



# Basic Financial Statements And Supplementary Information

For the year ended June 30, 2014

Prepared by:

Finance Department

# Introductory Section

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List of Town Officials



TOWN OF WARREN, RHODE ISLAND

YEAR ENDED JUNE 30, 2014

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YEAR ENDED JUNE 30, 2014

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**TOWN OF WARREN, RHODE ISLAND**

JUNE 30, 2014

**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 AUDITORS' REPORT***

To the Honorable Town Council  
Town of Warren, Rhode Island

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Warren, Rhode Island as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the accompanying table of contents.

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

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

***Auditors' Responsibility***

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

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

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

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Warren, Rhode Island as of June 30, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on Pages 3 through 8 and the Schedules of Funding Progress and budgetary comparison information on pages 43 thru 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Warren, Rhode Island's financial statements. The introductory section, combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor 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 nonmajor fund financial statements are fairly stated in all material respects in relation to the financial statements as a whole.

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2014 on our consideration of the Town of Warren, Rhode Island's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Warren, Rhode Island's internal control over financial reporting and compliance.

*Marcum LLP*

Providence, Rhode Island  
December 31, 2014

## 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 year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with the entire comprehensive annual financial report.

### Financial Highlights

- The assets of the Town of Warren exceeded its liabilities as of June 30, 2014, by \$22,134,124 (*net position*). Of this amount, \$3,746,187 (*unrestricted*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Town of Warren's total net position increased by \$1,020,003 for the current year.
- As of June 30, 2014, the Town of Warren's governmental funds reported combined ending fund balances of \$9,376,159, an increase of \$2,470,023 in comparison with the prior year, principally the result of the October, 2013 bond issuance for capital projects.
- As of June 30, 2014, the total fund balance for the General Fund was \$9,042,795 or approximately 36% of total general fund expenditures. However, \$3,163,301 of this fund balance was committed to meet general fund capital expenditures; and an additional \$1,000,000 of this fund balance was committed to Open Space Acquisition, (\$500,000 authorized in FY 2011-12, expiring in June, 2015; and \$500,000 authorized in FY 2013-14, expiring in June, 2017.)
- As of June 30, 2014, the unassigned fund balance for the General Fund was \$4,793,146, an increase of \$3,257,653 over the prior year, primarily due to the following:
  - Excess of expenditures over revenues before other financing sources.
  - Appropriate classification of Committed Capital reported in prior financial statements to Unassigned Fund Balance. (CWFA – Water Street Sewer Project).
  - Replenishment of Fund balance through the October, 2013 bond issuance.
- The Town of Warren's total debt of its governmental activities increased to \$14,786,314 a 17% increase during 2014. The Town paid down principle of \$1,008,004 on existing bond issues.
- For reporting 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 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 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 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 spendable resources*, as well as on *balances of spendable resources* available at the end of the 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 60 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. The General Fund, RIDOT TIP Water St. Project, are considered major funds. Data from the remaining 58 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 \$22,134,124 at the close of year ended June 30, 2014.

|                                  | Governmental<br>Activities |                      |                     | Percentage<br>Change |
|----------------------------------|----------------------------|----------------------|---------------------|----------------------|
|                                  | 2014                       | 2013 (restated)      | Change              |                      |
| Current and other assets         | \$ 10,999,834              | \$ 9,155,273         | \$ 1,844,561        | 20.15%               |
| Capital assets                   | 30,928,914                 | 30,275,346           | 653,568             | 2.16%                |
| Total assets                     | <u>41,928,748</u>          | <u>39,430,619</u>    | <u>2,498,129</u>    | 6.34%                |
| Long-term debt                   | 17,258,028                 | 14,713,392           | 2,544,636           | 17.29%               |
| Other liabilities                | 2,536,596                  | 3,603,106            | (1,066,510)         | -29.60%              |
| Total liabilities                | <u>19,794,624</u>          | <u>18,316,498</u>    | <u>1,478,126</u>    | 8.07%                |
| Net Position                     |                            |                      |                     |                      |
| Net investment in capital assets | 18,329,596                 | 17,676,028           | 653,568             | 3.70%                |
| Restricted                       | 58,341                     | 80,138               | (21,797)            | -27.20%              |
| Unrestricted                     | 3,746,187                  | 3,357,955            | 388,232             | 11.56%               |
| Total net position               | <u>\$ 22,134,124</u>       | <u>\$ 21,114,121</u> | <u>\$ 1,020,003</u> | 4.83%                |

The capital assets (e.g., land, buildings, machinery, and equipment) of the governmental activities of the Town of Warren less outstanding debt equal \$18,329,596. 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 \$22,134,124. Included within the total net position are net investment in capital assets of \$18,329,596 and restricted net assets of \$58,341 as of June 30, 2014, leaving an unrestricted balance of \$3,746,187. In comparison, governmental activity net position as of June 30, 2013, as restated for FY13 totaled \$21,114,121. This figure has been restated for a prior period adjustment relating to the recording of prior year capital assets.

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. The remaining balance of unrestricted net position or \$3,746,187 may be used to meet the government's ongoing obligations to citizens or creditors.

**Governmental activities.** Governmental activities increased the Town of Warren's net position by \$1,020,003.

|  | Governmental<br>Activities |               |              | Percentage<br>Change |
|--|----------------------------|---------------|--------------|----------------------|
|  | 2014                       | 2013          | Change       |                      |
| Revenues                               |                            |               |              |                      |
| Program revenues-                      |                            |               |              |                      |
| Charges for services                   | \$ 633,311                 | \$ 309,716    | \$ 323,595   | 51%                  |
| Grants                                 | 28,172                     | 697,353       | (669,181)    | -2375%               |
| General revenues-                      |                            |               |              |                      |
| Property taxes                         | 22,042,733                 | 21,903,862    | 138,871      | 1%                   |
| Intergovernmental                      | 1,314,957                  | 588,705       | 726,252      | 55%                  |
| Licenses, fees, permits and fines      | 1,382,404                  | 1,430,606     | (48,202)     | -3%                  |
| Investment earnings                    | 218,712                    | 304,621       | (85,909)     | -39%                 |
| Miscellaneous                          | 22,941                     | 223,672       | (200,731)    | -875%                |
| Total revenues                         | 25,643,230                 | 25,458,535    | 184,695      | 1%                   |
| Expenses                               |                            |               |              |                      |
| General government                     | 4,780,642                  | 7,308,254     | (2,527,612)  | -53%                 |
| Town offices                           | 835,945                    | 764,360       | 71,585       | 9%                   |
| Financial administration               | 223,238                    | 232,448       | (9,210)      | -4%                  |
| Public safety                          | 2,455,932                  | 2,667,772     | (211,840)    | -9%                  |
| Fire safety                            | 585,155                    | 458,310       | 126,845      | 22%                  |
| Waste water treatment                  | 1,248,549                  | 1,101,290     | 147,259      | 12%                  |
| Highway department                     | 1,758,065                  | 1,394,766     | 363,299      | 21%                  |
| Grants and contributions               | 287,296                    | 286,906       | 390          | 0%                   |
| Education                              | 11,647,407                 | 11,748,790    | (101,383)    | -1%                  |
| Interest on long-term debt             | 389,933                    | 411,490       | (21,557)     | -6%                  |
| Transfer station                       | 411,065                    | 393,139       | 17,926       | 4%                   |
| Total expenses                         | 24,623,227                 | 26,767,525    | (2,144,298)  | -9%                  |
| Increase/decrease in net position      | 1,020,003                  | (1,308,990)   | 2,328,993    | 228%                 |
| Net position - beginning - as restated | 21,114,121                 | 22,423,111    | (1,308,990)  | -6%                  |
| Net position - ending                  | \$ 22,134,124              | \$ 21,114,121 | \$ 1,020,003 | 5%                   |

## **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, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

As of June 30, 2014, the Town of Warren's total governmental funds reported a combined ending fund balance of \$9,376,159, an increase of \$2,470,023 in comparison with the prior year. The unassigned fund balance of \$4,769,170 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 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, 2014, the total fund balance of the general fund was \$9,042,795 (an increase of \$2,950,363), of which \$4,793,146 was unassigned. The unassigned fund balance represents approximately 19% of total General Fund expenditures. The 2014 annual budget for the Town of Warren's general fund identified the re-appropriation of \$4,163,301 in fund balance which represents capital and special appropriations carry-forwards of \$3,163,301 and Open Space Acquisition appropriations carry-forwards of \$1,000,000.

Budgeted excess of revenues over expenditures before other financing sources was \$727,331. Actual revenues and other sources were higher than budgeted revenues in the general fund by \$405,159 before transfers. Actual expenditures were lower than budgeted expenditures by \$322,172 before transfers.

### **General Fund Budgetary Highlights**

Actual revenues and other sources were higher than budgeted revenues by \$405,159, primarily due to increased revenue in general property tax interest (\$49,000), collection of back sewer use fees (\$102,000), and licenses, fees, permitting and fines (\$346,000). Intergovernmental revenues (State Aid, PILOT, etc.) were down by \$112,000.

Actual expenses were lower than budgeted expenses by \$322,172 primarily due to lower waste water management operational costs (\$169,000), lower debt service expenditures (\$256,000), lower employee benefit expenditures (\$170,000). One department was over budget to total expenses: Public Works (\$34,000). Expenditures for education totaled \$12,097,407 and accounted for roughly 48% of total General Fund expenditures. The resolution of and outstanding legal suit filed by the Bristol Warren Regional School District, resulted in Education Expenditures exceeding budget by \$416,000. General Fund capital expenditures were \$942,061 for the year, with carry-forwards for future projects of \$3,163,301 and Open Space Acquisition appropriations carry-forward of \$1,000,000.

## **Capital Asset and Debt Administration**

**Capital assets.** The Town of Warren's investment in capital assets for its governmental activities as of June 30, 2014, amounts to \$30,928,914 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 capital asset additions at the transfer station.

**Long-term debt.** At the end of the current year, the Town of Warren has total general obligation debt outstanding of \$14,786,314 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, 2014, the Town of Warren's ratio of Town Debt to net taxable valuation is 1.28%. The current debt limitation for the Town of Warren is \$34,647,926, 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 2014-15 Budget Highlights**

The Town of Warren's tax rate increased from \$18.64 to \$20.07 per thousand dollars of assessed value from FY 2013-14 to FY 2014-15. The increase in the tax rate was due primarily to the increase in education funding.

Because of student enrollment increases, the Town's cost of education increased from \$12,671,850 in FY 2013-14 to \$13,182,615 in FY 2014-15. This represents a 12.9% increase in education funding.

Spending on Debt Service increased from \$460,000 to \$1,637,000 for FY 2014-15, primarily due to the October 2013 issuance of General Obligation Bonds.

### **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, 2014*

|  | <u>Governmental<br/>Activities</u> |
|--|------------------------------------|
| <b>ASSETS</b>                            |                                    |
| <b>Current Assets</b>                    |                                    |
| Cash and cash equivalents                | \$ 8,491,722                       |
| Investments                              | 544,784                            |
| Receivables (net)                        | 510,269                            |
| Other receivables                        | 271,040                            |
| Prepaid expenses                         | 52,541                             |
| Inventories                              | 9,831                              |
| Due from federal and state               | 1,119,647                          |
| <b>Noncurrent Assets</b>                 |                                    |
| Capital assets (non-depreciable)         | 2,295,170                          |
| Capital assets (net of depreciation)     | <u>28,633,744</u>                  |
| <b>TOTAL ASSETS</b>                      | <u>41,928,748</u>                  |
| <b>LIABILITIES</b>                       |                                    |
| <b>Current liabilities</b>               |                                    |
| Accounts payable                         | 207,768                            |
| Accrued expenses                         | 269,339                            |
| Escrow deposits                          | 1,460                              |
| Unearned revenues                        | 905,276                            |
| Current portion of long-term liabilities | 1,316,807                          |
| <b>Noncurrent liabilities</b>            |                                    |
| Net OPEB obligation                      | 1,983,930                          |
| Long-term liabilities (net)              | <u>15,110,044</u>                  |
| <b>TOTAL LIABILITIES</b>                 | <u>19,794,624</u>                  |
| <b>NET POSITION</b>                      |                                    |
| Net investment in capital assets         | 18,329,596                         |
| Restricted for permanent trust funds     | 58,341                             |
| Unrestricted                             | <u>3,746,187</u>                   |
| <b>TOTAL NET POSITION</b>                | <u>\$ 22,134,124</u>               |

See Notes to Financial Statements

**Statement of Activities  
For the year ended June 30, 2014**

| Functions/Programs                | Expenses             | Program Revenues                      |  | Net (Expense)<br>Revenue and Changes<br>in Net Position |
|-----------------------------------|----------------------|---------------------------------------|--|---|
|                                   |                      | Charges for<br>Services               | Operating<br>Grants and<br>Contributions | Governmental<br>Activities                              |
| Governmental activities:          |                      |                                       |  |   |
| General government                | \$ 4,780,642         | \$ 2,940                              | \$ 24,172                                | \$ (4,753,530)  |
| Town offices                      | 835,945              | -                                     | -  | (835,945)   |
| Financial administration          | 223,238              | -                                     | -  | (223,238)   |
| Public safety                     | 2,455,932            | 282,367                               | -  | (2,173,565)   |
| Fire safety                       | 585,155              | -                                     | 4,000                                    | (581,155)   |
| Waste water treatment             | 1,248,549            | 166,605                               | -  | (1,081,944)   |
| Highway department                | 1,758,065            | 3,020                                 | -  | (1,755,045)   |
| Transfer Station                  | 411,065              | 178,379                               | -  | (232,686)   |
| Grants and contributions          | 287,296              | -                                     | -  | (287,296)   |
| Education                         | 11,647,407           | -                                     | -  | (11,647,407)  |
| Interest on long-term debt        | 389,933              | -                                     | -  | (389,933)   |
| Total governmental activities     | <u>\$ 24,623,227</u> | <u>\$ 633,311</u>                     | <u>\$ 28,172</u>                         | <u>(23,961,744)</u>                                     |
| General revenues:                 |                      |                                       |  |   |
| Property taxes                    |                      |                                       |  | 22,042,733  |
| Intergovernmental                 |                      |                                       |  | 1,314,957   |
| Licenses, fees, permits and fines |                      |                                       |  | 1,382,404   |
| Interest earnings                 |                      |                                       |  | 218,712   |
| Miscellaneous                     |                      |                                       |  | 22,941  |
|                                   |                      | Total general revenues                |  | <u>24,981,747</u>                                       |
|                                   |                      | Change in Net Position                |  | 1,020,003   |
|                                   |                      | Net Position - beginning, as restated |  | <u>21,114,121</u>                                       |
|                                   |                      | Net Position - ending                 |  | <u>\$ 22,134,124</u>                                    |

**Balance Sheet**  
**Governmental Funds**  
**June 30, 2014**

|   | General<br>Fund     | RIDOT<br>TIP Water St.<br>Project | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|---------------------|-----------------------------------|--------------------------------|--------------------------------|
| <b>ASSETS:</b>  |                     |                                   |                                |                                |
| <b>Current Assets:</b>  |                     |                                   |                                |                                |
| Cash and cash equivalents   | \$ 8,165,056        | \$ -                              | \$ 326,666                     | \$ 8,491,722                   |
| Investments   | 517,174             |                                   | 27,610                         | 544,784                        |
| Taxes receivables (net)   | 510,269             |                                   |                                | 510,269                        |
| Other receivables   | 101,810             |                                   | 169,230                        | 271,040                        |
| Due from other funds  | 150,701             |                                   |                                | 150,701                        |
| Inventories   | 9,831               |                                   |                                | 9,831                          |
| Due from federal & state  | 252,703             | 810,000                           | 56,944                         | 1,119,647                      |
| Prepaid expenses  | 52,541              |                                   |                                | 52,541                         |
| <b>TOTAL ASSETS</b>   | <b>\$ 9,760,085</b> | <b>\$ 810,000</b>                 | <b>\$ 580,450</b>              | <b>\$ 11,150,535</b>           |
| <b>LIABILITIES</b>  |                     |                                   |                                |                                |
| Accounts payable  | \$ 207,413          | \$ -                              | \$ 355                         | \$ 207,768                     |
| Accrued expenses  | 128,293             |                                   | 754                            | 129,047                        |
| Unearned revenues   |                     | 740,860                           | 164,416                        | 905,276                        |
| Escrow deposits   | 1,460               |                                   |                                | 1,460                          |
| Due to other funds  | -                   | 69,140                            | 81,561                         | 150,701                        |
| <b>TOTAL LIABILITIES</b>  | <b>337,166</b>      | <b>810,000</b>                    | <b>247,086</b>                 | <b>1,394,252</b>               |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                      |                     |                                   |                                |                                |
| Unavailable revenue - property taxes                                      | 380,124             |                                   |                                | 380,124                        |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>                                | <b>380,124</b>      |                                   |                                | <b>380,124</b>                 |
| <b>FUND BALANCES:</b>   |                     |                                   |                                |                                |
| Non-Spendable   | 86,348              |                                   | 58,341                         | 144,689                        |
| Restricted  | -                   | -                                 | 298,999                        | 298,999                        |
| Committed   | 4,163,301           |                                   |                                | 4,163,301                      |
| Unassigned  | 4,793,146           |                                   | (23,976)                       | 4,769,170                      |
| <b>TOTAL FUND BALANCES</b>  | <b>9,042,795</b>    | <b>-</b>                          | <b>333,364</b>                 | <b>9,376,159</b>               |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b> | <b>\$ 9,760,085</b> | <b>\$ 810,000</b>                 | <b>\$ 580,450</b>              |                                |

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

|  |                      |
|--|----------------------|
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds   | 30,928,914           |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds  | (16,426,851)         |
| Accrued interest related to issuance of long-term liabilities.   | (140,292)            |
| Accrual of net OPEB obligation   | (1,983,930)          |
| 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 | 380,124              |
| Net Position of governmental activities  | <u>\$ 22,134,124</u> |

**Statement of Revenues, Expenditures  
and Changes in Fund Balance  
Governmental Funds  
For the year ended June 30, 2014**

|  | General<br>Fund     | RIDOT<br>TIP Water St.<br>Project | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|---------------------|-----------------------------------|--------------------------------|--------------------------------|
| <b>Revenues</b>  |                     |                                   |                                |                                |
| General property taxes   | \$ 22,037,568       | \$ -                              | \$ -                           | \$ 22,037,568                  |
| Interest and investment income                                   | 218,646             |                                   | 66                             | 218,712                        |
| Licenses, fees, permits and fines                                | 1,370,247           |                                   | 12,157                         | 1,382,404                      |
| Water and sewer use fees   | 166,605             |                                   |                                | 166,605                        |
| Transfer Station fees  | 178,379             |                                   |                                | 178,379                        |
| Intergovernmental  | 626,770             | 19,030                            | 669,157                        | 1,314,957                      |
| Other  | 22,941              |                                   | 316,499                        | 339,440                        |
| <b>Total revenues</b>  | <u>24,621,156</u>   | <u>19,030</u>                     | <u>997,879</u>                 | <u>25,638,065</u>              |
| <b>Expenditures</b>  |                     |                                   |                                |                                |
| <i>Current:</i>  |                     |                                   |                                |                                |
| General government   | 3,617,820           |                                   | 438,648                        | 4,056,468                      |
| Town offices   | 835,945             |                                   |                                | 835,945                        |
| Financial administration   | 223,238             |                                   |                                | 223,238                        |
| Public safety  | 2,139,030           |                                   | 315,707                        | 2,454,737                      |
| Fire safety  | 452,951             |                                   | 4,000                          | 456,951                        |
| Waste water treatment  | 1,099,477           |                                   | -                              | 1,099,477                      |
| Highway department   | 1,390,562           |                                   |                                | 1,390,562                      |
| Grants and contributions   | 287,296             |                                   |                                | 287,296                        |
| Education  | 12,097,407          |                                   |                                | 12,097,407                     |
| Transfer Station   | 411,065             |                                   |                                | 411,065                        |
| Costs of collection  | 3,631               |                                   |                                | 3,631                          |
| <i>Debt Service:</i>   |                     |                                   |                                |                                |
| Principal  | 972,300             |                                   | 35,704                         | 1,008,004                      |
| Interest and other costs   | 362,464             |                                   |                                | 362,464                        |
| <i>Capital:</i>  |                     |                                   |                                |                                |
| Capital and special appropriations                               | 942,061             | 19,030                            | 714,706                        | 1,675,797                      |
| <b>Total expenditures</b>  | <u>24,835,247</u>   | <u>19,030</u>                     | <u>1,508,765</u>               | <u>26,363,042</u>              |
| Excess of revenues over (under)<br>expenditures before transfers | <u>(214,091)</u>    | <u>-</u>                          | <u>(510,886)</u>               | <u>(724,977)</u>               |
| <b>Other financing sources/uses</b>                              |                     |                                   |                                |                                |
| Proceeds from bond issuance                                      | 3,195,000           |                                   |                                | 3,195,000                      |
| Transfers in   | -                   |                                   | 30,546                         | 30,546                         |
| Transfers out  | (30,546)            |                                   | -                              | (30,546)                       |
| <b>Net other financing sources/uses</b>                          | <u>3,164,454</u>    | <u>-</u>                          | <u>30,546</u>                  | <u>3,195,000</u>               |
| Net Change in Fund Balances                                      | 2,950,363           | -                                 | (480,340)                      | 2,470,023                      |
| <b>Fund balance - beginning of the year</b>                      | <u>6,092,432</u>    | <u>-</u>                          | <u>813,704</u>                 | <u>6,906,136</u>               |
| <b>Fund balance - end of the year</b>                            | <u>\$ 9,042,795</u> | <u>\$ -</u>                       | <u>\$ 333,364</u>              | <u>\$ 9,376,159</u>            |

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, 2014**

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

|  |              |
|--|--------------|
| Net change in fund balances - total governmental funds (B-2) | \$ 2,470,023 |
|--|--------------|

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

653,568

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 transaction, however, has any effect on net position. This amount is the net effect of these differences.

