



**Basic Financial Statements  
And Supplementary Information**

**For the year ended June 30, 2015**

**Prepared by:**

**Finance Department**

# Introductory Section

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List of Town Officials

# TOWN OF WARREN, RHODE ISLAND

YEAR ENDED JUNE 30, 2015

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# TOWN OF WARREN, RHODE ISLAND

YEAR ENDED JUNE 30, 2015

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**TOWN OF WARREN, RHODE ISLAND**

June 30, 2015

**Town Council**

Joseph A. DePasquale  
Scott F. Lial  
P. Brandt Heckert  
David D. Frerichs  
Steven R. Thompson

TOWN MANAGER	Thomas Gordon
TOWN SOLICITOR	Anthony DeSisto
TOWN CLERK	Julie Coelho
TAX ASSESSOR	Cathy Maisano
FINANCE DIRECTOR	Michael Abbruzzi
PUBLIC WORKS DIRECTOR	John Massed
POLICE CHIEF	Peter T. Achilli
FIRE CHIEF	Alexander Galinelli
BUILDING INSPECTOR	Gareth Eames
HARBOR MASTER	Edward Cabral
TOWN PLANNER	Caroline Wells

# Financial Section

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

***INDEPENDENT AUDITOR'S REPORT***

The Honorable Town Council  
Warren, Rhode Island

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Warren, Rhode Island (Town) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "*Government Auditing Standards*" issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management, as well as evaluating the overall financial statement presentation of the financial statements.

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

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Warren, Rhode Island as of June 30, 2015, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 1 of the financial statements, for the fiscal year ended June 30, 2015, the Town adopted new accounting guidance affecting the accounting for pensions. Due to the adoption of this guidance, the Town restated its 2015 opening net position at July 1, 2104. Our opinion was not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules of funding progress on pages 3 through 8, pages 52 through 57, and page 63, 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 statement that collectively comprise the Town of Warren's basic financial statements. The introductory section, combining and individual non-major fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

### *Reissued Financial Statements*

As of February 9, 2016, the Town's financial statements report was reissued. The report for the Town of Warren, Rhode Island Financial Statements, for the year ended June 30, 2015 dated December 3, 2015 should not be relied upon. The changes to the Town's financial statements relate to the adoption of GASB 68.

Parmelee, Poirier & Associates, LLP  
Warwick, Rhode Island  
February 9, 2016

## Management's Discussion and Analysis

As management of the Town of Warren, we offer readers of the Town of Warren's financial statements this narrative overview and analysis of the financial activities of the Town of Warren for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with the entire comprehensive annual financial report.

### Financial Highlights

- The assets and deferred outflows of resources of the Town of Warren exceeded its liabilities and deferred inflows of resources as of June 30, 2015, by \$15,913,991 (*net* position). A portion of this amount, categorized as *unrestricted*, may be used to meet the government's ongoing obligations to citizens and creditors. As of June 30, 2015, the *unrestricted* portion amounted to (\$1,239,803).
- The Town of Warren's total net position decreased by \$348,581 for the current fiscal year, this includes \$5,871,552 directly attributed to the restatement of beginning net position as required by implementation of GASB 68.
- As of June 30, 2015, the Town of Warren's governmental funds reported combined ending fund balances of \$8,088,895, a decrease of \$1,287,264 in comparison with the prior year, primarily as a result of spending on committed capital projects funded via General Obligation Bond Revenue in the prior fiscal years.
- As of June 30, 2015, the total fund balance for the General Fund was \$7,718,129 or approximately 28% of total general fund expenditures. However, \$1,402,436 of this fund balance was committed to meet general fund capital expenditures; and an additional \$500,000 (authorized in FY 2013-14, expiring in June, 2017) of this fund balance was committed to Open Space Acquisition.
- As of June 30, 2015, the unassigned fund balance for the General Fund was \$5,766,185, an increase of \$954,584 over the prior year, primarily due to the following:
  - Excess of revenues over expenditures before other financing sources.
  - Committed Open Space Funding of \$500,000 expiring in June, 2015
- The Town of Warren's total debt of its governmental activities decreased to \$13,628,561 an 8% decrease during 2015. The Town paid down principal of \$1,157,753 on existing bond issues.
- For the purposes of this audit, the Transfer Station fund has been included with the General Fund, and is not considered a proprietary fund.

### Overview of the Financial Statements

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

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

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

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

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

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

The Government-wide financial statements can be found on pages 9 and 10 of this report.

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

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the Government-wide financial statements. However, unlike the Government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spend-able resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The Town of Warren maintains 57 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, RIDOT TIP Water St. Project, are considered major funds. Data from the remaining 55 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* later in this report.

The basic governmental fund financial statements can be found on pages 11, 12 and 13 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the Government-wide financial statement because the resources of those funds are not available to support the Town of Warren's programs. The fiduciary funds maintained by the Town of Warren include several private-purpose trusts and agency funds.

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

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the Government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 16 of this report.

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

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

**Government-wide Financial Analysis**

As noted earlier, the net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Warren, assets exceeded liabilities by \$15,913,991 at the close of Fiscal Year ended June 30, 2015.

	Governmental Activities 2015	Governmental Activities 2014	Total 2015	Total 2014	Percentage Change 2015 vs 2014
Current and other assets	\$ 10,302,065	\$ 10,999,834	\$ 10,302,065	\$ 10,999,834	-6.34%
Capital assets	30,738,555	30,928,914	30,738,555	30,928,914	-0.62%
<b>Total assets</b>	<b>41,040,620</b>	<b>41,928,748</b>	<b>41,040,620</b>	<b>41,928,748</b>	<b>-2.12%</b>
Deferred outflow of resources	741,639	-	741,639	-	-
Long-term debt	16,183,447	17,258,028	16,183,447	17,258,028	-6.23%
Other liabilities	3,298,715	2,536,596	3,298,715	2,536,596	30.04%
<b>Total liabilities</b>	<b>19,482,162</b>	<b>19,794,624</b>	<b>19,482,162</b>	<b>19,794,624</b>	<b>-1.58%</b>
Deferred inflow of resources	865,878	-	865,878	-	-
<b>Net Position</b>					
Invested in capital assets	17,109,994	18,329,596	17,109,994	18,329,596	-6.65%
Restricted	43,800	58,341	43,800	58,341	-24.92%
Unrestricted	(1,239,803)	3,746,187	(1,239,803)	3,746,187	-133.09%
<b>Total net position</b>	<b>\$ 15,913,991</b>	<b>\$ 22,134,124</b>	<b>\$ 15,913,991</b>	<b>\$ 22,134,124</b>	<b>-28.10%</b>

The general capital assets (e.g., land, buildings, machinery, and equipment) of the governmental activities of the Town of Warren less outstanding debt equal \$17,109,994. A portion of the outstanding debt of the governmental activities was incurred for the installation of infrastructure.

With the historical infrastructure costs included, the governmental activities have total net position of \$15,913,991. Included within the total net position are net investment in capital assets of \$17,109,994 and restricted net assets of \$43,800 as of June 30, 2015, leaving an unrestricted balance of (\$1,239,803). In comparison, governmental activity net position as of June 30, 2014, as stated in the FY14 Financial Statements totaled \$22,134,124.

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

**Governmental activities.** Governmental activities decreased the Town of Warren's net position by \$348,581.

	<u>Activities</u> 2015	<u>Activities</u> 2014	<u>Change</u> 2015-2014
<b>Revenues</b>			
Program revenues-			
Charges for services	\$ 221,653	\$ 633,311	-186%
Grants	20,757	28,172	-36%
General revenues-			
Property taxes	23,577,621	22,042,733	7%
Intergovernmental	1,165,950	1,308,869	-12%
Licenses, fees, permits and fines	1,320,820	1,382,404	-5%
Investment earnings	242,385	218,712	10%
Miscellaneous	97,582	29,029	70%
Transfers in/(out)			
Total revenues	<u>26,646,768</u>	<u>25,643,230</u>	4%
<b>Expenses</b>			
General government	6,539,668	4,780,642	37%
Town offices	790,035	835,945	-6%
Financial administration	225,613	223,238	1%
Public safety	2,310,094	2,455,932	-6%
Fire safety	646,064	585,155	9%
Waste water treatment	901,362	1,248,549	-39%
Highway department	1,708,930	2,169,130	-27%
Grants and contributions	259,746	287,296	-11%
Education	13,182,615	11,647,407	12%
Debt service	431,222	389,933	10%
Unallocated depreciation	-	-	
Transfer station	-	-	
Total expenses	<u>26,995,349</u>	<u>24,623,227</u>	10%
Increase/-decrease in net assets	(348,581)	1,020,003	-134%
Net assets - beginning - as restated	<u>16,262,572</u>	<u>21,114,121</u>	-22%
Net assets - ending	<u>\$ 15,913,991</u>	<u>\$ 22,134,124</u>	-28%

## **Financial Analysis of the Government's Funds**

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

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

As of June 30, 2015, the Town of Warren's total governmental funds reported a combined ending fund balance of \$8,088,895, a decrease of \$1,287,264 in comparison with the prior year. The unassigned fund balance of \$5,766,185 is available for spending at the government's discretion. The remainder of the fund balance is non-spendable to indicate that it is not available for new spending because it represents un-expendable inventory items, those governmental funds with a deficit fund balance and the permanent funds. The committed fund balances has been designated to fund appropriations of the subsequent fiscal year. The restricted fund balance has been assigned all non-major governmental funds fund balances as it is restricted for the legal use of each fund.

The General Fund is the chief operating fund of the Town of Warren. As of June 30, 2015, the total fund balance of the general fund was \$7,718,129 (a decrease of \$1,324,666), of which \$5,784,640 was unassigned. The Unassigned fund balance represents approximately 21.2% of total General Fund expenditures. The 2015 annual budget for the Town of Warren's general fund identified the re-appropriation of \$1,902,436 in fund balance which represents capital and special appropriations carry-forwards of \$1,402,436 and Open Space Acquisition appropriations carry-forwards of \$500,000.

Excess of revenues over expenditures before other financing sources was \$436,200. Actual revenues and other sources were higher than budgeted revenues in the general fund by \$182,725 before transfers. Actual expenditures were lower than budgeted expenditures by \$253,475 before transfers.

### **General Fund Budgetary Highlights**

Actual revenues and other sources were higher than budgeted revenues by \$182,725, primarily due to increased revenue in general property tax interest collected (\$73k), and licenses, fees, permitting and fines (\$78k).

Actual expenses were lower than budgeted expenses by \$253,475 primarily due to lower than expected employee benefit costs (\$91k), attendance premium costs (\$32k), and lower debt service expenditures (\$42k). One department was over budget to total expenses: Public Works (\$54k). Expenditures for education totaled \$13,182,615 and accounted for roughly 48% of total General Fund expenditures. General Fund capital expenditures were \$1,760,865 for the fiscal year, with carry-forwards for future projects of \$1,402,436 and Open Space Acquisition appropriations carry-forward of \$500,000.

## **Capital Asset and Debt Administration**

**Capital assets.** The Town of Warren's investment in capital assets for its governmental activities as of June 30, 2015, amounts to \$30,738,555 net of accumulated depreciation. This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, and infrastructure. Additional information on the Town of Warren's capital assets can be found in Note 4 to the financial statements, which accompany this report.

### **Town of Warren's Capital Assets**

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

There were no major fixed asset additions at the transfer station.

**Long-term debt.** At the end of the current fiscal year, the Town of Warren has total general obligation debt outstanding of \$13,628,561 entirely backed by the full faith and credit of the government.

State statutes limit the amount of general obligation debt a governmental entity may issue to 3 percent of its total equalized valuation. As of June 30, 2015, the Town of Warren's ratio of Town Debt to net taxable valuation is 1.18%. The current debt limitation for the Town of Warren is \$34,717,645, which significantly exceeds the Town of Warren's current outstanding general obligation debt.

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

### **FY 2015-16 Budget Highlights**

The Town of Warren's tax rate decreased from \$20.07 to \$19.97 per thousand dollars of assessed value from FY 2014-15 to FY 2015-16. The decrease in the tax rate was due primarily to the decrease in education funding.

The Bristol/Warren Joint Finance Committee approved a change in the calculation of education funding based on a 13-year rolling average of student enrollment. This change decrease Warren's funding percentage by 1.6%, effectively decreasing the education funding for Warren in the FY 2015-16 budget by \$350k (2.7%).

### **Requests for Information**

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

**TOWN OF WARREN, RHODE ISLAND**

**Statement of Net Position  
June 30, 2015**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
<b>Current assets</b>	
Cash and cash equivalents	\$ 7,164,619
Investments	548,587
Receivables (net)	442,493
Other receivables	1,039,167
Prepaid expenses	4,509
Inventories	8,089
Due from federal and state	1,094,601
<b>Noncurrent assets</b>	
Capital assets (non-depreciable)	2,295,170
Capital assets (net of depreciation)	28,443,385
<b>TOTAL ASSETS</b>	<u>41,040,620</u>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred pension amounts	<u>741,639</u>
 <b>LIABILITIES</b>	
<b>Current liabilities</b>	
Accounts payable	229,786
Accrued expenses	315,419
Escrow deposits	1,672
Unearned revenues	1,441,248
Current portion of long-term liabilities	1,310,590
<b>Noncurrent liabilities</b>	
Net OPEB obligation	2,165,416
Net pension liability	5,520,228
Long-term liabilities (net)	14,018,031
<b>TOTAL LIABILITIES</b>	<u>25,002,390</u>
 <b>DEFERRED INFLOW OF RESOURCES</b>	
Deferred pension amounts	<u>865,878</u>
 <b>NET POSITION</b>	
Net investment in capital assets	17,109,994
Restricted for permanent trust funds	43,800
Unrestricted	(1,239,803)
<b>TOTAL NET POSITION</b>	<u><u>\$ 15,913,991</u></u>

See auditor's notes to the financial statements

**TOWN OF WARREN, RHODE ISLAND****Statement of Activities  
June 30, 2015**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental activities:				
General government	\$ 6,539,668	\$ 3,946	\$ 20,757	\$ (6,514,965)
Town offices	790,035	-	-	(790,035)
Financial administration	225,613	-	-	(225,613)
Public safety	2,310,094	147,237	-	(2,162,857)
Fire safety	646,064	-	-	(646,064)
Waste water treatment	901,362	70,470	-	(830,892)
Highway department	1,708,930	-	-	(1,708,930)
Transfer station	-	-	-	-
Grants and contributions	259,746	-	-	(259,746)
Education	13,182,615	-	-	(13,182,615)
Interest on long-term debt	431,222	-	-	(431,222)
Total governmental activities	<u>\$ 26,995,349</u>	<u>\$ 221,653</u>	<u>\$ 20,757</u>	<u>(26,752,939)</u>
General revenues:				
Property taxes				23,577,621
Intergovernmental				1,165,950
Licenses, fees, permits and fines				1,320,820
Interest earnings				242,385
Miscellaneous				97,582
		Total general revenues		<u>26,404,358</u>
		Change in net position		(348,581)
		Net position - beginning, restated		<u>16,262,572</u>
		Net position - ending		<u>\$ 15,913,991</u>

See auditor's notes to the financial statements

**TOWN OF WARREN, RHODE ISLAND****Balance Sheet  
Governmental Funds  
June 30, 2015**

	General Fund	RIDOT TIP Water St. Project	Other Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$ 6,853,977	\$ -	\$ 310,642	\$ 7,164,619
Investments	518,475	-	30,112	548,587
Taxes receivables (net)	442,493	-	-	442,493
Other receivables	96,752	-	942,415	1,039,167
Due from other funds	308,370	-	-	308,370
Inventories	8,089	-	-	8,089
Due from federal & state	244,311	744,065	106,225	1,094,601
Prepaid expenses	4,509	-	-	4,509
<b>TOTAL ASSETS</b>	<b>\$ 8,476,976</b>	<b>\$ 744,065</b>	<b>\$ 1,389,394</b>	<b>\$ 10,610,435</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 224,481	\$ -	\$ 5,305	\$ 229,786
Accrued expenses	173,881	-	7,770	181,651
Unearned revenues	-	732,590	708,658	1,441,248
Escrow deposits	1,672	-	-	1,672
Due to other funds	-	11,475	296,895	308,370
<b>TOTAL LIABILITIES</b>	<b>400,034</b>	<b>744,065</b>	<b>1,018,628</b>	<b>2,162,727</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	358,813	-	-	358,813
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>358,813</b>	<b>-</b>	<b>-</b>	<b>358,813</b>
<b>FUND BALANCES:</b>				
Non-Spendable	31,053	-	43,800	74,853
Restricted	-	-	345,421	345,421
Committed	1,902,436	-	-	1,902,436
Unassigned	5,784,640	-	(18,455)	5,766,185
<b>TOTAL FUND BALANCES</b>	<b>7,718,129</b>	<b>-</b>	<b>370,766</b>	<b>8,088,895</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 8,476,976</b>	<b>\$ 744,065</b>	<b>\$ 1,389,394</b>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	30,738,555
Deferred outflows of resources for pension plans are reported in the Statement of Net Position of Government Activities but are not reported on the Fund Statements	741,639
Long-term liabilities are not due and payable in the current period and therefore are not reported in the Fund Statement	(15,328,621)
Accrued interest related to issuance of long-term liabilities	(133,768)
Accrual of net OPEB obligation	(2,165,416)
Unavailable property tax revenues (net of an allowance for uncollectables) are recorded in the funds, but are not deferred under the measurement focus employed in the Statement of Net Position	358,813
Net Position Liability and related deferred inflows of resources for pension plans are reported in the Statement of Net Position of Governmental Activities but are not reported on the Fund Statement	(6,386,106)
<b>Net position of governmental activities</b>	<b>\$ 15,913,991</b>

