
CITY OF WARWICK

***Financial Statements
With Independent Auditors' Report
FOR THE PERIOD AND FISCAL YEAR ENDED
June 30, 2014***

Parmelee, Poirier & Associates LLP

**CITY OF WARWICK, RHODE ISLAND
ANNUAL FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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***CITY OF WARWICK,
RHODE ISLAND***

INTRODUCTORY SECTION



Ernest M. Zmyslinski
Finance Director

Scott Avedisian
Mayor

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

March 31, 2015

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

We hereby submit the Comprehensive Annual Financial Report for the City of Warwick, for the fiscal year ended June 30, 2014. The report has been prepared in accordance with generally accepted accounting principles (GAAP), adhering to the format promulgated through the Governmental Accounting Board's Statement 34. Responsibility for the accuracy of the data presented, as well the fairness of the representations contained within the report, rests with the City's management. To provide a reasonable basis for making these representations, the City of Warwick has established a comprehensive internal control framework that is designed to protect the government's assets from theft, loss or misuse, and to promote the compilation of reliable financial information for reporting and forecasting purposes. Since the cost of the internal control system should not outweigh its benefits, the City's internal control system has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements. As management, we assert that, to the best of our knowledge, and in all material respects, this report is fair, complete, and summarizes the City's financial position in a comprehensive manner.

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

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

GOVERNMENT PROFILE

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

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

PUBLIC EDUCATION

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

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

The City's school system consists of 17 elementary schools, 3 junior high schools, 3 senior high schools and a career technical center. Most of these schools have been constructed in the last 40 years and the City does not anticipate the need for additional construction of school facilities in the near future, although renovations and additions to existing facilities are ongoing.

There is presently a professional staff of 1,144 in the school system, 938 of who are teachers. In the graduating class of 2014 approximately 84% of all high school graduates continued their education by attending two and four year colleges, technical institutes, or other forms of post secondary education.

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

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

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

During fiscal 2014, the City appropriated \$157,125,051 to the School Department. In addition, the Department's fiscal 2013 operating surplus, \$4,076,648, was re-appropriated to them. Final expenditures totaled \$157,929,740. Their fiscal 2015 expense appropriation is \$158,872,256. The total fiscal 2015 State Aid for school operations has been budgeted at \$36,151,191.

MUNICIPAL SERVICES

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

Executive and Administration

The Mayor with the assistance of the Finance, Personnel and Legal Departments exercises general oversight of the City. The City Clerk's Office is responsible for all record maintenance and supervision of the municipal and probate courts. During fiscal 2014, the Executive and Administrative Divisions expended \$12.1 million, of which \$7.3 million represented debt service. The fiscal 2015 budget has been set at \$14.9 million.

Public Safety

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

Police: The City Police Department has 246 authorized positions consisting of 167 sworn officers, 23 school crossing guards and 56 civilian personnel. The police station, built in 1975, provides facilities for public safety issues. During fiscal 2014, the Police Department expended \$17.6 million. For fiscal 2015, \$17.9 million has been designated for operations.

Fire and Rescue: The City Fire Department and Rescue Service has 233 authorized positions consisting of 221 uniformed fire and rescue personnel and 12 civilian personnel, staffing eight stations throughout the City. In addition, the East Greenwich Fire District provides service to the southeastern section of the City. Fire and Rescue expended \$21.1 million during fiscal 2014 and \$21.1 million was budgeted for fiscal 2015.

Animal Shelter: The Animal Shelter consists of 5 employees and is responsible for administering care to the animal population. The fiscal 2014 expenditures totaled \$191,627 with \$206,082 budgeted for fiscal 2015.

Building Inspector: The City Building Inspection Department consists of 14 authorized positions responsible for insuring compliance with local and state building code ordinances and laws. The fiscal 2014 expenditures totaled \$781,814; \$791,920 was budgeted for fiscal 2015.

Social Services

Parks and Recreation: A staff of 16 maintains two indoor skating rinks, an indoor swimming pool with an adjacent therapeutic pool, 7 beaches, 60 athletic fields, 32 basketball courts, 39 tennis courts and 6 parks. They are assisted by the Public Works Field Maintenance Division. The Department is also responsible for regulating the City's three major harbors in Narragansett Bay. During fiscal 2014 the Department expended \$1.5 million. The fiscal 2015 budget has allotted \$1.6 million for recreation.