(2,273,988)

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

5,165

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.

165,235

|   |                     |
|---|---------------------|
| Change in Net Position of Governmental Activities<br>in the Statement of Activities (A-2) | <u>\$ 1,020,003</u> |
|---|---------------------|

**TOWN OF WARREN, RHODE ISLAND****Statement of Net Position  
Fiduciary Funds  
June 30, 2014**

|  | Private-<br>Purpose<br>Trusts | OPEB<br>Trust<br>Fund | Agency<br>Funds |
|--|-------------------------------|-----------------------|-----------------|
| <b>ASSETS</b>  |                               |                       |                 |
| Cash   | \$ 106,647                    | \$ 745,276            | \$ 8,720        |
| Investments  | 524,590                       |                       |                 |
| Total Assets   | <u>631,237</u>                | <u>745,276</u>        | <u>8,720</u>    |
| <b>LIABILITIES</b>   |                               |                       |                 |
| Deposits Held in Custody for Others                              |                               |                       | 8,720           |
| Total Liabilities  | <u>-</u>                      | <u>-</u>              | <u>\$ 8,720</u> |
| <b>NET POSITION</b>  |                               |                       |                 |
| Held in Trust for Post Retirement<br>Benefits and Other Purposes | <u>\$ 631,237</u>             | <u>\$ 745,276</u>     |                 |

See Notes to Financial Statements

**TOWN OF WARREN, RHODE ISLAND*****Statement of Changes in Net Position  
Fiduciary Funds  
For the year ended June 30, 2014***

|                           | Private-<br>Purpose<br>Trusts | OPEB<br>Trust<br>Fund |
|---------------------------|-------------------------------|-----------------------|
| ADDITIONS:                |                               |                       |
| Investment income         | \$ 25,581                     | \$ 2,276              |
| Total additions           | <u>25,581</u>                 | <u>2,276</u>          |
| DEDUCTIONS:               |                               |                       |
| Portfolio management fees | 9,633                         |                       |
| Total deductions          | <u>9,633</u>                  | <u>-</u>              |
| CHANGE IN NET POSITION    | 15,948                        | 2,276                 |
| Net Position - beginning  | 615,289                       | 743,000               |
| Net Position - ending     | <u>\$ 631,237</u>             | <u>\$ 745,276</u>     |

See Notes to Financial Statements

TOWN OF WARREN, RHODE ISLAND

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the Town have been prepared in accordance with accounting principles generally accepted in the United States (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting. The more significant of the Town's accounting policies are discussed in subsequent subsections of this note.

***Reporting Entity***

The Town of Warren was founded in 1746 and incorporated in 1747. 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 Amendments 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, including the power to create offices, departments or agencies of the Town, preserving the public peace, health and safety, establishing 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 the public schools in the Towns of Bristol and Warren to include all grades and programs currently provided and any other grades and programs specified by the regional school committee.

In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in 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 financial 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 exists:

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

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

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(CONTINUED)

TOWN OF WARREN, RHODE ISLAND  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Recently Issued Accounting Standards*

- ✓ GASB Statement No. 65 – Items Previously Reported as Assets and Liabilities, effective for the Town's year ending June 30, 2014. See Deferred Inflow/Outflows of Resources in Note 1
- ✓ GASB Statement No. 66 – Technical Corrections – 2012 - an Amendment of GASB Statements No 10 and No. 62,, effective for the Town's year ending June 30, 2014. The adoption of this Statement did not have a significant impact on the Town's 2014 financial statements.
- ✓ GASB Statement No. 67 – Financial Reporting of Pension Plans – An Amendment of GASB Statement No. 25, effective for the Town's year ending June 30, 2014. The adoption of this Statement did not have a significant impact on the Town's fiscal 2014 financial statements due to the fact that the Town did not sponsor its own pension plan.
- ✓ GASB Statement No. 70 – Accounting and Financial Reporting for Nonexchange Financial Guarantees, effective for the Town's year ending June 30, 2014. The adoption of this Statement did not have a significant impact on the Town's 2014 financial statements.

The Town will adopt the following new accounting pronouncement in future years:

- ✓ GASB Statement No. 68 – Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27, effective for the year ending June 30, 2015.
- ✓ GASB Statement No. 69 – Government Combinations and Disposals of Government operations, effective for the Town's year ending June 30, 2015.
- ✓ GASB Statement No. 71 – Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment to GASB Statement No. 68, effective for the Town's year ending June 30, 2015.

The effect of these pronouncements on the Town's financial statements has not been determined.

***Basis of Presentation***

*Government-Wide Financial Statements*

The statement of net position and statement of activities display 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.

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(CONTINUED)

**TOWN OF WARREN, RHODE ISLAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Basis of Presentation (Continued)***

*Fund Financial Statements*

Fund financial statements of the reporting entity are organized into funds each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, liabilities, fund balance, revenues, and expenditure. Funds are organized into two major categories: governmental, and fiduciary. An emphasis is placed on major funds within the governmental categories. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

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

The funds of the financial reporting entity are described below:

***Governmental Funds***

**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 legally or administratively restricted to expenditures for certain purposes.

**Capital Project Funds**

Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of specific capital projects or items.

**Permanent Funds**

The Permanent Funds account for assets held by the Town pursuant to trust agreements. The principle portion of these fund types must remain intact, but the earnings may be used to achieve the objectives of the funds.

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(CONTINUED)

**TOWN OF WARREN, RHODE ISLAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Fiduciary Funds**

**Agency Funds**

Agency funds account for assets held by the Town in a purely custodial capacity. The reporting entity includes three performance bond agency funds. Since agency funds are custodial in nature (i.e. assets equal liabilities), they do not involve the measurement of results of operations.

**Private-purpose Trust Funds**

Private-purpose trust funds are used to account for resources legally held in trust for use by parties outside of the Town, and can not 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.

**OPEB Trust Fund**

The Other Postemployment Benefits (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.

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

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

| <u>Fund</u>                   | <u>Brief Description</u>                            |
|-------------------------------|---|
| <b>Major:</b>                 |   |
| General Fund:                 | See above for description                           |
| RI DOT TIP Water St. Project: | To account for RI DOT grant award and expenditures. |

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(CONTINUED)

TOWN OF WARREN, RHODE ISLAND

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014

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1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Major and Non-Major Funds (Continued)**

**Non-Major:**

Special Revenue Funds: Enterprise Zone, Senior Center, Kee Farm Preservation, Road Duty, Tourister Peer Review, Rec. 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, USDA Recycling Truck Grant, Safe Routes to School, ACO Donations, Diesel Equipment Repair, Cops that Care, Social Services Donations, Marijuana Grant, Warren Beautification Donation, COPS Technology, Town Beach Stormwater, Animal Rescue, Animal Spading, Police Bicycle Patrol Grant, Byrnes Justice Grant, AFIS Live Scan Fed. 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, EPA STAG, Jamiel's Park DEM Grant, Fire State Meds Plan, FEMA Sandy Event, Community Development Block Grant, Veterans Honor Roll, Government Center, Ship Shape, Holiday Committee, Narcotics, and Employee Charity Fund.

Capital Project Funds: RICWFA 2005A Bond Fund, RICWFA 2011A Bond Fund

Permanent Funds: Sara B. Burtis Fund, Police Trust, and Town Trust.

**Measurement Focus**

On the government-wide Statement of Net Position and the Statement of Activities governmental activities are presented using the economic resources measurement focus as defined in item b. below.

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. Only current financial assets and liabilities 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. All other revenue items, primarily permits and transfer station disposal fees, are considered to be measureable only when cash is received by the Town.
- (b) The private purpose trust funds utilize "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of net income, financial position and cash flows. All assets and liabilities (whether current or noncurrent) 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.

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(CONTINUED)

TOWN OF WARREN, RHODE ISLAND

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Basis of Accounting***

In the government-wide Statement of Net Position and Statement of Activities governmental 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 asset used. Revenues, expenses, gains, losses, assets, deferred outflows and liabilities and deferred inflows 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. The major revenue source that is susceptible to accrual is property tax revenue. Under this modified accrual basis of accounting, revenues 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 within 60 days 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 used.

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

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

**Cash**

Cash and cash equivalents are carried at cost. Cash equivalents are all highly liquid investments with a maturity of three months or less when purchased. Substantially, all of the Town's cash and cash equivalents are held in public deposit institutions. The Town pools cash resources of its various funds to facilitate the management of cash. 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.

**Investments**

The Town invests in various types of investments, which are stated at fair value. There are no investments reported at amortized cost.

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(CONTINUED)

**TOWN OF WARREN, RHODE ISLAND**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Equity (Continued)***

**Accounts Receivable**

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. The allowance for uncollectible accounts receivable amounted to \$310,198 at June 30, 2014. Major receivable balances for the governmental activities include property taxes (27% of balance) and intergovernmental grants, aid and other receivables (73% of balance).

In the fund financial statements, material receivables in governmental funds include revenue accruals such as property taxes and grants and other similar intergovernmental revenues since they are usually both measurable and available. Non-exchange transactions collectible but not 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 payables 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 each December 31 (lien date) and attach as an enforceable lien on property as of July 1 (levy date). Taxes are due and payable in quarterly installments on the 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 the Town owned vehicles in various departments and 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.

**Prepays**

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-spensible.

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(CONTINUED)

**TOWN OF WARREN, RHODE ISLAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Equity (Continued)***

**Government-Wide Statements**

In the government-wide financial statements, long-lived assets are accounted for as capital assets. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets, which are recorded at their estimated fair value at the date of donation. Estimated historical cost was used to value the majority of the assets acquired prior to June 30, 1993.

Capital assets are defined by the Town as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of two years.

Infrastructure assets, (such as sidewalks, curbs, drainage systems, and road improvements) acquired by the Town have been capitalized and reported within the financial statements.

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

|                                 |               |
|---------------------------------|---------------|
| 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 governmental fund upon acquisition and capitalized in the government-wide statements.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate section represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditures) until that later date. At June 30, 2014, the Town did not have any items that qualified as a deferred outflow of resources.

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(CONTINUED)

**TOWN OF WARREN, RHODE ISLAND**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014**

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**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 (Continued)**

In addition to liabilities, the statement of financial position 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, 2014, the Town had only one item that qualified as a deferred inflows of resources in the governmental funds balance sheet. The unavailable tax revenue represents property taxes receivable which are assessed on December 31, 2012 and prior and are not collected within 60 days of June 30, 2014. Net unavailable property tax revenue in the fund financial statements was \$380,124 at June 30, 2014. This amount is deferred and will be recognized as an inflows of resources in the year(s) in which the amounts become available.

**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.

**Interfund Transactions**

Interfund activity within and among the funds of the Town have been classified and reported as follows:

- Reciprocal interfund activities:
  - Interfund loans are reported as interfund receivables in the lending fund and interfund payables in borrower funds.
  - Interfund services are reported as revenues in the seller fund and as expenditures or expenses in the purchasing fund.
- Non-reciprocal interfund activities:
  - Interfund 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.
  - Interfund reimbursements are repayments from the fund responsible for particular expenditures or expenses to other funds that initially paid for them. Reimbursements are not displayed separately within the financial statements.

***Equity Classifications***

**Government-Wide Statements**

Equity is classified as net position and displayed in three components:

- (a) Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014

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1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Equity (Continued)**

**Government-Wide Statements (Continued)**

- (b) Restricted net position - Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- (c) Unrestricted net position - All other net positions that do not meet the definition of "restricted" or "net investment in capital assets".

**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 as described below:

- **Non-Spendable** – the amount of fund balance that cannot be spent because it is either not in spendable form or there is a legal or contractual requirement for the funds to remain intact. At the end of each year, the Town will report the portion of the fund balance that is not in spendable form as Non-Spendable on the annual financial statements.
- **Restricted** – the amount of fund balance that can only be spent on specific expenses due to constraints on the spending because of legal restrictions, outside party creditors, and grantor/donor requirements. The Town's restricted fund balance amounts are considered to have been spent when an expenditure has been incurred satisfying such restriction. At the end of each year, the Town will report restricted fund balance amounts that have applicable legal restrictions per GASB No. 54.
- **Committed** – the Town Council, as the Town's highest level of decision-making authority, may commit fund balance for specific purposes pursuant to constraints imposed by formal actions taken, such as an ordinance or resolution. These committed amounts cannot be used for any other purpose unless the Town Council removes or changes the specific use through the same type of formal action taken to establish the commitment. This constraint must be imposed prior to year end, but the specific amount may be determined at a later date. At the end of each year, the Finance Director will report committed fund balances that have been committed by self-imposed actions by the Town of Warren's Town Council.
- **Assigned** – the amount of fund balance that includes the portion of the spendable fund balance that reflects funds intended to be used by the government for specific purpose assigned by information operational planning. The assigned fund balance represents a "plan" for spending the amount, but it is not restricted or committed. The authority to "assign" fund balance has not been delegated by the Town Council.

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(CONTINUED)

**TOWN OF WARREN, RHODE ISLAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Equity (Continued)***

**Fund Financial Statements (Continued)**

- Unassigned – the amount of fund balance that remains from residual positive net resources of the General Fund in excess of what can properly be classified in one of the other four categories, not subject to any constraints or intended use, no external or self-imposed limitations, no set spending plan and are available for any purposes. Unassigned fund balance is commonly used for emergency expenditures not previously considered. In addition, the resources classified as unassigned can be used to cover expenditures for revenues not yet received. At the end of each year, the Finance Director will report the portion of the unassigned fund balance.

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

Town employees are entitled to vacation based on length of service. Up to two weeks of vacation days are allowed to carry over to succeeding years.

Town employees are entitled to 1.5 days sick leave per month worked. Sick leave may be accumulated to a maximum of 180 days. Upon retirement or termination, employees have a vested interest in 75% of their accumulated sick time.

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 age 65 will have applicable medical coverage paid for by the Town for a period of three years.

Police

Police are entitled to vacation based on length of service. Police can accumulate vacation days up to 120 days and may be carried over. Any vacation time in excess of 120 days not used or redeemed will be forfeited.

Police are entitled to 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. 75 % of the days in excess of 180 days on June 30 of each year will be paid 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.

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(CONTINUED)

TOWN OF WARREN, RHODE ISLAND

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Equity (Continued)**

**Reconciliation of Government-wide and Fund Financial Statements**

The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this (\$16,426,851) difference are as follows:

|                            |                       |
|----------------------------|-----------------------|
| Bonds payable .....        | (\$14,786,314)        |
| Compensated absences ..... | <u>(1,640,537)</u>    |
| Total .....                | <u>(\$16,426,851)</u> |

**Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and the Government-wide Statement of Activities**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense.” The details of this \$653,568 difference are as follows:

|  |                    |
|--|--------------------|
| Capital outlays (net of disposals) ..... | \$2,142,090        |
| Depreciation expense.....                | <u>(1,488,522)</u> |
| Net adjustment.....                      | <u>\$ 653,568</u>  |

Another element of that reconciliation states that “the issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position.” The details of this (\$2,273,988) difference are as follows:

|  |                      |
|--|----------------------|
| Change in interest accrued .....       | \$ (27,469)          |
| Increase in compensated absences ..... | (59,523)             |
| Bond proceeds .....                    | (3,195,000)          |
| Principal repayments.....              | <u>1,008,004</u>     |
| Net adjustment.....                    | <u>(\$2,273,988)</u> |

Another element of that reconciliation states that, “Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.” The details of this \$5,165 difference are as follows:

|                                    |                  |
|------------------------------------|------------------|
| Deferred revenue - beginning ..... | \$ 507,289       |
| Deferred revenue – ending .....    | <u>(502,124)</u> |
| Net difference.....                | <u>\$ 5,165</u>  |

Another element of that reconciliation states that “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.” The detail of this \$165,235 difference is the accrual for OPEB liabilities (net) and accrued expenses.

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014**

**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 a 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, 2014, expenditures exceeded budget at the department level as follows:

| <u>Department</u>       | <u>Excess</u> |
|-------------------------|---------------|
| Highway department..... | \$ 34,680     |
| Education.....          | \$416,129     |

Excess related to the Highway department was as a result of additional overtime related to snow removal. Excess related to the Education department was as a result of a claim settlement with the regional school district.

**3. CASH AND INVESTMENTS**

***Deposits***

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 \$1,590 of petty cash.

At year-end, the Town's carrying amount of deposits was \$9,756,641 and the bank balance was \$9,904,043. Of the bank balance, \$754,813 was covered by Federal Depository Insurance. The remaining balance, \$9,149,230 was collateralized with securities held by the pledging financial institution, or its trust department or agent but not in the Town's name.

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014**

**3. CASH AND INVESTMENTS (Continued)**

***Custodial and Credit Risk-Deposits***

*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, 2014, 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 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.

At June 30, 2014, the Town held the following investments:

| <u>Description</u>         | <u>Maturity</u> | <u>Fair Value</u>   |
|----------------------------|-----------------|---------------------|
| Bank America, 5.125%       | 11/15/2014      | \$ 20,340           |
| Federal Farm CR Bks, 3.68% | 1/12/2016       | 21,055              |
| Citigroup, Inc., 4.875%    | 05/07/2015      | 15,532              |
| Cisco Systems Inc, 4.45%   | 1/15/2020       | 22,060              |
| Merck & Co., Inc., 4.75%   | 03/01/2015      | 25,734              |
| Common Stocks              | N/A             | 447,480             |
| Certificates of Deposit    | Various         | 517,174             |
| Total                      |                 | <u>\$ 1,069,375</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 Rate</u> | <u>Maturity</u> | <u>Fair Value</u> |
|--------------------|----------------------|-----------------|-------------------|
| Bank America       | 5.125%               | 11/15/2014      | \$ 20,340         |
| Citigroup, Inc.    | 4.875%               | 05/07/2015      | 15,532.00         |
| Cisco Systems Inc  | 4.450%               | 1/15/2020       | 22,060.00         |
| Federal Farm Cr    | 3.680%               | 01/12/2016      | 21,055.00         |
| Merck & Co., Inc.  | 4.750%               | 03/01/2015      | 25,734.00         |

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014**

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**3. CASH AND INVESTMENTS (Continued)**

***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; Poors</u> | <u>Moody's Investor Service</u> |
|------------------------|-----------------------------|---------------------------------|
| Bank America           | A-                          | Baa2                            |
| Citigroup, Inc.        | BBB+                        | Baa3                            |
| Cisco Systems Inc      | AA-                         | A1                              |
| Federal Farm Cr        | AA+                         | Aaa                             |
| JP Morgan Chase and CO | A                           | A2                              |
| Merck & Co., Inc.      | AA                          | A1                              |

***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 Trust Funds based on the ratio of each fund's fund balance to the combined fund balance of the applicable funds at the beginning of the year.

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(CONTINUED)

**TOWN OF WARREN, RHODE ISLAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**4. CAPITAL ASSETS**

Activity for governmental activity capital assets is summarized below:

|   | Restated<br>Balances<br>June 30, 2013 | Additions   | Deductions | Balances<br>June 30, 2014 |
|---|---------------------------------------|-------------|------------|---------------------------|
| <b>Governmental activity capital assets</b>         |                                       |             |            |                           |
| Land (not being depreciated)                        | \$ 2,086,745                          | \$ 208,425  | \$ -       | \$ 2,295,170              |
| Construction in progress<br>(not being depreciated) | -                                     |             |            | -                         |
| Buildings and land improvements                     | 16,217,579                            | 98,852      |            | 16,316,431                |
| Motor Vehicles                                      | 6,625,158                             | 243,851     |            | 6,869,009                 |
| Equipment   | 10,017,127                            | 288,666     |            | 10,305,793                |
| Infrastructure                                      | 39,744,898                            | 1,302,296   |            | 41,047,194                |
| <b>Total Cost</b>                                   | 74,691,507                            | 2,142,090   | -          | 76,833,597                |
| Less: accumulated depreciation:                     | (44,416,161)                          | (1,488,522) |            | (45,904,683)              |
| <b>Net capital assets</b>                           | \$ 30,275,346                         | \$ 653,568  | \$ -       | \$ 30,928,914             |

Capital asset additions by department consisted of the following:

|                    |                     |
|--------------------|---------------------|
| Public Safety      | \$ 56,257           |
| Fire               | 38,054              |
| Highway            | 362,210             |
| General government | 1,685,569           |
|                    | <u>\$ 2,142,090</u> |

Depreciation expense was charged to the following functions/programs:

|                          |                     |
|--------------------------|---------------------|
| Governmental activities: |                     |
| General government       | \$ 386,027          |
| Public Safety            | 57,452              |
| Fire Safety              | 166,258             |
| Waste Water Treatment    | 149,072             |
| Highway Department       | 729,713             |
| Total                    | <u>\$ 1,488,522</u> |

**5. 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, 2014, 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 amounted to approximately \$98,933.