See auditor's notes to the financial statements

**TOWN OF WARREN, RHODE ISLAND**  
**Statement of Revenues, Expenditures**  
**and Changes in Fund Balance**  
**Governmental Funds**  
**For the year ended June 30, 2015**

	General Fund	RIDOT TIP Water St. Project	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
General property taxes	\$ 23,598,932	\$ -	\$ -	\$ 23,598,932
Interest and investment income	240,854	-	1,531	242,385
Licenses, fees, permits and fines	1,307,241	-	13,579	1,320,820
Water and sewer use fees	70,470	-	-	70,470
Intergovernmental	646,918	8,270	510,762	1,165,950
Other	97,582	-	171,940	269,522
<b>Total revenues</b>	<u>25,961,997</u>	<u>8,270</u>	<u>697,812</u>	<u>26,668,079</u>
<b>Expenditures</b>				
Current:				
General government	3,759,976	-	512,031	4,272,007
Town offices	790,035	-	-	790,035
Financial administration	225,613	-	-	225,613
Public safety	2,273,238	-	148,379	2,421,617
Fire safety	462,801	-	-	462,801
Waste water treatment	1,158,262	-	-	1,158,262
Highway department	1,818,013	-	-	1,818,013
Grants and contributions	259,746	-	-	259,746
Education	13,182,615	-	-	13,182,615
Transfer station	-	-	-	-
Costs of collection	-	-	-	-
Debt Service:	-	-	-	-
Principal	1,157,753	-	-	1,157,753
Interest and other costs	437,746	-	-	437,746
Capital:	-	-	-	-
Capital and special appropriations	1,760,865	8,270	-	1,769,135
<b>Total expenditures</b>	<u>27,286,663</u>	<u>8,270</u>	<u>660,410</u>	<u>27,955,343</u>
Excess of revenues over (under) expenditures before transfers	<u>(1,324,666)</u>	<u>-</u>	<u>37,402</u>	<u>(1,287,264)</u>
<b>Other financing sources/uses</b>				
Proceeds from bond issuance	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Net other financing sources/uses</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in fund balances	(1,324,666)	-	37,402	(1,287,264)
<b>Fund balance - beginning of the year</b>	<u>9,042,795</u>	<u>-</u>	<u>333,364</u>	<u>9,376,159</u>
<b>Fund balance - ending of the year</b>	<u>\$ 7,718,129</u>	<u>\$ -</u>	<u>\$ 370,766</u>	<u>\$ 8,088,895</u>

See auditor's notes to the financial statements

**TOWN OF WARREN, RHODE ISLAND**

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds (B-2) to the Statement of Activities (A-2)  
For the year ended June 30, 2015**

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

Net change in fund balance - total governmental funds (B-2)	\$ (1,287,264)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period	(190,359)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transactions, however, has any effect on net position. This amount is the net effect of these differences.	1,104,754
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.	(21,311)
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(181,486)
Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, pension expense is amortized and amounts contributed during the fiscal year are reported as deferred outflows of resources.	<u>227,085</u>
Changes in net position of governmental activities in the Statement of Activities (A-2)	<u>\$ (348,581)</u>

See auditor's notes to the financial statements

**TOWN OF WARREN, RHODE ISLAND**

**Statement of Changes in Net Position  
Fiduciary Funds  
For the year ended June 30, 2015**

	Private- Purpose Trusts	OPEB Trust Fund	Agency Funds
<b>ASSETS</b>			
Cash	\$ 1,204	\$ 747,133	\$ 18,727
Investments	570,927		
 Total Assets	 <u>572,131</u>	 <u>747,133</u>	 <u>18,727</u>
<b>LIABILITIES</b>			
Deposits held in custody for others	-	-	18,727
 Total Liabilities	 <u>-</u>	 <u>-</u>	 <u>18,727</u>
<b>NET POSITION</b>			
Held in trust for post retirement benefits and other purposes	 <u>\$ 572,131</u>	 <u>\$ 747,133</u>	

See auditor's notes to the financial statements

**TOWN OF WARREN, RHODE ISLAND**

**Statement of Changes in Net Position  
Fiduciary Funds  
For the year ended June 30, 2015**

	Private- Purpose Trusts	OPEB Trust Fund
ADDITIONS:		
Investment income	\$ 28,765	\$ 1,857
Total additions	<u>28,765</u>	<u>1,857</u>
DEDUCTIONS:		
Portfolio management fees	<u>87,871</u>	-
Total deductions	<u>87,871</u>	-
CHANGE IN NET POSITION	(59,106)	1,857
Net position - beginning	631,237	745,276
Net position - ending	<u>\$ 572,131</u>	<u>\$ 747,133</u>

See auditor's notes to the financial statements

**TOWN OF WARREN**  
*Notes to the Financial Statements*  
*June 30, 2015*

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***REPORTING ENTITY***

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

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

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

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

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

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

(continued)

**TOWN OF WARREN**  
*Notes to the Financial Statements*  
*June 30, 2015*

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

***REPORTING ENTITY (continued)***

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

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

***BASIS OF PRESENTATION AND ACCOUNTING***

***Government-Wide Financial Statements***

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

***Fund Financial Statements***

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

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

(continued)

**TOWN OF WARREN**  
*Notes to the Financial Statements*  
*June 30, 2015*

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

***BASIS OF PRESENTATION AND ACCOUNTING (continued)***

The funds of the financial reporting entity are described below:

***Governmental Funds Types:***

**General Fund**

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

**Special Revenue Funds**

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

**Capital Project Fund**

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

**Permanent Funds**

Permanent Funds account for assets held by the Town 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.

***Fiduciary Fund Types (not included in government-wide statements):***

**Agency Funds**

Agency Funds account for assets held by the Town in a purely custodial capacity. The reporting entity includes two agency funds: performance bonds and student activity funds. Since agency funds are custodial in nature they do not involve the measurement of results of operations.

**OPEB Trust Fund**

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

(continued)

**TOWN OF WARREN**  
*Notes to the Financial Statements*  
*June 30, 2015*

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

***BASIS OF PRESENTATION AND ACCOUNTING (continued)***

**Private Purpose Trust Funds**

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

***Major and Non-Major Funds:***

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

**Fund**

**Brief Description**

**Major:**

***General Fund***

See the above description.

***RI DOT TIP Water St. Project***

To account for RI DOT grant award and expenditures.

**Non-Major:**

***Special Revenue Funds:***

Enterprise Zone, Senior Center, Road Duty, Tourister Peer Review, Recreation Department Donation, State Paving Grant, Gun Buy Back, RI DOT Highway Safety Grant, WPD RI Senatorial Grant, Recycling Grant, Planning Challenge Grant, Champlain Foundation, Community Gardens, Safe Routes to School, ACO Donations, Diesel Equipment Repair, Cops That Care, Social Services Donations, Marijuana Grant, Warren Beautification Donation, Animal Rescue, Animal Spading, Police Bicycle Patrol Grant, AFIS Live Scan Federal Grant, RI State Byrnes Justice Grant, Memorial Tree Fund, Sewer Project – EPA, Stormwater Permitting, Recreational Trails Grant, Summer Concerts, Project Playground, Substance Abuse, Fire Inspections, Jamiel's Park DEM Grant, Jamiel's Park Picnic Fund, Jamiel's Park Softball Field Fund Fire State Meds Plan, FEMA Sandy Event, Community Development Block Grant, Veteran's Honor Roll, Government Center, Ship Shape, Holiday Committee, Narcotics, and Employee Charity Fund.

(continued)

**TOWN OF WARREN**  
*Notes to the Financial Statements*  
*June 30, 2015*

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

***BASIS OF PRESENTATION AND ACCOUNTING (continued)***

***Major and Non-Major Funds (continued):***

<b><u>Fund</u></b>	<b><u>Brief Description</u></b>
<b><i>Permanent Funds:</i></b>	Sara B. Burtis Fund, Police Trust, and Town Trust

***Measurement Focus***

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

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. All governmental funds utilize a “current financial resources” measurement focus and the modified accrual basis of accounting. Only current financial assets, deferred outflow of resources, liabilities, and deferred inflow of resources are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period. The Town considers property taxes as available if they are collected within 60 days after year end. Grant revenue related to expenditure reimbursement grants of the governmental funds is generally recognized as revenue when earned as long as the payment is expected to be received within twelve months after year end. All other revenue items, primarily permits and transfer station disposal fees, are considered to be measurable only when cash is received by the Town.
- b. The private purpose trust funds utilize a “economic resources” measurement focus and the accrual basis of accounting. The accounting objectives of this measurement focus are the determination of net income, financial position and cash flow. All inflows of resources associated with their activities are reported. Fund equity is classified as net assets.
- c. Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

(continued)

**TOWN OF WARREN**  
*Notes to the Financial Statements*  
*June 30, 2015*

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

***BASIS OF PRESENTATION AND ACCOUNTING (continued)***

***Basis of Accounting***

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

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

All agency funds and private purpose trust funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used.

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

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

***Cash and Cash Equivalents***

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

(continued)

**TOWN OF WARREN**  
*Notes to the Financial Statements*  
*June 30, 2015*

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

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

***Investments***

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

***Accounts Receivable***

In the fund financial statements, material receivables in governmental funds include revenue accruals such as property taxes, grants and other similar intergovernmental revenues since they are usually both measureable and available. Non-exchange transactions collectible but not yet available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

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

***Accounts Payable***

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

***Property Taxes***

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

***Inventory***

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

(continued)

**TOWN OF WARREN**  
*Notes to the Financial Statements*  
*June 30, 2015*

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

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

***Prepaid Items***

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

***Capital Assets and Depreciation***

**Government-Wide Statements**

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

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

Depreciation of all exhaustible capital assets is recorded, as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is calculated on the straight-line basis over the following useful lives:

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

***Fund Financial Statements***

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

(continued)

**TOWN OF WARREN**  
*Notes to the Financial Statements*  
*June 30, 2015*

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

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

***Deferred Outflows/Inflows of Resources***

In addition to assets, the Statement of Net Position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate section represents a consumption of net position that applies to a future period so it will not be recognized as an outflow of resources (expense/expenditures) until that later date. At June 30, 2015 the Town classified pension contributions made subsequent to the actuarial valuation date as a deferred outflow of resources.

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, 2015 the Town had one item that qualified as a deferred inflow of resources in the governmental funds balance sheet. The unavailable tax revenue represents property taxes receivable which are assessed on December 31, 2013 or prior and are not collected within 60 days of June 30, 2015. The Town also had one item that qualified as a deferred inflow of resources in the government-wide Statement of Net Position. The deferred pension amounts relate to amortization as a component of pension expense in future years.

***Unearned Revenue***

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

***Inter-fund Transactions***

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

***Reciprocal Inter-fund Activities:***

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

***Non-Reciprocal Inter-fund Activities:***

- Inter-fund transfers are reported in governmental funds as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers. In proprietary funds, transfers are reported after non-operating revenues and expenses.
- Inter-fund reimbursements are repayments from the fund responsible for a particular expenditure or expense or an expense to other funds that initially paid for them. Reimbursements are not displayed separately within the financial statements.

(continued)

**TOWN OF WARREN**  
*Notes to the Financial Statements*  
*June 30, 2015*

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

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

***Net Position / Fund Balance Classification***

**Government-Wide Statements**

Net Position is classified and displayed as three components:

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

**Fund Financial Statements**

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

- **Non-spendable** – Includes the amount of fund balances that cannot be spent because it is either not in spendable form or legally or contractually required to be maintained intact. Not in spendable form includes items that are not expected to be converted to cash within one year.
- **Restricted** – Includes amounts that are restricted to specific purposes. Fund balance is reported as restricted when constraints placed in the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- **Committed Fund Balance** – Includes amounts that can be used only for the specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The Town Council is the highest level of decision-making authority and utilizes Town Ordinances as a formal procedure to commit fund balance.
- **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.

(continued)

**TOWN OF WARREN**  
*Notes to the Financial Statements*  
*June 30, 2015*

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

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

***Net Position / Fund Balance Classification (continued)***

- **Unassigned Fund Balance** – Is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may need to report a negative unassigned fund balance.

***Application of Funds***

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

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

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

***Compensated Absences***

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

***Town***

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

(continued)

**TOWN OF WARREN**  
*Notes to the Financial Statements*  
*June 30, 2015*

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

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

***Compensated Absences (continued)***

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

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

***Police***

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

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

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

***Estimates***

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

***Pensions***

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

(continued)

**TOWN OF WARREN, RHODE ISLAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2015*

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

"Total fund balances" of the Town's governmental funds (\$8,088,895) differs from "net position" of governmental activities (\$15,913,991) reported in the statement of net position. This difference primarily results from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheets. The effects of the differences are illustrated below.

**Balance Sheet/Statement of Net Position**

	<u>Total Governmental Funds</u>	<u>Long-term Assets/ Liabilities (1)</u>	<u>Reclassifications and Eliminations (2)</u>	<u>Deferred Pension Amounts (3)</u>	<u>Statement Net Position Totals</u>
<b>Assets</b>					
Cash and investments	\$ 7,713,206	\$ -	\$ -	\$ -	\$ 7,713,206
<b>Accounts receivable:</b>					
Taxes receivable	442,493	-	-	-	442,493
Due from federal and state	1,094,601	-	-	-	1,094,601
Other receivables	1,039,167	-	-	-	1,039,167
Internal balances	308,370	-	(308,370)	-	-
Prepaid expenses	4,509	-	-	-	4,509
Inventories	8,089	-	-	-	8,089
Capital assets	-	30,738,555	-	-	30,738,555
<b>Total assets</b>	<u>10,610,435</u>	<u>30,738,555</u>	<u>(308,370)</u>	<u>-</u>	<u>41,040,620</u>
<b>Deferred outflows of resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>741,639</u>	<u>741,639</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable & accrued expenses	411,437	133,768	-	-	545,205
Deferred revenues	1,800,061	(358,813)	-	-	1,441,248
Internal balances	308,370	-	(308,370)	-	-
<b>Long-term liabilities</b>					
Due within one year	1,672	1,310,590	-	-	1,312,262
Due in more than one year	-	21,703,675	-	-	21,703,675
<b>Total liabilities</b>	<u>2,521,540</u>	<u>22,789,220</u>	<u>(308,370)</u>	<u>-</u>	<u>25,002,390</u>
<b>Deferred inflows of resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>865,878</u>	<u>865,878</u>
<b>Fund Balances/Net Position</b>					
Total fund balances/net position	8,088,895	7,949,335	-	(124,239)	15,913,991
<b>Total liabilities and fund balances/net position</b>	<u>\$ 10,610,435</u>	<u>\$ 30,738,555</u>	<u>\$ (308,370)</u>	<u>\$ (124,239)</u>	<u>\$ 41,782,259</u>

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

Cost of capital assets	\$ 78,949,100
Accumulated depreciation	48,210,545
	<u>\$ 30,738,555</u>

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

Adjustment of deferred revenue	<u>\$ 358,813</u>
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Long-term liabilities applicable to the Town's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term are reported in the statement of net position.

Bonds payable	\$ 13,628,561
Accrued interest payable	133,768
Accrued compensated absences	1,700,060
Net pension liability	5,520,228
Net OPEB obligation	2,165,416
	<u>\$ 23,148,033</u>

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

	<u>\$ 308,370</u>
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(3) Contributions made subsequent to the actuarial measurement date are considered deferred outflows of resources.

Contributions	<u>\$ 741,639</u>
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Certain pension elements such as pension expense are amortized in future periods. The amount of future amortizations are considered deferred inflows of resources.

