-	(329)	256,643	38	256,605
2001	287,846	-	-	-	(313)	287,533	36	287,497
2000	369,080	-	-	-	(298)	368,782	326	368,456
1999	1,388,737	-	-	-	-	1,388,737	-	1,388,737
1998	1,395,178	-	-	-	-	1,395,178	-	1,395,178
1997	395,948	-	-	-	-	395,948	-	395,948
1996	433,608	-	-	-	-	433,608	-	433,608
TOTALS	\$ 18,475,393	\$ 229,189,681	\$ 102,534	\$ -	\$ (2,173,656)	\$ 245,593,952	\$ 226,086,409	19,507,543

Less allowances (13,214,857)
Tax receivables, net \$ 6,292,686

Schedule of most recent property net assessed property value by category as of December 31, 2014

	<u>Valuations</u>	<u>Levy</u>
Real property	\$ 7,909,207,058	\$ 183,097,810
Motor vehicles (excise)	873,371,912	23,263,705
Other personal property	550,124,141	22,830,153
Total real and personal property	<u>9,332,703,111</u>	<u>229,191,668</u>
Less:		
Hold harmless, state exemptions, state phase-out, and adjustments	388,403,791	1,988
Net assessed value	<u>\$ 8,944,299,320</u>	<u>\$ 229,189,680</u>

Reconciliation of current year property tax revenue:

Current year collections	\$ 226,086,409
Adjustments / refunds in transit	(144,074)
Revenue received 60 days subsequent to fiscal year ended June 30, 2016	<u>1,972,978</u>
	<u>227,915,313</u>
Prior year revenue 60 days subsequent to prior year ended June 30, 2014	(333,692)
Current year property tax revenue	<u>\$ 227,581,621</u>

CITY OF WARWICK, RHODE ISLAND
Analysis of Prior Years Tax Collections
For the Fiscal Year Ended June 30, 2016

Tax Years	Collections (refunds netted)	Less Prior Year 60 Day Collections	Less Adjustments For Refunds and Redemptions in Transit	Less Reclass Between Years - Logs	Plus Current Year 60 Day Collections	Net Total
2015	\$ 222,136,825	\$ -	\$ (238,960)	\$ 13,303	\$ 1,659,539	\$ 223,570,707
2014	4,836,908	(1,684,234)	95,074	(8,367)	207,606	3,446,987
2013	575,623	63,917	(50)	2,074	47,708	689,272
2012	(354,535)	458,708	(47)	(11,689)	35,218	127,655
2011	(324,146)	397,790	(46)	4,939	15,767	94,304
2010	(757,416)	384,478	(45)	(141)	5,143	(367,981)
2009	1,327	(1,237)	-	99	1,489	1,678
2008	(41,931)	50,450	-	7	(1,402)	7,124
2007	7,150	(1,083)	-	(259)	982	6,790
2006	3,607	(899)	-	(15)	(106)	2,587
2005	1,720	(1,448)	-	49	60	381
2004	175	-	-	-	151	326
2003	701	-	-	-	609	1,310
2002	38	-	-	-	240	278
2001	36	(36)	-	-	-	-
2000	326	(97)	-	-	(26)	203
	\$ 226,086,408	\$ (333,691)	\$ (144,074)	\$ -	\$ 1,972,978	\$ 227,581,621

} \$ 4,010,914
Prior Year
Collections

STATISTICAL SECTION

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

	Fiscal Year								
	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities									
Invested in capital assets, net of related debt	\$66,647,101	\$67,828,026	\$64,184,519	\$64,258,323	\$62,802,492	\$61,079,076	\$61,133,149	\$65,104,705	\$69,871,522
Restricted	3,550,462	3,201,119	1,947,766	1,433,298	1,331,626	2,159,153	2,736,581	3,382,875	4,120,308
Unrestricted	(6,573,588)	(28,569,229)	(45,907,021)	(62,378,508)	(82,266,981)	(96,854,156)	(110,905,795)	(133,284,704)	(475,399,557)
Total Governmental Activities Net Assets	63,623,975	42,459,916	20,225,264	3,313,113	(18,132,863)	(33,615,927)	(47,036,065)	(64,797,124)	(401,407,727)
Business-type Activities									
Invested in capital assets, net of related debt	56,492,614	55,465,549	63,148,905	67,391,392	72,213,574	79,287,133	81,963,905	85,294,240	90,353,683
Restricted	2,142,194	2,987,060	3,010,672	3,094,095	3,094,452	3,194,281	3,194,302	3,672,082	3,910,099
Unrestricted	7,337,197	9,025,008	4,542,008	5,450,484	4,268,908	4,415,400	8,790,829	10,773,438	8,880,173
Total Business-type Activities Net Assets	65,972,005	67,477,617	70,701,585	75,935,971	79,576,934	86,896,814	93,949,036	99,739,760	103,143,955
Primary Government									
Invested in capital assets, net of related debt	123,139,715	123,293,575	127,333,424	131,649,715	135,016,066	140,366,209	143,097,054	150,398,945	160,225,205
Restricted	5,692,656	6,188,179	4,958,438	4,527,393	4,426,078	5,353,434	5,930,883	7,054,957	8,030,407
Unrestricted	763,609	(19,544,221)	(41,365,013)	(56,928,024)	(77,998,073)	(92,438,756)	(102,114,966)	(122,511,266)	(466,519,384)
Total Primary Government Net Assets	\$129,595,980	\$109,937,533	\$90,926,849	\$79,249,084	\$61,444,071	\$53,280,887	\$46,912,971	\$34,942,636	(298,263,772)