The Town's annual other post employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the Town under the accrual basis of accounting. The Town has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost 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 cost for the year ended June 30, 2014, the amount actually contributed to the plan, and the Town's net OPEB obligation to the plan as of June 30, 2014.

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014**

**5. OTHER POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)**

| <u>Annual OPEB Cost</u>                  | <u>Year ended June 30, 2014</u> |
|--|---------------------------------|
| Annual required contribution             | \$ 420,724                      |
| Amortization adjustment                  | (63,113)                        |
| Interest                                 | 67,967                          |
| Annual OPEB cost                         | <u>425,578</u>                  |
| Implicit rate subsidy                    | (41,970)                        |
| Contributions made during year           | (98,933)                        |
| Net OPEB obligation at beginning of year | 1,699,165                       |
| Net OPEB obligation at end of year       | <u>\$ 1,983,840</u>             |

Town contributions to the plan for the year ended June 30, 2014 represented 33% of annual OPEB expense, of \$425,578. The difference represents the Town's OPEB obligation to the plan and has been accrued as an expense in the government-wide financial statements.

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 plans at rates that, for individual employees, increase gradually over time so that sufficient assets will be available to pay benefits when due.

***Trend Information***

| Fiscal Year | Annual OPEB | Contribution | % of OPEB   | Net OPEB   |
|-------------|-------------|--------------|-------------|------------|
| Ending      | Cost        | Made         | Contributed | Obligation |
| 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 presents 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 - \$739,870
- Actuarial accrued liability - \$4,332,008
- Unfunded actuarial accrued liability (UAAL) - \$3,592,138
- Funded Ratio - 17.08%
- Annual covered payroll - \$2,935,090
- UAAL as percentage of payroll - 122.39%
- Number of participants - 55

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

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**5. OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)**

**Funded Status of Plan (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, 2012
- Discount rate - 4.00%
- Participation - All eligible retirees are assumed to elect medical and dental coverage.
- Payroll Growth Rate - 3.50%
- Amortization Period - 10 years
- Amortization Method - Level Percent of Payroll Amortization
- Mortality – RP-2000 Combined Mortality Table

**6. UNAVAILABLE PROPERTY TAX REVENUE**

General Fund unavailable property tax revenues relate to revenue that is measurable but not available. General Fund unavailable property tax revenues are summarized as follows:

|   |                          |
|---|--------------------------|
| Property taxes receivable (net) .....               | \$ 510,269               |
| Less: current year 60 day accrual.....              | <u>(130,145)</u>         |
| <b>Total unavailable property tax revenue .....</b> | <b><u>\$ 380,124</u></b> |

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(CONTINUED)

**TOWN OF WARREN, RHODE ISLAND**

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014**

**7. LONG-TERM DEBT**

The following is a summary of changes in governmental long-term liabilities at June 30, 2014:

|                                 | Date of<br>Issue | Amount<br>Issued | Interest<br>Rate | Maturity<br>Date | Balance<br>Outstanding<br>June 30, 2013 | Additions           | Retirements         | Balance<br>Outstanding<br>June 30, 2014 | Current<br>Portion  |
|---------------------------------|------------------|------------------|------------------|------------------|---|---------------------|---------------------|---|---------------------|
| Public improvements             | 04/01/02         | \$ 1,800,000     | 1.27%            | 9/1/03-22        | \$ 1,034,318                            | \$ -                | \$ 90,004           | \$ 944,314                              | \$ 92,753           |
| Public improvements             | 08/15/04         | \$ 725,000       | 0.05             | 8/15/05-24       | 105,000                                 |                     | 35,000              | 70,000                                  | 35,000              |
| Public improvements             | 12/15/05         | \$ 905,000       | 1.11%-1.56%      | 9/1/06-25        | 625,000                                 |                     | 43,000              | 582,000 *                               | 44,000              |
| Public improvements             | 02/15/06         | \$ 310,000       | 3.95%            | 2/15/06-26       | 195,000                                 |                     | 15,000              | 180,000                                 | 15,000              |
| Public improvements             | 05/07/07         | \$ 1,690,000     | 4.05%            | 5/15/08-27       | 1,085,000                               |                     | 75,000              | 1,010,000                               | 75,000              |
| Public improvements             | 05/01/08         | \$ 3,885,000     | 3.5%             | 5/15/09-28       | 1,925,000                               |                     | 130,000             | 1,795,000                               | 130,000             |
| Public improvements             | 08/15/09         | \$ 1,985,000     | 2.25-4.75%       | 08/15/10-29      | 1,475,000                               |                     | 175,000             | 1,300,000                               | 175,000             |
| Public improvements             | 03/11/2011       | \$ 2,000,000     | .42-3.33%        | 09/1/2039        | 1,920,000                               |                     | 80,000              | 1,840,000 *                             | 81,000              |
| Public improvements             | 04/12/2012       | \$ 2,220,000     | 2-3.625%         | 1/15/13-32       | 2,060,000                               |                     | 145,000             | 1,915,000                               | 145,000             |
| Public improvements             | 04/12/2012       | \$ 2,415,000     | 2-3%             | 1/15/13-24       | 2,175,000                               |                     | 220,000             | 1,955,000                               | 220,000             |
| Public improvements             | 10/13/2013       | \$ 3,195,000     | 2.0-4.5%         | 8/15/14-23       |   | 3,195,000           | -                   | 3,195,000                               | 140,000             |
| Total general obligations bonds |                  |                  |                  |                  | 12,599,318                              | 3,195,000           | 1,008,004           | 14,786,314                              | 1,152,753           |
| Compensated Absences            |                  |                  |                  |                  | 1,581,014                               | 59,523              |                     | 1,640,537                               | 164,054             |
| <b>Total long-term debt</b>     |                  |                  |                  |                  | <b>\$ 14,180,332</b>                    | <b>\$ 3,254,523</b> | <b>\$ 1,008,004</b> | <b>\$ 16,426,851</b>                    | <b>\$ 1,316,807</b> |

Total interest expense paid on long term debt for the year ended June 30, 2014 was approximately \$407,000

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

|                      | Amount               | Percent     |
|----------------------|----------------------|-------------|
| Public improvements  | \$ 14,786,314        | 90.0%       |
| Compensated absences | 1,640,537            | 10.0%       |
| <b>Total</b>         | <b>\$ 16,426,851</b> | <b>100%</b> |

(CONTINUED)

**TOWN OF WARREN, RHODE ISLAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**7. LONG-TERM DEBT (Continued)**

The ratio of Town debt to net taxable valuation at June 30, 2014 was as follows:

|  |                 |
|--|-----------------|
| Net taxable valuation.....                       | \$1,154,930,880 |
| Town debt outstanding.....                       | \$ 14,786,314   |
| Ratio of Town debt to net taxable valuation..... | 1.28%           |

Schedule of long-term bond and debt requirements:

| <u>Year Ended</u> | <u>Principal</u>     | <u>Interest</u>     | <u>Total</u>         |
|-------------------|----------------------|---------------------|----------------------|
| 2015              | \$ 1,157,754         | \$ 447,849          | \$ 1,605,603         |
| 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            |
| 2020-2024         | 4,646,357            | 1,297,333           | 5,943,690            |
| 2025-2029         | 2,703,000            | 676,536             | 3,379,536            |
| 2030-2034         | 1,641,000            | 203,867             | 1,844,867            |
|                   | <u>\$ 14,786,314</u> | <u>\$ 4,099,533</u> | <u>\$ 18,885,847</u> |

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, 2014, the in-substance defeased bonds, which remain outstanding were \$315,000.

**8. OPERATING LEASES**

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, 2014 amounted to \$3,180.

Future minimum lease payments are as follows:

|             |                 |
|-------------|-----------------|
| 2015 .....  | \$ 3,180        |
| 2016 .....  | 1,855           |
| Total ..... | <u>\$ 5,035</u> |

(CONTINUED)

**TOWN OF WARREN, RHODE ISLAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**9. FUND EQUITY**

**a) Fund Deficits**

The following individual funds had deficit fund balances as of June 30, 2014:

|  |          |
|--|----------|
| Planning Challenge Grant.....          | \$12,417 |
| Jamiel's Park Grant.....               | \$5,876  |
| Community Development Block Grant..... | \$5,683  |

The deficits are expected to be funded through transfers from the Town's general fund.

**b) 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, 2014 as follows:

|   |                     |
|---|---------------------|
| <b>Non-Spendable fund balance</b>                   |                     |
| Permanent Funds                                     | \$ 58,341           |
| Long-term advances                                  | 23,976              |
| Prepaid expenses                                    | 52,541              |
| Inventory   | 9,831               |
| <b>Total Non-Spendable Fund Balance</b>             | <u>144,689</u>      |
| <b>Restricted fund balance</b>                      |                     |
| Restricted for special revenue funds                | <u>298,999</u>      |
| <b>Total Restricted fund balance</b>                | <u>298,999</u>      |
| <b>Committed fund balance</b>                       |                     |
| Committed for FY 2015 capital budget                | 3,163,301           |
| Committed for FY 2015 capital budget - Open Space   | 1,000,000           |
| <b>Total Committed fund balance</b>                 | <u>4,163,301</u>    |
| <b>Unassigned fund balance</b>                      |                     |
| Fund balance not designated for future expenditures | <u>4,769,170</u>    |
| <b>Total Fund Balance</b>                           | <u>\$ 9,376,159</u> |

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**9. FUND EQUITY (Continued)**

**(c) Transfers In and Out**

The principal purpose of interfund transfers is to provide a financing source to various funds that may not have the ability to cover all costs with revenue generated by the fund. The composition of interfund transfers for the year ended June 30, 2014 is as follows:

|                        | <u>Transfers In</u> | <u>Transfers Out</u> |  |
|------------------------|---------------------|----------------------|--|
| General Fund           | \$ -                | \$ 30,546            |  |
| Kee Farm Preservation  | 23,837              |                      |  |
| Substance Abuse        | 4,840               |                      |  |
| Jamiels Park DEM Grant | 1,869               |                      |  |
|                        | \$ 30,546           | \$ 30,546            |  |
| <b>Total</b>           | <b>\$ 30,546</b>    | <b>\$ 30,546</b>     |  |

**10. 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 for the benefit of the State's various public entities. The Town pays an annual premium for Worker's Compensation, Property and Liability, and Excess Liability insurance coverage. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

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

**11. CONTINGENCIES AND COMMITMENTS**

The Town has a contract with a commercial management company for the operation 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 2014-2015 budget of the Bristol-Warren Regional School District in the amount of \$12,671,850.

(CONTINUED)

**TOWN OF WARREN, RHODE ISLAND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

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**11. 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.

**12. PENSION PLAN**

***Plan Description***

Effective July 1, 2012, the State administered retirement system was modified to include both defined benefit and defined contribution plan components. General employees participate in a hybrid plan that combines both a defined benefit plan and a defined contribution plan. Police and fire employees participate only in the defined benefit plan unless they do not participate in Social Security in which case they also participate in the defined contribution plan.

**Municipal Employees' Retirement System (MERS) – Defined Benefit Plan**

**a. Plan Description**

All full-time Town general, police and fire employees participate in MERS, an agent multiple-employer defined benefit plan administered by the Employees' Retirement System of Rhode Island (the System). The plan provides retirement, death and disability benefits and an optional cost of living adjustment (COLA) as outlined in Chapter 45-21 and Chapter 45-21.2 of the Rhode Island General Laws (RIGL). The benefits may be amended by the Rhode Island General Assembly.

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

***General Employee***

**Retirement eligibility and plan benefits** – Service credits accrued at June 30, 2012 are protected under the Rhode Island Retirement Security Act. Beginning July 1, 2012, members receive a benefit accrual of 1.0% per year. Effective July 1, 2012 the retirement age mirrors the Social Security Normal Retirement Age not to exceed age 67. Benefits are based on the five-year average compensation multiplied by the accumulated service credit percentage. Joint and survivor retirement benefit options are available.

***Police and Fire***

**Retirement eligibility and plan benefits** – Effective July 1, 2012 the benefit accrual for all plans is 2.0% per year based on the five-year average compensation, exclusive of overtime. Retirement age is 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 who were at least 45 years old, had 10 or more years of contributing service and were eligible to retire prior to age 52 under the law in effect on June 30, 2012, may retire at age 52.

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CONTINUED)

TOWN OF WARREN, RHODE ISLAND  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**12. PENSION PLAN (Continued)**

**a. Plan Description (Continued)**

***Police and Fire (Continued)***

**Retirement eligibility and plan benefits (Continued)** – 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 is calculated based on how close the member is to the eligibility date that is prescribed in the Rhode Island Retirement Security Act. Joint and survivor retirement benefit options are available.

**Cost of Living Adjustments** – Pursuant to the Rhode Island Retirement Security Act, 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%, eligible retirees may receive a COLA annually effective on their date of retirement plus one month. 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. COLA will be delayed until the later of age 55 or three years after retirement. The COLA will be applied to the first \$25,000 of benefits indexed annually.

**b. Plan Funding Policy**

The funding policy is outlined in RIGL sections 45-21-41, 45-21-42, 45-21.2-14 and 45-21-52 (which can be amended by the Rhode Island General Assembly).

***General Employee***

Active non police and fire members must contribute 2% with COLA of his/her compensation.

***Police and Fire***

Active police and fire members must contribute 8% with COLA of his/her compensation.

The Town is required to contribute at an actuarially determined rate expressed as a percentage of total compensation paid to the active membership. The rate for year 2014 was 13.41% for general employees and 24.62% for police and fire.

**c. Annual Pension Cost**

The Town's annual pension cost of \$617,213 for MERS was equal to the Town's required and actual contributions.

***General Employee***

| Three Year Trend Information for MERS General Employee |                           |                               |                        |
|--|---------------------------|-------------------------------|------------------------|
| Year Ending  | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
| 6/30/2014  | \$254,407                 | 100%                          | \$0                    |
| 6/30/2013  | \$275,103                 | 100%                          | \$0                    |
| 6/30/2012  | \$268,601                 | 100%                          | \$0                    |

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND

NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014

12. PENSION PLAN (Continued)

c. Annual Pension Cost (Continued)

*Police and Fire*

| Three Year Trend Information for MERS Police and Fire |                           |                               |                        |
|---|---------------------------|-------------------------------|------------------------|
| Year Ending   | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
| 6/30/2014   | \$352,806                 | 100%                          | \$0                    |
| 6/30/2013   | \$363,892                 | 100%                          | \$0                    |
| 6/30/2012   | \$378,397                 | 100%                          | \$0                    |

The required contribution for year 2014 was determined as part of the actuarial valuation performed as of June 30, 2011. The most recent valuation of the plans within the system was performed as of June 30, 2013. The actuarial methods and assumptions used in those valuations are summarized in the following table.

| Summary of Actuarial Assumptions Used in the MERS<br>June 30, 2011 and June 30, 2013 Valuations |   |
|---|---|
| <b>Actuarial Cost Method</b>  | Entry Age Normal - the Individual Entry Age Actuarial Cost methodology is used.                     |
| <b>Amortization Method</b>  | Level Percent of Payroll – Closed   |
| <b>Equivalent Single Remaining Amortization Period</b>  | 24 years as of June 30, 2011<br>22 years as of June 30, 2013  |
| <b>Asset Valuation Method</b>   | 5 Year Smoothed Market  |
| <b>Actuarial Assumptions:</b>   |   |
| <b>Investment Rate of Return</b>  | 7.50%   |
| <b>Projected Salary Increases</b>   | <u>General Employees</u><br>4.00% to 8.00%<br><u>Police &amp; Fire Employees</u><br>4.25% to 14.25% |
| <b>Inflation</b>  | 2.75%   |

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND

**NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2014**

**12. PENSION PLAN (Continued)**

**c. Annual Pension Cost (Continued)**

Cost of Living Adjustments are 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 later of Social Security eligibility age or 3 years after retirement. For MERS Police and Fire, COLA is delayed until the later of age 55 or 3 years after retirement. A 2% COLA is assumed after July 1, 2012.

**d. Funded Status and Funding Progress**

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**General Employee**

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) – Entry Age (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|--------------------------|-------------------------------|---|---------------------------|--------------------|---------------------|---|
| June 30, 2013            | \$4,614,647                   | \$6,519,244                                       | \$(1,904,597)             | 70.8%              | \$1,922,065         | 99.1%   |

**Police and Fire**

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) – Entry Age (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|--------------------------|-------------------------------|---|---------------------------|--------------------|---------------------|---|
| June 30, 2013            | \$8,369,835                   | \$12,683,807                                      | \$(4,313,972)             | 66.0%              | \$1,506,143         | 286.4%  |

The System issues an annual financial report that includes financial statements and required supplementary information for all of the plans it administers. The reports can be obtained at [www.ersri.org](http://www.ersri.org).

**Defined Contribution Plan**

**a. Plan Description:**

General employees participating in the defined benefit plan(s), 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 and the Employees' Retirement System of Rhode Island (the System). Employees may choose among various investment options available to plan participants.

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TOWN OF WARREN, RHODE ISLAND  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

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**12. PENSION PLAN (Continued)**

**Defined Contribution Plan (Continued)**

**a. Plan Description (Continued):**

General employee contributions are immediately vested while employer contributions are vested after three years of contributory service. Contributions required under the plan by both the employee and employer are established by the General Laws, which are subject to amendment by the General Assembly.

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

**b. Plan Funding Policy**

The funding policy is outlined in RIGL chapter 36-10.3 (which can be amended by the Rhode Island General Assembly). Active non-police and fire members must contribute 5% of his/her compensation and the Town is required to contribute 1%. The plan members and Town contributed \$94,857 and \$18,971, respectively, during the year ended June 30, 2014.

The System issues an annual financial report that includes financial statements and required supplementary information for all of the plans it administers. The reports can be obtained at [www.ersri.org](http://www.ersri.org).

**13. RESTATEMENT**

The Independent Auditors' Report for the year ended June 30, 2013 expressed an adverse opinion as a result of the noncompliance with the requirements of GASB #34 related to the recording of capital assets due to insufficient records. The June 30, 2013 net position has been restated to reflect the correction of the insufficient records and the capital assets of the Town as of June 30, 2013.

Net position at June 30, 2013 have been restated as follows:

| <b>Government-wide Financial Statements - Governmental Activities</b> |                             |
|---|-----------------------------|
| Net position at June 30, 2013, as originally stated                   | \$ 20,565,813               |
| Net increase in Capital Assets  | 548,308                     |
| <b>Net position at June 30, 2013, as restated</b>                     | <b><u>\$ 21,114,121</u></b> |

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(CONTINUED)

**TOWN OF WARREN, RHODE ISLAND**

**MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF RHODE ISLAND  
AND OTHER POSTEMPLOYMENT BENEFITS  
JUNE 30, 2014**

D-1

**Town of Warren, Rhode Island**

Schedule of funding Progress for the Municipal Employees' Retirement System

| <u>Actuarial<br/>Valuation<br/>Date (1)</u> | <u>Actuarial<br/>Value of<br/>Assets</u> | <u>Actuarial<br/>Accrued<br/>Liability<br/>(AAL)</u> | <u>Unfunded<br/>AAL<br/>(UAAL)</u> | <u>Funded<br/>Ratio</u> | <u>Covered<br/>Payroll</u> | <u>UAAL as<br/>Percentage<br/>of Covered<br/>Payroll</u> |
|---|--|--|------------------------------------|-------------------------|----------------------------|--|
| 6/30/2005                                   | \$ 9,643,134                             | \$ 14,569,068  | \$ (4,925,934)                     | 66.19%                  | \$ 2,661,784               | -185.06%   |
| 6/30/2006                                   | \$ 10,130,235                            | \$ 14,990,904  | \$ (4,860,669)                     | 67.58%                  | \$ 2,767,079               | -175.66%   |
| 6/30/2007                                   | \$ 11,236,283                            | \$ 16,255,654  | \$ (5,019,371)                     | 69.12%                  | \$ 2,888,716               | -173.76%   |
| 6/30/2008                                   | \$ 12,291,025                            | \$ 17,061,933  | \$ (4,770,908)                     | 72.04%                  | \$ 3,094,800               | -154.16%   |
| 6/30/2009                                   | \$ 12,302,595                            | \$ 17,552,341  | \$ (5,249,746)                     | 70.09%                  | \$ 3,116,101               | -168.47%   |
| 6/30/2010 *                                 | \$ 12,109,679                            | \$ 17,839,289  | \$ (5,729,610)                     | 67.88%                  | \$ 3,156,690               | -181.51%   |
| 6/30/2011 *                                 | \$ 12,135,728                            | \$ 18,097,134  | \$ (5,961,406)                     | 67.06%                  | \$ 3,252,107               | -183.31%   |
| 6/30/2012 *                                 | \$ 12,429,830                            | \$ 18,698,714  | \$ (6,268,884)                     | 66.47%                  | \$ 3,122,757               | -200.75%   |
| 6/30/2013                                   | \$ 12,984,482                            | \$ 19,203,051  | \$ (6,218,569)                     | 67.62%                  | \$ 3,428,208               | -181.39%   |

(1) The actuarial Valuation Dates are presented for the most recent years of available information provided by the State of Rhode Island.

\* As revised 11/18/2011 – the State of Rhode Island passed legislation under the Pension Reform Security Act (Act) of 2011 which made changes to current plan provisions. Such changes will be effective July 1, 2012.

