



Town of West Warwick, Rhode Island

Annual Financial Statements

For the Fiscal Year Ended June 30, 2018

TOWN OF WEST WARWICK

INTRODUCTORY SECTION

- TABLE OF CONTENTS
 - LIST OF TOWN OFFICIALS
-

TOWN OF WEST WARWICK, RHODE ISLAND

FOR THE YEAR ENDED JUNE 30, 2018

TABLE OF CONTENTS

	<u>EXHIBIT</u>	<u>PAGE(S)</u>
List of Town Officials		i
FINANCIAL SECTION:		
Independent Auditors' Report		1 – 3
Basic Financial Statements and Required Supplementary Information:		
Management's Discussion and Analysis		4 – 12
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Position	A-1	13
Statement of Activities	A-2	14
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	B-1	15 – 16
Statement of Revenues, Expenditures, and Changes in Fund Balances	B-2	17
Reconciliation Schedule (B-2 to A-2)	B-3	18
Proprietary Funds:		
Statement of Net Position	C-1	19
Statement of Revenues, Expenses, and Changes in Fund Net Position	C-2	20
Statement of Cash Flows	C-3	21 – 22
Fiduciary Funds:		
Statement of Fiduciary Net Position	D-1	23
Statement of Changes in Fiduciary Net Position	D-2	24
Notes to Financial Statements		25 – 83
Required Supplementary Information:		
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund – Budgetary Basis	RSI – 1	84 – 87
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – School Unrestricted Fund – Budgetary Basis	RSI – 2	88
Schedule of Changes in Town's Net Pension Liability and Related Ratios	RSI – 3	89
Schedule of Town's Contributions and Investment Returns	RSI – 4	90
Schedule of School District's Proportionate Share of the Net Pension Liability	RSI – 5	91
Schedule of School District's Contributions	RSI – 6	92
Schedule of Changes in Town's Net OPEB Liability and Related Ratios	RSI – 7	93
Schedule of Town's Contributions	RSI – 8	94
Notes to Required Supplementary Information	RSI – 9	95 - 98

TOWN OF WEST WARWICK, RHODE ISLAND

FOR THE YEAR ENDED JUNE 30, 2018

TABLE OF CONTENTS

EXHIBIT PAGE(S)

FINANCIAL SECTION (Continued):

Other Supplementary Information:

Non-major Governmental Funds:

Combining Balance Sheet – Non-major Governmental Funds	1	99 – 102
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Non-major Governmental Funds	2	103 – 106
Combining Balance Sheet – School Restricted Funds – Reported as Non-major Governmental Funds	3	107 – 110
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – School Restricted Funds – Reported as Non-major Governmental Funds	4	111 – 114

Agency Funds:

Statement of Changes in Assets and Liabilities	5	115
--	---	-----

State Required Reports:

Annual Supplemental Transparency Report	6	116 – 120
Notes to Other Supplementary Information – Notes to Annual Supplemental Transparency Report	7	121 – 122

Other:

Schedule of Property Taxes Receivable	8	123 – 124
---	---	-----------

SINGLE AUDIT SECTION:

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		125 – 126
Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by Uniform Guidance		127 – 129
Schedule of Expenditures of Federal Awards		130
Notes to Schedule of Expenditures of Federal Awards		131
Schedule of Findings and Questioned Costs		132 – 133
Summary Schedule of Prior Audit Findings		134
Corrective Action Plan		135

TOWN OF WEST WARWICK, RHODE ISLAND

LIST OF TOWN OFFICIALS

AS OF JUNE 30, 2018



TOWN COUNCIL

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

TOWN MANAGER

Ernest Zmyslinski

SCHOOL COMMITTEE

Steven Lawton, Chairperson
Luis R. Colon, Jr., Vice-Chairperson
Rene E. Coutu, Clerk
Susan St. Amand
Patricia Keenan