Source: City of Warwick Comprehensive Annual Financial Report

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses:										
Governmental Activities:										
Executive & Administration	\$8,703,429	\$7,542,904	\$8,069,697	\$9,031,312	\$8,068,528	\$7,189,863	\$8,163,964	\$7,898,442	\$8,389,533	\$10,576,119
Public Safety	77,889,776	89,302,039	89,041,058	89,614,158	94,727,477	96,094,909	99,913,493	104,020,192	101,268,696	131,390,376
Recreation	3,338,239	3,358,547	3,330,999	3,353,999	3,593,994	3,627,775	3,185,691	2,549,088	3,044,788	3,188,917
Public Libraries	4,095,289	4,443,880	4,420,849	4,333,950	4,906,998	4,958,759	4,843,416	5,116,596	4,829,752	5,692,619
Social Services	2,719,927	2,973,994	2,875,875	2,658,015	2,290,428	2,254,293	2,103,904	2,160,896	2,021,311	2,399,689
Planning & E/D	3,221,363	3,314,008	3,405,639	3,856,439	2,790,778	2,777,531	3,139,802	3,114,804	2,880,454	2,843,733
Public Works	21,757,520	22,574,947	21,994,345	21,609,069	20,766,889	22,147,778	21,788,643	21,842,422	21,946,560	21,396,595
Education	168,839,482	175,918,003	174,286,188	171,897,294	175,633,555	170,207,856	170,690,028	173,500,902	173,887,234	185,531,670
Cafeteria Operations	2,841,531	2,908,848	3,005,016	2,647,559	-	-	-	-	-	-
Interest on Long Term Debt	3,009,586	2,902,909	2,360,516	2,347,813	1,906,529	2,296,097	1,800,222	1,586,055	1,706,620	1,439,426
Total Governmental Activities Expenses:	296,416,142	315,240,079	312,790,182	311,349,608	314,685,176	311,554,861	315,629,163	321,789,397	319,974,948	364,459,144
Business-type activities:										
Sewer	13,484,307	14,231,646	15,215,618	15,759,558	24,390,931	14,704,964	14,824,243	14,807,198	15,082,034	14,654,521
Water	8,252,959	9,681,133	9,646,628	9,427,381	10,522,632	10,118,651	10,153,770	10,096,249	10,905,708	11,353,471
Total Business-type Activities Expenses:	21,737,266	23,912,779	24,862,246	25,186,939	34,913,563	24,823,615	24,978,013	24,903,447	25,987,742	26,007,992
Total Primary Government Expenses:	\$318,153,408	\$339,152,858	\$337,652,428	\$336,536,547	\$349,598,739	\$336,378,476	\$340,607,176	\$346,692,844	\$345,962,690	\$390,467,136

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Executive & Administration	\$3,442,464	\$2,858,476	\$2,209,444	\$2,246,025	\$2,123,034	\$2,110,147	\$2,316,005	\$2,221,129	\$2,309,876	\$2,587,832
Public Safety	7,016,618	7,467,293	6,970,909	7,371,438	6,906,078	7,122,121	6,482,419	7,193,150	7,676,780	8,911,292
Recreation	792,374	828,017	900,225	894,380	957,604	962,086	932,052	960,133	979,791	1,022,252
Public Libraries	36,325	47,159	40,736	37,070	32,495	33,369	33,597	30,420	39,297	41,583
Social Services	79,007	100,956	126,658	139,649	135,116	137,727	113,106	117,136	105,514	113,126
Planning & E/D	1,798,343	1,599,877	1,681,609	2,081,026	1,573,526	1,995,266	1,727,813	1,918,114	1,837,993	2,003,280
Public Works	350,139	299,049	332,001	364,942	356,417	325,721	211,458	223,442	252,276	188,936
Education	3,006,444	2,778,367	3,497,123	3,776,975	4,522,161	1,970,205	1,860,301	1,186,216	2,093,869	2,337,922
Cafeteria Operations	1,751,231	1,542,363	1,368,341	1,045,893	-	-	-	-	-	-
Operating Grants/Contributions	54,912,922	55,130,733	51,258,003	53,474,747	51,863,051	53,699,759	55,546,646	59,427,759	57,836,909	62,997,136
Capital Grants/Contributions	1,442,541	3,600,000	-	-	1,066,557	152,292	1,409,223	524,461	125,710	209,781
Total Governmental Activities Program Revenues:	74,628,408	76,252,290	68,385,049	71,432,145	69,536,039	68,508,693	70,632,620	73,801,960	73,258,015	80,413,140
Business-type Activities:										
Charges for Services:										
Sewer	8,539,892	10,396,217	12,352,153	16,494,263	14,058,609	13,320,223	16,314,418	16,099,887	17,903,575	17,204,995
Sewer Assessment	6,072,270	6,078,049	5,646,954	5,414,375	5,193,582	5,962,350	6,660,728	5,222,858	5,316,633	5,188,394
Water	7,274,848	8,008,749	8,767,956	7,918,224	10,482,771	9,771,177	10,138,836	9,067,023	10,746,621	11,026,490
Operating Grants/Contributions	121,916	39,153	-	-	-	-	42,183	-	-	-
Capital Grants/Contributions	-	326,620	1,238,170	541,403	2,694,761	3,073,848	349,939	-	-	841,929
Total Business-type Activities Program Revenues:	22,008,926	24,848,788	28,005,233	30,368,265	32,429,723	32,127,598	33,506,104	30,389,768	33,966,829	34,261,808
Total Primary Government Program Revenues:	\$96,637,334	\$101,101,078	\$96,390,282	\$101,800,410	\$101,965,762	\$100,636,291	\$104,138,724	\$104,191,728	\$107,224,844	\$114,674,948
Net (Expense) Revenue										
Governmental Activities	(\$221,787,734)	(\$238,987,789)	(\$244,405,133)	(\$239,917,463)	(\$245,149,137)	(\$243,046,168)	(\$244,996,543)	(\$247,987,437)	(\$246,716,933)	(\$284,046,004)
Business-type Activities	271,660	936,009	3,142,987	5,181,326	(2,483,840)	7,303,983	8,528,091	5,486,321	7,979,087	8,253,816
Total Primary Government Net Expense	(\$221,516,074)	(\$238,051,780)	(\$241,262,146)	(\$234,736,137)	(\$247,632,977)	(\$235,742,185)	(\$236,468,452)	(\$242,501,116)	(\$238,737,846)	(\$275,792,188)

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Revenues and Other Changes in Net Assets										
Governmental Activities										
Property Taxes	\$177,362,772	\$185,975,551	\$195,204,676	\$201,516,576	\$205,826,048	\$213,334,334	\$216,802,269	\$214,125,691	\$217,134,855	\$223,200,281
Interest on Property Taxes	1,484,500	1,591,941	1,728,716	(1,273,017)	1,571,198	1,737,961	1,562,589	2,146,222	2,206,502	2,096,950
State Aid & In Lieu of Tax	24,398,225	23,579,703	21,121,217	17,352,666	6,817,475	6,896,729	7,120,046	7,861,860	7,693,925	8,187,664
Investment Earnings	1,456,165	950,750	156,876	59,581	2,319	(21,741)	(32,851)	5,652	5,925	18,346
Tax Titles	7,823	33,212	20,334	155,168	97,308	78,373	258,929	217,160	55,085	25,427
Insurance Proceeds					496,997	39,914	96,463	133,052	427,898	170,101
Miscellaneous	4,710,191	5,650,040	4,470,760	5,194,338	5,016,367	5,479,807	6,449,112	6,034,137	7,098,886	7,001,236
Transfers	150,000	50,000	100,000	-	-	17,727	(42,522)	(297,396)	15,000	-
<i>Total Governmental Activities:</i>	<i>209,569,676</i>	<i>217,831,197</i>	<i>222,802,579</i>	<i>223,005,312</i>	<i>219,827,712</i>	<i>227,563,104</i>	<i>232,214,035</i>	<i>230,226,378</i>	<i>234,638,076</i>	<i>240,700,005</i>
Business-type Activities										
Investment Earnings	847,664	619,603	180,981	34,442	20,424	8,917	19,175	7,007	6,547	5,159
Insurance Proceeds					6,104,379	24,707	26,072	-	-	-
Transfers	(150,000)	(50,000)	(100,000)		-	(17,727)	42,522	297,396	(15,000)	-
<i>Total Business-type Activities:</i>	<i>697,664</i>	<i>569,603</i>	<i>80,981</i>	<i>34,442</i>	<i>6,124,803</i>	<i>15,897</i>	<i>87,769</i>	<i>304,403</i>	<i>(8,453)</i>	<i>5,159</i>
Total Primary Government:	\$210,267,340	\$218,400,800	\$222,883,560	\$223,039,754	\$225,952,515	\$227,579,001	\$232,301,804	\$230,530,781	\$234,629,623	\$240,705,164
Change in Net Assets										
Governmental Activities	(\$12,218,058)	(\$21,156,592)	(\$21,602,554)	(\$16,912,151)	(\$25,321,425)	(\$15,483,064)	(\$12,782,508)	(\$17,761,059)	(\$12,078,857)	(\$43,345,999)
Business-type Activities	969,324	1,505,612	3,223,968	5,215,768	3,640,963	7,319,880	8,615,860	5,790,724	7,970,634	8,258,975
Total Primary Government:	(\$11,248,734)	(\$19,650,980)	(\$18,378,586)	(\$11,696,383)	(\$21,680,462)	(\$8,163,184)	(\$4,166,648)	(\$11,970,335)	(\$4,108,223)	(\$35,087,024)