Schedule of funding Progress for Other Postemployment Benefits.

| <u>Actuarial<br/>Valuation<br/>Date (1)</u> | <u>Actuarial<br/>Value of<br/>Assets</u> | <u>Actuarial<br/>Accrued<br/>Liability<br/>(AAL)</u> | <u>Unfunded<br/>AAL<br/>(UAAL)</u> | <u>Funded<br/>Ratio</u> | <u>Covered<br/>Payroll</u> | <u>UAAL as<br/>Percentage<br/>of Covered<br/>Payroll</u> |
|---|--|--|------------------------------------|-------------------------|----------------------------|--|
| 7/1/2007                                    | \$ 700,000                               | \$ 3,018,423   | \$ (2,318,423)                     | 23.19%                  | \$ 3,019,466               | -76.78%  |
| 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%   |

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND

**NOTES TO THE PENSION SCHEDULE OF FUNDING PROGRESS  
JUNE 30, 2014**

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***Changes affecting the June 30, 2013 actuarial valuation:***

The assumptions for the Municipal Employees' Retirement System are consistent with the 2011 valuation, with the exception of certain assumption changes that resulted from the enactment of the Rhode Island Retirement Security Act of 2011. The marriage assumption was modified to reflect the expected percentage of members that will be eligible for survivor benefits upon their death, the incidence of disability was lowered to incorporate a continued trend of significantly fewer incidents of disability than anticipated by the current assumption, and the missing data assumption was updated to incorporate an assumption for missing beneficiary data.

The method used to determine the actuarial value of assets is the five-year smoothed market method. A small adjustment was made to the method used to smooth investment gains and losses to allow gains and losses to offset each other immediately. This modification will reduce future volatility in the actuarial value of assets while ensuring that the actuarial value always trends directly towards the market value of assets.

***Changes affecting the June 30, 2012 actuarial valuation:***

The retirement rates were modified to be consistent with the retirement eligibility changes instituted by the Rhode Island Retirement Security Act of 2011. Members that were assumed to retire prior to the Act, but before the earliest allowable age under the Act, are assumed to retire once eligible.

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(CONTINUED)

Town of Warren, Rhode Island

D - 2

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

General Fund  
For the year ended June 30, 2014

|   | Continuing<br>Appropriation<br>June 30, 2013 | Originally<br>Adopted<br>Budget | Final<br>Approved<br>Budget | Actual<br>(Budgetary<br>Basis) | Continuing<br>Appropriation<br>June 30, 2014 | Under<br>Over<br>(Unfavorable) |
|---|--|---------------------------------|-----------------------------|--------------------------------|--|--------------------------------|
| <b>Revenues</b>   |  |                                 |                             |                                |  |                                |
| General property taxes  | \$ -   | \$ 22,019,963                   | \$ 22,019,963               | \$ 22,037,568                  | \$ -   | \$ 17,605                      |
| Intergovernmental   |  | 792,000                         | 792,000                     | 679,331                        |  | (112,669)                      |
| Licenses, fees, permits and fines   |  | 1,074,606                       | 1,074,606                   | 1,421,137                      |  | 346,531                        |
| Water and sewer use fees  |  | 64,500                          | 64,500                      | 166,605                        |  | 102,105                        |
| Interest and investment income (loss)   |  | 170,000                         | 170,000                     | 218,646                        |  | 48,646                         |
| Other   |  | 94,928                          | 94,928                      | 97,869                         |  | 2,941                          |
| <b>Total revenues</b>   | <b>-</b>                                     | <b>24,215,997</b>               | <b>24,215,997</b>           | <b>24,621,156</b>              | <b>-</b>                                     | <b>405,159</b>                 |
| <b>Expenditures</b>   |  |                                 |                             |                                |  |                                |
| General government  |  | 3,779,467                       | 3,779,467                   | 3,617,819                      |  | 161,648                        |
| Town offices  |  | 871,495                         | 871,495                     | 835,944                        |  | 35,551                         |
| Financial administration  |  | 228,930                         | 228,930                     | 223,238                        |  | 5,692                          |
| Public safety   |  | 2,253,999                       | 2,253,999                   | 2,134,828                      |  | 119,171                        |
| Fire safety   |  | 457,162                         | 457,162                     | 452,951                        |  | 4,211                          |
| Transfer station  |  | 433,407                         | 433,407                     | 411,065                        |  | 22,342                         |
| Waste water treatment   |  | 1,269,200                       | 1,269,200                   | 1,099,478                      |  | 169,722                        |
| Highway department  |  | 1,355,884                       | 1,355,884                   | 1,390,564                      |  | (34,680)                       |
| Grants and contributions  |  | 293,672                         | 293,672                     | 292,136                        |  | 1,536                          |
| Education   |  | 11,681,278                      | 11,681,278                  | 12,097,407                     |  | (416,129)                      |
| Debt services   |  | 1,591,503                       | 1,591,503                   | 1,334,764                      |  | 256,739                        |
| Cost of collections   |  | -                               | -                           | 3,631                          |  | (3,631)                        |
| Capital - Open Space  | 500,000                                      | 500,000                         | 1,000,000                   | -                              | 1,000,000                                    | -                              |
| Capital   | 2,613,862                                    | 1,491,500                       | 4,105,362                   | 942,061                        | 3,163,301                                    | -                              |
| <b>Total expenditures</b>   | <b>3,113,862</b>                             | <b>26,207,497</b>               | <b>29,321,359</b>           | <b>24,835,886</b>              | <b>4,163,301</b>                             | <b>322,172</b>                 |
| <b>Excess of revenues over (under) expenditures<br/>before other financing sources (uses)</b>   | <b>(3,113,862)</b>                           | <b>(1,991,500)</b>              | <b>(5,105,362)</b>          | <b>(214,730)</b>               | <b>(4,163,301)</b>                           | <b>727,331</b>                 |
| <b>Other financing sources (uses)</b>   |  |                                 |                             |                                |  |                                |
| Transfer from fund balance  | 3,113,862                                    | 1,991,500                       | 5,105,362                   | 5,105,362                      |  | -                              |
| Bond proceeds   |  | -                               | -                           | 3,195,000                      |  | 3,195,000                      |
| Transfers in/(out)  |  | -                               | -                           | (25,706)                       |  | (25,706)                       |
| <b>Net other financing sources (uses)</b>   | <b>3,113,862</b>                             | <b>1,991,500</b>                | <b>5,105,362</b>            | <b>8,274,656</b>               | <b>-</b>                                     | <b>3,169,294</b>               |
| <b>Excess (deficiency) of revenues over expenditures<br/>and other financing sources (uses)</b> | <b>\$ -</b>                                  | <b>\$ -</b>                     | <b>\$ -</b>                 | <b>8,059,926</b>               | <b>\$ (4,163,301)</b>                        | <b>\$ 3,896,625</b>            |
| Reconciliation to Exhibit B-2:  |  |                                 |                             |                                |  |                                |
| Plumbing and Electrical Inspection revenues and expenditures                                    |  |                                 |                             | (4,201)                        |  |                                |
| Reappropriation of Fund Balance   |  |                                 |                             | (5,105,362)                    |  |                                |
| Excess of revenues over<br>expenditures, GAAP Basis   |  |                                 |                             | <u>\$ 2,950,363</u>            |  |                                |

**Town of Warren, Rhode Island**

D - 2

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

General Fund  
For the year ended June 30, 2014

|  | Continuing<br>Appropriation<br><u>June 30, 2013</u> | Originally<br>Adopted<br><u>Budget</u> | Final<br>Approved<br><u>Budget</u> | Actual<br>(Budgetary<br>Basis) | Continuing<br>Appropriation<br><u>June 30, 2014</u> | Under<br>Over<br>(Unfavorable) |
|--|---|--|------------------------------------|--------------------------------|---|--------------------------------|
| <b>General property taxes:</b>                   |   |  |                                    |                                |   |                                |
| Real estate, tangible and motor vehicle          | \$ -  | \$ 22,019,963                          | \$ 22,019,963                      | \$ 22,037,568                  | \$ -  | \$ 17,605                      |
| <b>Total general property taxes</b>              | <b>-</b>  | <b>22,019,963</b>                      | <b>22,019,963</b>                  | <b>22,037,568</b>              | <b>-</b>  | <b>17,605</b>                  |
| <b>Intergovernmental and departmental:</b>       |   |  |                                    |                                |   |                                |
| Excise Tax/State                                 |   | 80,000                                 | 80,000                             | 81,767                         |   | 1,767                          |
| General state aid                                |   | 100,000                                | 100,000                            | 50,918                         |   | (49,082)                       |
| PILOT - BCWA                                     |   | 120,000                                | 120,000                            | 94,343                         |   | (25,657)                       |
| Restaurant (Meals) tax                           |   | 220,000                                | 220,000                            | 249,162                        |   | 29,162                         |
| Telephone tax transfer                           |   | 120,000                                | 120,000                            | 144,380                        |   | 24,380                         |
| Tax sale revenue                                 |   | 152,000                                | 152,000                            | 58,761                         |   | (93,239)                       |
| <b>Total intergovernmental and departmental</b>  | <b>-</b>  | <b>792,000</b>                         | <b>792,000</b>                     | <b>679,331</b>                 | <b>-</b>  | <b>(112,669)</b>               |
| <b>Licenses, fees, permits and fines:</b>        |   |  |                                    |                                |   |                                |
| Government center rent                           |   | 10,000                                 | 10,000                             | 9,636                          |   | (364)                          |
| Marriage, birth & death certificate              |   | 10,800                                 | 10,800                             | 12,066                         |   | 1,266                          |
| Municipal court revenue                          |   | 65,000                                 | 65,000                             | 46,965                         |   | (18,035)                       |
| Municipal lien certificates                      |   | -                                      | -                                  | 7,064                          |   | 7,064                          |
| MVQ - Head Start rental                          |   | 16,236                                 | 16,236                             | 34,295                         |   | 18,059                         |
| PILOT - Housing Authority                        |   | 35,000                                 | 35,000                             | 35,000                         |   | -                              |
| Police fines and penalties                       |   | 10,000                                 | 10,000                             | 11,529                         |   | 1,529                          |
| Police AFIS fingerprinting                       |   | 1,600                                  | 1,600                              | (415)                          |   | (2,015)                        |
| Police reports                                   |   | 3,000                                  | 3,000                              | 3,520                          |   | 520                            |
| Police VIN checks                                |   | 2,000                                  | 2,000                              | 15,245                         |   | 13,245                         |
| Revenue - Building/plumbing permits & fees       |   | 70,000                                 | 70,000                             | 155,673                        |   | 85,673                         |
| Revenue - Permit processing fees                 |   | -                                      | -                                  | (10)                           |   | (10)                           |
| Revenue - Business taxes & licenses              |   | 39,000                                 | 39,000                             | 56,220                         |   | 17,220                         |
| Revenue - Completion fees                        |   | 20,000                                 | 20,000                             | 36,780                         |   | 16,780                         |
| Revenue - Dog & kennel licenses                  |   | 2,500                                  | 2,500                              | 1,171                          |   | (1,329)                        |
| Revenue - Harbor                                 |   | 107,000                                | 107,000                            | 109,590                        |   | 2,590                          |
| Revenue - Pavilion rental                        |   | 4,725                                  | 4,725                              | 3,550                          |   | (1,175)                        |
| Revenue - Photo copy                             |   | 8,180                                  | 8,180                              | 6,005                          |   | (2,175)                        |
| Revenue - Probate court fees                     |   | 11,600                                 | 11,600                             | 9,938                          |   | (1,662)                        |
| Revenue - Realty transfers                       |   | 59,665                                 | 59,665                             | 80,838                         |   | 21,173                         |
| Revenue - Recording fees                         |   | 88,000                                 | 88,000                             | 89,976                         |   | 1,976                          |
| Road cut permits                                 |   | 300                                    | 300                                | 595                            |   | 295                            |
| Road duty revenue                                |   | 40,000                                 | 40,000                             | 83,820                         |   | 43,820                         |
| Liberty Street School rent                       |   | -                                      | -                                  | -                              |   | -                              |
| Third party billing                              |   | 325,000                                | 325,000                            | 420,872                        |   | 95,872                         |
| Zoning & planning fees                           |   | 10,000                                 | 10,000                             | 12,835                         |   | 2,835                          |
| Transfer station                                 |   | 135,000                                | 135,000                            | 178,379                        |   | 43,379                         |
| <b>Total licenses, fees, permits and fines</b>   | <b>-</b>  | <b>1,074,606</b>                       | <b>1,074,606</b>                   | <b>1,421,137</b>               | <b>-</b>  | <b>346,531</b>                 |
| <b>Water and sewer user fees</b>                 |   |  |                                    |                                |   |                                |
| Sewer use fees                                   |   | 62,000                                 | 62,000                             | 165,920                        |   | 103,920                        |
| Sewer permits                                    |   | 2,500                                  | 2,500                              | 685                            |   | (1,815)                        |
| <b>Total water and sewer fees</b>                | <b>-</b>  | <b>64,500</b>                          | <b>64,500</b>                      | <b>166,605</b>                 | <b>-</b>  | <b>102,105</b>                 |
| <b>Interest:</b>                                 |   |  |                                    |                                |   |                                |
| Property tax interest                            |   | 160,000                                | 160,000                            | 212,714                        |   | 52,714                         |
| General fund investment earnings                 |   | 10,000                                 | 10,000                             | 5,932                          |   | (4,068)                        |
| <b>Total interest</b>                            | <b>-</b>  | <b>170,000</b>                         | <b>170,000</b>                     | <b>218,646</b>                 | <b>-</b>  | <b>48,646</b>                  |
| <b>Other:</b>                                    |   |  |                                    |                                |   |                                |
| Other miscellaneous receipts                     |   | 20,000                                 | 20,000                             | 22,941                         |   | 2,941                          |
| Other sources/social services/senior center      |   | 74,928                                 | 74,928                             | 74,928                         |   | -                              |
| <b>Total other</b>                               | <b>-</b>  | <b>94,928</b>                          | <b>94,928</b>                      | <b>97,869</b>                  | <b>-</b>  | <b>2,941</b>                   |
| <b>Total Operating Revenues</b>                  | <b>-</b>  | <b>24,215,997</b>                      | <b>24,215,997</b>                  | <b>24,621,156</b>              | <b>-</b>  | <b>405,159</b>                 |
| <b>Other financing sources:</b>                  |   |  |                                    |                                |   |                                |
| Transfer from fund balance                       | 3,113,862   | 1,991,500                              | 5,105,362                          | 5,105,362                      |   | -                              |
| Bond proceeds                                    |   |  |                                    | 3,195,000                      |   | 3,195,000                      |
| <b>Total other financing sources</b>             | <b>3,113,862</b>                                    | <b>1,991,500</b>                       | <b>5,105,362</b>                   | <b>8,300,362</b>               | <b>-</b>  | <b>3,195,000</b>               |
| <b>Total revenue and other financing sources</b> | <b>\$ 3,113,862</b>                                 | <b>\$ 26,207,497</b>                   | <b>\$ 29,321,359</b>               | <b>\$ 32,921,518</b>           | <b>\$ -</b>   | <b>\$ 3,600,159</b>            |

(Continued)

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, 2014

|                                     | Continuing<br>Appropriation<br>June 30, 2013 | Originally<br>Adopted<br>Budget | Final<br>Approved<br>Budget | Actual<br>(Budgetary<br>Basis) | Continuing<br>Appropriation<br>June 30, 2014 | Under<br>Over<br>(Unfavorable) |
|-------------------------------------|--|---------------------------------|-----------------------------|--------------------------------|--|--------------------------------|
| <b>EXPENDITURES:</b>                |  |                                 |                             |                                |  |                                |
| <b>GENERAL GOVERNMENT</b>           |  |                                 |                             |                                |  |                                |
| ADVERTISING                         | \$ -   | \$ 15,000                       | \$ 15,000                   | \$ 12,886                      | \$ -   | \$ 2,114                       |
| ATTENDANCE PREMIUMS                 |  | 91,066                          | 91,066                      | 101,287                        |  | (10,221)                       |
| COMPUTER SERVICES                   |  | 2,700                           | 2,700                       | 1,464                          |  | 1,236                          |
| COPYING EXPENSE                     |  | 6,000                           | 6,000                       | 6,000                          |  | -                              |
| ELECTRICITY/WATER AT PARKS          |  | 10,350                          | 10,350                      | 5,332                          |  | 5,018                          |
| EMPLOYEE BENEFITS                   |  | 1,371,706                       | 1,371,706                   | 1,200,959                      |  | 170,747                        |
| FINANCING EXPENSES                  |  | 7,500                           | 7,500                       | -                              |  | 7,500                          |
| FIRE HYDRANTS                       |  | 76,000                          | 76,000                      | 75,600                         |  | 400                            |
| GASB 45                             |  | 2,500                           | 2,500                       | -                              |  | 2,500                          |
| GOVERNMENT CENTER                   |  | 74,520                          | 74,520                      | 72,897                         |  | 1,623                          |
| GOVERNMENT CENTER CUSTODIAN         |  | 45,106                          | 45,106                      | 46,962                         |  | (1,856)                        |
| LEAGUE OF CITIES & TOWNS            |  | 4,550                           | 4,550                       | 4,522                          |  | 28                             |
| LONGEVITY                           |  | 180,250                         | 180,250                     | 182,009                        |  | (1,759)                        |
| MARY V /MAIN /LIBERTY SCHOOLS       |  | 39,500                          | 39,500                      | 47,882                         |  | (8,382)                        |
| POSTAGE                             |  | 28,000                          | 28,000                      | 24,562                         |  | 3,438                          |
| PROP. & LIAB. INSURANCE             |  | 522,000                         | 522,000                     | 511,061                        |  | 10,939                         |
| RETIREE BENEFIT ADJUSTMENT          |  | 8,600                           | 8,600                       | 8,477                          |  | 123                            |
| SOCIAL SECURITY TAX                 |  | 341,720                         | 341,720                     | 332,142                        |  | 9,578                          |
| STREET LIGHTING                     |  | 165,600                         | 165,600                     | 182,621                        |  | (17,021)                       |
| TELEPHONE                           |  | 8,000                           | 8,000                       | 6,817                          |  | 1,183                          |
| TOWN AUDIT                          |  | 23,000                          | 23,000                      | 23,000                         |  | -                              |
| TOWN EMPL. PENSION COST             |  | 654,693                         | 654,693                     | 659,921                        |  | (5,228)                        |
| TOWN HALL EXPENSES                  |  | 52,000                          | 52,000                      | 50,524                         |  | 1,476                          |
| TOWN HALL CUSTODIAN                 |  | 45,106                          | 45,106                      | 46,989                         |  | (1,883)                        |
| UNEMPLOYMENT RESERVE ACCT.          |  | 4,000                           | 4,000                       | 13,905                         |  | (9,905)                        |
| <b>Total General Government</b>     | <b>-</b>                                     | <b>3,779,467</b>                | <b>3,779,467</b>            | <b>3,617,819</b>               | <b>-</b>                                     | <b>161,648</b>                 |
| <b>TOWN OFFICES</b>                 |  |                                 |                             |                                |  |                                |
| <b>Boards and Commissions</b>       |  |                                 |                             |                                |  |                                |
| ADMINISTRATIVE OFFICER              |  | 5,356                           | 5,356                       | 5,335                          |  | 21                             |
| CONSERVATION BOARD EXPENSE          |  | 1,000                           | 1,000                       | 983                            |  | 17                             |
| ECONOMIC DEVELOPMENT                |  | 500                             | 500                         | 500                            |  | -                              |
| HISTORICAL COMMISSION               |  | 1,500                           | 1,500                       | 1,488                          |  | 12                             |
| JUVENILE HEARING BOARD              |  | 2,000                           | 2,000                       | 1,800                          |  | 200                            |
| PLANNING BOARD EXPENSES             |  | 1,800                           | 1,800                       | 1,762                          |  | 38                             |
| PLANNING/ZONING STENOGRAPHER        |  | 4,800                           | 4,800                       | 3,378                          |  | 1,422                          |
| TREE COMMISSION                     |  | 400                             | 400                         | 400                            |  | -                              |
| ZONING BOARD EXPENSES               |  | 1,800                           | 1,800                       | 1,711                          |  | 89                             |
| <b>Total Boards and Commissions</b> | <b>-</b>                                     | <b>19,156</b>                   | <b>19,156</b>               | <b>17,357</b>                  | <b>-</b>                                     | <b>1,799</b>                   |
| <b>Building Inspector</b>           |  |                                 |                             |                                |  |                                |
| BUILDING OFFICIAL SALARY            |  | 54,852                          | 54,852                      | 51,265                         |  | 3,587                          |
| BLDG. OFFICIAL CLERK                |  | 29,391                          | 29,391                      | 31,396                         |  | (2,005)                        |
| BLDG. OFFICE EXPENSE                |  | 3,870                           | 3,870                       | 2,812                          |  | 1,058                          |
| COMPUTER SERVICES                   |  | 1,200                           | 1,200                       | 170                            |  | 1,030                          |
| OUTSIDE SERVICES                    |  | 1,000                           | 1,000                       | 379                            |  | 621                            |
| PLUMBING & ELECTRICAL INSPECTOR     |  | 11,000                          | 11,000                      | 11,000                         |  | -                              |
| ZONING/REGULATORY/ECON DEV LIAISON  |  | 5,356                           | 5,356                       | 5,150                          |  | 206                            |
| <b>Total Building Inspector</b>     | <b>-</b>                                     | <b>106,669</b>                  | <b>106,669</b>              | <b>102,172</b>                 | <b>-</b>                                     | <b>4,497</b>                   |
| <b>Town Clerk</b>                   |  |                                 |                             |                                |  |                                |
| TOWN CLERKS SALARY - NON UNION      |  | 52,850                          | 52,850                      | 52,850                         |  | -                              |
| DEPUTY TOWN CLERK                   |  | 43,451                          | 43,451                      | 43,451                         |  | -                              |
| DOCUMENT MANAGEMENT                 |  | 4,604                           | 4,604                       | 4,529                          |  | 75                             |
| INDEXING/COMPUTER FILING            |  | 15,000                          | 15,000                      | 14,125                         |  | 875                            |
| COMPUTER SERVICES                   |  | 2,250                           | 2,250                       | 1,025                          |  | 1,225                          |
| PROBATE JUDGE                       |  | 3,000                           | 3,000                       | 3,000                          |  | -                              |
| TOWN CLERK'S OFFICE EXPENSE         |  | 13,500                          | 13,500                      | 13,474                         |  | 26                             |
| TOWN CLERKS STAFF                   |  | 59,231                          | 59,231                      | 62,833                         |  | (3,602)                        |
| MUNICIPAL COURT JUDGE               |  | 8,000                           | 8,000                       | 8,000                          |  | -                              |
| COMPUTER SERVICES                   |  | 900                             | 900                         | -                              |  | 900                            |
| MUNICIPAL COURT EXPENSES            |  | 1,200                           | 1,200                       | 562                            |  | 638                            |
| MUNICIPAL COURT CLERKS              |  | 15,337                          | 15,337                      | 13,487                         |  | 1,850                          |
| CANVASSER'S EXPENSE                 |  | 5,000                           | 5,000                       | 4,399                          |  | 601                            |
| BOARD OF CANVASSERS                 |  | 1,625                           | 1,625                       | 1,625                          |  | -                              |
| ELECTION OFFICIAL'S PAY             |  | 4,000                           | 4,000                       | 340                            |  | 3,660                          |
| <b>Total Town Clerk</b>             | <b>-</b>                                     | <b>229,948</b>                  | <b>229,948</b>              | <b>223,700</b>                 | <b>-</b>                                     | <b>6,248</b>                   |