Amortized pension amounts	<u>\$ 865,878</u>
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**TOWN OF WARREN, RHODE ISLAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2015*

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

**DIFFERENCES BETWEEN GOVERNMENTAL FUND OPERATING STATEMENTS AND THE STATEMENT OF ACTIVITIES**

The "net change in the fund balances" for governmental funds (\$1,287,264) differs from the "change in net position" for governmental activities (\$348,581) reported in the statement of activities. The differences arise primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

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

	Total Governmental Funds	Long-term Revenues/ Expenses (1)	Capital- related Items (2)	Long-term Debt Transactions (3)	Statement of Activities Totals
<b>Revenues</b>					
General property taxes	\$ 23,598,932	\$ (21,311)	-	-	\$ 23,577,621
Interest and investment income	242,385	-	-	-	242,385
Licenses, fees, permits, and fines	1,320,820	-	-	-	1,320,820
Water and sewer use fees	70,470	-	-	-	70,470
Intergovernmental	1,165,950	-	-	-	1,165,950
Other	269,522	-	-	-	269,522
<b>Total revenues</b>	<b>\$ 26,668,079</b>	<b>(21,311)</b>	<b>-</b>	<b>-</b>	<b>26,646,768</b>
<b>Expenditures</b>					
<b>Current:</b>					
General government	4,272,007	-	484,602	13,924	4,770,533
Town offices	790,035	-	-	-	790,035
Financial administration	225,613	-	-	-	225,613
Public safety	2,421,617	-	(111,523)	-	2,310,094
Fire safety	462,801	-	183,263	-	646,064
Waste water treatments	1,158,262	-	(256,900)	-	901,362
Highway department	1,818,013	-	(109,083)	-	1,708,930
Grants and contributions	259,746	-	-	-	259,746
Education	13,182,615	-	-	-	13,182,615
Transfer station	-	-	-	-	-
Costs of collection	-	-	-	-	-
<b>Debt Service:</b>					
Principal	1,157,753	-	-	(1,157,753)	-
Interest and other costs	437,746	-	-	(6,524)	431,222
<b>Capital:</b>					
Capital and special appropriations	1,769,135	-	-	-	1,769,135
<b>Total expenditures</b>	<b>27,955,343</b>	<b>-</b>	<b>190,359</b>	<b>(1,150,353)</b>	<b>26,995,349</b>
<b>Other financing uses/changes in net position</b>					
Proceeds from long-term borrowings	-	-	-	-	-
Gain (loss) on sale of fixed assets	-	-	-	-	-
<b>Net change for the year</b>	<b>\$ (1,287,264)</b>	<b>\$ (21,311)</b>	<b>\$ (190,359)</b>	<b>\$ 1,150,353</b>	<b>\$ (348,581)</b>

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

Deferred revenue - beginning	\$ 502,124
Deferred revenue - ending	(523,435)
Change in deferred revenue	<u>\$ (21,311)</u>

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

Capital outlay (net of disposals)	\$ 2,115,504
Depreciation expense	(2,305,863)
Net adjustment	<u>\$ (190,359)</u>

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

Change in interest accrued	\$ 6,524
Increase in compensated absences	(59,523)
Bond proceeds	-
Principal repayments	1,157,753
Change in net OPEB	(181,486)
Change in net pension liability	227,085
Net difference	<u>\$ 1,150,353</u>

**TOWN OF WARREN**  
*Notes to the Financial Statements*  
*June 30, 2015*

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

***RECENTLY ISSUED ACCOUNTING STANDARDS***

During the fiscal year ended June 30, 2015, the Town adopted the provisions of Statement No. 68 of the Governmental Accounting Standards Board, *Accounting and Financial Reporting for Pensions, GASB 68*. GASB 68 requires the liability of employers for defined benefit pensions, or net pension liability, to be measured and reported as a portion of the present value of projected benefit payments to current and inactive employees attributable to past periods of service, less the amount of the plan fiduciary net position. Additionally, GASB 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. At July 1, 2014, the Town recorded a net pension liability, the associated adjustment to expenses, and the necessary deferred inflows/outflows of resources.

Effective for the fiscal year ended June 30, 2016, the Town will be 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. The effect of GASB 72 adoption on the Town's financial statements has not yet been determined.

Effective for the fiscal year ended June 30, 2018, the Town 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 Town's financial statements has not yet been determined.

Effective for the fiscal year ended June 30, 2017, the Town 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 Town's tax revenues. The effect of GASB 77 adoption on the Town's financial statements has not yet been determined.

(continued)

**TOWN OF WARREN**  
*Notes to the Financial Statements*  
*June 30, 2015*

**NOTE 2 – BUDGETARY AND LEGAL COMPLIANCE**

***BUDGETARY DATA***

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

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

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

***Excess of Expenditures over Appropriations***

For the year ended June 30, 2015, expenditures exceeded budget at the department level as follows:

Building Inspector	\$8,101
Department of Public Works	\$54,107

Excess related to the Building Inspector was due to the Town having budgeted for a part-time building inspector but the demand and needs required the services of a full-time building inspector. Excess related to the Department of Public Works was due to overtime and outside service costs related to snow removal.

**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 the federal regulator must be collateralized. The Town does not have a formally adopted investment policy.

(continued)

**TOWN OF WARREN**  
*Notes to the Financial Statements*  
*June 30, 2015*

**NOTE 3 - CASH AND INVESTMENTS (continued)**

***DEPOSITS***

The Town's deposits are in various financial institutions and are carried at cost, which approximates fair value. The carrying amount of deposits is separately displayed on the balance sheet as "Cash" and includes \$2,742 of petty cash.

At June 30, 2015 the Town's carrying amount of deposits was \$9,054,199 and the bank balance was \$8,939,708. Of the balance, \$754,814 was covered by Federal Depository Insurance. The remaining balance, \$8,184,895 was collateralized with securities held by the pledging financial institutions, or its trust department or agent but not in the Town's name.

***CUSTODIAL AND CREDIT RISK***

***Deposits***

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

***Credit Risk***

As of June 30, 2015 the Town's investments in money markets are not rated, as the fund invests in short-term obligations.

***Concentration of Credit Risk***

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

***Investments***

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

(continued)

**TOWN OF WARREN**  
*Notes to the Financial Statements*  
*June 30, 2015*

**NOTE 3 - CASH AND INVESTMENTS (continued)**

At June 30, 2015 the Town held the following investments:

<u>Description</u>	<u>Maturity</u>	<u>Fair Value</u>
Federal Farm CR Bks, 3.68%	1/12/2016	\$ 20,364
Cisco Systems, Inc.	1/15/2020	21,868
Common Stocks	N/A	504,575
Mutual Funds	N/A	64,234
Cash	N/A	1,203
Certificates of Deposit	Various	518,475
<b>TOTAL INVESTMENTS</b>		<u><u>\$ 1,130,719</u></u>

***INTEREST RATE RISK***

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

<u>Description</u>	<u>Interest</u>	<u>Maturity</u>	<u>Fair Value</u>
Cisco Systems, Inc.	4.45%	1/15/2020	\$ 21,868
Federal Farm Cr.	3.68%	1/12/2016	20,364

***CREDIT RISK***

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

<u>Description</u>	<u>Standard &amp; Poor's</u>	<u>Moody's Investor Service</u>
Cisco Systems, Inc.	AA-	A1
Federal Farm Cr.	AA+	Aaa

***Concentration of Credit Risk***

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

(continued)

**TOWN OF WARREN**  
*Notes to the Financial Statements*  
*June 30, 2015*

**NOTE 4 – CAPITAL ASSETS**

<b>Governmental Activity Capital Assets</b>	<b>Balance June 30, 2014</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2015</b>
Land	\$ 2,295,170	\$ -	\$ -	\$ 2,295,170
Building and improvements	16,316,431	91,895	-	16,408,326
Motor vehicles	6,869,009	189,043	25,543	7,032,509
Equipment	10,305,793	277,293	41,734	10,541,352
Infrastructure	41,047,194	1,624,549		42,671,743
Total capital assets	76,833,597	2,182,780	67,277	78,949,100
Less: accumulated depreciation	45,904,683	2,305,862	-	48,210,545
Net capital assets	<u>\$ 30,928,914</u>	<u>\$ 123,082</u>	<u>\$ 67,277</u>	<u>\$ 30,738,555</u>

Capital assets by department consisted of the following:

Public Safety	\$ 215,863
Fire Safety	50,325
Waste Water Treatment	581,287
General Government	57,994
Highway Department	<u>1,277,312</u>
Total	<u>\$ 2,182,781</u>

Depreciation expense was charged to the following function/programs:

Public Safety	\$ 104,340
Fire Safety	233,588
Waste Water Treatment	324,387
General Government	542,596
Highway Department	<u>1,100,952</u>
Total	<u>\$ 2,305,863</u>

**NOTE 5 – RECEIVABLES**

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

The Town recognizes property tax revenues in accordance with Section P70, “*Property Taxes*” of the Codification of Governmental Accounting and Financial Reporting Standards on the Fund statements. Unpaid property taxes amounted to \$740,904 as of June 30, 2015 and are recorded as a receivable, net of allowance for uncollectible property taxes of \$305,713. Major receivable balances for the governmental activities include property taxes at 19%, and intergovernmental grants, aid and other receivables at 81% of the balance.

(continued)

**TOWN OF WARREN**  
*Notes to the Financial Statements*  
*June 30, 2015*

**NOTE 5 – RECEIVABLES (continued)**

The portion of the property tax receivable, which is not collected within the 60 days immediately following June 30, 2015 are recorded as unavailable revenue and amounted to \$657,224 with a corresponding deferred revenue allowance of \$305,712. This unavailable revenue amount is deferred and will be recognized as an inflow of resources in the year(s) in which the amounts become available.

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

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

In addition to the pension benefits described in Note 12, the Town provides postemployment benefits (health insurance) in accordance with union contract provisions. For the year ended June 30, 2015, six (6) municipal retirees met the eligibility requirements for Town provided coverage. The Town pays 100% of the cost of these benefits on a pay-as-you-go basis, which amounts to approximately \$98,255.

The Town's annual other postemployment benefits (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the Town under accrual basis of accounting. The Town has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the components of the Town's annual OPEB costs for the year ended June 30, 2015, the amount actually contributed to the plan, and the Town's net OPEB obligation to the plan as of June 30, 2015.

<u>Annual OPEB Cost</u>	<u>Year ended June 30, 2015</u>	
Annual required contribution	\$	315,847
Amortization adjustment		(73,687)
Interest		79,354
Annual OPEB cost		<u>321,514</u>
Implicit rate subsidy		(41,683)
Contributions made during year		(98,255)
Net OPEB obligation at beginning of year		1,983,840
Net OPEB obligation at end of year	\$	<u><u>2,165,416</u></u>

Town contributions to the plan for the year ended June 30, 2015 represented 44% of annual OPEB expense of \$321,514. The difference represents the Town's OPEB obligation to the plan and has been accrued as an expense in the government-wide financial statements.

(continued)

**TOWN OF WARREN**  
*Notes to the Financial Statements*  
*June 30, 2015*

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

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and annual required contributions are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information on page 43 will, over time, present multi-year trend information about whether the actuarial value of plan assets (none at present) is increasing or decreasing relative to the actuarial accrued liabilities for benefits.

***Funding Policy***

The Town's funding policy provides for actuarially determined periodic contributions to the plan at rates that, for individual employees, increase gradually over time so that sufficient assets will be available to pay benefits when due.

***Trend Information***

<b>Fiscal Year Ending</b>	<b>Annual OPEB Cost</b>	<b>Contribution Made</b>	<b>% of OPEB Contributed</b>	<b>Net OPEB Obligation</b>
6/30/2015	321,514	139,938	43.5%	2,165,416
6/30/2014	425,578	140,903	33.1%	1,983,840
6/30/2013	424,752	135,814	32.0%	1,699,165
6/30/2012	423,829	100,687	23.8%	1,410,227

***Funded Status of Plan***

The required supplementary information which follows the notes to the financial statements presented multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Listed below are the details of the funding progress of the plan with a valuation date of June 30, 2012 which is the most recent report available.

- Actuarial value of assets - \$745,277
- Actuarial accrued liability - \$4,369,521
- Unfunded actuarial accrued liability (UAAL) - \$3,624,244
- Funded Ratio – 17.1%
- Annual covered payroll - \$3,302,667
- UAAL as percentage of payroll – 109.7%
- Number of participants – 66

(continued)

**TOWN OF WARREN**  
*Notes to the Financial Statements*  
 June 30, 2015

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

Projections of benefits for financial reporting purposes are based on the substantive plan (as understood by the employees and management) and include the type of benefit provided at the time of each valuation. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The following assumptions were made:

The age adjustment factor applied to premiums during the valuation process to better approximate the actual costs associated with retiree benefits in situations where blended premiums are charged to actives and retirees. This factor is used in the financial reporting process to similarly adjust the contribution made toward OPEB.

- Valuation date – June 30, 2015, with results actuarially rolled back to July 1, 2014 on a no loss no gain basis
- Discount rate – 4.00%
- Participation – All eligible retirees are assumed to elect medical and dental coverage.
- Payroll Growth Rate – 3.50%
- Inflation Factor – 3.0%
- Amortization Period – 30 years
- Amortization Method – Level Percent of Payroll Amortization
- Mortality – RPH-2014 Total Dataset combined Mortality Table, scale MP-2104

*Schedule of Funding Progress for Other Post Employment Benefits*

Actuarial Valuation Date (1)	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as Percentage of Covered Payroll
7/1/2009	\$700,000	\$3,018,423	\$(2,318,423)	23.19%	\$3,019,466	-76.78%
7/1/2012	\$739,870	\$4,332,008	\$(3,592,138)	17.08%	\$2,935,090	-122.39%
7/1/2014	\$745,277	\$4,369,521	\$(3,624,244)	17.06%	\$3,302,667	-109.74%

**NOTE 7 - LONG TERM DEBT**

The ratio of Town debt to net taxable valuation at June 30, 2015 was as follows:

Net taxable valuation	\$1,157,254,860
Town debt outstanding	\$13,628,560
Ratio of Town debt to net taxable valuation	1.18%

(continued)

**TOWN OF WARREN**  
*Notes to the Financial Statements*  
*June 30, 2015*

**NOTE 7 - LONG TERM DEBT (continued)**

Schedule of long-term bond and bond and debt requirements:

<b>Year Ended</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2016	\$1,142,584	\$421,210	\$ 1,563,794
2017	1,157,502	380,433	1,537,935
2018	1,163,509	352,534	1,516,043
2019	1,174,608	319,771	1,494,379
2020	1,180,802	287,908	1,468,710
2021-2025	4,082,555	1,019,499	5,102,054
2026-2030	2,490,000	473,584	2,963,584
2031-2034	1,237,000	91,435	1,328,435
<b>TOTAL</b>	<b>\$13,628,560</b>	<b>\$3,346,374</b>	<b>\$16,974,934</b>

In April 2012, the Town issued \$2,415,000 of general obligation refunding bonds to provide resources that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments on \$350,000 of refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the Statement of Net Position. This advanced refunding was undertaken to reduce total debt service payments over the next 13 years by \$232,121 and resulted in an economic gain of \$197,824. As of June 30, 2015, the in-substance defeased bonds, which remain outstanding, were \$315,000.

(continued)

**TOWN OF WARREN, RHODE ISLAND**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2015**

**Note 7- Long-Term Debt (continued)**

The following are changes in governmental long-term liabilities at June 30, 2015:

	Date of Issue	Amount Issued	Interest Rate	Maturity Date	Balance		Retirements	Additions	Balance	
					Outstanding June 30, 2014	Outstanding June 30, 2015			Outstanding June 30, 2014	Outstanding June 30, 2015
Public improvements	04/01/02	\$ 1,800,000	1.27%	9/1/03-22	\$ 944,314	\$ 851,561	\$ 92,753	\$ -	\$ 851,561	\$ 95,584
Public improvements	08/15/04	\$ 725,000	0.05%	8/15/05-24	70,000	35,000	35,000	-	35,000	35,000
Public improvements	12/15/05	\$ 905,000	1.11%-1.56%	9/1/06-25	582,000	538,000	44,000	-	538,000	44,000
Public improvements	02/15/06	\$ 310,000	3.95%	2/15/06-26	180,000	165,000	15,000	-	165,000	15,000
Public improvements	05/07/07	\$ 1,690,000	4.05%	5/15/08-27	1,010,000	935,000	75,000	-	935,000	75,000
Public improvements	05/01/08	\$ 3,885,000	3.50%	5/15/09-28	1,795,000	1,665,000	130,000	-	1,665,000	130,000
Public improvements	08/15/09	\$ 1,985,000	2.25-4.75%	8/15/10-29	1,300,000	1,125,000	175,000	-	1,125,000	175,000
Public improvements	03/11/11	\$ 2,000,000	42-3.33%	9/1/20-39	1,840,000	1,759,000	81,000	-	1,759,000	81,000
Public improvements	04/12/12	\$ 2,220,000	2-3.625%	1/15/13-32	1,915,000	1,770,000	145,000	-	1,770,000	145,000
Public improvements	04/12/12	\$ 2,415,000	2-3%	1/15/13-24	1,955,000	1,730,000	225,000	-	1,730,000	220,000
Public improvements	10/13/13	\$ 3,195,000	2.0-4.5%	8/15/14-23	3,195,000	3,055,000	140,000	-	3,055,000	125,000
Total general obligation bonds					14,786,314	13,628,561	1,157,753	-	13,628,561	1,140,584
Compensated absences					\$ 1,640,537	\$ 1,700,060	\$ -	\$ 59,523	\$ 1,700,060	\$ 170,006
Total long-term debt					\$ 16,426,851	\$ 15,328,621	\$ 1,157,753	\$ 59,523	\$ 15,328,621	\$ 1,310,590

Total interest expense paid on long term debt for the year ended June 30, 2015 was approximately \$432,000

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

	Amount	Percent
Public improvements	13,628,561	88.9%
Compensated absences	1,700,060	11.1%
	<u>15,328,621</u>	<u>100.0%</u>

**TOWN OF WARREN**  
*Notes to the Financial Statements*  
*June 30, 2015*

**NOTE 8 - OPERATING LEASE**

During January 2011 the Town of Warren entered into a five year operating lease for a copier ending January 2016. The lease payments for these copiers during the year ended June 30, 2015 amounted to \$3,180.

Future minimum lease payments for the year ended June 30, 2016 amount to \$1,855.