DEPARTMENT DIRECTORS & OFFICIALS

Town Finance Director
Superintendent of Schools
Director of Financial Operations - School Department
Town Solicitor
Town Clerk
Chief of Police
Fire Chief
Tax Assessor
Acting Director of Public Works
Town Planner/Economic Development Coordinator
Building Official
CDBG Coordinator
Interim Superintendent of Sewer Treatment Plant
Director of Human Resources
Director of Federal Programing and Innovative Practice
Director of Property & Maintenance - School Department
Special Education Director - School Department
Director of Technology - School Department

Kristen B Benoit
Karen Tarasevich
Joseph Spagna
Timothy Williamson
Marianne Kelly
Colonel John Magiera
Joseph Baris, Jr.
Sal Saccoccia
Fred Gil
Mark Carruolo
George Dumont
Elaine Mansour
Bernie Bishop
Melissa LeBlanc
Keith Remillard
Kenneth Townsend
Jessica M. Perry
Jim Monti

(THIS PAGE LEFT BLANK INTENTIONALLY.)

TOWN OF WEST WARWICK

FINANCIAL SECTION

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

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of West Warwick, Rhode Island, as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of budgetary comparison information, Schedule of Changes in Town's Net Pension Liability and Related Ratios, Schedule of Town's Contributions and Investment Returns, Schedule of School District's Proportionate Share of the Net Pension Liability, Schedule of School District's Contributions, Schedule of Changes in Town's Net OPEB Liability and Related Ratios, Schedule of Town's Contributions and accompanying notes on pages 4 through 12, and pages 84 through 98 respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of West Warwick, Rhode Island's financial statements. The combining and individual non-major fund statements, the agency fund financial statements, annual supplemental transparency report and accompanying notes, and the schedule of property taxes receivable are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund statements, the agency fund financial statements, annual supplemental transparency report and accompanying notes, and the schedule of property taxes receivable are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. 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 statements, the agency fund financial statements, annual supplemental transparency report and accompanying notes, and the schedule of property taxes receivable are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2018, on our consideration of the Town of West Warwick, Rhode Island's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of West Warwick, Rhode Island's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of West Warwick, Rhode Island's internal control over financial reporting and compliance.

Marcum LLP

Providence, Rhode Island
December 28, 2018

TOWN OF WEST WARWICK, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2018

As management of the Town of West Warwick, we offer readers of the Town of West Warwick's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with the Town's financial statements that follow this section.

Financial Highlights

- ❖ The Town's government-wide net position increased by \$117,034 as a result of this year's current operations. Most of this increase was due to the increase in the Town's unrestricted fund balance of \$745,299. On a government-wide basis the liabilities and deferred inflows of resources exceeded the Town's assets and deferred outflows of resource creating a net position deficiency of \$143,471,093. Net position of the business-type activities decreased by \$769,218, while the net position of Governmental Activities increased by \$886,252.
- ❖ The Town's Government-wide (governmental and business-type activities) operating expenses were \$118,435,218 while revenues collected were \$118,552,252.
- ❖ As of the close of the fiscal year, the Town's governmental funds reported combined ending fund balances of \$12,319,544. 5.45% of this amount, 671,999 is unassigned.
- ❖ At the end of the current fiscal year, the General Fund's unassigned fund balance was \$962,354 or 2.51% of the total General Fund budgetary expenditures for the fiscal year. In accordance with generally accepted accounting principles (GAAP), the current fiscal year's revenues and other financing sources exceeded expenditures and other financing uses by \$775,384. As of June 30, 2018, the General Fund's committed fund balance was \$159,635 or 0.4% of the fiscal 2018 General Fund operating budget. The Town Council, as the highest level of authority, can elect to remove the commitment which was placed on this \$159,635 fund balance amount and make the funds available for general operating costs of the Town.

Overview of the Financial Statements

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

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

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

TOWN OF WEST WARWICK, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2018

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

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

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

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

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

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

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

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

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