**Town of Warren, Rhode Island**

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

General Fund  
For the year ended June 30, 2014

|                                       | Continuing<br>Appropriation<br>June 30, 2013 | Originally<br>Adopted<br>Budget | Final<br>Approved<br>Budget | Actual<br>(Budgetary<br>Basis) | Continuing<br>Appropriation<br>June 30, 2014 | Under<br>Over<br>(Unfavorable) |
|---------------------------------------|--|---------------------------------|-----------------------------|--------------------------------|--|--------------------------------|
| <b>Harbor Master</b>                  |  |                                 |                             |                                |  |                                |
| HARBOR MASTER PAY                     | \$ -   | \$ 19,032                       | \$ 19,032                   | \$ 18,359                      | \$ -   | \$ 673                         |
| ASST. HARBOR MASTER PAY               |  | 4,294                           | 4,294                       | 4,123                          |  | 171                            |
| OPERATING EXPENSES                    |  | 18,000                          | 18,000                      | 15,087                         |  | 2,913                          |
| <b>Total Harbor Master</b>            | <b>-</b>                                     | <b>41,326</b>                   | <b>41,326</b>               | <b>37,569</b>                  | <b>-</b>                                     | <b>3,757</b>                   |
| <b>Town Manager</b>                   |  |                                 |                             |                                |  |                                |
| TOWN MANAGER SALARY                   |  | 71,575                          | 71,575                      | 71,575                         |  | -                              |
| TOWN MANAGER EXPENSE                  |  | 3,000                           | 3,000                       | 2,030                          |  | 970                            |
| COMPUTER SERVICES                     |  | 1,800                           | 1,800                       | 340                            |  | 1,460                          |
| CLERK                                 |  | 8,691                           | 8,691                       | 8,533                          |  | 158                            |
| OFFICE CLERK                          |  | 29,391                          | 29,391                      | 31,726                         |  | (2,335)                        |
| CLERK'S OVERTIME                      |  | 5,000                           | 5,000                       | 351                            |  | 4,649                          |
| <b>Total Town Manager</b>             | <b>-</b>                                     | <b>119,457</b>                  | <b>119,457</b>              | <b>114,555</b>                 | <b>-</b>                                     | <b>4,902</b>                   |
| <b>Town Offices</b>                   |  |                                 |                             |                                |  |                                |
| WAGES AND SALARIES NON UNION          |  |                                 |                             | 3,000                          |  | (3,000)                        |
| COUNCIL CONTINGENCY                   |  | 15,300                          | 15,300                      | 10,517                         |  | 4,783                          |
| PLANNING/ZONING SOLICITOR             |  | 24,000                          | 24,000                      | 24,000                         |  | -                              |
| TOWN COUNCIL PAY                      |  | 6,000                           | 6,000                       | 3,000                          |  | 3,000                          |
| TOWN MODERATOR'S PAY                  |  | 100                             | 100                         | 25                             |  | 75                             |
| TOWN SERGEANT'S PAY                   |  | 100                             | 100                         | 100                            |  | -                              |
| TOWN SOLICITOR'S PAY                  |  | 95,000                          | 95,000                      | 95,000                         |  | -                              |
| TREE WARDEN                           |  | 3,000                           | 3,000                       | 3,000                          |  | -                              |
| <b>Total Town Offices</b>             | <b>-</b>                                     | <b>143,500</b>                  | <b>143,500</b>              | <b>138,642</b>                 | <b>-</b>                                     | <b>4,858</b>                   |
| <b>Town Planner</b>                   |  |                                 |                             |                                |  |                                |
| TOWN PLANNER                          |  | 53,190                          | 53,190                      | 53,190                         |  | -                              |
| COMPUTER SERVICES                     |  | 900                             | 900                         | 17                             |  | 883                            |
| GENERAL & OFFICE EXPENSE              |  | 900                             | 900                         | 855                            |  | 45                             |
| GIS MAPPING SOFTWARE/EQUIPMENT        |  | 7,000                           | 7,000                       | 6,833                          |  | 167                            |
| MATCH FOR GRANTS                      |  | 2,500                           | 2,500                       | -                              |  | 2,500                          |
| BUSINESS OUTREACH SERVICES (EZ)       |  | 2,250                           | 2,250                       | 4,750                          |  | (2,500)                        |
| ECONOMIC DEVEL. BOARD (OUTREACH)      |  | 4,500                           | 4,500                       | 3,764                          |  | 736                            |
| ADMIN. ASST. FOR ECON. DEVEL.         |  | 8,500                           | 8,500                       | 4,890                          |  | 3,610                          |
| WEBSITE                               |  | 500                             | 500                         | 0                              |  | 500                            |
| <b>Total Town Planner</b>             | <b>-</b>                                     | <b>80,240</b>                   | <b>80,240</b>               | <b>74,299</b>                  | <b>-</b>                                     | <b>5,941</b>                   |
| <b>Recreation</b>                     |  |                                 |                             |                                |  |                                |
| RECREATION BOARD EXPENSE              |  | 12,685                          | 12,685                      | 45,708                         |  | (33,023)                       |
| PARK SUPERVISOR WAGES                 |  | 33,000                          | 33,000                      | 0                              |  | 33,000                         |
| RECREATION DIRECTOR WAGES             |  | 15,338                          | 15,338                      | 13,983                         |  | 1,355                          |
| RECREATION BOARD SECRETARY            |  | 350                             | 350                         | -                              |  | 350                            |
| A.E.D. UNITS                          |  | 3,500                           | 3,500                       | 2,694                          |  | 806                            |
| <b>Total Recreation</b>               | <b>-</b>                                     | <b>64,873</b>                   | <b>64,873</b>               | <b>62,385</b>                  | <b>-</b>                                     | <b>2,488</b>                   |
| <b>Senior Center</b>                  |  |                                 |                             |                                |  |                                |
| SENIOR CENTER DIRECTOR                |  | 31,225                          | 31,225                      | 31,225                         |  | -                              |
| SENIOR CENTER - MEAL SITE MANAGER     |  | 1,534                           | 1,534                       | 1,534                          |  | -                              |
| SENIOR CENTER - COMPUTERS/SERVICES    |  | 900                             | 900                         | 900                            |  | -                              |
| SENIOR CENTER MAINTENANCE             |  | 2,558                           | 2,558                       | 2,558                          |  | -                              |
| <b>Total Senior Center</b>            | <b>-</b>                                     | <b>36,217</b>                   | <b>36,217</b>               | <b>36,217</b>                  | <b>-</b>                                     | <b>-</b>                       |
| <b>Social Services</b>                |  |                                 |                             |                                |  |                                |
| SOCIAL SERVICE DIRECTOR'S PAY         |  | 14,209                          | 14,209                      | 14,049                         |  | 160                            |
| COMPUTER SERVICES                     |  | 900                             | 900                         | -                              |  | 900                            |
| SOCIAL SERVICE EXPENSE                |  | 15,000                          | 15,000                      | 14,999                         |  | 1                              |
| <b>Total Social Services</b>          | <b>-</b>                                     | <b>30,109</b>                   | <b>30,109</b>               | <b>29,048</b>                  | <b>-</b>                                     | <b>1,061</b>                   |
| <b>TOTAL TOWN OFFICES</b>             | <b>-</b>                                     | <b>871,495</b>                  | <b>871,495</b>              | <b>835,944</b>                 | <b>-</b>                                     | <b>35,551</b>                  |
| <b>FINANCIAL ADMINISTRATION</b>       |  |                                 |                             |                                |  |                                |
| <b>Treasury</b>                       |  |                                 |                             |                                |  |                                |
| FINANCE DIRECTOR'S SALARY             |  | 63,829                          | 63,829                      | 63,829                         |  | -                              |
| FINANCE CLERKS                        |  | 59,231                          | 59,231                      | 62,893                         |  | (3,662)                        |
| OFFICE EXPENSE                        |  | 5,000                           | 5,000                       | 4,820                          |  | 180                            |
| COMPUTER SERVICES                     |  | 2,700                           | 2,700                       | 2,624                          |  | 76                             |
| PAYROLL PROCESSING & SERVICES         |  | 11,200                          | 11,200                      | 11,083                         |  | 117                            |
| OUTSIDE SERVICES                      |  | 22,000                          | 22,000                      | 17,268                         |  | 4,732                          |
| <b>Total Treasury</b>                 | <b>-</b>                                     | <b>163,960</b>                  | <b>163,960</b>              | <b>162,517</b>                 | <b>-</b>                                     | <b>1,443</b>                   |
| <b>Assessor</b>                       |  |                                 |                             |                                |  |                                |
| TAX ASSESSOR'S SALARY                 |  | 47,070                          | 47,070                      | 47,070                         |  | -                              |
| COMPUTER SERVICES                     |  | 900                             | 900                         | -                              |  | 900                            |
| OFFICE EXPENSE                        |  | 5,850                           | 5,850                       | 3,634                          |  | 2,216                          |
| OUTSIDE SERVICES                      |  | 11,150                          | 11,150                      | 10,017                         |  | 1,133                          |
| <b>Total Assessor</b>                 | <b>-</b>                                     | <b>64,970</b>                   | <b>64,970</b>               | <b>60,721</b>                  | <b>-</b>                                     | <b>4,249</b>                   |
| <b>TOTAL FINANCIAL ADMINISTRATION</b> | <b>-</b>                                     | <b>228,930</b>                  | <b>228,930</b>              | <b>223,238</b>                 | <b>-</b>                                     | <b>5,692</b>                   |

Town of Warren, Rhode Island

D - 2

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

General Fund  
For the year ended June 30, 2014

|   | Continuing<br>Appropriation<br>June 30, 2013 | Originally<br>Adopted<br>Budget | Final<br>Approved<br>Budget | Actual<br>(Budgetary<br>Basis) | Continuing<br>Appropriation<br>June 30, 2014 | Under<br>Over<br>(Unfavorable) |
|---|--|---------------------------------|-----------------------------|--------------------------------|--|--------------------------------|
| <b>FIRE SAFETY</b>                      |  |                                 |                             |                                |  |                                |
| FIRE CHIEF SALARY                       | \$ -   | \$ 65,066                       | \$ 65,066                   | \$ 65,066                      | \$ -   | \$ -                           |
| FIRE/EMS COORDINATOR                    |  | 29,391                          | 29,391                      | 31,366                         |  | (1,975)                        |
| EMA/EMS DIRECTOR (FIRE CHIEF)           |  | 4,800                           | 4,800                       | 4,800                          |  | -                              |
| APPARATUS REPAIR                        |  | 18,000                          | 18,000                      | 20,898                         |  | (2,898)                        |
| ASSISTANT CHIEFS/DEPUTY                 |  | 3,600                           | 3,600                       | 3,600                          |  | -                              |
| BAKER STREET STATION                    |  | 2,813                           | 2,813                       | 2,742                          |  | 71                             |
| CLOTHING                                |  | 1,500                           | 1,500                       | 1,500                          |  | -                              |
| COMMUNICATIONS                          |  | 13,810                          | 13,810                      | 11,736                         |  | 2,074                          |
| COMPANY FEES                            |  | 14,322                          | 14,322                      | 14,322                         |  | -                              |
| COMPANY STEWARDS                        |  | 11,250                          | 11,250                      | 9,531                          |  | 1,719                          |
| COMPUTER SERVICES                       |  | 2,250                           | 2,250                       | 2,250                          |  | -                              |
| EQUIPMENT EXPENSES                      |  | 42,750                          | 42,750                      | 42,750                         |  | -                              |
| FIREFIGHTER GEAR                        |  | 10,230                          | 10,230                      | 9,754                          |  | 476                            |
| FUEL/DIESEL                             |  | 28,500                          | 28,500                      | 29,658                         |  | (1,158)                        |
| MEDICAL SUPPLIES                        |  | 25,000                          | 25,000                      | 26,941                         |  | (1,941)                        |
| OPERATING EXPENSES                      |  | 59,300                          | 59,300                      | 59,932                         |  | (632)                          |
| RESCUE STIPEND                          |  | 104,550                         | 104,550                     | 98,400                         |  | 6,150                          |
| STATION UPKEEP                          |  | 10,230                          | 10,230                      | 10,230                         |  | -                              |
| TRAINING EXPENSES                       |  | 9,800                           | 9,800                       | 7,475                          |  | 2,325                          |
| <b>TOTAL FIRE SAFETY</b>                | <b>-</b>                                     | <b>457,162</b>                  | <b>457,162</b>              | <b>452,951</b>                 | <b>-</b>                                     | <b>4,211</b>                   |
| <b>GRANTS &amp; CONTRIBUTIONS</b>       |  |                                 |                             |                                |  |                                |
| BAND CONCERTS                           |  | 3,000                           | 3,000                       | 1,900                          |  | 1,100                          |
| EAST BAY ARC OF RI                      |  | 2,500                           | 2,500                       | 2,500                          |  | -                              |
| EAST BAY CENTER                         |  | 20,000                          | 20,000                      | 20,000                         |  | -                              |
| EAST BAY COMM. ACTION PROG.             |  | 17,000                          | 17,000                      | 17,000                         |  | -                              |
| GEORGE HAILE LIBRARY                    |  | 240,332                         | 240,332                     | 240,332                        |  | -                              |
| MEMORIAL DAY                            |  | 2,500                           | 2,500                       | 2,064                          |  | 436                            |
| MOSAICO                                 |  | 500                             | 500                         | 500                            |  | -                              |
| SUBSTANCE ABUSE - GRANT MATCH           |  | 4,840                           | 4,840                       | 4,840                          |  | -                              |
| VISITING NURSES                         |  | 1,000                           | 1,000                       | 1,000                          |  | -                              |
| WILDLIFE REHABILITATORS ASSOC OF RI     |  | 500                             | 500                         | 500                            |  | -                              |
| WOMEN'S RESOURCE CENTER                 |  | 1,500                           | 1,500                       | 1,500                          |  | -                              |
| <b>TOTAL GRANTS &amp; CONTRIBUTIONS</b> | <b>-</b>                                     | <b>293,672</b>                  | <b>293,672</b>              | <b>292,136</b>                 | <b>-</b>                                     | <b>1,536</b>                   |
| <b>PUBLIC SAFETY</b>                    |  |                                 |                             |                                |  |                                |
| POLICE CHIEF SALARY                     |  | 80,451                          | 80,451                      | 80,451                         |  | -                              |
| ADMINISTRATIVE ASSISTANT                |  | 16,515                          | 16,515                      | 16,515                         |  | -                              |
| 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                      | 33,000                         |  | 1,650                          |
| EQUIPMENT/VEHICLES                      |  | -                               | -                           | 4,649                          |  | (4,649)                        |
| COMMUNICATIONS EXPENSE                  |  | 7,366                           | 7,366                       | 7,342                          |  | 24                             |
| COMPUTER SYSTEM COSTS                   |  | 12,890                          | 12,890                      | 12,560                         |  | 330                            |
| DISABILITY EXPENSE                      |  | 90,420                          | 90,420                      | 80,789                         |  | 9,631                          |
| DISPATCH CENTER UPGRADE                 |  | -                               | -                           | -                              |  | -                              |
| EQUIPMENT REPLACEMENT                   |  | 5,115                           | 5,115                       | -                              |  | 5,115                          |
| FUEL - CRUISER EXPENSE                  |  | 46,035                          | 46,035                      | 64,640                         |  | (18,605)                       |
| HOLIDAY PAY                             |  | 72,568                          | 72,568                      | 70,684                         |  | 1,884                          |
| INCENTIVE EDUCATION ACT                 |  | 17,424                          | 17,424                      | 465                            |  | 16,959                         |
| IN-SERVICE TRAINING                     |  | 18,000                          | 18,000                      | 7,069                          |  | 10,931                         |
| OVER-TIME REGULAR                       |  | 265,740                         | 265,740                     | 253,575                        |  | 12,165                         |
| POLICE OPERATION EXPENSE                |  | 45,900                          | 45,900                      | 43,911                         |  | 1,989                          |
| POLICE SHIFT DIFFERENTIAL               |  | 17,510                          | 17,510                      | 15,389                         |  | 2,121                          |
| SERVING OFFICERS                        |  | 1,179,524                       | 1,179,524                   | 1,109,006                      |  | 70,518                         |
| COMMUNICATIONS SERV/MAINT CONTRACT      |  | 8,300                           | 8,300                       | 5,720                          |  | 2,580                          |
| DISPATCHERS                             |  | 195,936                         | 195,936                     | 199,618                        |  | (3,682)                        |
| DISPATCH OVERTIME                       |  | 29,400                          | 29,400                      | 49,790                         |  | (20,390)                       |
| DISPATCHER DIFFERENTIAL                 |  | 3,100                           | 3,100                       | 2,889                          |  | 211                            |
| CLOTHING ALLOWANCE-DISP                 |  | 4,000                           | 4,000                       | 4,000                          |  | -                              |
| HOLIDAY PAY-DISPATCHERS                 |  | 12,500                          | 12,500                      | 12,933                         |  | (433)                          |
| ANIMAL CONTROL OFFICER                  |  | 40,005                          | 40,005                      | 22,597                         |  | 17,408                         |
| ASSIST. ANIMAL CONTROL OFFICER          |  | 13,000                          | 13,000                      | 10,274                         |  | 2,726                          |
| OVERTIME                                |  | 2,500                           | 2,500                       | 322                            |  | 2,178                          |
| CLOTHING                                |  | 550                             | 550                         | 550                            |  | -                              |
| GENERAL & OPERATING EXPENSES            |  | 16,200                          | 16,200                      | 10,920                         |  | 5,280                          |
| ANIMAL SHELTER REPAIR                   |  | 5,000                           | 5,000                       | 3,440                          |  | 1,560                          |
| <b>TOTAL PUBLIC SAFETY</b>              | <b>-</b>                                     | <b>2,253,999</b>                | <b>2,253,999</b>            | <b>2,134,828</b>               | <b>-</b>                                     | <b>119,171</b>                 |

(Continued)