**NOTE 9 – FUND EQUITY**

***FUND DEFICITS***

The following individual funds had a deficit fund balance at June 30, 2015:

Planning Challenge Grant	\$ 12,417
Jamiel’s Park Grant	5,876
Community Development Block Grant	5,683

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

***FUND BALANCES***

In accordance with GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, the Town has classified governmental fund balances at June 30, 2015 as follows:

<b>Non-Spendable fund balance</b>	
Permanent funds	\$43,800
Long term advances	18,455
Prepaid expenses	4,509
Inventory	8,089
<b>TOTAL NON-SPENDABLE FUND BALANCE</b>	<u>\$74,853</u>
 <b>Restricted fund balance</b>	
Restricted for special revenue funds	<u>\$345,421</u>
<b>TOTAL RESTRICTED FUND BALANCE</b>	<u>\$345,421</u>
 <b>Committed fund balance</b>	
Committed for FY 2016 capital budget	\$1,402,436
Committed for FY 2016 capital budget – Open Space	500,000
<b>TOTAL COMMITTED FUND BALANCE</b>	<u>\$1,902,436</u>

(continued)

**TOWN OF WARREN**  
*Notes to the Financial Statements*  
*June 30, 2015*

**NOTE 9 – FUND EQUITY (continued)**

***FUND BALANCES (continued)***

**Unassigned fund balance**

Fund balance not designated for future expenditures

\$5,766,185

**TOTAL FUND BALANCE**

\$8,088,895

**NOTE 10 - INTERFUND TRANSFERS**

The principal purpose of interfund transfers is to provide financing source to various funds that may not have the ability to cover all costs with revenue generated by the fund. The Town did not have any interfund transfers for the year ended June 30, 2015.

**NOTE 11- RISK MANAGEMENT**

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

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

**NOTE 12 – CONTINGENCIES AND COMMITMENTS**

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

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

The Town has a commitment to fund its proportionate share of the 2015-2016 budget of the Bristol-Warren Regional School District in the amount of \$13,182,615.

(continued)

**TOWN OF WARREN**  
*Notes to the Financial Statements*  
*June 30, 2015*

**NOTE 12 – CONTINGENCIES AND COMMITMENTS (continued)**

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

**NOTE 13 – PENSION PLAN**

***(a) Defined Benefit Plan***

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

***PLAN DESCRIPTION***

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

MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the ERSRI website at [www.ersri.org](http://www.ersri.org)

***Benefits Provided***

For general employees prior to June 30, 2012 the plan provided retirement benefits equal to 2% of a member's final average salary multiplied by the number of years of total service up to a maximum of 75%. Such benefits are available to members at least age 58 with 10 years of service or after 30 years of service at any age. Benefits accrued at June 30, 2012 are protected under the Rhode Island Retirement Security Act until it is exceeded by the member's full years of service credit, including service after June 30, 2012, multiplied by the average of five consecutive years of compensation. Effective July 1, 2012 the retirement age will mirror the Social Security Normal Retirement Age not to exceed age 67. Members will receive a benefit accrual of 1.0% per year based on the five-year average compensation.

(continued)

**TOWN OF WARREN**  
*Notes to the Financial Statements*  
*June 30, 2015*

**NOTE 13 – PENSION PLAN (continued)**

***(a) Defined Benefit Plan (continued)***

Joint and survivor options are available as well as the Service Retirement Allowance (SRA) Plus option that provides for the payment of a larger benefit before the attainment of age sixty-two (62) and a reduced amount thereafter. The reduced amount is equal to the benefit before age sixty-two (62), including cost-of-living increases, minus the member's estimated social security benefit payable at age sixty-two (62).

Prior to June 30, 2012 police and fire personnel may retire at age 55 if they have 10 years of service or after 25 years of service at any age. An option may be elected to provide a 20 year service pension with a benefit equal to 2.5% for each year of service up to a maximum of 75% for police and fire personnel. Benefits are based on the average of the highest three consecutive years' earnings, exclusive of overtime.

The new retirement age will be 55 years old with 25 years of total service or for members with five years of service but less than 25 years of service the new retirement age will mirror the Social Security Normal Retirement Age not to exceed 67. Police officers or firefighters, that are at least 45 years old, have 10 or more years of contributing service and are eligible to retire prior to age 52 under the law in effect on June 30, 2012, may retire at age 52.

As of June 30, 2012 members will continue to have a frozen benefit accrual of 2.0% per year for a standard 25 year with any age and out plan; 2.5% for a standard 20 year with any age and out plan. Effective July 1, 2012 the optional 20 and 25 year with retirement at any age plans have been eliminated. The benefit accrual for all plans will be 2.0% per year based on the five-year average compensation, exclusive of overtime. Police and fire employees may retire with a reduced pension benefit if they have 20 years of service and are within five years of their retirement eligibility. The actuarially reduced benefit will be calculated based on how close the member is to the eligibility date that is prescribed in the Rhode Island Retirement Security Act.

The plan also provides survivor's benefits; and certain lump sum death benefits.

Plan members are vested after five years of service.

An optional cost-of-living provision may be elected for police and fire personnel and general employees. The Cost of Living Adjustment (COLA) has been suspended for any unit whose funding level is less than 80%. The COLA provision can be reviewed in a five-year interval. When the funding level of a plan exceeds 80% funded eligible retirees may receive a COLA annually effective on their date of retirement plus one month.

(continued)

**TOWN OF WARREN**  
*Notes to the Financial Statements*  
 June 30, 2015

**NOTE 13 – PENSION PLAN (continued)**

***(a) Defined Benefit Plan (continued)***

The COLA will be calculated as the five (5) year smoothed investment rate of return less 5.50%, with a 0.00% floor and a 4.00% cap. For police and fire units, COLA will be delayed until the later of age 55 or three years after retirement. For general employee units, COLA will be delayed until the later of the Social Security Normal Retirement Age or three years after retirement. The COLA will be applied to the first \$25,000 of benefits indexed annually.

The plan also provides nonservice-connected disability benefits after 5 years of service; service-connected disability pensions with no minimum service requirement.

***Employees Covered by Benefit Terms***

At the June 30, 2013 valuation date, the following employees were covered by the benefit terms:

**General Employees:**

Retirees and Beneficiaries	40
Inactive, Non-retired Members	8
Active Members	<u>44</u>
<b>Total</b>	<b>92</b>

**Police & Fire:**

Retirees and Beneficiaries	21
Inactive, Non-retired Members	6
Active Members	<u>24</u>
<b>Total</b>	<b>51</b>

***Contributions***

The amount of employee and employer contributions have been established under Rhode Island General Law Chapter 45-21. General employees are required to contribute 2% of their salaries. Public safety employees are required to contribute 8% of their salaries. The Town of Warren contributes at a rate of covered employee payroll as determined by an independent actuary on an annual basis. The General Assembly can amend the amount of these contribution requirements. The Town of Warren contributed \$249,323 to the General Employees plan and \$492,316 to the Police & Fire Department plan in the year ended June 30, 2015 which was 12.77% and 30.51%, respectively of annual covered payroll.

***Net Pension Liability***

The total pension liability was determined by actuarial valuations performed as of June 30, 2013 and rolled forward to June 30, 2014, using the following actuarial assumptions, applied to all periods included in the measurement.

(continued)

**TOWN OF WARREN**  
*Notes to the Financial Statements*  
*June 30, 2015*

**NOTE 13 – PENSION PLAN (continued)**

*(a) Defined Benefit Plan (continued)*

<b>Summary of Actuarial Assumptions Used in the Valuations to determine the Net Pension Liability at the June 30, 2014 measurement date (June 30, 2013 valuation rolled forward to June 30, 2014)</b>	
Actuarial Cost Method	Entry Age Normal - the Individual Entry Age Actuarial Cost methodology is used.
Amortization Method	Level Percent of Payroll – Closed
Equivalent Single Remaining Amortization Period	21 years at June 30, 2014
Actuarial Assumptions	
Investment Rate of Return	7.50%
Projected Salary Increases	General Employees - 3.50% to 7.50% ; Police & Fire Employees - 4.00% to 14.00%
Inflation	2.75%
Mortality	Male Employees, MERS General and MERS P&F: 115% of RP-2000 Combined Healthy for Males with White Collar adjustments, projected with Scale AA from 2000.  Female Employees, MERS General and MERS P&F: 95% of RP-2000 Combined Healthy for Females with White Collar adjustments, projected with Scale AA from 2000.
Cost of Living Adjustments	COLA is equal to the average five-year fund asset performance (percent) greater than 5.5% up to a maximum of 4% - the COLA is to be applied to the first \$25,000 of benefits, indexed over time. COLA is delayed until the latter of Social Security eligibility age or 3 years after retirement except for MERS Police and Fire for which the COLA is delayed until the later of age 55 or 3 years after retirement.  A 2% COLA is assumed after January 1, 2014.

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

(continued)

**TOWN OF WARREN**  
*Notes to the Financial Statements*  
 June 30, 2015

**NOTE 13 – PENSION PLAN (continued)**

***(a) Defined Benefit Plan (continued)***

The long-term expected rate of return best-estimate on pension plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of pension plan investment expense and inflation) for each major asset class, based on forward-looking medium-term (10 year) capital market return assumptions developed by eight investment consulting firms. The June 30, 2014 expected arithmetic returns over the medium term by asset class as developed by the State Investment Commission’s investment consultant, which are generally consistent with the averages utilized by the actuary, are summarized in the following table:

Asset Class	Target allocation	Medium-term expected real rate of return
Global Equity	38%	6.05%
Private Equity	7%	9.05%
Equity Hedge funds	8%	4.75%
Absolute return hedge	7%	2.95%
Real Return	14%	3.85%
Real Estate	8%	4.45%
Core Fixed	15%	0.25%
Cash	3%	-0.50%
	100%	

These return assumptions are then weighted by the target asset allocation percentage, factoring in correlation effects, to develop the overall medium-term expected rate of return best-estimate on an arithmetic basis. To arrive at the long-term expected return estimate, the actuary adjusts the medium-term number to reflect the longer 30-year time frame required for actuarial calculations. This process produces the actuarial expected return, which is based on a 30-year horizon, and can differ from the medium-term, 10-year-horizon return expectations.

***Discount Rate***

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

(continued)

**TOWN OF WARREN**  
*Notes to the Financial Statements*  
 June 30, 2015

**NOTE 13 – PENSION PLAN (continued)**

*(a) Defined Benefit Plan (continued)*

<b>GENERAL EMPLOYEES</b>			
<b>Changes in the Net Pension Liability (Asset)</b>			
	<b>Total Pension Liability</b>	<b>Increase (Decrease) Plan Fiduciary Net Position</b>	<b>Net Pension Liability</b>
Balances as of June 30, 2013	\$6,519,244	\$4,519,637	1,999,607
Changes for the Year:			
Service cost	165,795	-	165,795
Interest on the total pension liability	478,136	-	478,136
Changes in benefits	-	-	-
Difference between expected and actual experience	-	-	-
Changes in assumptions	(62,439)	-	(62,439)
Employer contributions	-	270,622	(270,622)
Employee contributions	-	40,521	(40,521)
Net investment income	-	671,865	(671,865)
Benefit payments, including employee refunds	(453,981)	(453,981)	-
Administrative expense	-	(4,207)	4,207
Other changes	-	(1)	1
Net changes	127,511	524,819	(397,308)
Balances as of June 30, 2014	\$6,646,755	\$5,044,456	\$1,602,299

<b>POLICE &amp; FIRE DEPARTMENT</b>			
<b>Changes in the Net Pension Liability (Asset)</b>			
	<b>Total Pension Liability</b>	<b>Increase (Decrease) Plan Fiduciary Net Position</b>	<b>Net Pension Liability</b>
Balances as of June 30, 2013	\$12,683,807	\$8,197,511	\$4,486,296
Changes for the Year			
Service cost	260,526	-	260,526
Interest on the total pension liability	938,251	-	938,251
Changes in benefits	-	-	-
Difference between expected and actual experience	-	-	-
Changes in assumptions	(84,529)	-	(84,529)
Employer contributions	-	343,729	(343,729)
Employee contributions	-	111,691	(111,691)
Net investment income	-	1,234,929	(1,234,929)
Benefit payments, including employee refunds	(608,108)	(608,108)	-
Administrative expense	-	(7,733)	7,733
Other changes	-	(1)	1
Net changes	506,140	1,074,507	(568,367)
Balances as of June 30, 2014	\$13,189,947	\$9,272,018	\$3,917,929

(continued)

**TOWN OF WARREN**  
*Notes to the Financial Statements*  
 June 30, 2015

**NOTE 13 – PENSION PLAN (continued)**

*(a) Defined Benefit Plan (continued)*

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

The following presents the net pension liability (asset) of the Town calculated using the discount rate of 7.5 percent, as well as what the Town's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	<b>1.00% Decrease (6.5%)</b>	<b>Current Discount Rate (7.5%)</b>	<b>1.00 Increase (8.5%)</b>
General Employees	\$2,314,075	\$1,602,299	\$890,522
Police & Fire Department	\$5,300,015	\$3,917,929	\$2,535,844

***Pension Plan Fiduciary Net Position***

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

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

For the year ended June 30, 2015 the Town of Warren recognized pension expense of \$165,997 for general employees and \$348,557 for police & fire. The Town reported deferred outflows and inflows of resources related to pensions from the following sources:

**General Employees:**

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Contributions subsequent to measurement date	\$ 249,323	\$ -
Difference in experience	-	-
Differences in assumptions	-	21,958
Excess (deficit) investment returns	-	270,725
<b>Total</b>	<u>\$ 249,323</u>	<u>\$ 292,683</u>

**Police & Fire Department:**

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Contributions subsequent to measurement date	\$ 492,316	\$ -
Difference in experience	-	-
Differences in assumptions	-	72,290
Excess (deficit) investment returns	-	500,905
<b>Total</b>	<u>\$ 492,316</u>	<u>\$ 573,195</u>

(continued)

**TOWN OF WARREN**  
*Notes to the Financial Statements*  
 June 30, 2015

**NOTE 13 – PENSION PLAN (continued)**

*(a) Defined Benefit Plan (continued)*

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

**General Employees:**

Year Ending June 30	Net Deferred Outflows of Resources
2016	\$ (89,639)
2017	(67,681)
2018	(67,681)
2019	(67,682)
2020	0
Thereafter	0
<b>Total</b>	<b>\$ (292,683)</b>

**Police & Fire Department:**

Year Ending June 30	Net Deferred Outflows of Resources
2016	\$ (137,465)
2017	(137,465)
2018	(137,465)
2019	(137,465)
2020	(12,239)
Thereafter	(11,095)
<b>Total</b>	<b>\$ (573,195)</b>

(continued)

**TOWN OF WARREN**  
*Notes to the Financial Statements*  
*June 30, 2015*

**NOTE 13 – PENSION PLAN (continued)**

***(b) Defined Contribution Plan***

***Plan Description***

General employees participating in the defined benefit plan, as described above, also participate in a defined contribution plan of the Employees' Retirement System as 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.

General employees contribute 5% of their annual covered salary and employers contribute 1% of annual covered salary. Employee contributions are immediately vested while employer contributions and any investment earnings thereon are vested after three years of contributory service. Benefit terms and contributions required under the plan by both the employee and employer are established by the General Laws, which are subject to amendment by the General Assembly.

As previously indicated in the disclosure of recently-enacted pension legislation, the employer contribution for certain qualifying employees will increase slightly beginning in fiscal 2016.

Amounts in the defined contribution plan are available to participants in accordance with Internal Revenue Service guidelines for such plans. The Town of Warren recognized pension expense of \$19,062 and employees contributed \$95,310 for the fiscal year ended June 30, 2015. The System issues an annual financial report that includes financial statements and required supplementary information for plans administered by the System. The reports can be obtained at <http://www.ersri.org>

**NOTE 14 - RESTATEMENT**

The net position of the Governmental Activities has been restated to reflect adjustments related to the adoption of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27", and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date –an amendment of GASB Statement No. 68", in fiscal year 2015.

**Government-Wide Financial Statements**

Net position at June 30, 2014, as originally stated	\$22,134,124
Adjustments for GASB 68	<u>(5,871,552)</u>
Net position at June 30, 2014, restated	\$16,262,572

(continued)

**TOWN OF WARREN**  
*Notes to the Financial Statements*  
*June 30, 2015*

**NOTE 15 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through February 9, 2016, the date the financial statements were available to be issued. As a result of this review, there were no material subsequent events noted.