Warwick Public Library: The City library consists of a main library and three branches. The main facility contains over 225,000 items and provides research services to the City's residents and business community. Total library related expenditures for fiscal 2014 totaled \$2.5 million. These funds supported the acquisition of books and materials as well as an authorized staff of 51. The central library facility serves over 400,000 visitors a year. The fiscal 2015 budget amounts to \$2.6 million.

Human Services: This Department provides social and transportation services to the City's seniors at three neighborhood senior centers. It also provides contributive and in-kind support to non-profit organizations in the City. Fiscal 2014 expenditures totaled \$1.2 million, and the fiscal 2015 budget has been set at \$1.2 million.

Physical Resources

Planning and Community Development: A staff of 13 provides professional guidance on the physical and social development of the City and administers the Federal Community Development Block Grant Program and the Lead Hazard Reduction Program. Fiscal 2014 expenditures for these programs totaled \$703,004, with \$954,512 allocated for fiscal 2015.

Tourism, Culture, and Development: This Department, working closely with the Mayor's Office, assists the private sector in finding suitable facilities in the City. Also, the Department promotes the City and its lodging facilities through general circulation and trade advertising. Fiscal 2014 expenditures totaled \$628,056 and \$664,675 has been set aside for fiscal 2015 operations.

Public Works: An authorized staff of 130 maintains the City's 480 miles of roads, monitors the disposal operations of 30,000 tons of trash per year, maintains the City's fleet of vehicles, maintains approximately 40 buildings, and designs new infrastructure projects. During fiscal 2014 the Department expended \$12.1 million and has been allocated \$12.9 million through the fiscal 2015 budget.

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

ECONOMIC CONDITIONS AND OUTLOOK

POPULATION

The table below shows the City's population trends:

<u>Year</u>	<u>City</u>
2014	81,971
2013	82,698
2010	84,760
2005	87,365
2000	85,808
1990	85,427
1980	87,123
1970	83,694
1960	68,504
1950	43,028
1940	28,757
1930	23,196
1920	13,481

INCOME LEVELS

According to the US Census Bureau, 2008-2012 American Community Survey (5 Year Estimates), the median family income of the City of Warwick was \$76,695. Median family income in the City increased 36.4% from 2000.

HOUSING

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

ECONOMIC DEVELOPMENT

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

State Airport: Warwick's premier asset is also its greatest business convenience. Located directly in the heart of the City is T.F. Green Airport, the state's major commercial airport. The Rhode Island Airport Corporation opened a new \$200 million, two-level terminal in September of 1996 augmented with a landscape beautification program on the airport grounds and along its entrance on Post Road. Featuring separate arrival and departure access along with 19 gates and in improved baggage claim area, T.F. Green Airport has already attracted expanded service and increased passenger volume.

MAJOR INITIATIVES

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

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

Open Space/Recreation:

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

The project has been proceeding forward, with demolition of the structures that remained on-site, including the Shore Dinner Hall and the Palladium and Windjammer facilities. The City remains an active partner with RIDEM as this process moves forward and looks forward to the future use of the park as open space and for recreational activities.

T.F. Green Airport and Intermodal Facility:

The City continues to receive additional revenue from airport-related activities. Taxes on airport parking and rental cars generated approximately \$2.5 million in revenue during fiscal 2014. The City also received airport-related funding from the Economic Development Commission. This revenue totaled \$780,271. The state's meal tax also generated approximately \$2.5 million for the City.

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

City Centre Warwick:

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

A key component of this phase of the project – funded through a \$400,000 Federal Highway Administration grant – was a market segmentation analysis of City Centre Warwick, which will help the City to market the area to local, regional, and national audiences. The analysis identified key industries, including foreign trade,

medical device and high-value manufacturing, distribution services, and the health care, educational services, financial, and biotechnology industries that will flourish in the district.

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

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

Apponaug Bypass:

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

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

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

Comprehensive Plan:

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

Public Works:

Warwick continues to lead the state in recycling. The City’s automated trash and recycling system has resulted in less waste being sent to the state landfill. The first full fiscal year of City-wide automation was 2007. During fiscal 2014, the City received \$79,594 from the Rhode Island Resource Recovery Corporation as part of a profit-sharing program based on its recycling rates.