**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, 2014

|  | Continuing<br>Appropriation<br>June 30, 2013 | Originally<br>Adopted<br>Budget | Final<br>Approved<br>Budget | Actual<br>(Budgetary<br>Basis) | Continuing<br>Appropriation<br>June 30, 2014 | Under<br>Over<br>(Unfavorable) |
|--|--|---------------------------------|-----------------------------|--------------------------------|--|--------------------------------|
| <b>PUBLIC WORKS</b>  |  |                                 |                             |                                |  |                                |
| DIRECTOR'S SALARY  | \$ -   | \$ 66,376                       | \$ 66,376                   | \$ 66,376                      | \$ -   | \$ -                           |
| CLOTHING   |  | 11,500                          | 11,500                      | 12,650                         |  | (1,150)                        |
| COMPUTER SERVICES  |  | 3,150                           | 3,150                       | 340                            |  | 2,810                          |
| CONTRACTUAL PAYROLL  |  | 724,000                         | 724,000                     | 698,372                        |  | 25,628                         |
| ENGINEERING SERVICE  |  | 4,000                           | 4,000                       | 3,970                          |  | 30                             |
| EQUIPMENT EXPENSES   |  | 81,840                          | 81,840                      | 109,360                        |  | (27,520)                       |
| FIELD MAINT  |  | 5,000                           | 5,000                       | 3,061                          |  | 1,939                          |
| FOREMAN'S SALARY   |  | 52,850                          | 52,850                      | 52,850                         |  | -                              |
| FUELDIESEL   |  | 53,000                          | 53,000                      | 58,831                         |  | (5,831)                        |
| MOSQUITO CONTROL   |  | 3,000                           | 3,000                       | 1,161                          |  | 1,839                          |
| OPERATIONS' EXPENSE  |  | 85,500                          | 85,500                      | 112,829                        |  | (27,329)                       |
| OTHER PART TIME/DITCH CLEANING                               |  | 35,788                          | 35,788                      | 27,756                         |  | 8,032                          |
| OUTSIDE SERVICES   |  | 23,530                          | 23,530                      | 23,530                         |  | -                              |
| OVERTIME   |  | 46,350                          | 46,350                      | 63,937                         |  | (17,587)                       |
| TRASH COLLECTION   |  | 160,000                         | 160,000                     | 155,541                        |  | 4,459                          |
| <b>TOTAL PUBLIC WORKS</b>                                    | <b>-</b>                                     | <b>1,355,884</b>                | <b>1,355,884</b>            | <b>1,390,564</b>               | <b>-</b>                                     | <b>(34,680)</b>                |
| <b>TRANSFER STATION</b>                                      |  |                                 |                             |                                |  |                                |
| TIPPING FEES   |  | 190,000                         | 190,000                     | 191,804                        |  | (1,804)                        |
| OVERTIME   |  | 9,000                           | 9,000                       | 9,303                          |  | (303)                          |
| TRANSFER STATION OPERATOR SALARY                             |  | 41,963                          | 41,963                      | 56,419                         |  | (14,456)                       |
| TRAILER TRUCK DRIVER SALARY                                  |  | 46,414                          | 46,414                      | 46,192                         |  | 222                            |
| EMPLOYEE BENEFITS  |  | 70,330                          | 70,330                      | 33,529                         |  | 36,801                         |
| GENERAL EXPENSES   |  | 7,200                           | 7,200                       | 8,262                          |  | (1,062)                        |
| VEHICLE & EQUIPMENT MAINTENANCE                              |  | 42,500                          | 42,500                      | 41,103                         |  | 1,397                          |
| UTILITIES & FUEL   |  | 26,000                          | 26,000                      | 24,453                         |  | 1,547                          |
| <b>TOTAL TRANSFER STATION</b>                                | <b>-</b>                                     | <b>433,407</b>                  | <b>433,407</b>              | <b>411,065</b>                 | <b>-</b>                                     | <b>22,342</b>                  |
| <b>WATER TREATMENT</b>                                       |  |                                 |                             |                                |  |                                |
| OPERATION CONTRACT   |  | 583,700                         | 583,700                     | 582,366                        |  | 1,334                          |
| PLANT OPERATION EXPENSE                                      |  | 375,500                         | 375,500                     | 319,043                        |  | 56,457                         |
| RI WATER RESOURCE PERMIT                                     |  | 5,000                           | 5,000                       | 3,370                          |  | 1,630                          |
| SLUDGE DISPOSAL  |  | 180,000                         | 180,000                     | 162,402                        |  | 17,598                         |
| PUMP STATION ALARM SYSTEM                                    |  | -                               | -                           | -                              |  | -                              |
| WASTE WATER MGT DISTRICT EXPENSE                             |  | 125,000                         | 125,000                     | 32,297                         |  | 92,703                         |
| <b>TOTAL WATER TREATMENT</b>                                 | <b>-</b>                                     | <b>1,269,200</b>                | <b>1,269,200</b>            | <b>1,099,478</b>               | <b>-</b>                                     | <b>169,722</b>                 |
| <b>COSTS OF COLLECTIONS</b>                                  |  |                                 |                             |                                |  |                                |
|  |  | -                               | -                           | 3,631                          |  | (3,631)                        |
| <b>CAPITAL EXPENDITURES</b>                                  |  |                                 |                             |                                |  |                                |
| Capital - Open Space   | 500,000                                      | 500,000                         | 1,000,000                   | 0                              | 1,000,000                                    | -                              |
| Capital  | 2,613,862                                    | 1,491,500                       | 4,105,362                   | 942,061                        | 3,163,301                                    | -                              |
| <b>TOTAL CAPITAL</b>   | <b>3,113,862</b>                             | <b>1,991,500</b>                | <b>5,105,362</b>            | <b>942,061</b>                 | <b>4,163,301</b>                             | <b>-</b>                       |
| <b>DEBT SERVICE</b>  |  |                                 |                             |                                |  |                                |
|  |  | 1,591,503                       | 1,591,503                   | 1,334,764                      |  | 256,739                        |
| <b>EDUCATION GENERAL COST (NET)</b>                          |  |                                 |                             |                                |  |                                |
|  |  | 11,681,278                      | 11,681,278                  | 12,097,407                     |  | (416,129)                      |
| <b>Total Expenditures</b>                                    | <b>3,113,862</b>                             | <b>26,207,497</b>               | <b>29,321,359</b>           | <b>24,835,886</b>              | <b>4,163,301</b>                             | <b>322,172</b>                 |
| <b>Other financing sources/(uses):</b>                       |  |                                 |                             |                                |  |                                |
| Transfers out  |  |                                 |                             | 25,706                         |  | (25,706)                       |
| <b>Total Other financing sources/(uses)</b>                  | <b>-</b>                                     | <b>-</b>                        | <b>-</b>                    | <b>25,706</b>                  | <b>-</b>                                     | <b>(25,706)</b>                |
| <b>Total Expenditures and other financing sources/(uses)</b> | <b>\$ 3,113,862</b>                          | <b>\$ 26,207,497</b>            | <b>\$ 29,321,359</b>        | <b>\$ 24,861,592</b>           | <b>\$ 4,163,301</b>                          | <b>\$ 296,466</b>              |

TOWN OF WARREN, RHODE ISLAND

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2014**

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***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 a 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 fiscal 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***

The following reconciliation summarizes the difference between budgetary and GAAP basis accounting principles for the year ended June 30, 2014:

|  | <u><b>General Fund</b></u> |
|--|----------------------------|
| Excess of revenues and other sources over expenditures and other uses (Non-GAAP Budgetary Basis) | \$ 8,059,926               |
| Plumbing and Electrical Inspection revenues and expenditures                                     | (4,201)                    |
| Use of accumulated fund balance  | <u>(5,105,362)</u>         |
| Excess of revenues and other sources under expenditures and other uses (GAAP)                    | <u><u>\$ 2,950,363</u></u> |

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(CONCLUDED)

# Other Supplementary Information



## **Non-major Governmental 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.

Kee Farm Preservation-accounts for revenue and expenditures related to activity for the Kee Farm Preservation.

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

Fire Legislative Grant-accounts for revenues and expenditures dedicated to rescue equipment needs.

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.



## **Non-major Governmental Funds:**

Planning Challenge Grant-accounts for revenue and expenditures related to.

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

ACO Donations-accounts for donations for ACO activities.

Cops that Care-accounts for revenues and expenditures related to activities for Cops that Care program.

Social Services Donations- 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.



## **Non-major Governmental Funds:**

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

Animal Spading-accounts for revenue and expenditures relating to the spading of local animals within the Town to minimize stray animal population.

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

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

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

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



## **Non-major Governmental Funds:**

Byrnes Justice Grant-accounts for federal revenue, via reimbursement, and expenditures related to purchases of police technology equipment.

AFIS Live Scan Fed Grant-accounts for revenue and expenditures relating to the AFIS Live Scan Fed Grant.

RIState Byrnes Justice Grant-accounts for revenue and expenditures related to cell service fees for the police vehicles' mobile data terminals and command staff and investigators' cell phone service fees.

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

Sewer Project-EPA accounts for activity related to Sewer Project .

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

Diesel Equipment Repair-Deisel Equipment Replacement Grant from RIDEM.

USDA Recycling Truck-Grant from USDA to fund purchase of new Recycling Truck



## **Non-major Governmental Funds:**

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

Jamiel's Park Chafee-accounts for revenue and expenditures related to \$247,000 federal grant awarded in 2007 for facility improvements at the Jamiel's Park (Town Open Space).

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

Substance Abuse-accounts for State grant funding of Substance Abuse Prevention Program.

Fire Inspections-accounts for revenue and expenditures for periodic fire inspections.

Jamiel's Park Grant DEM Grant-accounts for revenue 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 revenue and expenditures related to the authorization and procurement of vaccinations and/or medications as dictated by the RI Center of Emergency Management and Response.



## **Non-major Governmental Funds:**

FEMA Sandy Event Grant-accounts for revenue and expenditures related to the local storm activity.

Veterans Honor Roll-accounts for revenues and expenditures for the construction and maintenance of Honor Roll monument.

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

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.

Ship Shape - accounts for revenue and expenditures related to the incentive to clean up storefronts and the exteriors of homes.

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



## **Non-major Governmental Funds:**

Town Trust-accounts for revenues and expenditures to 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 revenue and expenditures of Sara B. Burtis Trust.

RI EME Grant - accounts for revenues and expenditures related to the Homeland Security Grant.

Warren Arts Initiative - accounts for revenue and expenditures related to the work group of the Economic Development Board that addresses the arts.

DEM Diesel Emissions Reduction Act-accounts for revenues and expenditures related to the DEM Diesel Emissions reduction Act.

Road Duty-accounts for monies received for Sworn Constables and off-duty police assignments and resulting wage disbursements.



## **Non-major Governmental Funds:**

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

Behavior Health Youth Tobacco Enforcement-accounts for revenues and expenditures related to the Behavior Health/Youth Tobacco Enforcement Grant.

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

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

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



**TOWN OF WARREN, RHODE ISLAND**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2014**

|   | <u>Special Revenue Funds</u> |                          |                                  |                      |                                  |  |                                   |                         |
|---|------------------------------|--------------------------|----------------------------------|----------------------|----------------------------------|--|-----------------------------------|-------------------------|
|   | <u>Enterprise<br/>Zone</u>   | <u>Senior<br/>Center</u> | <u>Kee Farm<br/>Preservation</u> | <u>Road<br/>Duty</u> | <u>Tourister<br/>Peer Review</u> | <u>Rec<br/>Department<br/>Donation</u> | <u>State<br/>Paving<br/>Grant</u> | <u>Gun<br/>Buy Back</u> |
| <b>ASSETS</b>                                   |                              |                          |                                  |                      |                                  |  |                                   |                         |
| Cash and cash equivalents                       | \$ 9,182                     | \$ 50,356                | \$ -                             | \$ -                 | \$ 8,194                         | \$ 14,230                              | \$ 3,000                          | \$ 2,000                |
| Investments                                     |                              |                          |                                  |                      |                                  |  |                                   |                         |
| Due from federal and state<br>Receivables (net) | 16,591                       |                          |                                  |                      |                                  |  |                                   |                         |
| <b>TOTAL ASSETS</b>                             | <u>25,773</u>                | <u>50,356</u>            | <u>-</u>                         | <u>-</u>             | <u>8,194</u>                     | <u>14,230</u>                          | <u>3,000</u>                      | <u>2,000</u>            |
| <b>LIABILITIES</b>                              |                              |                          |                                  |                      |                                  |  |                                   |                         |
| Accounts payable                                |                              |                          |                                  |                      |                                  |  |                                   |                         |
| Accrued expenses                                |                              |                          |                                  |                      |                                  |  |                                   |                         |
| Due to other funds                              |                              |                          |                                  |                      |                                  |  |                                   |                         |
| Unearned revenue                                | 18,879                       |                          |                                  |                      | 8,194                            |  |                                   |                         |
| <b>TOTAL LIABILITIES</b>                        | <u>18,879</u>                | <u>-</u>                 | <u>-</u>                         | <u>-</u>             | <u>8,194</u>                     | <u>-</u>                               | <u>-</u>                          | <u>-</u>                |
| <b>FUND BALANCES</b>                            |                              |                          |                                  |                      |                                  |  |                                   |                         |
| Non-Spendable                                   |                              |                          |                                  |                      |                                  |  |                                   |                         |
| Restricted                                      | 6,894                        | 50,356                   |                                  | -                    | -                                | 14,230                                 | 3,000                             | 2,000                   |
| Committed                                       |                              |                          |                                  |                      |                                  |  |                                   |                         |
| Assigned  |                              |                          |                                  |                      |                                  |  |                                   |                         |
| Unassigned                                      |                              |                          |                                  |                      |                                  |  |                                   |                         |
| <b>TOTAL FUND BALANCES</b>                      | <u>\$ 6,894</u>              | <u>\$ 50,356</u>         | <u>\$ -</u>                      | <u>\$ -</u>          | <u>\$ -</u>                      | <u>\$ 14,230</u>                       | <u>\$ 3,000</u>                   | <u>\$ 2,000</u>         |

(Continued)

**TOWN OF WARREN, RHODE ISLAND**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2014**

|   | <u>Special Revenue Funds</u>       |  |                            |                                     |                                 |                              |                                       |
|---|------------------------------------|--|----------------------------|-------------------------------------|---------------------------------|------------------------------|---------------------------------------|
|   | <u>RI DOT Hwy<br/>Safety Grant</u> | <u>WPD RI<br/>Senatorial<br/>Grant</u> | <u>Recycling<br/>Grant</u> | <u>Planning<br/>Challenge Grant</u> | <u>Champlain<br/>Foundation</u> | <u>Community<br/>Gardens</u> | <u>USDA Recycling<br/>Truck Grant</u> |
| <b>ASSETS</b>                                   |                                    |  |                            |                                     |                                 |                              |                                       |
| Cash and cash equivalents                       | \$ -                               | \$ 4,909                               | \$ -                       | \$ -                                | \$ 20,371                       | \$ 2,317                     | \$ -                                  |
| Investments                                     |                                    |  |                            |                                     |                                 |                              |                                       |
| Due from federal and state<br>Receivables (net) |                                    |  |                            | 30,000                              |                                 |                              |                                       |
| <b>TOTAL ASSETS</b>                             | <u>-</u>                           | <u>4,909</u>                           | <u>-</u>                   | <u>30,000</u>                       | <u>20,371</u>                   | <u>2,317</u>                 | <u>-</u>                              |
| <b>LIABILITIES</b>                              |                                    |  |                            |                                     |                                 |                              |                                       |
| Accounts payable                                |                                    |  |                            |                                     |                                 |                              |                                       |
| Accrued expenses                                |                                    |  |                            |                                     |                                 |                              |                                       |
| Due to other funds                              |                                    |  |                            | 20,791                              |                                 |                              |                                       |
| Unearned revenue                                |                                    |  |                            | 21,626                              |                                 |                              |                                       |
| <b>TOTAL LIABILITIES</b>                        | <u>-</u>                           | <u>-</u>                               | <u>-</u>                   | <u>42,417</u>                       | <u>-</u>                        | <u>-</u>                     | <u>-</u>                              |
| <b>FUND BALANCES</b>                            |                                    |  |                            |                                     |                                 |                              |                                       |
| Non-Spendable                                   |                                    |  |                            |                                     |                                 |                              |                                       |
| Restricted                                      |                                    | 4,909                                  | -                          |                                     | 20,371                          | 2,317                        | -                                     |
| Committed                                       |                                    |  |                            |                                     |                                 |                              |                                       |
| Assigned  |                                    |  |                            |                                     |                                 |                              |                                       |
| Unassigned                                      |                                    |  |                            | (12,417)                            |                                 |                              |                                       |
| <b>TOTAL FUND BALANCES</b>                      | <u>\$ -</u>                        | <u>\$ 4,909</u>                        | <u>\$ -</u>                | <u>\$ (12,417)</u>                  | <u>\$ 20,371</u>                | <u>\$ 2,317</u>              | <u>\$ -</u>                           |

(Continued)

**TOWN OF WARREN, RHODE ISLAND**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2014**

| <i>Special Revenue Funds</i>                    |                                   |                          |                                    |                           |                                      |                            |   |
|---|-----------------------------------|--------------------------|------------------------------------|---------------------------|--------------------------------------|----------------------------|---|
|   | <u>Safe Routes<br/>To Schools</u> | <u>ACO<br/>Donations</u> | <u>Diesel<br/>Equipment Repair</u> | <u>Cops that<br/>Care</u> | <u>Social Services<br/>Donations</u> | <u>Marijuana<br/>Grant</u> | <u>Warren<br/>Beautification<br/>Donation</u> |
| <b>ASSETS</b>                                   |                                   |                          |                                    |                           |                                      |                            |   |
| Cash and cash equivalents                       | \$ -                              | \$ 23,518                | \$ 4,832                           | \$ 21                     | \$ 1,012                             | \$ 21,082                  | \$ 2,622                                      |
| Investments                                     |                                   |                          |                                    |                           |                                      |                            |   |
| Due from federal and state<br>Receivables (net) | 5,723                             |                          |                                    |                           |                                      | 21,221                     |   |
| <b>TOTAL ASSETS</b>                             | 5,723                             | 23,518                   | 4,832                              | 21                        | 1,012                                | 42,303                     | 2,622   |
| <b>LIABILITIES</b>                              |                                   |                          |                                    |                           |                                      |                            |   |
| Accounts payable                                |                                   |                          |                                    |                           |                                      |                            |   |
| Accrued expenses                                |                                   |                          |                                    |                           |                                      | 411                        |   |
| Due to other funds                              |                                   |                          |                                    |                           |                                      |                            |   |
| Unearned revenue                                | 5,723                             |                          | 4,832                              |                           |                                      | 14,286                     |   |
| <b>TOTAL LIABILITIES</b>                        | 5,723                             | -                        | 4,832                              | -                         | -                                    | 14,697                     | -   |
| <b>FUND BALANCES</b>                            |                                   |                          |                                    |                           |                                      |                            |   |
| Non-Spendable                                   |                                   |                          |                                    |                           |                                      |                            |   |
| Restricted                                      | -                                 | 23,518                   | -                                  | 21                        | 1,012                                | 27,606                     | 2,622   |
| Committed                                       |                                   |                          |                                    |                           |                                      |                            |   |
| Assigned  |                                   |                          |                                    |                           |                                      |                            |   |
| Unassigned                                      |                                   |                          |                                    |                           |                                      |                            |   |
| <b>TOTAL FUND BALANCES</b>                      | \$ -                              | \$ 23,518                | \$ -                               | \$ 21                     | \$ 1,012                             | \$ 27,606                  | \$ 2,622                                      |

(Continued)

**TOWN OF WARREN, RHODE ISLAND**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2014**

| <u>Special Revenue Funds</u> |                            |                                  |                          |                           |  |                                 |
|------------------------------|----------------------------|----------------------------------|--------------------------|---------------------------|--|---------------------------------|
|                              | <u>Cops<br/>Technology</u> | <u>Town Beach<br/>Stormwater</u> | <u>Animal<br/>Rescue</u> | <u>Animal<br/>Spading</u> | <u>Police<br/>Bicycle<br/>Patrol Grant</u> | <u>Byrnes<br/>Justice Grant</u> |
| <b>ASSETS</b>                |                            |                                  |                          |                           |  |                                 |
| Cash and cash equivalents    | \$ -                       | \$ -                             | \$ 18,187                | \$ 406                    | \$ 3,264                                   | \$ -                            |
| Investments                  |                            |                                  |                          |                           |  |                                 |
| Due from federal and state   |                            |                                  |                          |                           |  |                                 |
| Receivables (net)            |                            |                                  | 10,000                   |                           |  |                                 |
| <b>TOTAL ASSETS</b>          | <b>-</b>                   | <b>-</b>                         | <b>28,187</b>            | <b>406</b>                | <b>3,264</b>                               | <b>-</b>                        |
| <b>LIABILITIES</b>           |                            |                                  |                          |                           |  |                                 |
| Accounts payable             |                            |                                  | 36                       |                           |  |                                 |
| Accrued expenses             |                            |                                  |                          |                           |  |                                 |
| Due to other funds           |                            |                                  |                          |                           |  |                                 |
| Unearned revenue             |                            |                                  |                          |                           |  |                                 |
| <b>TOTAL LIABILITIES</b>     | <b>-</b>                   | <b>-</b>                         | <b>36</b>                | <b>-</b>                  | <b>-</b>                                   | <b>-</b>                        |
| <b>FUND BALANCES</b>         |                            |                                  |                          |                           |  |                                 |
| Non-Spendable                |                            |                                  |                          |                           |  |                                 |
| Restricted                   |                            | -                                | 28,151                   | 406                       | 3,264                                      | -                               |
| Committed                    |                            |                                  |                          |                           |  |                                 |
| Assigned                     |                            |                                  |                          |                           |  |                                 |
| Unassigned                   |                            |                                  |                          |                           |  |                                 |
| <b>TOTAL FUND BALANCES</b>   | <b>\$ -</b>                | <b>\$ -</b>                      | <b>\$ 28,151</b>         | <b>\$ 406</b>             | <b>\$ 3,264</b>                            | <b>\$ -</b>                     |

(Continued)