## Required Supplementary Information

**TOWN OF WARREN, RHODE ISLAND**

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

General Fund  
For the year ended June 30, 2015

	Continuing Appropriation June 30, 2014	Originally Adopted Budget	Final Approved Budget	Actual (Budgetary Basis)	Continuing Appropriation June 30, 2015	Under Over (Unfavorable)
<b>Revenues</b>						
General property taxes	\$ -	\$ 23,631,430	\$ 23,615,984	\$ 23,598,932	\$ -	\$ (17,052)
Intergovernmental	-	615,225	615,225	646,918	-	31,693
Licenses, fees, permits and fines	-	1,228,510	1,228,510	1,307,241	-	78,731
Water and sewer use fees	-	64,500	64,500	70,470	-	5,970
Interest and investment income (loss)	-	167,500	167,500	240,854	-	73,354
Other	-	87,553	87,553	97,582	-	10,029
<b>Total revenues</b>	<b>-</b>	<b>25,794,718</b>	<b>25,779,272</b>	<b>25,961,997</b>	<b>-</b>	<b>182,725</b>
<b>Expenditures</b>						
General government	-	3,957,042	3,941,142	3,759,976	-	181,166
Town offices	-	818,607	802,061	790,035	-	12,026
Financial administration	-	232,376	232,376	225,613	-	6,763
Public safety	-	2,301,107	2,301,107	2,273,238	-	27,869
Fire safety	-	475,211	475,211	462,801	-	12,410
Waste water treatment	-	1,186,523	1,186,523	1,158,262	-	28,261
Public works	-	1,763,906	1,763,906	1,818,013	-	(54,107)
Grants and contributions	-	240,332	257,332	259,746	-	(2,414)
Education	-	13,182,615	13,182,615	13,182,615	-	-
Debt services	-	1,637,000	1,637,000	1,595,499	-	41,501
Cost of collections	-	-	-	-	-	-
Capital - Open Space	1,000,000	-	500,000	-	500,000	-
Capital	3,163,301	-	3,163,301	1,760,865	1,402,436	-
<b>Total expenditures</b>	<b>4,163,301</b>	<b>25,794,719</b>	<b>29,442,574</b>	<b>27,286,663</b>	<b>1,902,436</b>	<b>253,475</b>
<b>Excess of revenues over (under) expenditures before other financing sources (uses)</b>	<b>(4,163,301)</b>	<b>(1)</b>	<b>(3,663,302)</b>	<b>(1,324,666)</b>	<b>(1,902,436)</b>	<b>436,200</b>
<b>Other financing sources (uses)</b>						
Transfer from fund balance	-	-	-	1,310,104	1,902,436	1,310,104
Bond proceeds	-	-	-	-	-	-
Transfers in(out)	-	-	-	-	-	-
<b>Net other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,310,104</b>	<b>1,902,436</b>	<b>1,310,104</b>
<b>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</b>	<b>\$ (4,163,301)</b>	<b>\$ (1)</b>	<b>\$ (3,663,302)</b>	<b>(14,562)</b>	<b>\$ -</b>	<b>\$ 1,746,304</b>

Reconciliation to Exhibit B-2:

Reappropriation of Fund Balance	1,310,104
Excess of revenues over expenditures, GAAP Basis	<u>\$ (1,324,666)</u>

**TOWN OF WARREN, RHODE ISLAND**

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

General Fund  
For the year ended June 30, 2015

	Continuing Appropriation June 30, 2014	Originally Adopted Budget	Final Approved Budget	Actual (Budgetary Basis)	Continuing Appropriation June 30, 2015	Under Over (Unfavorable)
<b>General property taxes:</b>						
Real estate, tangible and motor vehicle	\$ -	\$ 23,631,430	\$ 23,615,984	\$ 23,598,932	\$ -	\$ (17,052)
<b>Total general property taxes</b>	-	23,631,430	23,615,984	23,598,932	-	(17,052)
<b>Intergovernmental and departmental:</b>						
Excise tax/state	-	86,863	86,863	91,943	-	5,080
General state aid	-	50,918	50,918	50,917	-	(1)
PILOT - BCWA	-	95,000	95,000	94,343	-	(657)
Restaurant (meals) tax	-	248,000	248,000	270,327	-	22,327
Telephone tax transfer	-	134,444	134,444	131,137	-	(3,307)
Tax sale revenue	-	-	-	8,251	-	8,251
<b>Total intergovernmental and departmental</b>	-	615,225	615,225	646,918	-	31,693
<b>Licenses, fees, permits and fines:</b>						
Government center rent	-	10,000	10,000	9,636	-	(364)
Marriage, birth & death certificates	-	10,800	10,800	11,001	-	201
Municipal court revenue	-	45,000	45,000	48,778	-	3,778
Municipal lien certificates	-	-	-	8,085	-	8,085
MVQ - Head start rental	-	25,000	25,000	37,005	-	12,005
PILOT - Housing authority	-	40,000	40,000	35,000	-	(5,000)
Police fines and penalties	-	10,000	10,000	10,768	-	768
Police AFIS fingerprinting	-	1,600	1,600	(1,160)	-	(2,760)
Police reports	-	3,000	3,000	3,402	-	402
Police VIN checks	-	2,000	2,000	11,340	-	9,340
Revenue - Building/plumbing permits & fees	-	105,000	105,000	120,565	-	15,565
Revenue - Permit processing fees	-	-	-	-	-	-
Revenue - Business taxes & licenses	-	50,010	50,010	56,340	-	6,330
Revenue - Completion fees	-	40,000	40,000	-	-	(40,000)
Revenue - Dog & kennel licenses	-	1,600	1,600	1,065	-	(535)
Revenue - Harbor	-	80,000	80,000	104,573	-	24,573
Revenue - Pavilion rental	-	6,000	6,000	3,840	-	(2,160)
Revenue - Photo copy	-	7,000	7,000	4,105	-	(2,895)
Revenue - Probate court fees	-	15,000	15,000	14,310	-	(690)
Revenue - Realty transfers	-	81,000	81,000	75,745	-	(5,255)
Revenue - Recording fees	-	90,000	90,000	81,099	-	(8,901)
Road cut permits	-	500	500	1,010	-	510
Road duty revenue	-	40,000	40,000	51,147	-	11,147
Liberty Street School rent	-	-	-	-	-	-
Third party billing	-	390,000	390,000	440,589	-	50,589
Zoning, fire & planning fees	-	10,000	10,000	24,856	-	14,856
Transfer station	-	165,000	165,000	154,142	-	(10,858)
<b>Total licenses, fees, permits and fines</b>	-	1,228,510	1,228,510	1,307,241	-	78,731
<b>Water and sewer user fees:</b>						
Sewer use fees	-	62,000	62,000	64,000	-	2,000
Sewer permits	-	2,500	2,500	6,470	-	3,970
<b>Total water and sewer fees</b>	-	64,500	64,500	70,470	-	5,970
<b>Interest:</b>						
Property tax interest	-	160,000	160,000	230,786	-	70,786
General fund investment earnings	-	7,500	7,500	10,068	-	2,568
<b>Total interest</b>	-	167,500	167,500	240,854	-	73,354
<b>Other:</b>						
Other miscellaneous receipts	-	5,000	5,000	15,029	-	10,029
Other sources/ social services/ senior center	-	82,553	82,553	82,553	-	-
<b>Total other</b>	-	87,553	87,553	97,582	-	10,029
<b>Total Operating Revenue</b>	-	25,794,718	25,779,272	25,961,997	-	182,725
<b>Other financing sources:</b>						
Transfer from fund balance	-	-	-	1,310,104	-	1,310,104
Bond proceeds	-	-	-	-	-	-
<b>Total other financing sources</b>	-	-	-	1,310,104	-	1,310,104
<b>Total revenue and other financing sources</b>	-	25,794,718	25,779,272	27,272,101	-	1,492,829

**TOWN OF WARREN, RHODE ISLAND**

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

General Fund  
For the year ended June 30, 2015

	Continuing Appropriation June 30, 2014	Originally Adopted Budget	Final Approved Budget	Actual (Budgetary Basis)	Continuing Appropriation June 30, 2015	Under Over (Unfavorable)
<b>EXPENDITURES:</b>						
<b>GENERAL GOVERNMENT</b>						
ADVERTISING	\$ -	\$ 16,000	\$ 16,000	\$ 15,014	\$ -	\$ 986
ATTENDANCE PREMIUMS	-	91,000	91,000	58,665	-	32,335
COMPUTER SERVICES	-	2,700	2,700	2,344	-	356
COPYING EXPENSE	-	6,000	6,000	7,466	-	(1,466)
ELECTRICITY/WATER AT PARKS	-	10,350	10,350	1,790	-	8,560
EMPLOYEE BENEFITS	-	1,340,000	1,320,000	1,228,333	-	91,667
FINANCING EXPENSES	-	5,000	5,000	-	-	5,000
FIRE HYDRANTS	-	76,000	76,000	75,600	-	400
GASB 45	-	4,500	4,500	4,500	-	-
GOVERNMENT CENTER	-	81,720	81,720	82,824	-	(1,104)
GOVERNMENT CENTER CUSTODIAN	-	46,815	46,815	46,984	-	(169)
LEAGUE OF CITIES & TOWNS	-	4,550	4,550	4,522	-	28
LONGEVITY	-	208,000	208,000	191,494	-	16,506
MARY V/ MAIN/ LIBERTY SCHOOLS	-	45,000	45,000	42,136	-	2,864
POSTAGE	-	28,000	28,000	23,970	-	4,030
PROP. & LIAB. INSURANCE	-	522,000	522,000	527,380	-	(5,380)
RETIREE BENEFIT ADJUSTMENT	-	8,500	8,500	7,363	-	1,137
SOCIAL SECURITY TAX	-	345,000	341,500	330,049	-	11,451
STREET LIGHTING	-	200,000	200,000	195,410	-	4,590
TELEPHONE	-	8,000	8,000	7,049	-	951
TOWN AUDIT	-	23,000	23,000	23,000	-	-
TOWN EMPL. PENSION COST	-	771,069	763,669	765,331	-	(1,662)
TOWN HALL EXPENSES	-	57,023	57,023	52,633	-	4,390
TOWN HALL CUSTODIAN	-	46,815	46,815	46,984	-	(169)
UNEMPLOYMENT RESERVE ACCT.	-	10,000	25,000	4,573	-	20,427
UNCOLLECTIBLE RESERVE	-	-	-	14,562	-	(14,562)
<b>Total General Government</b>	-	<b>3,957,042</b>	<b>3,941,142</b>	<b>3,759,976</b>	-	<b>181,166</b>
<b>TOWN OFFICES</b>						
<b>Boards and Commissions</b>						
ADMINISTRATIVE OFFICER	-	5,356	5,356	5,377	-	(21)
CONSERVATION BOARD EXPENSE	-	1,000	1,000	920	-	80
ECONOMIC DEVELOPMENT	-	-	-	-	-	-
HISTORICAL COMMISSION	-	1,800	1,800	1,488	-	312
JUVENILE HEARING BOARD	-	1,800	1,800	1,500	-	300
PLANNING BOARD EXPENSES	-	4,800	4,800	1,260	-	3,540
PLANNING/ZONING STENOGRAPHER	-	400	400	3,280	-	(2,880)
TREE COMMISSION	-	1,500	1,500	400	-	1,100
ZONING BOARD EXPENSES	-	1,800	1,800	1,800	-	-
<b>Total Boards and Commissions</b>	-	<b>18,456</b>	<b>18,456</b>	<b>16,025</b>	-	<b>2,431</b>
<b>Building Inspector</b>						
BUILDING OFFICIAL SALARY	-	54,852	27,426	37,814	-	(10,388)
BLDG. OFFICIAL CLERK	-	31,420	31,420	31,532	-	(112)
BLDG. OFFICE EXPENSE	-	3,940	3,940	3,888	-	52
COMPUTER SERVICES	-	1,200	1,200	1,199	-	1
OUTSIDE SERVICES	-	1,000	1,000	1,000	-	-
PLUMBING & ELECTRICAL INSPECTOR	-	11,000	11,000	10,776	-	224
ZONING/REGULATORY/ECON DEV LIAISON	-	5,356	5,356	3,234	-	2,122
<b>Total Building Inspector</b>	-	<b>108,768</b>	<b>81,342</b>	<b>89,443</b>	-	<b>(8,101)</b>
<b>Town Clerk</b>						
TOWN CLERKS SALARY - NON UNION	-	52,850	50,000	50,665	-	(665)
DEPUTY TOWN CLERK	-	43,451	43,451	43,793	-	(342)
DOCUMENT MANAGEMENT	-	4,604	4,604	3,604	-	1,000
INDEXING/COMPUTER FILING	-	15,000	15,000	12,925	-	2,075
COMPUTER SERVICES	-	2,250	2,250	-	-	2,250
PROBATE JUDGE	-	3,000	3,000	3,000	-	-
TOWN CLERK'S OFFICE EXPENSE	-	13,743	13,743	12,440	-	1,303
TOWN CLERK'S STAFF	-	62,840	62,840	63,145	-	(305)
MUNICIPAL COURT JUDGE	-	8,000	8,000	8,000	-	-
COMPUTER SERVICES	-	900	900	900	-	-
MUNICIPAL COURT EXPENSES	-	1,200	1,200	312	-	888
MUNICIPAL COURT CLERKS	-	15,337	15,337	14,305	-	1,032
CANVASSER'S EXPENSE	-	6,500	6,500	4,470	-	2,030
BOARD OF CANVASSERS	-	1,625	1,625	1,625	-	-
ELECTION OFFICIAL'S PAY	-	12,000	12,000	10,020	-	1,980
<b>Total Town Clerk</b>	-	<b>243,300</b>	<b>240,450</b>	<b>229,204</b>	-	<b>11,246</b>

**TOWN OF WARREN, RHODE ISLAND**

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

General Fund  
For the year ended June 30, 2015

	Continuing Appropriation June 30, 2014	Originally Adopted Budget	Final Approved Budget	Actual (Budgetary Basis)	Continuing Appropriation June 30, 2015	Under Over (Unfavorable)
<b>Harbor Master</b>						
HARBOR MASTER PAY	\$ -	\$ 19,032	\$ 19,032	\$ 18,699	\$ -	\$ 333
ASST. HARBOR MASTER PAY	-	5,651	5,651	5,662	-	(11)
OPERATING EXPENSES	-	17,074	17,074	16,971	-	103
<b>Total Harbor Master</b>	-	41,757	41,757	41,332	-	425
<b>Town Manager</b>						
TOWN MANAGER SALARY	-	71,575	71,575	72,138	-	(563)
TOWN MANAGER EXPENSE	-	3,054	3,054	2,345	-	709
COMPUTER SERVICES	-	1,800	1,800	-	-	1,800
CLERK	-	-	-	-	-	-
OFFICE CLERK	-	31,420	31,420	31,532	-	(112)
CLERK'S OVERTIME	-	-	-	-	-	-
<b>Total Town Manager</b>	-	107,849	107,849	106,015	-	1,834
<b>Town Offices</b>						
WAGES AND SALARIES NON UNION	-	-	-	-	-	-
COUNCIL CONTINGENCY	-	15,575	15,575	15,754	-	(179)
PLANNING/ ZONING SOLICITOR	-	24,000	24,000	24,185	-	(185)
TOWN COUNCIL PAY	-	-	-	-	-	-
TOWN MODERATOR'S PAY	-	100	100	100	-	-
TOWN SERGEANT'S PAY	-	100	100	100	-	-
TOWN SOLICITOR'S PAY	-	95,000	95,000	95,731	-	(731)
TREE WARDEN	-	3,000	3,000	3,023	-	(23)
<b>Total Town Offices</b>	-	137,775	137,775	138,893	-	(1,118)
<b>Total Planner</b>						
TOWN PLANNER	-	53,190	26,595	27,136	-	(541)
COMPUTER SERVICES	-	500	500	-	-	500
GENERAL & OFFICE EXPENSE	-	916	916	916	-	-
GIS MAPPING SOFTWARE/EQUIPMENT	-	7,000	7,000	7,000	-	-
MATCH FOR GRANTS	-	9,825	9,825	9,825	-	-
BUSINESS OUTREACH SERVICES (EZ)	-	-	-	-	-	-
ECONOMIC DEVEL. BOARD (OUTREACH)	-	500	500	-	-	500
ADMIN. ASST. FOR ECON. DEVEL	-	-	-	-	-	-
WEBSITE	-	-	-	-	-	-
<b>Total Town Planner</b>	-	71,931	45,336	44,877	-	459
<b>Recreation</b>						
RECREATION BOARD EXPENSE	-	6,413	12,913	12,656	-	257
PARK SUPERVISOR WAGES	-	-	33,825	31,309	-	2,516
RECREATION DIRECTOR WAGES	-	15,338	15,338	14,040	-	1,298
RECREATION BOARD SECRETARY	-	350	350	-	-	350
A.E.D. UNITS	-	-	-	-	-	-
<b>Total Recreation</b>	-	22,101	62,426	58,005	-	4,421
<b>Senior Center</b>						
SENIOR CENTER DIRECTOR	-	31,225	31,225	31,471	-	(246)
SENIOR CENTER - MEAL SITE MANAGER	-	1,562	1,562	1,562	-	-
SENIOR CENTER - COMPUTER SERVICES	-	900	900	900	-	-
SENIOR CENTER MAINTENANCE	-	2,604	2,604	2,604	-	-
<b>Total Senior Center</b>	-	36,291	36,291	36,537	-	(246)
<b>Social Services</b>						
SOCIAL SERVICES DIRECTOR'S PAY	-	14,209	14,209	14,051	-	158
COMPUTER SERVICES	-	900	900	415	-	485
SOCIAL SERVICE EXPENSE	-	15,270	15,270	15,238	-	32
<b>Total Social Services</b>	-	30,379	30,379	29,704	-	675
<b>TOTAL TOWN OFFICES</b>	-	818,607	802,061	790,035	-	12,026
<b>FINANCIAL ADMINISTRATION</b>						
<b>Treasury</b>						
FINANCIAL DIRECTOR'S SALARY	-	63,829	63,829	64,332	-	(503)
FINANCIAL CLERKS	-	62,840	62,840	63,034	-	(194)
OFFICE EXPENSE	-	5,090	5,090	4,048	-	1,042
COMPUTER SERVICES	-	2,700	2,700	2,611	-	89
PAYROLL PROCESSING & SERVICES	-	11,402	11,402	10,334	-	1,068
OUTSIDE SERVICES	-	22,000	22,000	21,592	-	408
<b>Total Treasury</b>	-	167,861	167,861	165,951	-	1,910
<b>Assessor</b>						
TAX ASSESSOR'S SALARY	-	47,070	47,070	47,440	-	(370)
COMPUTER SERVICES	-	900	900	340	-	560
OFFICE EXPENSE	-	5,575	5,575	1,720	-	3,855
OUTSIDE SERVICES	-	10,970	10,970	10,162	-	808
<b>Total Assessor</b>	-	64,515	64,515	59,662	-	4,853
<b>TOTAL FINANCIAL ADMINISTRATION</b>	-	232,376	232,376	225,613	-	6,763