FINANCIAL INFORMATION

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

BUDGETARY CONTROL

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

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

CASH MANAGEMENT

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

RISK MANAGEMENT

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

DEBT ADMINISTRATION

The ratios of net bonded debt to total assessed (property) valuation and net bonded debt per capita provide useful information when evaluating the City's financial position. These indicators were as follows on June 30, 2014:

<u>Net Direct Bonded Debt</u>	<u>Ratio of Debt to Assessed Value</u>	<u>Debt Per Capita</u>
\$ 44,597,397. (Please See Statistical Tables For Additional Information)	.49%	\$ 544.06

INDEPENDENT AUDIT

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

ACKNOWLEDGEMENT

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

Respectfully submitted,

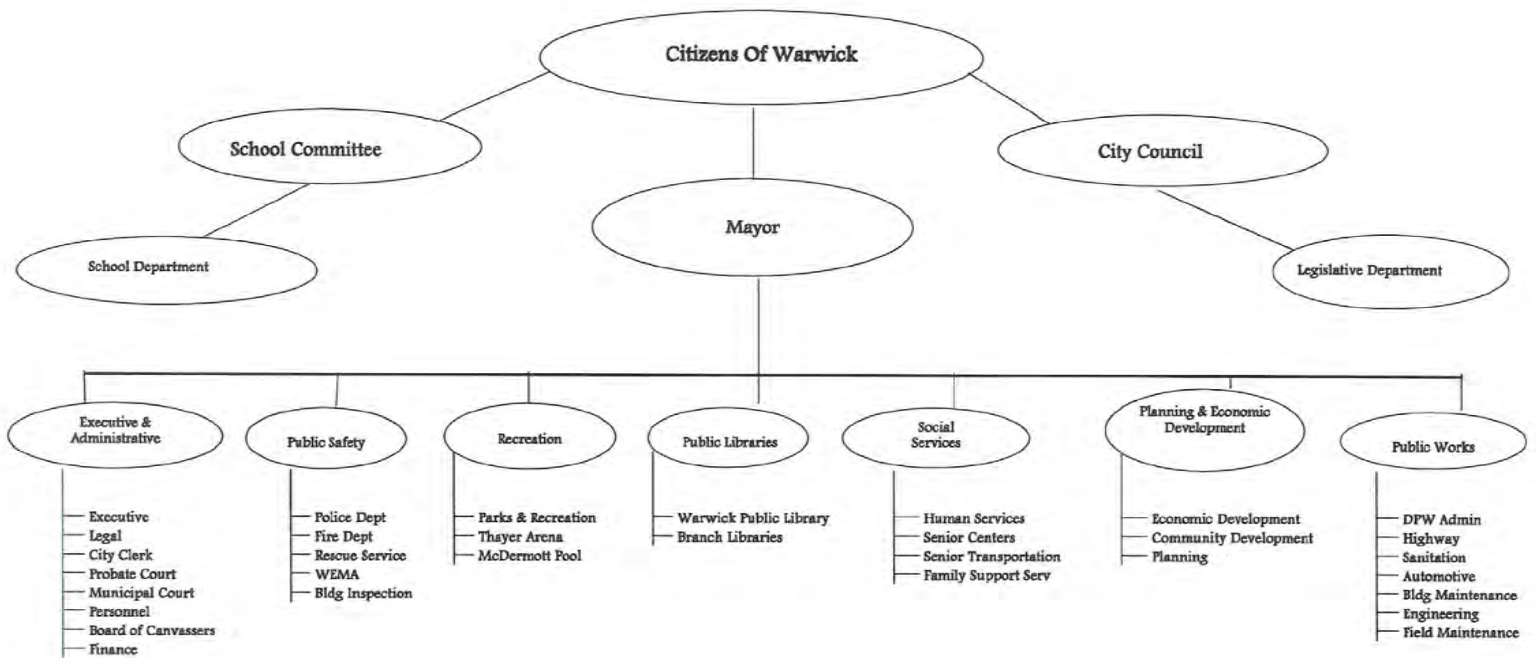


Ernest M. Zmyslinksi
Finance Director



Kenneth R. Alfano
Controller

THE CITY OF WARWICK, RHODE ISLAND GOVERNMENT ORGANIZATIONAL CHART





CITY OF WARWICK, RHODE ISLAND

MAYOR

Scott Avedisian

CITY COUNCIL

Donna Travis, Council President

Thomas Chadronet

Steven Colantuono

Charles J. Donovan, Jr.