**TOWN OF WARREN, RHODE ISLAND**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2014**

|   | <u>Special Revenue Funds</u>              |  |                                     |  |  |                                  |
|---|---|--|-------------------------------------|--|--|----------------------------------|
|   | <u>AFIS Live</u><br><u>Scan Fed Grant</u> | <u>RI State</u><br><u>Byrnes Justice</u><br><u>Grant</u> | <u>Memorial Tree</u><br><u>Fund</u> | <u>Stormwater</u><br><u>Permitting</u> | <u>Recreational</u><br><u>Trails Grant</u> | <u>Summer</u><br><u>Concerts</u> |
| <b>ASSETS</b>                                   |   |  |                                     |  |  |                                  |
| Cash and cash equivalents                       | \$ 250                                    | \$ -   | \$ 596                              | \$ 26,923                              | \$ -                                       | \$ 4,309                         |
| Investments                                     |   |  |                                     |  |  |                                  |
| Due from federal and state<br>Receivables (net) |   | 7,339  |                                     |  | 123,550                                    |                                  |
| <b>TOTAL ASSETS</b>                             | <u>250</u>                                | <u>7,339</u>   | <u>596</u>                          | <u>26,923</u>                          | <u>123,550</u>                             | <u>4,309</u>                     |
| <b>LIABILITIES</b>                              |   |  |                                     |  |  |                                  |
| Accounts payable                                |   |  |                                     |  |  |                                  |
| Accrued expenses                                |   |  |                                     |  |  |                                  |
| Due to other funds                              |   | 6,076  |                                     |  | 38,550                                     |                                  |
| Unearned revenue                                |   |  |                                     |  | 85,000                                     |                                  |
| <b>TOTAL LIABILITIES</b>                        | <u>-</u>                                  | <u>6,076</u>   | <u>-</u>                            | <u>-</u>                               | <u>123,550</u>                             | <u>-</u>                         |
| <b>FUND BALANCES</b>                            |   |  |                                     |  |  |                                  |
| Non-Spendable                                   |   |  |                                     |  |  |                                  |
| Restricted                                      | 250                                       | 1,263  | 596                                 | 26,923                                 |  | 4,309                            |
| Committed                                       |   |  |                                     |  |  |                                  |
| Assigned  |   |  |                                     |  |  |                                  |
| Unassigned                                      |   |  |                                     |  | -  |                                  |
| <b>TOTAL FUND BALANCES</b>                      | <u>\$ 250</u>                             | <u>\$ 1,263</u>  | <u>\$ 596</u>                       | <u>\$ 26,923</u>                       | <u>\$ -</u>                                | <u>\$ 4,309</u>                  |

(Continued)

**TOWN OF WARREN, RHODE ISLAND**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2014**

|   | <u>Special Revenue Funds</u>  |                            |                             |                     |                                   |                                 |                             |
|---|-------------------------------|----------------------------|-----------------------------|---------------------|-----------------------------------|---------------------------------|-----------------------------|
|   | <u>Project<br/>Playground</u> | <u>Substance<br/>Abuse</u> | <u>Fire<br/>Inspections</u> | <u>EPS<br/>STAG</u> | <u>Jamie's Park<br/>DEM Grant</u> | <u>Fire State<br/>Meds Plan</u> | <u>FEMA<br/>Sandy Event</u> |
| <b>ASSETS</b>                                   |                               |                            |                             |                     |                                   |                                 |                             |
| Cash and cash equivalents                       | \$ 2,424                      | \$ 6,390                   | \$ 17,587                   | \$ -                | \$ -                              | \$ 12,280                       | \$ 9,447                    |
| Investments                                     |                               |                            |                             |                     |                                   |                                 |                             |
| Due from federal and state<br>Receivables (net) |                               | 1,289                      |                             |                     | 10,461                            |                                 |                             |
| <b>TOTAL ASSETS</b>                             | <u>2,424</u>                  | <u>7,679</u>               | <u>17,587</u>               | <u>-</u>            | <u>10,461</u>                     | <u>12,280</u>                   | <u>9,447</u>                |
| <b>LIABILITIES</b>                              |                               |                            |                             |                     |                                   |                                 |                             |
| Accounts payable                                |                               |                            | 319                         |                     |                                   |                                 |                             |
| Accrued expenses                                |                               | 343                        |                             |                     |                                   |                                 |                             |
| Due to other funds                              |                               |                            |                             |                     | 10,461                            |                                 |                             |
| Unearned revenue                                |                               |                            |                             |                     | 5,876                             |                                 |                             |
| <b>TOTAL LIABILITIES</b>                        |                               | <u>343</u>                 | <u>319</u>                  | <u>-</u>            | <u>16,337</u>                     | <u>-</u>                        | <u>-</u>                    |
| <b>FUND BALANCES</b>                            |                               |                            |                             |                     |                                   |                                 |                             |
| Non-Spendable                                   |                               |                            |                             |                     |                                   |                                 |                             |
| Restricted                                      | 2,424                         | 7,336                      | 17,268                      |                     |                                   | 12,280                          | 9,447                       |
| Committed                                       |                               |                            |                             |                     |                                   |                                 |                             |
| Assigned  |                               |                            |                             |                     |                                   |                                 |                             |
| Unassigned                                      |                               |                            |                             |                     | (5,876)                           |                                 |                             |
| <b>TOTAL FUND BALANCES</b>                      | <u>\$ 2,424</u>               | <u>\$ 7,336</u>            | <u>\$ 17,268</u>            | <u>\$ -</u>         | <u>\$ (5,876)</u>                 | <u>\$ 12,280</u>                | <u>\$ 9,447</u>             |

(Continued)

**TOWN OF WARREN, RHODE ISLAND**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2014**

|   | <u>Special Revenue Funds</u>                     |                                |                              |                       |                              |                  |                                      |
|---|--|--------------------------------|------------------------------|-----------------------|------------------------------|------------------|--------------------------------------|
|   | <u>Community<br/>Development<br/>Block Grant</u> | <u>Veterans<br/>Honor Roll</u> | <u>Government<br/>Center</u> | <u>Ship<br/>Shape</u> | <u>Holiday<br/>Committee</u> | <u>Narcotics</u> | <u>Employee<br/>Charity<br/>Fund</u> |
| <b>ASSETS</b>                                   |  |                                |                              |                       |                              |                  |                                      |
| Cash and cash equivalents                       | \$ -   | \$ 16,088                      | \$ 2,107                     | \$ 800                | \$ -                         | \$ 7,186         | \$ 45                                |
| Investments                                     |  |                                |                              |                       |                              |                  |                                      |
| Due from federal and state<br>Receivables (net) |  |                                |                              |                       |                              |                  |                                      |
| <b>TOTAL ASSETS</b>                             | <u>-</u>   | <u>16,088</u>                  | <u>2,107</u>                 | <u>800</u>            | <u>-</u>                     | <u>7,186</u>     | <u>45</u>                            |
| <b>LIABILITIES</b>                              |  |                                |                              |                       |                              |                  |                                      |
| Accounts payable                                |  |                                |                              |                       |                              |                  |                                      |
| Accrued expenses                                |  |                                |                              |                       |                              |                  |                                      |
| Due to other funds                              | 5,683  |                                |                              |                       |                              |                  |                                      |
| Unearned revenue                                |  |                                |                              |                       |                              |                  |                                      |
| <b>TOTAL LIABILITIES</b>                        | <u>5,683</u>                                     | <u>-</u>                       | <u>-</u>                     | <u>-</u>              | <u>-</u>                     | <u>-</u>         | <u>-</u>                             |
| <b>FUND BALANCES</b>                            |  |                                |                              |                       |                              |                  |                                      |
| Non-Spendable                                   |  |                                |                              |                       |                              |                  |                                      |
| Restricted                                      |  | 16,088                         | 2,107                        | 800                   | -                            | 7,186            | 45                                   |
| Committed                                       |  |                                |                              |                       |                              |                  |                                      |
| Assigned  |  |                                |                              |                       |                              |                  |                                      |
| Unassigned                                      | (5,683)  |                                |                              |                       |                              |                  |                                      |
| <b>TOTAL FUND BALANCES</b>                      | <u>\$ (5,683)</u>                                | <u>\$ 16,088</u>               | <u>\$ 2,107</u>              | <u>\$ 800</u>         | <u>\$ -</u>                  | <u>\$ 7,186</u>  | <u>\$ 45</u>                         |

(Continued)

TOWN OF WARREN, RHODE ISLAND  
 Combining Balance Sheet  
 Non-Major Governmental Funds  
 June 30, 2014

|   | <u>Capital Project Fund</u>  |                              | <u>Permanent Funds</u> |                         |                           |                         |
|---|------------------------------|------------------------------|------------------------|-------------------------|---------------------------|-------------------------|
|   | <u>RICWFA<br/>Bond 2005A</u> | <u>RICWFA<br/>Bond 2011A</u> | <u>Town<br/>Trust</u>  | <u>Police<br/>Trust</u> | <u>Sara B.<br/>Burtis</u> | <u>GRAND<br/>TOTALS</u> |
| <b>ASSETS</b>                                   |                              |                              |                        |                         |                           |                         |
| Cash and cash equivalents                       | \$ -                         | \$ -                         | \$ 21,958              | \$ 3,160                | \$ 5,613                  | \$ 326,666              |
| Investments                                     |                              |                              |                        |                         | 27,610                    | 27,610                  |
| Due from federal and state<br>Receivables (net) |                              |                              |                        |                         |                           | 56,944<br>169,230       |
| <b>TOTAL ASSETS</b>                             | -                            | -                            | 21,958                 | 3,160                   | 33,223                    | 580,450                 |
| <b>LIABILITIES</b>                              |                              |                              |                        |                         |                           |                         |
| Accounts payable                                |                              |                              |                        |                         |                           | 355                     |
| Accrued expenses                                |                              |                              |                        |                         |                           | 754                     |
| Due to other funds                              |                              |                              |                        |                         |                           | 81,561                  |
| Unearned revenue                                |                              |                              |                        |                         |                           | 164,416                 |
| <b>TOTAL LIABILITIES</b>                        | -                            | -                            | -                      | -                       | -                         | 247,086                 |
| <b>FUND BALANCES</b>                            |                              |                              |                        |                         |                           |                         |
| Non-Spendable                                   |                              |                              | 21,958                 | 3,160                   | 33,223                    | 58,341                  |
| Restricted                                      | -                            | -                            |                        |                         |                           | 298,999                 |
| Committed                                       |                              |                              |                        |                         |                           | -                       |
| Assigned  |                              |                              |                        |                         |                           | -                       |
| Unassigned                                      |                              |                              |                        |                         |                           | (23,976)                |
| <b>TOTAL FUND BALANCES</b>                      | \$ -                         | \$ -                         | \$ 21,958              | \$ 3,160                | \$ 33,223                 | \$ 333,364              |

(Concluded)

**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, 2014**

|  | <i>Special Revenue Funds</i> |                          |                                  |                      |                                  |  |                                   |                         |
|--|------------------------------|--------------------------|----------------------------------|----------------------|----------------------------------|--|-----------------------------------|-------------------------|
|  | <u>Enterprise<br/>Zone</u>   | <u>Senior<br/>Center</u> | <u>Kee Farm<br/>Preservation</u> | <u>Road<br/>Duty</u> | <u>Tourister<br/>Peer Review</u> | <u>Rec<br/>Department<br/>Donation</u> | <u>State<br/>Paving<br/>Grant</u> | <u>Gun<br/>Buy Back</u> |
| <b>REVENUES</b>  |                              |                          |                                  |                      |                                  |  |                                   |                         |
| Interest and investment income                                   | \$ -                         | \$ -                     | \$ -                             | \$ -                 | \$ -                             | \$ -                                   | \$ -                              | \$ -                    |
| Licenses, fees, permits and fines                                |                              |                          |                                  |                      |                                  |  |                                   |                         |
| Intergovernmental  |                              | 46,587                   |                                  |                      | 6,806                            |  | 3,000                             |                         |
| Other  |                              | 34                       |                                  | 245,527              |                                  | 11,965                                 |                                   |                         |
| <b>TOTAL REVENUES</b>  | <b>-</b>                     | <b>46,621</b>            | <b>-</b>                         | <b>245,527</b>       | <b>6,806</b>                     | <b>11,965</b>                          | <b>3,000</b>                      | <b>-</b>                |
| <b>EXPENDITURES</b>  |                              |                          |                                  |                      |                                  |  |                                   |                         |
| General government   |                              | 38,884                   |                                  |                      | 6,806                            |  |                                   |                         |
| Public safety  |                              |                          |                                  | 255,965              |                                  |  |                                   |                         |
| Fire safety  |                              |                          |                                  |                      |                                  |  |                                   |                         |
| Debt Service   |                              |                          |                                  |                      |                                  |  |                                   |                         |
| Capital and special appropriations                               |                              |                          |                                  |                      |                                  |  |                                   |                         |
| <b>TOTAL EXPENDITURES</b>  | <b>-</b>                     | <b>38,884</b>            | <b>-</b>                         | <b>255,965</b>       | <b>6,806</b>                     | <b>-</b>                               | <b>-</b>                          | <b>-</b>                |
| <b>EXCESS OF REVENUES OVER<br/>EXPENDITURES BEFORE TRANSFERS</b> | <b>-</b>                     | <b>7,737</b>             | <b>-</b>                         | <b>(10,438)</b>      | <b>-</b>                         | <b>11,965</b>                          | <b>3,000</b>                      | <b>-</b>                |
| <b>OTHER FINANCING SOURCES/USES</b>                              |                              |                          |                                  |                      |                                  |  |                                   |                         |
| Transfers in   |                              |                          | 23,837                           |                      |                                  |  |                                   |                         |
| <b>NET OTHER SOURCES/USES</b>                                    | <b>-</b>                     | <b>-</b>                 | <b>23,837</b>                    | <b>-</b>             | <b>-</b>                         | <b>-</b>                               | <b>-</b>                          | <b>-</b>                |
| <b>NET CHANGE IN FUND BALANCE</b>                                | <b>-</b>                     | <b>7,737</b>             | <b>23,837</b>                    | <b>(10,438)</b>      | <b>-</b>                         | <b>11,965</b>                          | <b>3,000</b>                      | <b>-</b>                |
| <b>FUND BALANCE - BEGINNING</b>                                  | <b>6,894</b>                 | <b>42,619</b>            | <b>(23,837)</b>                  | <b>10,438</b>        | <b>-</b>                         | <b>2,265</b>                           |                                   | <b>2,000</b>            |
| <b>FUND BALANCE - ENDING</b>                                     | <b>\$ 6,894</b>              | <b>\$ 50,356</b>         | <b>\$ -</b>                      | <b>\$ -</b>          | <b>\$ -</b>                      | <b>\$ 14,230</b>                       | <b>\$ 3,000</b>                   | <b>\$ 2,000</b>         |

(Continued)

**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, 2014**

|  | <i>Special Revenue Funds</i>       |  |                            |                                     |                                 |                              |                                       |
|--|------------------------------------|--|----------------------------|-------------------------------------|---------------------------------|------------------------------|---------------------------------------|
|  | <u>RI DOT Hwy<br/>Safety Grant</u> | <u>WPD RI<br/>Senatorial<br/>Grant</u> | <u>Recycling<br/>Grant</u> | <u>Planning<br/>Challenge Grant</u> | <u>Champlain<br/>Foundation</u> | <u>Community<br/>Gardens</u> | <u>USDA Recycling<br/>Truck Grant</u> |
| <b>REVENUES</b>  |                                    |  |                            |                                     |                                 |                              |                                       |
| Interest and investment income                                   | \$ -                               | \$ -                                   | \$ -                       | \$ -                                | \$ 66                           | \$ -                         | \$ -                                  |
| Licenses, fees, permits and fines                                |                                    |  |                            |                                     |                                 |                              |                                       |
| Intergovernmental  | 16,950                             | 4,000                                  | 18,815                     | 10,822                              |                                 |                              | 50,137                                |
| Other  |                                    |  |                            |                                     |                                 | 45                           |                                       |
| <b>TOTAL REVENUES</b>  | <b>16,950</b>                      | <b>4,000</b>                           | <b>18,815</b>              | <b>10,822</b>                       | <b>66</b>                       | <b>45</b>                    | <b>50,137</b>                         |
| <b>EXPENDITURES</b>  |                                    |  |                            |                                     |                                 |                              |                                       |
| General government   |                                    | 1,923                                  | 30,421                     | 10,822                              | 28,000                          |                              | 50,137                                |
| Public safety  | 16,950                             |  |                            |                                     |                                 |                              |                                       |
| Fire safety  |                                    |  |                            |                                     |                                 |                              |                                       |
| Debt Service   |                                    |  |                            |                                     |                                 |                              |                                       |
| Capital and special appropriations                               |                                    |  |                            |                                     |                                 |                              |                                       |
| <b>TOTAL EXPENDITURES</b>  | <b>16,950</b>                      | <b>1,923</b>                           | <b>30,421</b>              | <b>10,822</b>                       | <b>28,000</b>                   | <b>-</b>                     | <b>50,137</b>                         |
| <b>EXCESS OF REVENUES OVER<br/>EXPENDITURES BEFORE TRANSFERS</b> | <b>-</b>                           | <b>2,077</b>                           | <b>(11,606)</b>            | <b>-</b>                            | <b>(27,934)</b>                 | <b>45</b>                    | <b>-</b>                              |
| <b>OTHER FINANCING SOURCES/USES</b>                              |                                    |  |                            |                                     |                                 |                              |                                       |
| Transfers 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>2,077</b>                           | <b>(11,606)</b>            | <b>-</b>                            | <b>(27,934)</b>                 | <b>45</b>                    | <b>-</b>                              |
| <b>FUND BALANCE - BEGINNING</b>                                  | <b>-</b>                           | <b>2,832</b>                           | <b>11,606</b>              | <b>(12,417)</b>                     | <b>48,305</b>                   | <b>2,272</b>                 | <b>-</b>                              |
| <b>FUND BALANCE - ENDING</b>                                     | <b>\$ -</b>                        | <b>\$ 4,909</b>                        | <b>\$ -</b>                | <b>\$ (12,417)</b>                  | <b>\$ 20,371</b>                | <b>\$ 2,317</b>              | <b>\$ -</b>                           |

(Continued)

**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, 2014**

|  | <i>Special Revenue Funds</i> |                      |                                |                       |                                  |                        |                                       |
|--|------------------------------|----------------------|--------------------------------|-----------------------|----------------------------------|------------------------|---------------------------------------|
|  | <u>Safe Routes</u>           | <u>ACO Donations</u> | <u>Diesel Equipment Repair</u> | <u>Cops that Care</u> | <u>Social Services Donations</u> | <u>Marijuana Grant</u> | <u>Warren Beautification Donation</u> |
| <b>REVENUES</b>  |                              |                      |                                |                       |                                  |                        |                                       |
| Interest and investment income                               | \$ -                         | \$ -                 | \$ -                           | \$ -                  | \$ -                             | \$ -                   | \$ -                                  |
| Licenses, fees, permits and fines                            |                              |                      |                                |                       |                                  |                        |                                       |
| Intergovernmental  | 2,948                        |                      |                                |                       |                                  | 78,710                 |                                       |
| Other  |                              |                      |                                |                       | 500                              |                        | 500                                   |
| <b>TOTAL REVENUES</b>  | <u>2,948</u>                 | <u>-</u>             | <u>-</u>                       | <u>-</u>              | <u>500</u>                       | <u>78,710</u>          | <u>500</u>                            |
| <b>EXPENDITURES</b>  |                              |                      |                                |                       |                                  |                        |                                       |
| General government   |                              | 12,221               |                                |                       | 500                              | 78,901                 |                                       |
| Public safety  | 2,948                        |                      |                                |                       |                                  |                        |                                       |
| Fire safety  |                              |                      |                                |                       |                                  |                        |                                       |
| Debt Service   |                              |                      |                                |                       |                                  |                        |                                       |
| Capital and special appropriations                           |                              |                      |                                |                       |                                  |                        |                                       |
| <b>TOTAL EXPENDITURES</b>                                    | <u>2,948</u>                 | <u>12,221</u>        | <u>-</u>                       | <u>-</u>              | <u>500</u>                       | <u>78,901</u>          | <u>-</u>                              |
| <b>EXCESS OF REVENUES OVER EXPENDITURES BEFORE TRANSFERS</b> | <u>-</u>                     | <u>(12,221)</u>      | <u>-</u>                       | <u>-</u>              | <u>-</u>                         | <u>(191)</u>           | <u>500</u>                            |
| <b>OTHER FINANCING SOURCES/USES</b>                          |                              |                      |                                |                       |                                  |                        |                                       |
| Transfers in   |                              |                      |                                |                       |                                  |                        |                                       |
| <b>NET OTHER SOURCES/USES</b>                                | <u>-</u>                     | <u>-</u>             | <u>-</u>                       | <u>-</u>              | <u>-</u>                         | <u>-</u>               | <u>-</u>                              |
| <b>NET CHANGE IN FUND BALANCE</b>                            | <u>-</u>                     | <u>(12,221)</u>      | <u>-</u>                       | <u>-</u>              | <u>-</u>                         | <u>(191)</u>           | <u>500</u>                            |
| <b>FUND BALANCE - BEGINNING</b>                              |                              | 35,739               | -                              | 21                    | 1,012                            | 27,797                 | 2,122                                 |
| <b>FUND BALANCE - ENDING</b>                                 | <u>\$ -</u>                  | <u>\$ 23,518</u>     | <u>\$ -</u>                    | <u>\$ 21</u>          | <u>\$ 1,012</u>                  | <u>\$ 27,606</u>       | <u>\$ 2,622</u>                       |

(Continued)