**TOWN OF WARREN, RHODE ISLAND**Schedule of Revenues and Expenses (Non-GAAP Budgetary Basis)  
Budget and ActualGeneral Fund  
For the year ended June 30, 2015

	Continuing Appropriation June 30, 2014	Originally Adopted Budget	Final Approved Budget	Actual (Budgetary Basis)	Continuing Appropriation June 30, 2015	Under Over (Unfavorable)
<b>FIRE SAFETY</b>						
FIRE CHIEF SALARY	\$ -	\$ 65,066	\$ 65,066	\$ 65,578	\$ -	\$ (512)
FIRE/EMS COORINATOR	-	31,420	31,420	31,250	-	170
EMA/EMS DIRECTOR (FIRE CHIEF)	-	4,800	4,800	4,837	-	(37)
APPARATUS REPAIR	-	22,000	22,000	21,093	-	907
ASSISTANT CHIEFS/DEPUTY	-	3,600	3,600	3,600	-	-
BAKER STREET STATION	-	6,000	6,000	6,985	-	(985)
CLOTHING	-	1,500	1,500	1,500	-	-
COMMUNICATIONS	-	14,059	14,059	14,035	-	24
COMPANY FEES	-	14,322	14,322	14,000	-	322
COMPANY STEWARDS	-	11,250	11,250	9,844	-	1,406
COMPUTER SERVICES	-	2,250	2,250	1,870	-	380
EQUIPMENT EXPENSES	-	42,750	42,750	39,629	-	3,121
FIREFIGHTER GEAR	-	10,414	10,414	9,038	-	1,376
FUEL/DIESEL	-	30,000	30,000	24,248	-	5,752
MEDICAL SUPPLIES	-	28,000	28,000	32,000	-	(4,000)
OPERATING EXPENSES	-	62,000	62,000	60,767	-	1,233
RESCUE STIPEND	-	104,550	104,550	102,897	-	1,653
STATION UPKEEP	-	10,230	10,230	10,800	-	(570)
TRAINING EXPENSES	-	11,000	11,000	8,830	-	2,170
<b>TOTAL FIRE SAFETY</b>	-	<b>475,211</b>	<b>475,211</b>	<b>462,801</b>	-	<b>12,410</b>
<b>GRANTS &amp; CONTRIBUTIONS</b>						
BAND CONCERTS	-	-	-	-	-	-
EAST BAY ARC OF RI	-	-	-	-	-	-
EAST BAY CENTER	-	-	-	-	-	-
EAST BAY COMM. ACTION PROG.	-	-	17,000	17,000	-	-
GEORGE HAILIE LIBRARY	-	240,332	240,332	240,332	-	-
MEMORIAL DAY	-	-	-	2,414	-	(2,414)
MOSAICO	-	-	-	-	-	-
SUBSTANCE ABUSE - GRANT MATCH	-	-	-	-	-	-
VISITING NURSES	-	-	-	-	-	-
WILDLIFE REHABILITATORS ASSOC OF RI	-	-	-	-	-	-
WOMEN'S RESOURCE CENTER	-	-	-	-	-	-
<b>TOTAL GRANTS &amp; CONTRIBUTIONS</b>	-	<b>240,332</b>	<b>257,332</b>	<b>259,746</b>	-	<b>(2,414)</b>
<b>PUBLIC SAFETY</b>						
POLICE CHIEF SALARY	-	80,451	80,451	81,084	-	(633)
ADMINISTRATIVE ASSISTANT	-	-	-	-	-	-
ADVANCED DEGREE INCENTIVE	-	9,400	9,400	8,000	-	1,400
AFIS MAINTENANCE CONTRACT	-	4,000	4,000	3,730	-	270
CLOTHING	-	34,650	34,650	37,350	-	(2,700)
EQUIPMENT/VEHICLES	-	-	-	-	-	-
COMMUNICATIONS EXPENSE	-	9,366	9,366	9,221	-	145
COMPUTER SYSTEM COSTS	-	16,000	16,000	15,172	-	828
DISABILITY EXPENSE	-	90,420	90,420	87,246	-	3,174
DISPATCH CENTER UPGRADE	-	-	-	-	-	-
EQUIPMENT REPLACEMENT	-	5,207	5,207	5,181	-	26
FUEL - CRUISER EXPENSE	-	56,035	56,035	50,252	-	5,783
HOLIDAY PAY	-	73,656	73,656	75,774	-	(2,118)
INCENTIVE EDUCATION ACT	-	17,424	17,424	-	-	17,424
IN-SERVICE TRAINING	-	18,324	18,324	10,020	-	8,304
OVER-TIME REGULAR	-	273,000	273,000	273,000	-	-
POLICE OPERATION EXPENSE	-	46,726	46,726	50,248	-	(3,522)
POLICE SHIFT DIFFERENTIAL	-	17,510	17,510	17,033	-	477
SERVING OFFICERS	-	1,185,298	1,185,298	1,208,248	-	(22,950)
COMMUNICATIONS SERV/MAINT CONTRACT	-	24,900	24,900	22,064	-	2,836
KEVLAR VEST REPLACEMENT PROJECT	-	15,000	15,000	14,673	-	327
DISPATCHERS	-	209,469	209,469	210,142	-	(673)
DISPATCH OVERTIME	-	31,190	31,190	45,305	-	(14,115)
DISPATCHERS DIFFERENTIAL	-	3,100	3,100	2,832	-	268
CLOTHING ALLOWANCE-DISP	-	4,000	4,000	4,000	-	-
HOLIDAY PAY - DISPATCHERS	-	13,500	13,500	12,809	-	691
ANIMAL CONTROL OFFICER	-	42,766	42,766	21,322	-	21,444
ASSIST. ANIMAL CONTROL OFFICER	-	-	-	-	-	-
OVERTIME	-	2,673	2,673	-	-	2,673
CLOTHING	-	550	550	550	-	-
GENERAL & OPERATING EXPENSES	-	16,492	16,492	7,982	-	8,510
ANIMAL SHELTER REPAIR	-	-	-	-	-	-
<b>TOTAL PUBLIC SAFETY</b>	-	<b>2,301,107</b>	<b>2,301,107</b>	<b>2,273,238</b>	-	<b>27,869</b>

**TOWN OF WARREN, RHODE ISLAND**Schedule of Revenues and Expenses (Non-GAAP Budgetary Basis)  
Budget and ActualGeneral Fund  
For the year ended June 30, 2015

	Continuing Appropriation June 30, 2014	Originally Adopted Budget	Final Approved Budget	Actual (Budgetary Basis)	Continuing Appropriation June 30, 2015	Under Over (Unfavorable)
<b>PUBLIC WORKS</b>						
DIRECTOR'S SALARY	\$ -	\$ 66,376	\$ 66,376	\$ 66,898	\$ -	\$ (522)
CLOTHING	-	12,650	12,650	12,650	-	-
COMPUTER SERVICES	-	3,150	3,150	510	-	2,640
CONTRACTUAL PAYROLL	-	861,037	861,037	828,585	-	32,452
ENGINEERING SERVICE	-	4,000	4,000	3,005	-	995
EQUIPMENT EXPENSES	-	90,000	90,000	109,854	-	(19,854)
FIELD MAINT	-	5,000	5,000	5,000	-	-
FOREMAN'S SALARY	-	52,850	52,850	53,266	-	(416)
FUEL/ DIESEL	-	65,000	65,000	52,131	-	12,869
MOSQUITO CONTROL	-	3,000	3,000	797	-	2,203
OPERATION'S EXPENSE	-	87,039	87,039	103,975	-	(16,936)
OTHER PART TIME/ DITCH CLEANING	-	-	-	-	-	-
OUTSIDE SERVICES	-	23,954	23,954	50,172	-	(26,218)
OVERTIME	-	49,150	49,150	99,797	-	(50,647)
TRASH COLLECTION	-	155,000	155,000	153,360	-	1,640
TIPPING FEES	-	208,000	208,000	188,759	-	19,241
TRANSFER STATION OVERTIME	-	-	-	-	-	-
TRANSFER STATION OPERATOR SALARY	-	-	-	-	-	-
TRAILER TRUCK DRIVER SALARY	-	-	-	-	-	-
EMPLOYEE BENEFITS	-	-	-	-	-	-
GENERAL EXPENSES	-	7,200	7,200	10,782	-	(3,582)
VEHICLE & EQUIPMENT MAINTENANCE	-	42,500	42,500	55,326	-	(12,826)
UTILITIES & FUEL	-	28,000	28,000	23,146	-	4,854
<b>TOTAL DEPARTMENT OF PUBLIC WORKS</b>	-	<u>1,763,906</u>	<u>1,763,906</u>	<u>1,818,013</u>	-	<u>(54,107)</u>
<b>WATER TREATMENT</b>						
OPERATION CONTRACT	-	591,523	591,523	600,554	-	(9,031)
PLANT OPERATION EXPENSE	-	410,000	410,000	374,618	-	35,382
RI WATER RESOURCE PERMIT	-	5,000	5,000	3,090	-	1,910
SLUDGE DISPOSAL	-	180,000	180,000	180,000	-	-
PUMP STATION ALARM SYSTEM	-	-	-	-	-	-
WASTE WATER MGT DISTRICT EXPENSE	-	-	-	-	-	-
<b>TOTAL WATER TREATMENT</b>	-	<u>1,186,523</u>	<u>1,186,523</u>	<u>1,158,262</u>	-	<u>28,261</u>
<b>COSTS OF COLLECTION</b>	-	-	-	-	-	-
<b>CAPITAL EXPENDITURES</b>						
Capital - Open Space	1,000,000	-	500,000	-	500,000	-
Capital	3,163,301	-	3,163,301	1,760,865	1,402,436	-
<b>TOTAL CAPITAL</b>	<u>4,163,301</u>	-	<u>3,663,301</u>	<u>1,760,865</u>	<u>1,902,436</u>	-
<b>DEBT SERVICE</b>	-	1,637,000	1,637,000	1,595,499	-	41,501
<b>EDUCATION GENERAL COST (NET)</b>	-	13,182,615	13,182,615	13,182,615	-	-
<b>Total Expenditures</b>	4,163,301	25,794,719	29,442,574	27,286,663	1,902,436	253,475
<b>Other financing sources/(uses):</b>						
Transfer out	-	-	-	-	-	-
<b>Total Other financing sources/(uses)</b>	-	-	-	-	-	-
<b>Total Expenditures and other financing sources/(uses)</b>	<u>\$ 4,163,301</u>	<u>\$ 25,794,719</u>	<u>\$ 29,442,574</u>	<u>\$ 27,286,663</u>	<u>\$ 1,902,436</u>	<u>\$ 253,475</u>

**TOWN OF WARREN**  
*Notes to Required Supplementary Information*  
*June 30, 2015*

***BUDGETARY DATA***

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

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

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

***Budgetary to GAAP Basis Reconciliation***

Excess of revenues and other sources over expenditures and other uses	
Non-GAAP Budgetary Basis	\$ (14,562)
Reappropriation of Fund Balance	<u>(1,310,104)</u>
Excess of revenues over expenditures, GAAP Basis	<u><u>\$ (1,324,666)</u></u>

**TOWN OF WARREN, RHODE ISLAND**  
**Required Supplementary Information**  
**For the Year Ended June 30, 2015**

MERS - Town

Schedule of Changes in Net Pension Liability and Related Ratios Multiyear

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Measurement period ending June 30,	Last 10 Fiscal Years (to be built prospectively)									
<b>Total Pension Liability</b>										
Service Cost	\$ 165,795									
Interest on the Total Pension Liability	478,136									
Benefit Changes	-									
Difference Between Expected and Actual Experience	-									
Assumption Changes	(62,439)									
Benefit Payments	(453,981)									
<b>Net Change in Total Pension Liability</b>	127,511									
<b>Total Pension Liability - Beginning</b>	6,519,244									
<b>Total Pension Liability - Ending (a)</b>	<u>\$ 6,646,755</u>									
<b>Plan Fiduciary Net Position</b>										
Employer Contributions	\$ 270,622									
Employee Contributions	40,521									
Pension Plan Net Investment Income	671,865									
Benefit Payments	(453,981)									
Pension Plan Administrative Expense	(4,207)									
Other Changes in Plan Fiduciary Net Position	(1)									
<b>Net Change in Plan Fiduciary Net Position</b>	524,819									
<b>Plan Fiduciary Net Position - Beginning</b>	4,519,637									
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>\$ 5,044,456</u>									
<b>Net Pension Liability/(Asset) - Ending (a) - (b)</b>	1,602,299									
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	75.89%									
<b>Covered Employee Payroll</b>	\$ 1,999,936									
<b>Net Pension Liability as a Percentage of Covered Employee Payroll</b>	80.12%									

**TOWN OF WARREN, RHODE ISLAND**  
**Required Supplementary Information**  
**For the Year Ended June 30, 2015**

**MERS - Town**  
**Schedule of Contributions Multiyear**  
**Last 10 Fiscal Years**

FY Ending June 30, (a)	Actuarially Determined Contribution (b)	Contributions in Relation to the Actuarially Determined Contribution (c)	Contribution Deficiency (Excess) (d)	Covered Payroll (e)	Contributions as a Percentage of Covered Payroll (f)
2015	\$ 263,692	\$ 249,323	\$ 14,369	\$ 2,064,934	12.07%

Notes to Schedule	
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, open
Remaining amortization period	21 years
Inflation	2.75%
Salary Increases	General Employees - 3.50% to 7.50%
	Police & Fire Employees - 4.00% to 14.00%
Investment rate of return	7.50%
Retirement age	Varies depending on Years of Service and Age
Mortality	Male Employees, MERS General and MERS P&F: 115% of RP-2000 Combined Healthy for Males with White Collar adjustments, projected with Scale AA from 2000.
	Female Employees, MERS General and MERS P&F: 95% of RP-2000 Combined Healthy for Females with White Collar adjustments, projected with Scale AA from 2000.

**TOWN OF WARREN, RHODE ISLAND**  
**Required Supplementary Information**  
**For the Year Ended June 30, 2015**

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

Measurement period ending June 30,	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
	Last 10 Fiscal Years (to be built prospectively)									
<b>Total Pension Liability</b>										
Service Cost	\$ 260,526									
Interest on the Total Pension Liability	938,251									
Benefit Changes	-									
Difference Between Expected and Actual Experience	-									
Assumption Changes	(84,529)									
Benefit Payments	(608,108)									
<b>Net Change in Total Pension Liability</b>	<b>506,140</b>									
<b>Total Pension Liability - Beginning</b>	<b>12,683,807</b>									
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 13,189,947</b>									
<b>Plan Fiduciary Net Position</b>										
Employer Contributions	\$ 343,729									
Employee Contributions	111,691									
Pension Plan Net Investment Income	1,234,929									
Benefit Payments	(608,108)									
Pension Plan Administrative Expense	(7,733)									
Other Changes in Plan Fiduciary Net Position	(1)									
<b>Net Change in Plan Fiduciary Net Position</b>	<b>1,074,507</b>									
<b>Plan Fiduciary Net Position - Beginning</b>	<b>8,197,511</b>									
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 9,272,018</b>									
<b>Net Pension Liability/(Asset) - Ending (a) - (b)</b>	<b>3,917,929</b>									
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	<b>70.30%</b>									
<b>Covered Employee Payroll</b>	<b>\$ 1,497,273</b>									
<b>Net Pension Liability as a Percentage of Covered Employee Payroll</b>	<b>261.67%</b>									

**TOWN OF WARREN, RHODE ISLAND**  
**Required Supplementary Information**  
**For the Year Ended June 30, 2015**

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

FY Ending June 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
(a)	(b)	(c)	(d)	(e)	(f)
2015	\$ 472,807	\$ 492,316	\$ (19,509)	\$ 1,549,677	31.77%

Notes to Schedule	
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, open
Remaining amortization period	21 years
Inflation	2.75%
Salary Increases	General Employees - 3.50% to 7.50% Police & Fire Employees - 4.00% to 14.00%
Investment rate of return	7.50%
Retirement age	Varies depending on Years of Service and Age
Mortality	Male Employees, MERS General and MERS P&F: 115% of RP-2000 Combined Healthy for Males with White Collar adjustments, projected with Scale AA from 2000.
	Female Employees, MERS General and MERS P&F: 95% of RP-2000 Combined Healthy for Females with White Collar adjustments, projected with Scale AA from 2000.