Joseph Gallucci

Edgar Ladouceur

Steve Merolla

Joseph J. Solomon

Camille Vella-Wilkinson

SCHOOL COMMITTEE

Bethany A. Furtado, Chairperson

Jennifer T. Ahearn

Karen A. Bachus

M. Terri Medeiros

Eugene A. Nadeau

FINANCE DEPARTMENT

Ernest M. Zmyslinski, Finance Director

David C. Olsen, City Treasurer

Kenneth R. Alfano, City Controller

SCHOOL ADMINISTRATION

Richard D'Agostino, Superintendent

Anthony Ferrucci, Chief Budget Officer

Cheryl Bongivengo, School Controller

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INDEPENDENT AUDITORS' REPORT

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

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business type activities, each major fund and the aggregate remaining fund information of the City of Warwick, Rhode Island as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of funding progress and budgetary comparison information on pages 4 through 18, page 114 through pages 119 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statement that collectively comprise the City of Warwick's basic financial statements. The introductory section, combining and individual non-major fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements.

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

non-major funds financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

A handwritten signature in blue ink, appearing to read "Parmelee Poirier & Associates, LLP".

Parmelee, Poirier & Associates, LLP
Warwick, Rhode Island
March 25, 2015

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

As management of the City of Warwick, we offer readers of the City of Warwick's financial statements this overview and analysis of the financial activities of the City of Warwick for the fiscal year ended June 30, 2014. We encourage readers to consider this information in conjunction with the additional information that is furnished in the letter of transmittal, which can be found preceding this narrative, and with the City's financial statements which follow.

Included within our discussion will be a series of comparative tables, serving to more clearly illustrate changes in the City's financial position. These tables will reflect governmental activities, business-type activities, and total activities for the 2013 and 2014 fiscal years.

FINANCIAL HIGHLIGHTS

The assets of the City of Warwick exceeded its liabilities at the close of the fiscal year by \$34,942,636 (*Net Position*).

The City's total net position decreased by \$11,970,335 during fiscal 2014, due primarily to an increase in the City's liabilities following the accrual of \$17.0 million in post-retirement healthcare benefits in accordance with GASB45, and the accrual of an additional \$5.5 million net pension obligation (for the Police I and Fire Plan) in accordance with GASB27. These additional liabilities were offset by \$7.8 million in net debt principal retirements, as well as operating surpluses in the General Fund and the Sewer Enterprise Fund.

At the close of the current fiscal year, the City's governmental funds reported *combined* ending fund balances of \$24,170,858, an increase of \$5,210,795 from those of the prior year. This was primarily due to a budgetary surplus in the General Fund.

Fiscal 2014 operating results for the general fund reflected a net increase in total fund balance of \$2,419,302, resulting in an ending fund balance of 19,176,020. The fund's ending unassigned fund balance decreased by \$1,048,926 to a total of \$10,803,865 or 3.77% of the total 2014 final budgeted expenditures.

The City's overall investment in capital assets (net of accumulated depreciation) decreased by \$1.4 million during this year. Annual depreciation expenditures exceeded additions. Key additions this year included additional fire code improvements at various schools, a new roof at Warwick Veterans High School, and the completion of the City Hall Tower Restoration Project.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Warwick's basic financial statements. The City's basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, (3) notes to the financial

statements. This report also contains other supplementary information including combining statements for non-major governmental funds, enterprise funds, and other fiduciary funds. Figure 1 below graphically depicts the required elements of the financial report:

Required Components of the Annual Financial Report
Figure A-1

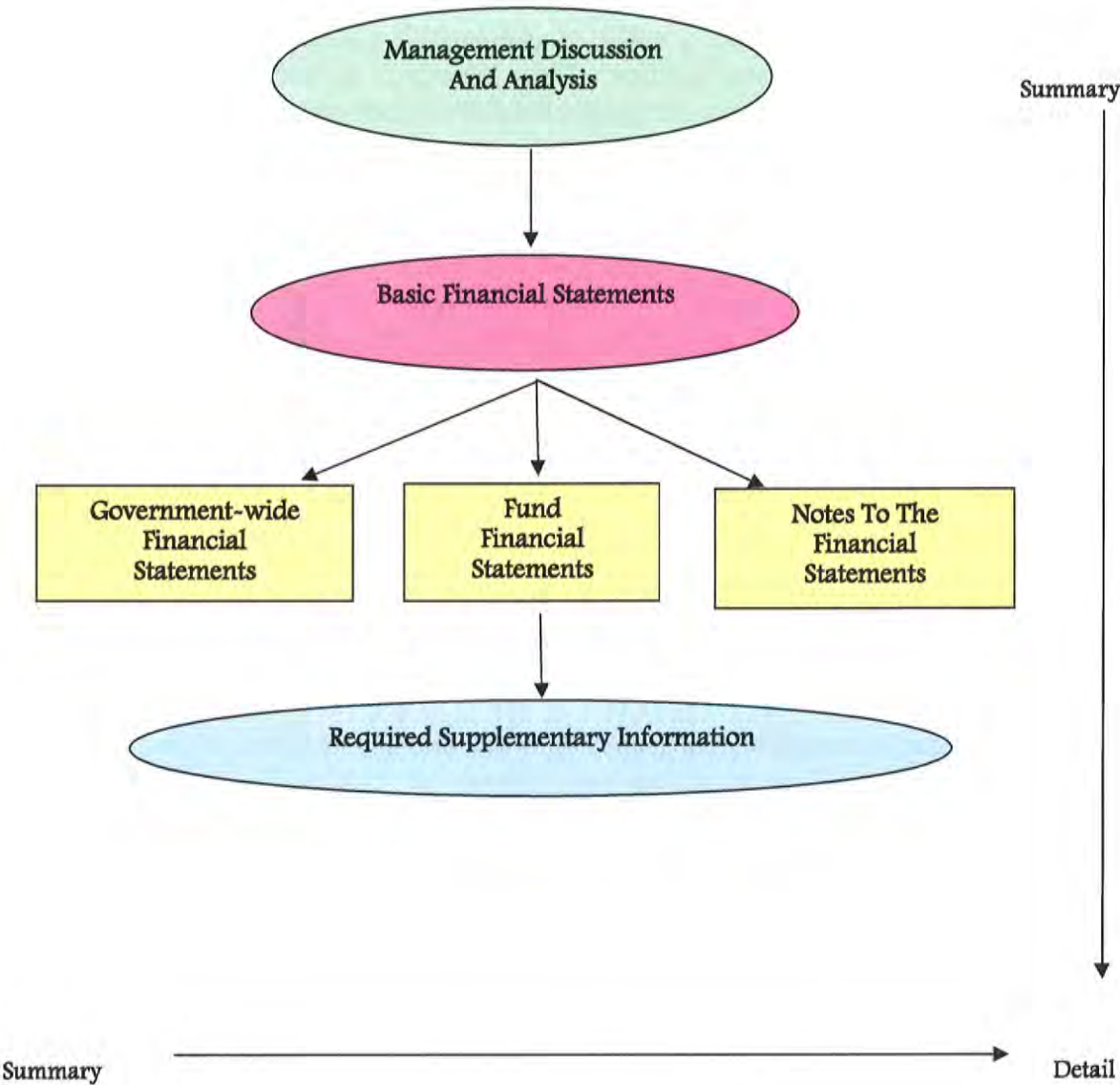


Figure A-1 shows how the required parts of this annual report are arranged and relate to one another.

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

Figure A- 2

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

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

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

Government-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

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

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

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

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

The basic governmental fund financial statements can be found on pages 20-22 of this report.

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

The basic proprietary fund financial statements can be found on pages 24-27 of this report.

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

The basic fiduciary funds financial statements can be found on pages 28-29 of this report.

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial health. The City's combined net position (government and business-type activities) totaled \$34,942,636 at the close of the most recent fiscal year.

The largest portion of the City's net position reflects its investment in capital assets such as land, building, equipment, and infrastructure, less any related outstanding debt. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Warwick's Net Position June 30, 2014