**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, 2014**

|  | <i>Special Revenue Funds</i> |                                  |                          |                           |  |                                 |
|--|------------------------------|----------------------------------|--------------------------|---------------------------|--|---------------------------------|
|  | <u>Cops<br/>Technology</u>   | <u>Town Beach<br/>Stormwater</u> | <u>Animal<br/>Rescue</u> | <u>Animal<br/>Spading</u> | <u>Police<br/>Bicycle<br/>Patrol Grant</u> | <u>Byrnes<br/>Justice Grant</u> |
| <b>REVENUES</b>  |                              |                                  |                          |                           |  |                                 |
| Interest and investment income                                   | \$ -                         | \$ -                             | \$ -                     | \$ -                      | \$ -                                       | \$ -                            |
| Licenses, fees, permits and fines                                |                              |                                  |                          |                           |  |                                 |
| Intergovernmental  | 3,926                        | 474                              |                          |                           | -  | 17,000                          |
| Other  |                              |                                  | 36,840                   | 406                       |  |                                 |
| <b>TOTAL REVENUES</b>  | <u>3,926</u>                 | <u>474</u>                       | <u>36,840</u>            | <u>406</u>                | <u>-</u>                                   | <u>17,000</u>                   |
| <b>EXPENDITURES</b>  |                              |                                  |                          |                           |  |                                 |
| General government   |                              |                                  | 19,010                   |                           |  |                                 |
| Public safety  | 2,977                        |                                  |                          |                           |  | 17,077                          |
| Fire safety  |                              |                                  |                          |                           |  |                                 |
| Debt Service   |                              |                                  |                          |                           |  |                                 |
| Capital and special appropriations                               |                              |                                  |                          |                           |  |                                 |
| <b>TOTAL EXPENDITURES</b>  | <u>2,977</u>                 | <u>-</u>                         | <u>19,010</u>            | <u>-</u>                  | <u>-</u>                                   | <u>17,077</u>                   |
| <b>EXCESS OF REVENUES OVER<br/>EXPENDITURES BEFORE TRANSFERS</b> | <u>949</u>                   | <u>474</u>                       | <u>17,830</u>            | <u>406</u>                | <u>-</u>                                   | <u>(77)</u>                     |
| <b>OTHER FINANCING SOURCES/USES</b>                              |                              |                                  |                          |                           |  |                                 |
| Transfers in   |                              |                                  |                          |                           |  |                                 |
| <b>NET OTHER SOURCES/USES</b>                                    | <u>-</u>                     | <u>-</u>                         | <u>-</u>                 | <u>-</u>                  | <u>-</u>                                   | <u>-</u>                        |
| <b>NET CHANGE IN FUND BALANCE</b>                                | 949                          | 474                              | 17,830                   | 406                       | -  | (77)                            |
| <b>FUND BALANCE - BEGINNING</b>                                  | (949)                        | (474)                            | 10,321                   |                           | 3,264                                      | 77                              |
| <b>FUND BALANCE - ENDING</b>                                     | <u>\$ -</u>                  | <u>\$ -</u>                      | <u>\$ 28,151</u>         | <u>\$ 406</u>             | <u>\$ 3,264</u>                            | <u>\$ -</u>                     |

(Continued)

**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, 2014**

|  | <i>Special Revenue Funds</i>        |  |                               |                                  |                                      |                            |
|--|-------------------------------------|--|-------------------------------|----------------------------------|--------------------------------------|----------------------------|
|  | <u>AFIS Live<br/>Scan Fed Grant</u> | <u>RI State<br/>Byrnes Justice<br/>Grant</u> | <u>Memorial Tree<br/>Fund</u> | <u>Stormwater<br/>Permitting</u> | <u>Recreational<br/>Trails Grant</u> | <u>Summer<br/>Concerts</u> |
| <b>REVENUES</b>  |                                     |  |                               |                                  |                                      |                            |
| Interest and investment income                                   | \$ -                                | \$ -   | \$ -                          | \$ -                             | \$ -                                 | \$ -                       |
| Licenses, fees, permits and fines                                |                                     |  |                               |                                  |                                      |                            |
| Intergovernmental  |                                     | 18,079                                       |                               |                                  | 4,193                                | -                          |
| Other  |                                     |  | 275                           |                                  |                                      | 1,000                      |
| <b>TOTAL REVENUES</b>  | <u>-</u>                            | <u>18,079</u>                                | <u>275</u>                    | <u>-</u>                         | <u>4,193</u>                         | <u>1,000</u>               |
| <b>EXPENDITURES</b>  |                                     |  |                               |                                  |                                      |                            |
| General government   |                                     |  |                               |                                  | 4,193                                | 1,300                      |
| Public safety  |                                     | 18,079                                       |                               |                                  |                                      |                            |
| Fire safety  |                                     |  |                               |                                  |                                      |                            |
| Debt Service   |                                     |  |                               |                                  |                                      |                            |
| Capital and special appropriations                               |                                     |  |                               |                                  |                                      |                            |
| <b>TOTAL EXPENDITURES</b>  | <u>-</u>                            | <u>18,079</u>                                | <u>-</u>                      | <u>-</u>                         | <u>4,193</u>                         | <u>1,300</u>               |
| <b>EXCESS OF REVENUES OVER<br/>EXPENDITURES BEFORE TRANSFERS</b> | <u>-</u>                            | <u>-</u>                                     | <u>275</u>                    | <u>-</u>                         | <u>-</u>                             | <u>(300)</u>               |
| <b>OTHER FINANCING SOURCES/USES</b>                              |                                     |  |                               |                                  |                                      |                            |
| Transfers in   |                                     |  |                               |                                  |                                      |                            |
| <b>NET OTHER SOURCES/USES</b>                                    | <u>-</u>                            | <u>-</u>                                     | <u>-</u>                      | <u>-</u>                         | <u>-</u>                             | <u>-</u>                   |
| <b>NET CHANGE IN FUND BALANCE</b>                                | <u>-</u>                            | <u>-</u>                                     | <u>275</u>                    | <u>-</u>                         | <u>-</u>                             | <u>(300)</u>               |
| <b>FUND BALANCE - BEGINNING</b>                                  | 250                                 | 1,263  | 321                           | 26,923                           | -                                    | 4,609                      |
| <b>FUND BALANCE - ENDING</b>                                     | <u>\$ 250</u>                       | <u>\$ 1,263</u>                              | <u>\$ 596</u>                 | <u>\$ 26,923</u>                 | <u>\$ -</u>                          | <u>\$ 4,309</u>            |

(Continued)

**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, 2014**

|  | <u>Special Revenue Funds</u>  |                            |                             |                     |                                    |                                 |                             |
|--|-------------------------------|----------------------------|-----------------------------|---------------------|------------------------------------|---------------------------------|-----------------------------|
|  | <u>Project<br/>Playground</u> | <u>Substance<br/>Abuse</u> | <u>Fire<br/>Inspections</u> | <u>EPA<br/>STAG</u> | <u>Jamiel's Park<br/>DEM Grant</u> | <u>Fire State<br/>Meds Plan</u> | <u>FEMA<br/>Sandy Event</u> |
| <b>REVENUES</b>  |                               |                            |                             |                     |                                    |                                 |                             |
| Interest and investment income                                   | \$ -                          |                            | \$ -                        | \$ -                | \$ -                               | \$ -                            | \$ -                        |
| Licenses, fees, permits and fines                                | -                             |                            |                             |                     |                                    |                                 |                             |
| Intergovernmental  |                               | \$ 32,498                  | 5,773                       | 268,167             | 2,716                              |                                 | 43,141                      |
| Other  | 3,020                         |                            |                             |                     |                                    | 4,000                           |                             |
| <b>TOTAL REVENUES</b>  | <u>3,020</u>                  | <u>32,498</u>              | <u>5,773</u>                | <u>268,167</u>      | <u>2,716</u>                       | <u>4,000</u>                    | <u>43,141</u>               |
| <b>EXPENDITURES</b>  |                               |                            |                             |                     |                                    |                                 |                             |
| General government   | 1,596                         | 18,340                     |                             |                     | 4,585                              |                                 | 48,131                      |
| Public safety  |                               |                            | 1,701                       |                     |                                    |                                 |                             |
| Fire safety  |                               |                            |                             |                     |                                    | 4,000                           |                             |
| Debt Service   |                               |                            |                             |                     |                                    |                                 |                             |
| Capital and special appropriations                               |                               |                            |                             | 268,167             |                                    |                                 |                             |
| <b>TOTAL EXPENDITURES</b>  | <u>1,596</u>                  | <u>18,340</u>              | <u>1,701</u>                | <u>268,167</u>      | <u>4,585</u>                       | <u>4,000</u>                    | <u>48,131</u>               |
| <b>EXCESS OF REVENUES OVER<br/>EXPENDITURES BEFORE TRANSFERS</b> | <u>1,424</u>                  | <u>14,158</u>              | <u>4,072</u>                | <u>-</u>            | <u>(1,869)</u>                     | <u>-</u>                        | <u>(4,990)</u>              |
| <b>OTHER FINANCING SOURCES/USES</b>                              |                               |                            |                             |                     |                                    |                                 |                             |
| Transfers in   |                               | 4,840                      |                             |                     | 1,869                              |                                 |                             |
| <b>NET OTHER SOURCES/USES</b>                                    | <u>-</u>                      | <u>4,840</u>               | <u>-</u>                    | <u>-</u>            | <u>1,869</u>                       | <u>-</u>                        | <u>-</u>                    |
| <b>NET CHANGE IN FUND BALANCE</b>                                | 1,424                         | 18,998                     | 4,072                       | -                   | -                                  | -                               | (4,990)                     |
| <b>FUND BALANCE - BEGINNING</b>                                  | 1,000                         | (11,662)                   | 13,196                      | -                   | (5,876)                            | 12,280                          | 14,437                      |
| <b>FUND BALANCE - ENDING</b>                                     | <u>\$ 2,424</u>               | <u>\$ 7,336</u>            | <u>\$ 17,268</u>            | <u>\$ -</u>         | <u>\$ (5,876)</u>                  | <u>\$ 12,280</u>                | <u>\$ 9,447</u>             |

(Continued)

**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, 2014**

|  | <u>Special Revenue Funds</u>                     |                                |                              |                       |                              |                  |                                      |
|--|--|--------------------------------|------------------------------|-----------------------|------------------------------|------------------|--------------------------------------|
|  | <u>Community<br/>Development<br/>Block Grant</u> | <u>Veterans<br/>Honor Roll</u> | <u>Government<br/>Center</u> | <u>Ship<br/>Shape</u> | <u>Holiday<br/>Committee</u> | <u>Narcotics</u> | <u>Employee<br/>Charity<br/>Fund</u> |
| <b>REVENUES</b>  |  |                                |                              |                       |                              |                  |                                      |
| Interest and investment income                                   | \$ -   | \$ -                           | \$ -                         | \$ -                  | \$ -                         | \$ -             | \$ -                                 |
| Licenses, fees, permits and fines                                |  |                                |                              |                       |                              |                  |                                      |
| Intergovernmental  | 28,327   |                                |                              |                       |                              |                  |                                      |
| Other  |  | 1,500                          |                              |                       | 5,529                        |                  | 75                                   |
| <b>TOTAL REVENUES</b>  | <u>28,327</u>                                    | <u>1,500</u>                   | <u>-</u>                     | <u>-</u>              | <u>5,529</u>                 | <u>-</u>         | <u>75</u>                            |
| <b>EXPENDITURES</b>  |  |                                |                              |                       |                              |                  |                                      |
| General government   | 35,289   | 2,278                          |                              |                       | 5,529                        | 320              | 235                                  |
| Public safety  |  |                                |                              |                       |                              |                  |                                      |
| Fire safety  |  |                                |                              |                       |                              |                  |                                      |
| Debt Service   |  |                                |                              |                       |                              |                  |                                      |
| Capital and special appropriations                               |  |                                |                              |                       |                              |                  |                                      |
| <b>TOTAL EXPENDITURES</b>  | <u>35,289</u>                                    | <u>2,278</u>                   | <u>-</u>                     | <u>-</u>              | <u>5,529</u>                 | <u>320</u>       | <u>235</u>                           |
| <b>EXCESS OF REVENUES OVER<br/>EXPENDITURES BEFORE TRANSFERS</b> | <u>(6,962)</u>                                   | <u>(778)</u>                   | <u>-</u>                     | <u>-</u>              | <u>-</u>                     | <u>(320)</u>     | <u>(160)</u>                         |
| <b>OTHER FINANCING SOURCES/USES</b>                              |  |                                |                              |                       |                              |                  |                                      |
| Transfers in   |  |                                |                              |                       |                              |                  |                                      |
| <b>NET OTHER SOURCES/USES</b>                                    | <u>-</u>   | <u>-</u>                       | <u>-</u>                     | <u>-</u>              | <u>-</u>                     | <u>-</u>         | <u>-</u>                             |
| <b>NET CHANGE IN FUND BALANCE</b>                                | <u>(6,962)</u>                                   | <u>(778)</u>                   | <u>-</u>                     | <u>-</u>              | <u>-</u>                     | <u>(320)</u>     | <u>(160)</u>                         |
| <b>FUND BALANCE - BEGINNING</b>                                  | 1,279  | 16,866                         | 2,107                        | 800                   | -                            | 7,506            | 205                                  |
| <b>FUND BALANCE - ENDING</b>                                     | <u>\$ (5,683)</u>                                | <u>\$ 16,088</u>               | <u>\$ 2,107</u>              | <u>\$ 800</u>         | <u>\$ -</u>                  | <u>\$ 7,186</u>  | <u>\$ 45</u>                         |

(Continued)

**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, 2014**

|  | <u>Capital Project Fund</u> |                          | <u>Permanent Funds</u> |                     |                       | <u>GRAND TOTALS</u> |
|--|-----------------------------|--------------------------|------------------------|---------------------|-----------------------|---------------------|
|  | <u>RICWFA Bond 2005A</u>    | <u>RICWFA Bond 2011A</u> | <u>Town Trust</u>      | <u>Police Trust</u> | <u>Sara B. Burtis</u> |                     |
| <b>REVENUES</b>  |                             |                          |                        |                     |                       |                     |
| Interest and investment income                               | \$ -                        | \$ -                     | \$ -                   | \$ -                | \$ -                  | \$ 66               |
| Licenses, fees, permits and fines                            |                             |                          | 12,157                 |                     |                       | 12,157              |
| Intergovernmental  | 6,088                       |                          |                        |                     |                       | 669,157             |
| Other  |                             |                          |                        |                     | 5,283                 | 316,499             |
| <b>TOTAL REVENUES</b>  | <b>6,088</b>                | <b>-</b>                 | <b>12,157</b>          | <b>-</b>            | <b>5,283</b>          | <b>997,879</b>      |
| <b>EXPENDITURES</b>  |                             |                          |                        |                     |                       |                     |
| General government   |                             |                          | 34,961                 |                     | 4,266                 | 438,648             |
| Public safety  |                             |                          |                        | 10                  |                       | 315,707             |
| Fire safety  |                             |                          |                        |                     |                       | 4,000               |
| Debt Service   | (35,704)                    |                          |                        |                     |                       | (35,704)            |
| Capital and special appropriations                           |                             | 446,539                  |                        |                     |                       | 714,706             |
| <b>TOTAL EXPENDITURES</b>                                    | <b>(35,704)</b>             | <b>446,539</b>           | <b>34,961</b>          | <b>10</b>           | <b>4,266</b>          | <b>1,437,357</b>    |
| <b>EXCESS OF REVENUES OVER EXPENDITURES BEFORE TRANSFERS</b> | <b>(29,616)</b>             | <b>(446,539)</b>         | <b>(22,804)</b>        | <b>(10)</b>         | <b>1,017</b>          | <b>(510,886)</b>    |
| <b>OTHER FINANCING SOURCES/USES</b>                          |                             |                          |                        |                     |                       |                     |
| Transfers in   |                             |                          |                        |                     |                       | 30,546              |
| <b>NET OTHER SOURCES/USES</b>                                | <b>-</b>                    | <b>-</b>                 | <b>-</b>               | <b>-</b>            | <b>-</b>              | <b>30,546</b>       |
| <b>NET CHANGE IN FUND BALANCE</b>                            | <b>(29,616)</b>             | <b>(446,539)</b>         | <b>(22,804)</b>        | <b>(10)</b>         | <b>1,017</b>          | <b>(480,340)</b>    |
| <b>FUND BALANCE - BEGINNING</b>                              | <b>29,616</b>               | <b>446,539</b>           | <b>44,762</b>          | <b>3,170</b>        | <b>32,206</b>         | <b>813,704</b>      |
| <b>FUND BALANCE - ENDING</b>                                 | <b>\$ -</b>                 | <b>\$ -</b>              | <b>\$ 21,958</b>       | <b>\$ 3,160</b>     | <b>\$ 33,223</b>      | <b>\$ 333,364</b>   |

(Concluded)

## 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 of these trusts are for the benefit of local educational organizations, social benefit groups, and other private parties.



**TOWN OF WARREN, RHODE ISLAND**  
***Combining Statement of Net Position***  
***Private-purpose Trusts***  
***June 30, 2014***

|                                    | <u>Samuel P.<br/>Colt Fund</u> | <u>Joseph<br/>Martin Fund</u> | <u>Abby A.<br/>Cole Fund</u> | <u>Asylum<br/>Farm Fund</u> | <u>Joseph W.<br/>Smith Fund</u> | <u>C. Richard<br/>Gardener Fund</u> | <u>Totals</u>  |
|------------------------------------|--------------------------------|-------------------------------|------------------------------|-----------------------------|---------------------------------|-------------------------------------|----------------|
| <b>ASSETS</b>                      |                                |                               |                              |                             |                                 |                                     |                |
| Cash                               | \$ 31,433                      | \$ 22,452                     | \$ 7,858                     | \$ 14,594                   | \$ 25,820                       | \$ 4,490                            | \$ 106,647     |
| Investments                        | 154,616                        | 110,440                       | 38,654                       | 71,786                      | 127,006                         | 22,088                              | 524,590        |
| <b>TOTAL ASSETS</b>                | <b>186,049</b>                 | <b>132,892</b>                | <b>46,512</b>                | <b>86,380</b>               | <b>152,826</b>                  | <b>26,578</b>                       | <b>631,237</b> |
| <b>LIABILITIES</b>                 |                                |                               |                              |                             |                                 |                                     |                |
|                                    | -                              | -                             | -                            | -                           | -                               | -                                   | -              |
| <b>NET POSITION</b>                |                                |                               |                              |                             |                                 |                                     |                |
| Held in Trust for private purposes | \$ 186,049                     | \$ 132,892                    | \$ 46,512                    | \$ 86,380                   | \$ 152,826                      | \$ 26,578                           | \$ 631,237     |

**TOWN OF WARREN, RHODE ISLAND**  
**Combining Statement of Changes in Net Position**  
**Private-purpose Trusts**  
**For the year ended June 30, 2014**

|                           | <u>Samuel P.<br/>Colt Fund</u> | <u>Joseph<br/>Martin Fund</u> | <u>Abby A.<br/>Cole Fund</u> | <u>Asylum<br/>Farm Fund</u> | <u>Joseph W.<br/>Smith Fund</u> | <u>C. Richard<br/>Gardener Fund</u> | <u>Totals</u>     |
|---------------------------|--------------------------------|-------------------------------|------------------------------|-----------------------------|---------------------------------|-------------------------------------|-------------------|
| ADDITIONS:                |                                |                               |                              |                             |                                 |                                     |                   |
| Investment income         | \$ 7,540                       | \$ 5,385                      | \$ 1,885                     | \$ 3,501                    | \$ 6,193                        | \$ 1,077                            | \$ 25,581         |
| DEDUCTIONS:               |                                |                               |                              |                             |                                 |                                     |                   |
| Portfolio management fees | 2,839                          | 2,028                         | 710                          | 1,318                       | 2,332                           | 406                                 | 9,633             |
| Other expenses            |                                |                               |                              |                             |                                 |                                     |                   |
| Total Deductions          | 2,839                          | 2,028                         | 710                          | 1,318                       | 2,332                           | 406                                 | 9,633             |
| CHANGE IN NET ASSETS      | 4,701                          | 3,357                         | 1,175                        | 2,183                       | 3,861                           | 671                                 | 15,948            |
| Net Position - beginning  | 181,348                        | 129,535                       | 45,337                       | 84,197                      | 148,965                         | 25,907                              | 615,289           |
| Net Position - ending     | <u>\$ 186,049</u>              | <u>\$ 132,892</u>             | <u>\$ 46,512</u>             | <u>\$ 86,380</u>            | <u>\$ 152,826</u>               | <u>\$ 26,578</u>                    | <u>\$ 631,237</u> |

# Agency Funds

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

Performance Bonds-accounts for monies held by 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, 2014**

|                                     | <u>Beginning<br/>Balance</u> | <u>Additions</u> | <u>Deductions</u> | <u>Ending<br/>Balance</u> |
|-------------------------------------|------------------------------|------------------|-------------------|---------------------------|
| <u>Performance Bonds</u>            |                              |                  |                   |                           |
| ASSET                               |                              |                  |                   |                           |
| Cash                                | <u>\$ 84,565</u>             | <u>\$ 4,098</u>  | <u>\$ 79,943</u>  | <u>\$ 8,720</u>           |
| LIABILITY                           |                              |                  |                   |                           |
| Deposits Held in Custody for Others | <u>\$ 84,565</u>             | <u>\$ 4,098</u>  | <u>\$ 79,943</u>  | <u>\$ 8,720</u>           |

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

To the Honorable Town Council  
Town of 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 on *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, Rhode Island as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise The Town of Warren's basic financial statements, and have issued our report thereon dated December 31, 2014.

**Internal Control Over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Warren's financial statements are free of 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 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. The 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.

*Marcum LLP*

Providence, Rhode Island  
December 31, 2014