**TOWN OF WARREN, RHODE ISLAND**  
**Required Supplementary Information**  
**For the Year Ended June 30, 2015**

**Other Post-Employment Benefits**  
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as Percentage of Covered Payroll
7/1/2009	\$ 700,000	\$ 3,018,423	\$ (2,318,423)	23.19%	\$ 3,019,466	-76.78%
7/1/2012	739,870	4,332,008	(3,592,138)	17.08%	2,935,090	-122.39%
7/1/2014	745,277	4,369,521	(3,624,244)	17.06%	3,302,667	-109.74%

## Other Supplementary Information

## **Non-Major Government Funds:**

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

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

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

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

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

State Paving Grant – accounts for revenues and expenditures related to road paving activities.

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

RI DOT Highway Safety Grant – accounts for revenue and expenditures related to the RI DOT Highway Safety Grant.

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

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

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

## **Non-Major Government Funds:**

Champlin Foundation Grant – accounts for revenues and expenditures related to the Champlin Foundation Award.

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

Safe Routes to School – accounts for activity related to the Safe Routes to School Program.

ACO Donations – accounts for donations for ACO activities.

Diesel Equipment Repair – diesel equipment replacement grant from RI DEM

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

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

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

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

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

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

Animal Rescue – accounts for revenue and expenditures related to medical care of animals ready for adoption or for necessary medical care. It is funded by a portion of each pet license issued.

## **Non-Major Government Funds:**

Animal Spading – accounts for revenues and expenditures related to the spay and neutering of animals.

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

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

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

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

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

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

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

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

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

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

## **Non-Major Government Funds:**

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

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

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

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

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

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

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

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

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

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

RICWFA Bond 2005A - accounts for revenues and expenditures related to sewer upgrades and repairs.

## **Non-Major Government Funds:**

RICWFA Bond 2011A - accounts for revenues and expenditures related to sewer upgrades and repairs.

Town Trust – accounts for revenues and expenditures related to the preservation of Town documents, including land evidence records; and birth/death /marriage certificates; and Town meeting minutes.

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

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

**TOWN OF WARREN, RHODE ISLAND**  
 Combining Balance Sheet  
 Non-Major Governmental Funds  
 For the year ended June 30, 2015

	Special Revenue Funds						
	Enterprise Zone	Senior Center	Road Duty	Tourister Peer Review	Rec Department Donation	State Paving Grant	Gun Buy Back
<b>ASSETS</b>							
Cash and cash equivalents	9,182	\$ 55,916	\$ 9,509	\$ 5,995	\$ 13,775	\$ 3,000	\$ 2,000
Investments	-	-	-	-	-	-	-
Due from federal and state	-	-	-	-	-	-	-
Receivables (net)	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>9,182</b>	<b>55,916</b>	<b>9,509</b>	<b>5,995</b>	<b>13,775</b>	<b>3,000</b>	<b>2,000</b>
<b>LIABILITIES</b>							
Accounts payable	-	869	-	-	-	-	-
Accrued expenses	-	-	6,885	-	-	-	-
Due to other funds	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>869</b>	<b>6,885</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>							
Non-Spendable	9,182	55,047	2,624	5,995	13,775	3,000	2,000
Restricted	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>9,182</b>	<b>55,047</b>	<b>2,624</b>	<b>5,995</b>	<b>13,775</b>	<b>3,000</b>	<b>2,000</b>

**TOWN OF WARREN, RHODE ISLAND**  
 Combining Balance Sheet  
 Non-Major Governmental Funds  
 For the year ended June 30, 2015

	Special Revenue Funds					
	RIDOT Hwy Safety Grant	WPD RI Senatorial Grant	Recycling Grant	Planning Challenge Grant	Champlain Foundation	Community Gardens
ASSETS						
Cash and cash equivalents	\$ -	\$ 4,092	\$ 11,354	\$ -	\$ -	\$ 2,317
Investments	-	-	-	-	-	-
Due from federal and state	-	-	-	30,000	-	-
Receivables (net)	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>-</b>	<b>4,092</b>	<b>11,354</b>	<b>30,000</b>	<b>-</b>	<b>2,317</b>
LIABILITIES						
Accounts payable	-	-	4,086	-	-	-
Accrued expenses	-	-	-	-	-	-
Due to other funds	-	-	-	20,877	-	-
Unearned revenue	-	-	-	21,540	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>4,086</b>	<b>42,417</b>	<b>-</b>	<b>-</b>
FUND BALANCES						
Non-Spendable	-	4,092	7,268	-	-	2,317
Restricted	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	-	-	-	(12,417)	-	-
Unassigned	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>-</b>	<b>4,092</b>	<b>7,268</b>	<b>(12,417)</b>	<b>\$ -</b>	<b>2,317</b>

**TOWN OF WARREN, RHODE ISLAND**  
 Combining Balance Sheet  
 Non-Major Governmental Funds  
 For the year ended June 30, 2015

	Special Revenue Funds							Warren Beautification Donation
	Safe Routes	ACO Donations	Diesel Equipment Repairs	Cops that Care	Social Services Donations	Marijuana Grant		
ASSETS								
Cash and cash equivalents	\$ -	\$ 31,800	\$ -	\$ 21	\$ 1,012	\$ -	\$ -	\$ 3,372
Investments	-	-	-	-	-	-	-	-
Due from federal and state Receivables (net)	5,723	-	-	-	-	70,502	-	-
<b>TOTAL ASSETS</b>	<b>5,723</b>	<b>31,800</b>	<b>-</b>	<b>21</b>	<b>1,012</b>	<b>70,502</b>	<b>-</b>	<b>3,372</b>
LIABILITIES								
Accounts payable	-	-	-	-	-	350	-	-
Accrued expenses	-	-	-	-	-	483	-	-
Due to other funds	-	-	-	-	-	3,410	-	-
Unearned revenue	5,723	-	-	-	-	33,522	-	-
<b>TOTAL LIABILITIES</b>	<b>5,723</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>37,765</b>	<b>-</b>	<b>-</b>
FUND BALANCES								
Non-Spendable	-	31,800	-	21	1,012	32,737	-	3,372
Restricted	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>\$ -</b>	<b>\$ 31,800</b>	<b>\$ -</b>	<b>\$ 21</b>	<b>\$ 1,012</b>	<b>\$ 32,737</b>	<b>\$ -</b>	<b>\$ 3,372</b>

**TOWN OF WARREN, RHODE ISLAND**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**For the year ended June 30, 2015**

	Special Revenue Funds					
	Jamiel's Park Piconic Shelter	Jamiel's Park Softball Field	Animal Rescue	Animal Spading	Police Bicycle Patrol Grant	
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ 35,045	\$ 609	\$ -	\$ 3,264
Investments	-	-	-	-	-	-
Due from federal and state	-	-	-	-	-	-
Receivables (net)	67,755	32,500	-	-	-	-
<b>TOTAL ASSETS</b>	<b>67,755</b>	<b>32,500</b>	<b>35,045</b>	<b>609</b>	<b>-</b>	<b>3,264</b>
LIABILITIES						
Accounts payable	-	-	-	-	-	-
Accrued expenses	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Unearned revenue	67,755	32,500	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>67,755</b>	<b>32,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
FUND BALANCES						
Non-Spendable	-	-	35,045	609	-	3,264
Restricted	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>-</b>	<b>-</b>	<b>\$ 35,045</b>	<b>\$ 609</b>	<b>\$ -</b>	<b>\$ 3,264</b>

**TOWN OF WARREN, RHODE ISLAND**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**For the year ended June 30, 2015**

	Special Revenue Funds						
	AFIS Live Scan Fed Grant	RI State Byrnes Justice Grant	Memorial Tree Fund	Stormwater Permitting	Recreational Trails Grant	Summer Concerts	
ASSETS							
Cash and cash equivalents	\$ 250	-	\$ 596	\$ 26,923	\$ -	\$ -	\$ 2,742
Investments	-	-	-	-	-	-	-
Due from federal and state	-	-	-	-	-	-	-
Receivables (net)	-	2,083	-	-	123,550	-	-
<b>TOTAL ASSETS</b>	<b>250</b>	<b>2,083</b>	<b>596</b>	<b>26,923</b>	<b>123,550</b>	<b>-</b>	<b>2,742</b>
LIABILITIES							
Accounts payable	-	-	-	-	-	-	-
Accrued expenses	-	-	-	-	-	-	-
Due to other funds	-	1,926	-	-	78,060	-	-
Unearned revenue	-	319	-	-	45,490	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>2,245</b>	<b>-</b>	<b>-</b>	<b>123,550</b>	<b>-</b>	<b>-</b>
FUND BALANCES							
Non-Spendable	-	-	-	-	-	-	-
Restricted	250	-	596	26,923	-	-	2,742
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	(162)	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>250</b>	<b>(162)</b>	<b>596</b>	<b>26,923</b>	<b>\$ -</b>	<b>\$ -</b>	<b>2,742</b>

**TOWN OF WARREN, RHODE ISLAND**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**For the year ended June 30, 2015**

	Special Revenue Funds						
	Project Playground	Substance Abuse	Fire Inspections	Jamie's Park DEM Grant	Fire State Meds Plan	FEMA Sandy Event	
ASSETS							
Cash and cash equivalents	\$ 2,424	\$ 10,442	\$ 16,459	\$ -	\$ 15,780	\$ 4,457	
Investments	-	-	-	-	-	-	-
Due from federal and state	-	-	4,950	200,000	-	-	-
Receivables (net)	-	789	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>2,424</b>	<b>11,231</b>	<b>21,409</b>	<b>200,000</b>	<b>15,780</b>	<b>4,457</b>	
LIABILITIES							
Accounts payable	-	-	-	-	-	-	-
Accrued expenses	-	402	-	-	-	-	-
Due to other funds	-	-	-	78,030	-	-	-
Unearned revenue	-	-	-	127,846	-	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>402</b>	<b>-</b>	<b>205,876</b>	<b>-</b>	<b>-</b>	<b>-</b>
FUND BALANCES							
Non-Spendable	-	-	-	-	-	-	-
Restricted	2,424	10,829	21,409	-	15,780	4,457	
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	(5,876)	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>\$ 2,424</b>	<b>\$ 10,829</b>	<b>\$ 21,409</b>	<b>\$ (5,876)</b>	<b>\$ 15,780</b>	<b>\$ 4,457</b>	

**TOWN OF WARREN, RHODE ISLAND**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**For the year ended June 30, 2015**

	Special Revenue Funds							Employee Charity Fund
	Community Development Block Grant	Veterans Honor Roll	Government Center	Ship Shape	Holiday Committee	Narcotics		
<b>ASSETS</b>								
Cash and cash equivalents	-	\$ 13,358	\$ 2,107	\$ 2,300	-	\$ -	\$ 6,746	\$ 107
Investments	-	-	-	-	-	-	-	-
Due from federal and state	-	-	-	-	-	-	-	-
Receivables (net)	510,788	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>510,788</b>	<b>13,358</b>	<b>2,107</b>	<b>2,300</b>	<b>-</b>	<b>-</b>	<b>6,746</b>	<b>107</b>
<b>LIABILITIES</b>								
Accounts payable	-	-	-	-	-	-	-	-
Accrued expenses	-	-	-	-	-	-	-	-
Due to other funds	114,592	-	-	-	-	-	-	-
Unearned revenue	373,963	-	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>488,555</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>								
Non-Spendable	-	-	-	-	-	-	-	-
Restricted	22,233	13,358	2,107	2,300	-	-	6,746	107
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>22,233</b>	<b>\$ 13,358</b>	<b>\$ 2,107</b>	<b>\$ 2,300</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,746</b>	<b>\$ 107</b>

**TOWN OF WARREN, RHODE ISLAND**  
 Combining Balance Sheet  
 Non-Major Governmental Funds  
 For the year ended June 30, 2015

	Capital Project Fund					Permanent Funds			GRAND TOTAL
	RICWFA Bond 2005A	RICWFA Bond 2011A	Town Trust	Police Trust	Sara B. Burtis				
<b>ASSETS</b>									
Cash and cash equivalents	\$ -	\$ -	10,528	\$ 3,160	\$ -	-	-	\$ 310,642	
Investments	-	-	-	-	30,112	-	-	30,112	
Due from federal and state	-	-	-	-	-	-	-	106,225	
Receivables (net)	-	-	-	-	-	-	-	942,415	
<b>TOTAL ASSETS</b>	-	-	10,528	3,160	30,112	-	-	1,389,394	
<b>LIABILITIES</b>									
Accounts payable	-	-	-	-	-	-	-	5,305	
Accrued expenses	-	-	-	-	-	-	-	7,770	
Due to other funds	-	-	-	-	-	-	-	296,895	
Unearned revenue	-	-	-	-	-	-	-	708,658	
<b>TOTAL LIABILITIES</b>	-	-	-	-	-	-	-	1,018,628	
<b>FUND BALANCES</b>									
Non-Spendable	-	-	10,528	3,160	30,112	-	-	43,800	
Restricted	-	-	-	-	-	-	-	345,421	
Committed	-	-	-	-	-	-	-	-	
Assigned	-	-	-	-	-	-	-	-	
Unassigned	-	-	-	-	-	-	-	(18,455)	
<b>TOTAL FUND BALANCES</b>	-	-	10,528	3,160	30,112	-	-	370,766	

**TOWN OF WARREN, RHODE ISLAND**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Non-Major Governmental Funds**  
**For the year ended June 30, 2015**

	Special Revenue Funds						
	Enterprise Zone	Senior Center	Road Duty	Tourister Peer Review	Rec Department Donation	State Paving Grant	Gun Buy Back
REVENUES							
Interest and investment income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, fees, permits and fines	-	-	-	-	-	-	-
Intergovernmental	-	41,379	135,247	23,194	-	-	-
Other	2,288	255	-	-	-	-	-
<b>TOTAL REVENUES</b>	<b>2,288</b>	<b>41,634</b>	<b>135,247</b>	<b>23,194</b>	<b>-</b>	<b>-</b>	<b>-</b>
EXPENDITURES							
General government	-	36,943	-	17,199	455	-	-
Public safety	-	-	132,623	-	-	-	-
Fire safety	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Capital and special appropriations	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>36,943</b>	<b>132,623</b>	<b>17,199</b>	<b>455</b>	<b>-</b>	<b>-</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES BEFORE TRANSFERS</b>	<b>2,288</b>	<b>4,691</b>	<b>2,624</b>	<b>5,995</b>	<b>(455)</b>	<b>-</b>	<b>-</b>
OTHER FINANCING SOURCES/USES							
Transfer in	-	-	-	-	-	-	-
<b>NET OTHER SOURCES/USES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>2,288</b>	<b>4,691</b>	<b>2,624</b>	<b>5,995</b>	<b>(455)</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE - BEGINNING</b>	<b>6,894</b>	<b>50,356</b>	<b>-</b>	<b>-</b>	<b>14,230</b>	<b>3,000</b>	<b>2,000</b>
<b>FUND BALANCE - ENDING</b>	<b>\$ 9,182</b>	<b>\$ 55,047</b>	<b>\$ 2,624</b>	<b>\$ 5,995</b>	<b>\$ 13,775</b>	<b>\$ 3,000</b>	<b>\$ 2,000</b>

**TOWN OF WARREN, RHODE ISLAND**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Non-Major Governmental Funds**  
**For the year ended June 30, 2015**

	Special Revenue Funds					
	RI DOT Hwy Safety Grant	WPD RI Senatorial Grant	Recycling Grant	Planning Challenge Grant	Champlain Foundation	Community Gardens
REVENUES						
Interest and investment income	-	-	-	-	31	-
Licenses, fees, permits and fines	-	-	-	-	-	-
Intergovernmental	609	4,000	18,242	7,638	-	-
Other	-	-	-	-	-	-
<b>TOTAL REVENUES</b>	<b>609</b>	<b>4,000</b>	<b>18,242</b>	<b>7,638</b>	<b>31</b>	<b>-</b>
EXPENDITURES						
General government	-	4,817	10,974	7,638	20,402	-
Public safety	609	-	-	-	-	-
Fire safety	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital and special appropriations	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>609</b>	<b>4,817</b>	<b>10,974</b>	<b>7,638</b>	<b>20,402</b>	<b>-</b>
EXCESS OF REVENUES OVER EXPENDITURES BEFORE TRANSFERS	-	(817)	7,268	-	(20,371)	-
OTHER FINANCING SOURCES/USES						
Transfer in	-	-	-	-	-	-
<b>NET OTHER SOURCES/USES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>(817)</b>	<b>7,268</b>	<b>-</b>	<b>(20,371)</b>	<b>-</b>
<b>FUND BALANCE - BEGINNING</b>	<b>-</b>	<b>4,909</b>	<b>-</b>	<b>(12,417)</b>	<b>20,371</b>	<b>2,317</b>
<b>FUND BALANCE - ENDING</b>	<b>-</b>	<b>4,092</b>	<b>7,268</b>	<b>(12,417)</b>	<b>-</b>	<b>2,317</b>

**TOWN OF WARREN, RHODE ISLAND**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Non-Major Governmental Funds**  
**For the year ended June 30, 2015**