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Assets:						
Current Assets	\$61,848,930	\$69,984,140	\$29,849,369	\$22,042,938	\$91,698,299	\$92,027,078
Capital Assets	113,703,575	111,479,360	184,737,305	188,374,101	298,440,880	299,853,461
Other Noncurrent Assets	-	-	32,348,738	35,338,593	32,348,738	35,338,593
Total Assets:	\$175,552,505	\$181,463,500	\$246,935,412	\$245,755,632	\$422,487,917	\$427,219,132
Deferred Outflows of Resources	240,282	299,210	44,328	55,707	\$284,610	\$354,917
Liabilities						
Current Liabilities	\$25,877,485	\$34,717,395	\$14,310,473	\$13,629,346	\$40,187,958	\$48,346,741
Long-term Liabilities	214,712,426	194,081,380	132,929,507	138,232,957	347,641,933	332,314,337
Total Liabilities:	\$240,589,911	\$228,798,775	\$147,239,980	\$151,862,303	\$387,829,891	\$380,661,078
Net Position:						
Invested in capital assets net of related debt	\$65,104,705	\$61,133,149	\$86,253,431	\$81,963,905	\$151,358,136	\$143,097,054
Restricted	3,382,875	2,736,581	3,672,082	3,194,302	7,054,957	5,930,883
Unrestricted	(133,284,704)	(110,905,795)	9,814,247	8,790,829	(123,470,457)	(102,114,966)
Total Net Position:	(\$64,797,124)	(\$47,036,065)	\$99,739,760	\$93,949,036	\$34,942,636	\$46,912,971

An additional portion of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the City's ongoing obligations to citizens and creditors. Internally imposed designations of resources are not presented as restricted net position. At the end of the current fiscal year, the City's unrestricted net position total was negative, due to the cumulative accrual of the other post-employment benefit liability per GASB45 and the accrual of a net pension obligation per GASB27.

Changes in Net Position

During fiscal 2014, the government's total net position decreased by \$11,970,335, as indicated below:

City of Warwick's Changes in Net Position

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program Revenue:						
Charges for Services	\$ 13,849,740	\$ 13,676,751	\$ 30,389,768	\$ 33,113,982	\$ 44,239,508	\$ 46,790,733
Operating Grants and Contributions	59,427,759	55,546,646	-	42,183	59,427,759	55,588,829
Capital Grants and Contributions	524,461	1,409,223	-	349,939	524,461	1,759,162
General Revenue:					-	-
Property Taxes	214,125,691	216,802,269			214,125,691	216,802,269
Interest on Property Tax	2,146,222	1,562,589			2,146,222	1,562,589
State Aid/In Lieu of Tax	7,861,860	7,120,046			7,861,860	7,120,046
Investment Earnings	5,652	(32,851)	7,007	19,175	12,659	(13,676)
Tax Titles	217,160	258,929			217,160	258,929
Insurance	133,052	96,463	-	26,072	133,052	122,535
Miscellaneous	6,034,137	6,449,112			6,034,137	6,449,112
Total Revenues:	304,325,734	302,889,177	30,396,775	33,551,351	334,722,509	336,440,528
Expenses:						
Executive & Admin	7,898,442	8,163,964			7,898,442	8,163,964
Public Safety	104,020,192	99,913,493			104,020,192	99,913,493
Recreation	2,549,088	3,185,691			2,549,088	3,185,691
Public Libraries	5,116,596	4,843,416			5,116,596	4,843,416
Social Services	2,160,896	2,103,904			2,160,896	2,103,904
Planning & E/D	3,114,804	3,139,802			3,114,804	3,139,802
Public Works	21,842,422	21,788,643			21,842,422	21,788,643
Education	173,500,902	170,690,028			173,500,902	170,690,028
Debt Interest	1,586,055	1,800,222			1,586,055	1,800,222
Sewer			14,807,198	14,824,243	14,807,198	14,824,243
Water			10,096,249	10,153,770	10,096,249	10,153,770
Total Expenses:	321,789,397	315,629,163	24,903,447	24,978,013	346,692,844	340,607,176
Change in Net Assets						
Before Transfers	(17,463,663)	(12,739,986)	5,493,328	8,573,338	(11,970,335)	(4,166,648)
Transfers	(297,396)	(42,522)	297,396	42,522		
Change in Net Assets	(17,761,059)	(12,782,508)	5,790,724	8,615,860	(11,970,335)	(4,166,648)
Adjustment to Prior Yr		(637,630)		(1,563,638)	-	(2,201,268)
Net Assets Beginning:	(47,036,065)	(33,615,927)	93,949,036	86,896,814	46,912,971	53,280,887
Net Assets - End of Yr:	\$ (64,797,124)	\$ (47,036,065)	\$ 99,739,760	\$ 93,949,036	\$ 34,942,636	\$ 49,114,239

Governmental activities. Governmental activities decreased the City's net position by \$17,761,059.