Source: City of Warwick Comprehensive Annual Financial Report

- (1) In Fiscal 2006 Non-Major Enterprise Funds were combined within Sewer and Water.
- (2) In Fiscal 2011 Cafeteria Operations were combined with Education

CITY OF WARWICK, RHODE ISLAND
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved	\$1,717,250	\$3,961,677	\$3,225,420	\$7,945,894	-	-	-	-	-	-
Non-Spendable	-	-	-	-	\$216,869	\$217,244	\$214,650	\$211,476	\$210,507	\$280,583
Restricted	-	-	-	-	-	-	-	\$3,600,000	\$3,000,000	\$0
Committed	-	-	-	-	\$2,401,774	\$3,322,613	\$4,689,278	\$4,560,680	\$4,339,212	\$3,425,023
Assigned	-	-	-	-	-	-	-	-	-	-
Unreserved/Unassigned:	12,739,745	7,899,627	5,916,723	6,862,566	5,981,718	8,253,978	11,852,791	10,803,865	8,151,517	18,486,180
Total General Fund	\$14,456,995	\$11,861,304	\$9,142,143	\$14,808,460	\$8,600,361	\$11,793,835	\$16,756,719	\$19,176,021	\$15,701,236	\$22,191,786
All Other Governmental Funds										
Reserved	\$2,107,178	\$1,107,800	\$1,749,289	\$1,471,318	-	-	-	-	-	-
Restricted	-	-	-	-	\$9,587,064	\$7,754,049	\$8,803,655	\$6,858,453	\$10,888,224	\$12,759,365
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	\$46,950	\$40,656	\$35,685	-	-	-
Unreserved/Unassigned in:	-	-	-	-	-	-	-	-	-	-
School Unrestricted Fund	-	-	-	-	-	-	-	-	-	(26,136)
Special Revenue Funds	1,529,175	(585,186)	653,589	2,565,535	(13)	-	-	-	-	-
Capital Project Funds	1,984,818	1,344,428	383,425	2,420,408	(888,044)	(628,477)	(1,425,201)	(2,787,894)	(5,676,144)	(852,908)
Total All Other Governmental Funds	\$5,621,171	\$1,867,042	\$2,786,303	\$6,457,261	\$8,745,957	\$7,166,228	\$7,414,139	\$4,070,559	\$5,212,080	\$11,880,321
Total All Other Governmental Funds	20,078,166	13,728,346	11,928,446	21,265,721	17,346,318	18,960,063	24,170,858	23,246,580	20,913,316	34,072,107

Source: City of Warwick Comprehensive Annual Financial Report

Note: GASB54 was implemented in 2011. Fund balance classifications were adjusted accordingly.

CITY OF WARWICK, RHODE ISLAND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
General Property Taxes	177,052,585	185,121,502	194,214,398	202,494,106	204,577,041	212,007,763	216,054,096	214,148,180	213,689,646	227,581,622
Interest On Taxes	1,209,003	1,200,872	1,376,875	1,228,767	1,357,578	1,392,844	1,682,473	2,494,254	2,221,716	2,403,234
Intergovernmental Revenue	72,167,517	72,909,688	63,643,865	62,224,022	53,821,511	52,037,242	54,946,587	57,042,872	55,935,932	57,470,500
State Contribution to Pension Plan	5,848,558	7,045,104	6,319,011	5,928,125	5,747,000	6,251,800	6,223,212	6,342,485	6,968,124	11,053,803
Charges for Services	15,798,638	15,494,679	12,531,573	12,844,595	11,657,310	11,606,395	11,709,095	12,560,899	11,751,428	14,940,665
Investment Income	1,435,007	934,228	152,401	58,314	2,093	1,474	(35,582)	4,962	5,184	17,653
Contributions and Private Grants	532,283	181,631	187,375	139,515	106,860	164,652	522,410	306,079	202,245	198,878
Other Revenue	9,228,876	9,785,620	11,126,985	11,581,585	9,909,777	10,309,384	11,045,445	12,074,905	12,415,989	12,246,157
<i>Total Revenues</i>	<i>283,272,467</i>	<i>292,673,324</i>	<i>289,552,483</i>	<i>296,499,029</i>	<i>287,179,170</i>	<i>293,771,554</i>	<i>302,147,736</i>	<i>304,974,636</i>	<i>303,190,264</i>	<i>325,912,512</i>
Expenditures										
Executive and Administration	6,185,376	4,734,433	4,872,291	5,816,066	4,957,805	4,519,720	4,508,874	4,645,528	5,256,264	6,231,635
Public Safety	44,501,008	42,122,827	41,233,284	40,755,519	42,308,559	43,062,869	44,127,815	45,078,068	48,443,800	51,378,290
Recreation	2,598,519	6,262,255	1,812,641	1,780,946	1,895,427	1,576,349	1,516,612	1,491,348	1,609,025	1,671,852
Public Libraries	2,764,806	2,888,316	2,588,469	2,571,020	2,631,152	2,580,684	2,627,093	2,664,349	2,649,211	2,777,726
Social Services	2,059,600	2,189,436	2,079,240	1,854,240	1,393,507	1,262,235	1,197,505	1,188,989	1,304,766	1,172,435
Planning and Economic Development	2,940,637	2,793,048	2,716,404	3,242,502	2,578,289	2,169,881	2,593,625	2,461,805	2,032,789	2,069,975
Public Works	12,708,971	12,021,107	11,687,121	12,491,980	14,237,550	12,423,819	13,694,798	14,474,028	14,342,186	15,775,825
Employee Benefits, Fixed Costs, & Capital	39,097,834	38,889,504	40,692,687	41,079,075	43,757,666	46,057,032	50,772,566	51,176,951	54,065,009	55,241,714
Education	161,925,679	166,893,833	165,475,272	163,419,363	169,004,878	165,316,678	167,622,445	169,221,031	169,089,102	168,197,758
Cafeteria Operations*	2,841,531	2,908,848	3,005,016	2,647,559	-	-	-	-	-	-
State Contribution to Pension Plan	5,848,558	7,045,104	6,319,011	5,928,125	5,747,000	6,251,800	6,223,212	6,342,485	6,968,124	11,053,803
Other	-	-	-	-	-	-	-	-	-	-
Capital Outlay										
Debt Service-Principal	6,255,060	7,165,403	6,444,241	6,920,994	5,965,182	5,226,115	4,570,722	5,082,483	5,962,158	5,650,593
Debt Service-Interest	3,045,599	3,080,272	2,313,451	2,300,365	2,169,590	1,726,854	1,761,508	1,749,891	1,668,544	1,072,561
Bond Issuance Costs/Paying Agent Fees					200,420	1,500	30,659	24,561	102,828	185,506
<i>Total Expenditures</i>	<i>292,773,178</i>	<i>298,994,386</i>	<i>291,239,128</i>	<i>290,807,754</i>	<i>296,847,025</i>	<i>292,175,536</i>	<i>301,247,434</i>	<i>305,601,517</i>	<i>313,493,806</i>	<i>322,479,673</i>
Excess of Revenues Over (Under) Expenditures										
Before Other Financing Sources (Uses)	(9,500,711)	(6,321,062)	(1,686,645)	5,691,275	(9,667,855)	1,596,018	900,302	(626,881)	(10,303,542)	3,432,839