	Special Revenue Funds						
	Safe Routes	ACO Donations	Diesel Equipment Repairs	Cops that Care	Social Services Donations	Manjuana Grant	Warren Beautification Donation
REVENUES							
Interest and investment income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, fees, permits and fines	-	-	-	-	-	-	-
Intergovernmental	-	-	4,832	-	-	79,724	-
Other	-	8,481	-	-	-	-	750
<b>TOTAL REVENUES</b>	-	<b>8,481</b>	<b>4,832</b>	-	-	<b>79,724</b>	<b>750</b>
EXPENDITURES							
General government	-	199	4,832	-	-	74,593	-
Public safety	-	-	-	-	-	-	-
Fire safety	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Capital and special appropriations	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	-	<b>199</b>	<b>4,832</b>	-	-	<b>74,593</b>	-
EXCESS OF REVENUES OVER EXPENDITURES BEFORE TRANSFERS	-	8,282	-	-	-	5,131	750
OTHER FINANCING SOURCES/USES							
Transfer in	-	-	-	-	-	-	-
<b>NET OTHER SOURCES/USES</b>	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCE	-	8,282	-	-	-	5,131	750
FUND BALANCE - BEGINNING	-	23,518	-	21	1,012	27,606	2,622
<b>FUND BALANCE - ENDING</b>	<b>\$ -</b>	<b>\$ 31,800</b>	<b>\$ -</b>	<b>\$ 21</b>	<b>\$ 1,012</b>	<b>\$ 32,737</b>	<b>\$ 3,372</b>

**TOWN OF WARREN, RHODE ISLAND**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Non-Major Governmental Funds**  
**For the year ended June 30, 2015**

	Special Revenue Funds					
	Jamiel's Park Picnic Shelter	Jamiel's Park Softball Field	Animal Rescue	Animal Spading	Police Bicycle Patrol Grant	
REVENUES						
Interest and investment income	-	-	-	-	-	-
Licenses, fees, permits and fines	-	-	-	-	-	-
Intergovernmental	-	-	11,990	203	-	-
Other	-	-	11,990	203	-	-
<b>TOTAL REVENUES</b>	<b>-</b>	<b>-</b>	<b>23,980</b>	<b>406</b>	<b>-</b>	<b>-</b>
EXPENDITURES						
General government	-	-	5,096	-	-	-
Public safety	-	-	-	-	-	-
Fire safety	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital and special appropriations	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>5,096</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES BEFORE TRANSFERS</b>	<b>-</b>	<b>-</b>	<b>18,884</b>	<b>406</b>	<b>-</b>	<b>-</b>
OTHER FINANCING SOURCES/USES						
Transfer in	-	-	-	-	-	-
<b>NET OTHER SOURCES/USES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>-</b>	<b>18,884</b>	<b>406</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE - BEGINNING</b>	<b>-</b>	<b>-</b>	<b>28,151</b>	<b>406</b>	<b>3,264</b>	<b>-</b>
<b>FUND BALANCE - ENDING</b>	<b>-</b>	<b>-</b>	<b>47,035</b>	<b>812</b>	<b>3,264</b>	<b>-</b>

**TOWN OF WARREN, RHODE ISLAND**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Non-Major Governmental Funds**  
**For the year ended June 30, 2015**

	Special Revenue Funds						
	AFIS Live Scan Fed Grant	RI State Bymes Justice Grant	Memorial Tree Fund	Stormwater Permitting	Recreational Trails Grant	Summer Concerts	
REVENUES							
Interest and investment income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, fees, permits and fines	-	-	-	-	-	-	-
Intergovernmental	-	9,773	-	-	39,510	-	1,200
Other	-	-	-	-	-	-	1,200
<b>TOTAL REVENUES</b>	<b>-</b>	<b>9,773</b>	<b>-</b>	<b>-</b>	<b>39,510</b>	<b>-</b>	<b>1,200</b>
EXPENDITURES							
General government	-	-	-	-	39,510	-	2,767
Public safety	-	11,198	-	-	-	-	-
Fire safety	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Capital and special appropriations	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>11,198</b>	<b>-</b>	<b>-</b>	<b>39,510</b>	<b>-</b>	<b>2,767</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES BEFORE TRANSFERS</b>	<b>-</b>	<b>(1,425)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,567)</b>
OTHER FINANCING SOURCES/USES							
Transfer in	-	-	-	-	-	-	-
<b>NET OTHER SOURCES/USES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>(1,425)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,567)</b>
FUND BALANCE - BEGINNING	250	1,263	596	26,923	-	-	4,309
<b>FUND BALANCE - ENDING</b>	<b>\$ 250</b>	<b>\$ (162)</b>	<b>\$ 596</b>	<b>\$ 26,923</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,742</b>

**TOWN OF WARREN, RHODE ISLAND**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Non-Major Governmental Funds**  
**For the year ended June 30, 2015**

	Special Revenue Funds						
	Project Playground	Substance Abuse	Fire Inspections	Jamiel's Park DEM Grant	Fire State Meds Plan	FEMA Sandy Event	
REVENUES							
Interest and investment income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Licenses, fees, permits and fines	-	-	-	-	-	-	
Intergovernmental	-	18,816	8,090	67,569	-	-	
Other	-	-	-	-	3,500	-	
<b>TOTAL REVENUES</b>	-	18,816	8,090	67,569	3,500	-	
EXPENDITURES							
General government	-	15,323	-	67,569	-	-	4,990
Public safety	-	-	3,949	-	-	-	-
Fire safety	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Capital and special appropriations	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	-	15,323	3,949	67,569	-	-	4,990
<b>EXCESS OF REVENUES OVER EXPENDITURES BEFORE TRANSFERS</b>	-	3,493	4,141	-	3,500	-	(4,990)
OTHER FINANCING SOURCES/USES							
Transfer in	-	-	-	-	-	-	-
<b>NET OTHER SOURCES/USES</b>	-	-	-	-	-	-	-
<b>NET CHANGE IN FUND BALANCE</b>	-	3,493	4,141	-	3,500	-	(4,990)
<b>FUND BALANCE - BEGINNING</b>	2,424	7,336	17,268	(5,876)	12,280		9,447
<b>FUND BALANCE - ENDING</b>	\$ 2,424	\$ 10,829	\$ 21,409	\$ (5,876)	\$ 15,780	\$	\$ 4,457

**TOWN OF WARREN, RHODE ISLAND**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Non-Major Governmental Funds**  
**For the year ended June 30, 2015**

	Special Revenue Funds							Employee Charity Fund
	Community Development Block Grant	Veterans Honor Roll	Government Center	Ship Shape	Holiday Committee	Narcotics		
REVENUES								
Interest and investment income	\$ -	\$ -	\$ -	\$ 1,500	\$ -	\$ -	\$ -	\$ -
Licenses, fees, permits and fines	-	-	-	-	-	-	-	-
Intergovernmental	187,386	-	-	-	5,900	-	-	612
Other	-	-	-	-	5,900	-	-	612
<b>TOTAL REVENUES</b>	<b>187,386</b>	<b>-</b>	<b>-</b>	<b>1,500</b>	<b>5,900</b>	<b>-</b>	<b>-</b>	<b>612</b>
EXPENDITURES								
General government	159,470	2,730	-	-	5,900	440	-	550
Public safety	-	-	-	-	-	-	-	-
Fire safety	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Capital and special appropriations	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>159,470</b>	<b>2,730</b>	<b>-</b>	<b>-</b>	<b>5,900</b>	<b>440</b>	<b>-</b>	<b>550</b>
EXCESS OF REVENUES OVER EXPENDITURES BEFORE TRANSFERS	27,916	(2,730)	-	1,500	-	(440)	-	62
OTHER FINANCING SOURCES/USES								
Transfer in	-	-	-	-	-	-	-	-
<b>NET OTHER SOURCES/USES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>27,916</b>	<b>(2,730)</b>	<b>-</b>	<b>1,500</b>	<b>-</b>	<b>(440)</b>	<b>-</b>	<b>62</b>
<b>FUND BALANCE - BEGINNING</b>	<b>(5,683)</b>	<b>16,088</b>	<b>2,107</b>	<b>800</b>	<b>-</b>	<b>7,186</b>	<b>-</b>	<b>45</b>
<b>FUND BALANCE - ENDING</b>	<b>\$ 22,233</b>	<b>\$ 13,358</b>	<b>\$ 2,107</b>	<b>\$ 2,300</b>	<b>\$ -</b>	<b>\$ 6,746</b>	<b>\$ -</b>	<b>\$ 107</b>

**TOWN OF WARREN, RHODE ISLAND**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Non-Major Governmental Funds**  
**For the year ended June 30, 2015**

	Capital Project Fund		Permanent Funds				GRAND TOTAL
	RICWFA Bond 2005A	RICWFA Bond 2011A	Town Trust	Police Trust	Sara B. Burtis		
<b>REVENUES</b>							
Interest and investment income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	1,531
Licenses, fees, permits and fines	-	-	13,579	-	-	-	13,579
Intergovernmental	-	-	-	-	-	-	510,762
Other	-	-	-	-	1,514	-	171,940
<b>TOTAL REVENUES</b>	-	-	13,579	-	1,514	-	697,812
<b>EXPENDITURES</b>							
General government	-	-	25,009	-	4,625	-	512,031
Public safety	-	-	-	-	-	-	148,379
Fire safety	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Capital and special appropriations	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	-	-	25,009	-	4,625	-	660,410
<b>EXCESS OF REVENUES OVER EXPENDITURES BEFORE TRANSFERS</b>	-	-	(11,430)	-	(3,111)	-	37,402
<b>OTHER FINANCING SOURCES/USES</b>							
Transfer in	-	-	-	-	-	-	-
<b>NET OTHER SOURCES/USES</b>	-	-	-	-	-	-	-
<b>NET CHANGE IN FUND BALANCE</b>	-	-	(11,430)	-	(3,111)	-	37,402
<b>FUND BALANCE - BEGINNING</b>	-	-	21,958	3,160	33,223	-	333,364
<b>FUND BALANCE - ENDING</b>	\$ -	\$ -	10,528	3,160	30,112	\$ -	370,766

## **Private-Purpose Trust Funds:**

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

**TOWN OF WARREN, RHODE ISLAND**  
**Combining Statement of Changes in Net Position**  
**Private-Purpose Trusts**  
**For the year ended June 30, 2015**

	<u>Samuel P. Coft Fund</u>	<u>Joseph Martin Fund</u>	<u>Abby A. Cole Fund</u>	<u>Asylum Farm Fund</u>	<u>Joseph W. Smith Fund</u>	<u>C. Richard Gardener Fund</u>	<u>Total</u>
<b>ASSETS</b>							
Cash	\$ 1,204	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,204
Investments	167,424	120,449	42,157	78,292	138,516	24,089	570,927
<b>TOTAL ASSETS</b>	<u>168,628</u>	<u>120,449</u>	<u>42,157</u>	<u>78,292</u>	<u>138,516</u>	<u>24,089</u>	<u>572,131</u>
<b>LIABILITIES</b>							
	-	-	-	-	-	-	-
<b>NET POSITION</b>							
Held in Trust for private purposes	<u>\$ 168,628</u>	<u>\$ 120,449</u>	<u>\$ 42,157</u>	<u>\$ 78,292</u>	<u>\$ 138,516</u>	<u>\$ 24,089</u>	<u>\$ 572,131</u>

**TOWN OF WARREN, RHODE ISLAND**  
**Combining Statement of Changes in Net Position**  
**Private-purpose Trusts**  
**For the year ended June 30, 2015**

	Samuel P. Colt Fund	Joseph Martin Fund	Abby A. Cole Fund	Asylum Farm Fund	Joseph W. Smith Fund	C. Richard Gardener Fund	Totals
<b>ADDITIONS:</b>							
Investment Income	\$ 8,478	\$ 6,056	\$ 2,120	\$ 3,936	\$ 6,964	\$ 1,211	\$ 28,765
<b>DEDUCTIONS:</b>							
Portfolio management fees	25,899	18,499	6,475	12,024	21,274	3,700	87,871
Other expenses							
Total Deductions	25,899	18,499	6,475	12,024	21,274	3,700	87,871
<b>CHANGE IN NET POSITION</b>	<b>(17,421)</b>	<b>(12,443)</b>	<b>(4,355)</b>	<b>(8,088)</b>	<b>(14,310)</b>	<b>(2,489)</b>	<b>(59,106)</b>
Net Position - beginning	186,049	132,892	46,512	86,380	152,826	26,578	631,237
Net Position - ending	<u>\$ 168,628</u>	<u>\$ 120,449</u>	<u>\$ 42,157</u>	<u>\$ 78,292</u>	<u>\$ 138,516</u>	<u>\$ 24,089</u>	<u>\$ 572,131</u>

## **Agency Funds:**

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

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

**TOWN OF WARREN, RHODE ISLAND**

**Statement of Changes in Assets and Liabilities  
Agency Funds  
For the year ended June 30, 2015**

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Performance Bonds</u>				
ASSET				
Cash	<u>\$ 8,720</u>	<u>\$ 10,007</u>	<u>\$ -</u>	<u>\$ 18,727</u>
LIABILITY				
Deposits Held in Custody for Others	<u>\$ 8,720</u>	<u>\$ 10,007</u>	<u>\$ -</u>	<u>\$ 18,727</u>

**TOWN OF WARREN, RHODE ISLAND**  
**TAX COLLECTOR'S ANNUAL REPORT**  
**YEAR ENDED JUNE 30, 2015**

Real Estate and Personal Property Taxes

<u>Tax Year</u>	<u>Balance July 1, 2014</u>	<u>Assessments December 31, 2013</u>	<u>Adjustments/ Abatements</u>	<u>Amount to be collected</u>	<u>Current Year Collections</u>	<u>Balance June 30, 2015</u>
2015	\$	23,658,109	\$ 56,065	\$ 23,714,174	\$ 23,386,698	\$ 327,476
2014	\$ 360,052	-	\$ (13,297)	\$ 346,754	\$ 264,146	\$ 82,609
2013	\$ 110,357	-	\$ (26,484)	\$ 83,873	\$ 27,325	\$ 56,547
2012	\$ 90,423	-	\$ (15,512)	\$ 74,911	\$ 18,199	\$ 56,712
2011	\$ 66,488	-	\$ (1,085)	\$ 65,403	\$ 11,748	\$ 53,655
2010	\$ 39,466	-	\$ (2,377)	\$ 37,090	\$ 5,509	\$ 31,581
2009	\$ 29,947	-	\$ (2,116)	\$ 27,831	\$ 1,683	\$ 26,148
2008	\$ 22,229	-	\$ (3,012)	\$ 19,217	\$ 473	\$ 18,743
2007 and prior	\$ 101,506	-	\$ (6,534)	\$ 94,971	\$ 237	\$ 94,735
	<u>\$ 820,467</u>	<u>\$ 23,658,109</u>	<u>\$ (14,353)</u>	<u>\$ 24,464,223</u>	<u>\$ 23,716,019</u>	<u>\$ 748,204</u>

<u>Allowance for Uncollectible Accounts</u>	<u>\$ (305,713)</u>
<u>Net Property Tax Receivable</u>	<u>\$ 442,492</u>

Schedule of Most Recent Net Assessed Property Value by Category:

<u>Description of Property</u>	<u>Valuation</u>	<u>Levy</u>
<u>Real Property</u>	\$ 1,083,445,600	\$ 21,744,753
<u>Motor Vehicles</u>	\$ 86,081,312	\$ 2,238,114
<u>Tangible</u>	\$ 31,420,611	\$ 630,574
<u>Total</u>	\$ 1,200,947,523	\$ 24,613,441
<u>Exemptions</u>	\$ 43,692,662	\$ 964,078
<u>Net assessed value</u>	<u>\$ 1,157,254,861</u>	<u>\$ 23,649,363</u>
<u>Current Year Supplemental/Deferred ect.</u>	<u>\$ 8,746</u>	<u>\$ 8,746</u>
<u>Current Year Collectable</u>	<u>\$ 23,658,109</u>	<u>\$ 23,658,109</u>

TOWN OF WARREN, RHODE ISLAND  
TAX COLLECTOR'S ANNUAL REPORT  
YEAR ENDED JUNE 30, 2015

Schedule of most recent net assessed property value by category:

Description of Property	Valuations	Levy
Real Property	\$ 1,083,445,600	\$ 21,744,753
Motor Vehicles	\$ 86,081,312	\$ 2,238,114
Tangible	\$ 31,420,611	\$ 630,574
Total	\$ 1,200,947,523	\$ 24,613,441
Exemptions	\$ 43,692,662	\$ 964,078
Current Year Assessment	<u>\$ 1,157,254,861</u>	\$ 23,649,363
Current Year Supplemental/Deferred ect.	\$ 8,746	
Current Year Collectable	<u>\$ 23,658,109</u>	

Reconciliation of current year property tax revenue:

Current year collections	\$ 23,716,019
Revenue collected within 60 days subsequent to year ended June 30, 2015	\$ 130,145
	\$ 23,846,164
Prior year revenue received in current year	\$ (83,680)
Current year real estate and personal property tax revenue	\$ 23,762,484

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

The Honorable Town Council  
Town of Warren  
Warren, Rhode Island

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Warren (Town), as of and for the year fiscal ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated February 9, 2016.

**Internal Control over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

## **Reissued Financial Statements**

As of February 9, 2016, the Town's financial statements report was reissued. The report for the Town of Warren, Rhode Island Financial Statements, for the year ended June 30, 2015 dated December 3, 2015 should not be relied upon. The changes to the Town's financial statements relate to the adoption of GASB 68.

Parmelee, Poirier & Associates, LLP  
February 9, 2016