CITY OF WARWICK, RHODE ISLAND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Other Financing Sources (Uses)										
Transfers From Other Funds	125,495,249	131,403,144	136,243,765	133,734,780	129,552,412	127,682,960	126,600,068	127,325,885	129,885,749	128,876,427
Transfers To Other Funds	(125,726,008)	(131,626,361)	(136,357,020)	(133,996,780)	(129,552,412)	(127,665,233)	(126,642,590)	(127,623,281)	(129,870,749)	(128,876,427)
Proceeds From Bonds		201,926	-	3,908,000	6,047,524		4,353,015		5,055,278	5,500,000
Proceeds From Capital Lease	6,203,000	-	-	-	-				2,900,000	4,252,088
<i>Total Other Financing Sources (Uses)</i>	<i>5,972,241</i>	<i>(21,291)</i>	<i>(113,255)</i>	<i>3,646,000</i>	<i>6,047,524</i>	<i>17,727</i>	<i>4,310,493</i>	<i>(297,396)</i>	<i>7,970,278</i>	<i>9,752,088</i>
Net Change in Fund Balances	(3,528,470)	(6,342,353)	(1,799,900)	9,337,275	(3,620,331)	1,613,745	5,210,795	(924,277)	(2,333,264)	13,184,927
Debt Service As A Percentage of Noncapital Expenditures	3.27%	3.49%	3.01%	3.20%	2.79%	2.42%	2.16%	2.31%	2.54%	2.14%

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

Source: City of Warwick Comprehensive Annual Financial Report

CITY OF WARWICK, RHODE ISLAND
ASSESSED VALUE & ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Real Property						
Fiscal Year	Residential	Commercial	Less Tax-Exempt Property	Total Taxable Assessed Value	Estimated Actual Value	Tax Rate Res/Comm
2007	6,281,527,400	2,129,669,100	67,760,000	8,343,436,500	9,481,177,841	\$15.95/ \$23.93
2008	8,079,072,500	3,212,249,600	66,586,000	11,224,736,100	14,682,454,022	\$12.75/ \$19.13
2009	8,082,766,300	3,188,308,100	94,720,900	11,176,353,500	11,176,353,500	\$13.41/ \$20.12
2010	8,097,688,900	3,203,401,900	64,803,000	11,236,287,800	9,135,193,333	\$14.14/ \$21.21
2011	6,286,650,600	2,808,766,770	64,485,000	9,030,932,370	9,030,932,370	\$17.48/ \$26.22
2012	6,261,960,200	2,641,178,770	53,032,287	8,850,106,683	8,850,106,683	\$17.69/ \$26.53
2013	6,265,223,524	2,553,709,270	149,903,604	8,669,029,190	8,669,029,190	\$18.14/ \$27.21
2014	5,774,315,608	2,308,836,275	113,410,569	7,969,741,314	7,969,741,314	\$19.79/ \$29.68
2015	5,690,034,009	2,243,081,450	177,862,624	7,755,252,835	7,755,252,835	\$20.06/ \$30.09
2016	5,705,887,951	2,203,319,107	187,393,314	7,721,813,744	7,721,813,744	20.75/31.13

Personal Property						
Tangible						
Fiscal Year	Tangible Personal Property	Less Tax-Exempt Property	Total Tangible Taxable Assessed Value	Estimated Actual Value	Tax Rate Tangible/ Inventory	
2007	678,223,300	19,830	678,203,470	678,203,470	\$31.90/ \$6.37	
2008	672,374,200	12,000	672,362,200	672,362,200	\$25.50/ \$3.18	
2009	464,491,800	12,000	464,479,800	464,479,800	\$26.82/ \$0.00	
2010	468,844,000	2,000	468,842,000	468,842,000	\$28.28/ \$0.00	
2011	449,384,970	12,000	449,372,970	449,372,970	\$34.96/ \$0.00	
2012	462,434,140	-	462,434,140	462,434,140	\$35.38/ \$0.00	
2013	503,931,303	-	503,931,303	503,931,303	\$36.28/ \$0.00	
2014	525,385,537	-	525,385,537	525,385,537	\$39.58/ \$0.00	
2015	533,705,181	-	533,705,181	533,705,181	\$40.12/ \$0.00	
2016	550,124,141	-	550,124,141	550,124,141	\$40.12/ \$0.00	

Notes:

(1) Fiscal 2008 reflects the results of a full revaluation and fiscal 2014 reflects the most recent statistical revaluation

Source: Tax Assessor's Official Tax Certification List

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

Fiscal Year	Personal Property					Estimated Actual Value	Tax Rate Motor Vehicles
	Motor Vehicles	Less Tax-Exempt Property	Less M/V Phaseout	Total Motor Vehicle Taxable Assessed Value	Motor Vehicle		
2007	760,806,808	16,121,945	347,776,394	396,908,469	396,908,469	\$34.60	
2008	762,431,180	15,453,410	354,906,174	392,071,596	392,071,596	\$34.60	
2009	777,437,990	14,629,711	357,954,774	404,853,505	404,853,505	\$34.60	
2010	706,836,093	13,698,497	357,188,715	335,948,881	335,948,881	\$34.60	
2011	742,645,169	12,867,015	363,655,976	366,122,178	366,122,178	\$34.60	
2012	680,792,673	12,652,167	13,342,221	654,798,285	654,798,285	\$34.60	
2013	839,853,603	11,918,651	178,494,733	649,440,219	649,440,219	\$34.60	
2014	854,260,308	14,343,446	180,950,469	658,966,393	658,966,393	\$34.60	
2015	862,802,922	16,384,579	181,107,718	665,310,625	665,310,625	\$34.60	
2016	873,371,912	16,067,882	184,942,595	672,361,435	672,361,435	\$34.60	

Fiscal Year	Total All		Ratio
	Assessed Value	Estimated Actual Value	
2007	9,418,548,439	10,556,289,780	89.22%
2008	12,289,169,896	15,746,887,818	78.04%
2009	12,045,686,805	12,045,686,805	100.00%
2010	12,041,078,681	9,939,984,214	121.14%
2011	9,846,427,518	9,846,427,518	100.00%
2012	9,967,339,108	9,967,339,108	100.00%
2013	9,822,400,712	9,822,400,712	100.00%
2014	9,154,093,244	9,154,093,244	100.00%
2015	8,954,268,641	8,954,268,641	100.00%
2016	8,944,299,320	8,944,299,320	100.00%

Notes:

(1) Fiscal 2008 reflects the results of a full revaluation and fiscal 2014 reflects the most recent statistical revaluation

(2) Inventory Tax was phased out after fiscal 2008

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

CITY OF WARWICK, RHODE ISLAND
PROPERTY TAX RATES
(PER \$1000 OF ASSESSED VALUE)
LAST TEN FISCAL YEARS
(Unaudited)

<u>Fiscal Year</u>	<u>General Fund</u>	<u>Fiscal Year</u>	<u>General Fund</u>
2007	Real Estate Residential 15.95	2012	Real Estate Residential 17.69
	Real Estate Commercial 23.93		Real Estate Commercial 26.53
	Tangible Personal Property 31.90		Tangible Personal Property 35.38
	Manufacturers' Machinery 6.37		Manufacturers' Machinery -
	Motor Vehicles 34.60		Motor Vehicles 34.60
2008	Real Estate Residential 12.75	2013	Real Estate Residential 18.14
	Real Estate Commercial 19.13		Real Estate Commercial 27.21
	Tangible Personal Property 25.50		Tangible Personal Property 36.28
	Manufacturers' Machinery 3.18		Manufacturers' Machinery -
	Motor Vehicles 34.60		Motor Vehicles 34.60
2009	Real Estate Residential 13.41	2014	Real Estate Residential 19.79
	Real Estate Commercial 20.12		Real Estate Commercial 29.68
	Tangible Personal Property 26.82		Tangible Personal Property 39.58
	Manufacturers' Machinery -		Manufacturers' Machinery -
	Motor Vehicles 34.60		Motor Vehicles 34.60
2010	Real Estate Residential 14.14	2015	Real Estate Residential 20.06
	Real Estate Commercial 21.21		Real Estate Commercial 30.09
	Tangible Personal Property 28.28		Tangible Personal Property 40.12
	Manufacturers' Machinery -		Manufacturers' Machinery -
	Motor Vehicles 34.60		Motor Vehicles 34.60
2011	Real Estate Residential 17.48	2016	Real Estate Residential 20.75
	Real Estate Commercial 26.22		Real Estate Commercial 31.13
	Tangible Personal Property 34.96		Tangible Personal Property 41.50
	Manufacturers' Machinery -		Manufacturers' Machinery -
	Motor Vehicles 34.60		Motor Vehicles 34.60

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

CITY OF WARWICK, RHODE ISLAND
PRINCIPAL TAXPAYERS
June 30, 2016
(Unaudited)

Taxpayer	Taxable Assessed Value*	Rank	Percentage of Total Taxable Assessed Value
Narragansett Electric Co.	180,408,197	1	2.02%
CAR WAR LLC	41,476,700	2	0.46%
Warwick Mall LLC	39,652,300	3	0.44%
Metropolitan Life Insurance Co	37,408,500	4	0.42%
AIMCO Warwick LLC	31,065,500	5	0.35%
Cowesett Hills Apartments LLC	27,502,300	6	0.31%
Warwick Associates	27,116,200	7	0.30%
RI Mall	24,513,700	8	0.27%
Target Corporation	23,278,600	9	0.26%
Sears, Roebuck & Co	20,143,100	10	0.23%
	452,565,097		5.06%
 Total Assessed Value FY16	 8,944,299,320		

Source: City of Warwick Tax Assessor

Information from 2006 was unavailable

* Based Upon Assessed Values From December 31, 2014

**CITY OF WARWICK, RHODE ISLAND
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year Ended	Original Tax Levy	Cumulative Adjustments	Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Cumulative Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
2007	178,109,831	(641,403)	177,468,428	175,814,548	98.7%	1,342,818	177,157,366	99.8%
2008	187,228,328	(2,222,759)	185,005,569	183,684,242	98.1%	971,659	184,655,901	99.8%
2009	195,989,706	(1,515,745)	194,473,961	192,642,378	98.3%	1,591,502	194,233,880	99.9%
2010	204,173,334	(2,580,135)	201,593,199	200,662,928	98.3%	1,109,518	201,772,446	100.1%
2011	208,897,991	(5,280,654)	203,617,337	203,384,663	97.4%	190,656	203,575,319	100.0%
2012	216,867,072	(3,551,983)	213,315,089	210,300,217	97.0%	2,062,620	212,362,837	99.6%
2013	220,812,354	(3,588,422)	217,223,932	213,648,450	96.8%	1,525,454	215,173,904	99.1%
2014	223,763,444	(7,171,238)	216,592,206	212,455,468	94.9%	1,846,421	214,301,889	98.9%
2015	222,498,782	(2,740,250)	219,758,532	214,479,351	96.4%	3,446,987	217,926,338	99.2%
2016	229,189,681	(1,072,005)	228,117,676	223,570,708	97.5%	-	223,570,708	98.0%

Note: This table has been revised to include information pertaining to 60 day collections and cumulative adjustments.

Source: City of Warwick Finance Department - Comprehensive Annual Financial Reports

CITY OF WARWICK, RHODE ISLAND
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	Governmental Activities		Business-type Activities				Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Capital Leases	General Obligation Bonds	RICWFA Loans	Sewer BAN	Capital Leases			
2007	65,316,412	8,662,725	26,238,588	123,389,963	-	-	223,607,688	11.12%	\$2,602.36
2008	60,851,033	6,306,818	24,963,967	127,795,468	-	-	219,917,286	10.93%	\$2,559.41
2009	56,854,016	3,736,393	23,725,984	120,531,506	-	-	204,847,899	10.18%	\$2,384.03
2010	55,841,597	1,844,974	22,316,403	113,952,310	-	-	193,955,284	7.47%	\$2,288.29
2011	54,910,724	2,622,487	20,209,276	106,003,585	-	-	183,746,072	7.42%	\$2,222.59
2012	50,934,288 *	1,372,808	18,860,712	100,302,275	-	-	171,470,083	6.82%	\$2,074.10
2013	50,992,040 *	1,039,333	17,477,960	92,046,340	-	-	161,555,673	6.07%	\$1,953.56
2014	46,249,434 *	699,456	16,015,566	90,426,155	-	-	153,390,611	5.81%	\$1,871.28
2015	46,286,654 *	2,570,079	14,512,346	85,304,257	-	-	148,673,336	5.35%	\$1,813.91
2016	47,141,102 *	5,715,524	11,697,898	94,800,990	-	-	159,355,514	5.55%	\$1,950.52

* Excludes cumulative RIHEBC Bond principal repayments in the amount of \$2,537,500 which were paid to US Bank Sinking Fund Account.

Source: City of Warwick Finance Department - Comprehensive Annual Financial Reports
Long Term Debt Amortization Schedules

CITY OF WARWICK, RHODE ISLAND
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	General Obligation Bonds	Less Amounts Reimbursed By State	Net Bonded Debt	Percentage of Estimated Actual Taxable Value Of Property	Per Capita
2007	65,316,412	1,542,099	63,774,313	0.53%	\$742.21
2008	60,851,033	1,505,114	59,345,919	0.48%	\$690.67
2009	56,854,016	1,472,550	55,381,466	0.56%	\$644.53
2010	55,841,597	1,377,090	54,464,507	0.45%	\$642.57
2011	54,910,724	1,387,236	53,523,488	0.54%	\$647.42
2012	50,934,288 *	1,337,132	49,597,156	0.50%	\$599.93
2013	50,992,040 *	1,241,910	49,750,130	0.51%	\$601.59
2014	46,249,434 *	1,652,037	44,597,397	0.49%	\$544.06
2015	46,286,654 *	1,515,590	44,771,064	0.50%	\$546.24
2016	47,141,102 *	1,814,623	45,326,479	0.51%	\$554.80

* Excludes cumulative RIHEBC Bond principal repayments in the amount of \$2,537,500 which were paid to US Bank Sinking Fund Account.

Source: City of Warwick Finance Department and Tax Assessor's Office

**CITY OF WARWICK, RHODE ISLAND
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt Limit	282,556,453	368,675,097	361,370,604	361,232,360	295,392,826	299,020,173	294,672,021	274,622,797	268,628,059	268,328,980
Total Net Debt Applicable To Limit	65,316,412	60,851,033	56,854,016	55,841,597	54,910,724	50,934,288	50,992,040	46,249,434	46,286,654	47,141,102
Legal Debt Margin	217,240,041	307,824,064	304,516,588	305,390,763	240,482,102	248,085,885	243,679,981	228,373,363	222,341,405	221,187,878
Total Net Debt Applicable To The Limit As A Percentage of Debt Limit	23.12%	16.51%	15.73%	15.46%	18.59%	17.03%	17.30%	16.84%	17.23%	17.57%

Legal Debt Margin Calculation for Fiscal Year 2016	
Assessed Value:	8,944,299,320
Debt Limit (3% of total assessed value)	268,328,980
Debt Applicable to limit:	
General Obligation Bonds-Governmental	47,141,102
Legal Debt Margin	221,187,878

Source: City of Warwick Finance Department

**THE CITY OF WARWICK
PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS**

Sewer Revenue Bonds

Fiscal Year	Sewer Charges and Other	Less Operating Expenses	Net Available Revenue	Debt Service-Revenue Bonds		Coverage
				Principal	Interest	
2007	14,341,775	4,460,088	9,881,687	853,000	408,242	783.49%
2008	16,482,480	5,303,709	11,178,771	1,113,000	498,354	693.75%
2009	18,045,494	5,701,591	12,343,903	1,725,000	792,526	490.32%
2010	18,040,847	5,437,372	12,603,475	2,089,000	855,929	427.97%
2011	19,651,826	5,670,495	13,981,331	2,166,120	861,179	461.84%
2012	19,635,273	5,786,957	13,848,316	2,190,120	834,082	457.92%
2013	21,243,604	6,188,026	15,055,578	2,211,120	839,709	493.49%
2014	21,128,772	6,284,738	14,844,034	2,438,121	827,201	454.60%
2015	21,274,015	6,622,632	14,651,383	2,473,120	918,667	431.97%
2016	20,657,802	6,347,670	14,310,132	2,784,120	1,045,601	373.66%

The Warwick Sewer Authority has Issued the following revenue bonds:

December 31, 2004	\$20,000,000
December 15, 2005	\$5,000,000
December 21, 2006	\$9,500,000
December 12, 2007	\$6,942,000
April 30, 2008	\$4,000,000
October 6, 2009	\$1,169,026 *
June 26, 2012	\$2,400,000
March 6, 2014	\$7,000,000
March 31, 2015	\$3,500,000
July 30, 2015	\$10,574,900
June 2, 2016	\$8,000,000

Debt Service only includes Principal and Interest related to Sewer Revenue Bonds.

Principal Payments on Revenue Bonds began in fiscal 2007

Debt Payments relating to Sewer General Obligation Debt has not been included.

Sewer Charges and Other includes Interest Income and Transfer from Sewer Assessment.

Sewer Charges and Other does not include capital asset transfer from Emergency Operations

Operating Expenses do not include Depreciation, Debt Principal/Interest Expense, or Loss on Disposal of Assets.

* SRF/Stimulus Loan-Shown Net of \$178,601.10 Principal Forgiveness

Source: City of Warwick Finance Department

**THE CITY OF WARWICK
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year	Population	Personal Income	Median Family Income	Per Capita Personal Income	School Enrollment	Unemployment Rate
2007	85,925	2,011,504,250	\$56,225	\$23,410	10,944	4.85%
2008	85,925	2,011,504,250	\$58,087	\$23,410	10,818	5.60%
2009	85,925	2,011,504,250	\$59,445	\$23,410	10,525	9.18%
2010	84,760	2,597,724,480	\$75,029	\$30,648	10,507	11.50%
2011	82,672	2,477,762,512	\$72,337	\$29,971	10,277	10.30%
2012	82,672	2,515,047,584	\$73,504	\$30,422	9,977	10.12%
2013	82,698	2,662,958,298	\$76,695	\$32,201	9,675	8.80%
2014	81,971	2,639,548,171	\$76,695	\$32,201	9,409	8.00%
2015	81,963	2,777,644,107	\$78,263	\$33,889	9,277	5.86%
2016	81,699	2,872,291,743	\$82,937	\$35,157	9,130	4.73%

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

**THE CITY OF WARWICK
PRINCIPAL PRIVATE EMPLOYERS
June 30, 2016
(Unaudited)**

Employer	Number of Employees	Rank	Percentage of Total City Employment
Met Life	1,000-4,999	1	2.2%-10.9%
Kent Hospital / Acute Rehab	1,000-4,999	2	2.2%-10.9%
J Arthur Trudeau Memorial	1,000-4,999	3	2.2%-10.9%
Kent County Memorial Hospital	1,000-4,999	4	2.2%-10.9%
Community College of RI	500-999	5	1.1%-2.2%
Bentley Providence	500-999	6	1.1%-2.2%
Infiniti of Warwick	500-999	7	1.1%-2.2%
Kenney Manufacturing	500-999	8	1.1%-2.2%
Trudeau Memorial Center	500-999	9	1.1%-2.2%
J Arthur Trudeau Memorial Ctr	500-999	10	1.1%-2.2%

Source: Employ RI

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

(Historical data for nine years prior was unavailable)

CITY OF WARWICK
FULL TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS
(Unaudited)

Function	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Municipal Administration	92	90	88	87	86	86	87	91	95	95
Public Safety										
Police Civilians	78	78	78	77	75	75	77	77	74	79
Officers	172	172	167	163	164	163	163	163	180	178
Fire Civilians	12	12	12	12	11	11	11	12	12	12
Firefighters/Officers	220	220	221	220	209	209	209	217	218	218
Municipal	16	16	15	16	16	16	17	17	18	18
Social Services	22	22	22	22	22	22	22	23	27	25
Library/Recreation	65	65	67	67	67	67	66	67	72	72
Developmental Resources	15	16	16	16	16	16	17	19	20	21
Public Works										
Administration	3	3	3	3	3	3	3	4	4	5
Maintenance/Automotive	40	40	39	38	39	39	39	42	46	46
Engineering	4	4	4	4	4	4	4	4	7	7
Sanitation/Recycling	23	23	23	23	23	24	24	24	25	25
Highway	61	61	61	61	62	61	61	62	64	65
Water	33	33	34	35	35	35	35	35	37	37
Sewer	33	29	30	31	32	32	32	33	36	35

Source : City of Warwick Finance Department - Personnel Supplements

**THE CITY OF WARWICK
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS
(Unaudited)**

<u>Function</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Legislative and Executive										
Number of Resolutions	212	201	222	214	158	122	134	124	139	132
Number of Ordinances	62	37	47	38	32	21	22	30	19	29
Number of Meetings	22	22	22	22	22	29	27	27	30	26
Board of Elections										
Number of Registered Voters	56,555	58,122	59,928	61,133	60,239	60,315	62,059	59,470	60,189	59,546
Purchasing										
Number of bid contracts	378	312	301	317	329	301	327	364	323	358
Number of purchase orders issued	4,818	3,855	3,152	3,374	3,549	3,665	3,673	3,950	4,027	3,985
Building Department										
Number of permits issued	5,388	5,468	4,152	5,210	4,709	4,521	4,553	4,797	4,959	5,966
Permit Value	83,667,292	115,293,674	47,712,906	53,664,975	59,519,775	63,980,377	52,690,863	54,478,286	57,740,168	85,372,333
Public Safety										
Calls for Service	96,124	89,145	78,136	90,509	93,796	84,669	90,469	90,490	109,587	84,736
Arrests	1,993	3,970	3,559	3,290	3,284	3,325	3,431	3,431	3,057	2,990
Accidents	5,217	4,838	4,929	4,653	4,607	4,374	4,374	5,180	4,795	4,851
Parking Violations	14,853	15,520	12,455	10,973	12,477	12,085	12,085	215	6,304	213
EMS Responses	9,554	10,785	10,411	9,953	10,932	9,637	11,084	11,833	11,774	12,888
Highway and Sanitation										
Miles of Streets-Local Paved	395	400	398	398	398	400	400	396	396	396
Miles of Streets-State Paved	69	70	68	68	68	70	70	69	69	69
Miles of Streets-Private Paved	19	20	19	19	19	20	20	20	20	20
Refuse Collected (Annual Tonnage)	29,607	29,622	25,897	27,050	24,747	23,797	25,305	24,855	24,520	25,344
Recyclables Collected (Annual Tonnage)	11,146	10,981	9,372	8,939	8,801	8,940	10,476	10,074	9,863	10,152
Public Skating Admissions-Thayer Arena										
McDermott Pool Daily Passes	4,568	7,651	6,193	6,137	6,578	6,940	6,313	7,233	6,322	5,144
McDermott Pool Monthly Passes	1,070	1,068	953	1,082	1,225	1,119	944	6,217	6,136	4,177
McDermott Pool Monthly Passes								488	626	770
McDermott Pool Seasonal Passes										293
Library										
Registered Borrowers	42,623	40,921	40,169	45,451	40,827	39,336	38,121	36,813	35,120	35,554
Print Materials	218,009	211,267	194,376	185,293	180,516	166,323	176,576	148,106	143,787	141,369
Non-Print	13,329	14,731	15,861	11,920	22,827	13,168	14,751	15,384	16,683	17,373
Ebooks and AV Materials									46,024	55,799
Circulation	372,530	367,197	386,078	445,656	494,773	521,543	523,382	558,313	603,897	573,079
Programs	877	863	894	864	841	574	709	743	1,302	969
Program Attendance	17,017	14,883	13,061	15,013	14,942	11,119	11,826	12,342	13,952	18,616
Water										
Total Connections	26,993	27,102	27,109	27,132	26,657	26,827	26,967	26,903	26,959	26,896
New Connections	56	42	34	25	14	42	188	36	146	57
Water Main Breaks	117	31	29	28	47	21	21	26	34	29
Average Daily Consumption (Gallons)	7.768M	7.51M	6.314M	5.554M	5.513M	6.248M	4.87	4.395M	5.477M	5.479M
Wastewater										
Average Daily Sewer Treatment (Gallons)	5.315M	4.76M	5.13M	4.82M	5.41M	4.71M	4.8M	4.8M	4.6M	4.5M
Accounts Billed	18,007	18,696	19,769	20,133	20,532	20,999	21,544	21,728	21,966	22,222

Source: Various City Departments

**THE CITY OF WARWICK
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS
(Unaudited)**

Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government										
City Hall	2	2	2	2	2	2	2	2	2	2
Human Services	8	8	8	8	8	8	8	8	8	8
Public Works	2	2	2	2	2	2	2	2	2	2
Public Safety										
Police Stations	1	1	1	1	1	1	1	1	1	1
Fire Stations	9	9	9	9	9	9	9	9	10	10
Highway										
Streets (miles)	483	490	490	490	490	490	490	490	490	490
Streetlights	8,834	8,834	8,834	8,834	8,834	8,834	8,834	8,834	8,834	8,834
Traffic Lights (City)	27	27	27	27	27	27	27	27	27	27
Library										
Main	1	1	1	1	1	1	1	1	1	1
Branches	3	3	3	3	3	3	3	3	3	3
Recreation										
Parks	9	9	9	9	9	9	9	9	9	9
Bathing Beaches	6	6	6	6	6	6	6	6	6	6
Ice Arenas	2	2	2	2	2	2	2	2	2	2
Pools	2	2	2	2	2	2	2	2	2	2
Water/Wastewater										
Fire Hydrants	1,769	1,769	1,769	1,772	1,772	1,772	1,772	1,772	1,772	1,772
Max Daily Capacity (Gallons)-Water	13.3M	12.0M								
Max Daily Capacity (Gallons)-Sewer	7.7M									
Education										
Elementary Schools	20	20	17	17	17	17	17	17	17	16
Middle Schools	3	3	3	3	3	3	3	3	3	2
High Schools	3	3	3	3	3	3	3	3	3	2
Career/Technical	1	1	1	1	1	1	1	1	1	1

Source: Various City Departments

CITY OF WARWICK

SINGLE AUDIT SECTION

**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 Mayor and Members of the City Council
City of Warwick, Rhode Island

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Warwick (City), Rhode Island as of and for the year fiscal ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated May 15, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City'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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City'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 City'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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

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

Parmelee Poirier & Associates, LLP

Parmelee, Poirier & Associates, LLP
Warwick, RI
May 15, 2017

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR A FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE
UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

We have audited the City of Warwick's (City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City 's major federal programs for the year ended June 30, 2016. The City 's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of federal awards applicable to each major federal program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City 's major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City 's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the City 's major federal programs. However, our audit does not provide a legal determination of the City 's compliance.

Opinion on Each Major Federal Programs

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2016.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Parmelee Poirier & Associates, LLP

Parmelee, Poirier & Associates, LLP
May 15, 2017

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Warwick, (City) Rhode Island as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Warwick, Rhode Island basic financial statements.

We issued our report thereon dated May 15, 2017 which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Parmelee Poirier & Associates, LLP

Parmelee, Poirier & Associates, LLP
May 15, 2017

CITY OF WARWICK, RHODE ISLAND
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2016

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
U.S. Department of Agriculture			
<i>Passed through State of Rhode Island Department of Education</i>			
National School Lunch Program	10.555	N/A	\$ 3,101,180
Fresh Fruit and Vegetable Program	10.582	2725-17602-030	30,433
Total U.S. Department of Agriculture			<u>\$ 3,131,613</u>
U.S. Department of Housing and Urban Development			
<i>Direct Program</i>			
Community Development Block Grant/Entitlements Grant	14.218	Various	\$ 699,918
Total U.S. Department of Housing and Urban Development			<u>\$ 699,918</u>
U.S. Department of Justice			
<i>Direct Programs</i>			
National Asset Seizure and Forfeiture Act	16.000	N/A	\$ 105,972
DEA Reimbursement	16.000	N/A	17,030
DEA/ICE Grant	16.000	N/A	11,896
Bulletproof Vest Partnership Program	16.607	N/A	10,388
Public Safety Partnership and Community Policing Grants	16.710	Various	596,772
Edward Byrne Memorial Justice Assistance Grant Program	16.738	Various	15,584
Total U.S. Department of Justice			<u>\$ 757,642</u>
U.S. Department of Transportation			
<i>Passed through State of RI Department of Transportation</i>			
Recreational Trails Program	20.219	N/A	\$ 54,815
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	Various	82,437
Total U.S. Department of Transportation			<u>\$ 137,252</u>
U.S. Department of Education			
<i>Passed through State of Rhode Island Department of Education</i>			
Special Education - Preschool Grants	84.173	2725-13502-601	\$ 88,684
Title I Grants to Local Education Agencies	84.010	2725-11702-601	1,392,556
Career and Technical Education - Basic Grants to States	84.048	2725-15302-601	316,108
Education for Homeless Children & Youth	84.196	2725-10202-601	31,140
Improving Teacher Quality State Grants	84.367	2725-16402-601	569,503
Total U.S. Department of Education			<u>\$ 5,015,437</u>
U.S. Department of Homeland Security			
<i>Direct Programs</i>			
State Domestic Preparedness	97.004	N/A	\$ 22,948
Emergency Preparedness	97.042	N/A	102,078
Assistance to Firefighters	97.044	N/A	1,480,423
Interoperable Communications and Training Project	97.124	N/A	108,785
Total U.S. Department of Homeland Security			<u>\$ 1,714,234</u>
Total Expenditures of Federal Awards			<u>\$ 11,456,096</u>

(concluded)

CITY OF WARWICK, RHODE ISLAND
Notes to Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2016

1. **General** - The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal programs of the City of Warwick, Rhode Island. All federal awards received from federal agencies are included on the Schedule. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).
2. **Basis of Accounting** - The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting.
3. **Determination of Type A, Type B and Major Programs** - The determination of Type A and Type B federal programs was based upon the expenditures for all federal programs for the City of Warwick. As such, the threshold for determining Type A vs. Type B programs is determined at the entity level. For the fiscal year-ended June 30, 2016, grants with expenditures exceeding \$750,000 were determined to be Type A programs and all other grants were considered Type B programs. For the fiscal year ended June 30, 2016, the following programs were considered a major program:

National School Lunch Program	CFDA #10.555
Title I	CFDA #84.010
IDEA Cluster:	
IDEA Part B	CFDA #84.027
IDEA Sec 619 – Preschool	CFDA #84.173
Assistance to Firefighters	CFDA #97.044

CITY OF WARWICK, RHODE ISLAND
Schedule of Findings and Questioned Costs
For The Fiscal Year Ended June 30, 2016

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness (es) identified? yes no

Significant deficiency (ies) identified that are not considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

Material weakness (es) identified? yes no

Significant deficiency (ies) identified that are not considered to be material weakness (es)? yes none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
CFDA #10.555	National School Lunch Program
CFDA #84.010	Title I
CFDA #84.027	IDEA Part B
CFDA #84.173	IDEA Sec 619 Preschool
CFDA #97.044	Assistance to Firefighters

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Qualified as low risk auditee: yes no

CITY OF WARWICK, RHODE ISLAND
Schedule of Findings and Questioned Costs
For The Fiscal Year Ended June 30, 2016

SECTION II – FINDINGS RELATING TO THE FINANCIAL STATEMENT AUDIT

Current Year Findings:

None noted

Prior Year Findings:

None noted

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Current Year Findings:

None noted

Prior Year Findings:

None noted