Key elements of this net change are as follows:

1. The City's net position decreased by \$17.0 million following the accrual of the fiscal 2014 annual required contribution relating to GASB45-Other Post Employment Benefits.
2. Per GASB 27, the City accrued additional net pension obligations in the amount of \$6.5 million. However, this decrease in net position was reduced to \$5.6 million after including \$.9 million in overfunding from the School Other Employees Pension Plan.
3. Debt principal repayments on outstanding bond and lease agreements increased the City's net position by \$5 million.
4. Capital asset additions totaled \$9.7 million (net of disposals) while fiscal 2014 depreciation expense amounted to \$7.5 million. This resulted in a net position increase of \$2.2 million.
5. Changes in deferred revenue accruals decreased the City's net position by \$650,000.

Business-type activities. Business-type activities increased the City's net position by \$5,790,724.

The key elements for this increase are as follows:

1. The Sewer Department reflected an overall increase in net position which totaled \$6.7 million. One key factor contributing to the increase was the accounting reclassification of \$9.9 million in debt principal expense to the bonds payable liability account. Also contributing to Sewer's net position increase were fixed asset additions which totaled \$2.5 million. These increases were offset by non-cash depreciation/amortization expenses totaling \$5.7 million.
2. The Water Department reflected a net position decrease of \$1.0 million. Decreases in water usage and the need for an additional rate increase were the primary factors involved.
3. The Non-Major Enterprise Funds reflected an overall increase in net position of \$88,815. Increases were found in the Enterprise Emergency Fund (\$89,930) and Sewer Renewal & Replacement (\$36,564). The Water Restricted Emergency Fund decreased by \$22,956.

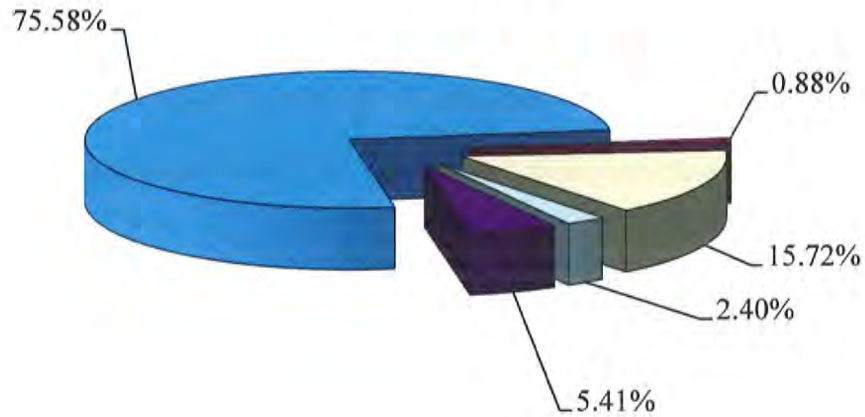
Financial Analysis of the Government's Funds

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

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

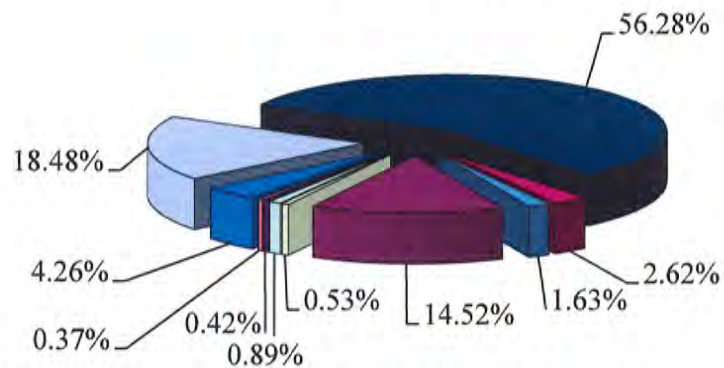
As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$23,246,580, a decrease of \$924,277 in comparison with the prior year balances. This can be attributed an overall operating surplus in the City's general fund, less increases in year-end reserves and decreases in available capital project fund balances. \$8,015,971 or 34.5% of this the total fund balance represents unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been restricted or committed.

General Fund Revenues Fiscal 2014



General Property Taxes 214,148,180	Interest on Taxes 2,494,254	Intergovernmental Revenue 44,551,160
Charges For Services 6,800,073	Other Revenue 15,341,291	

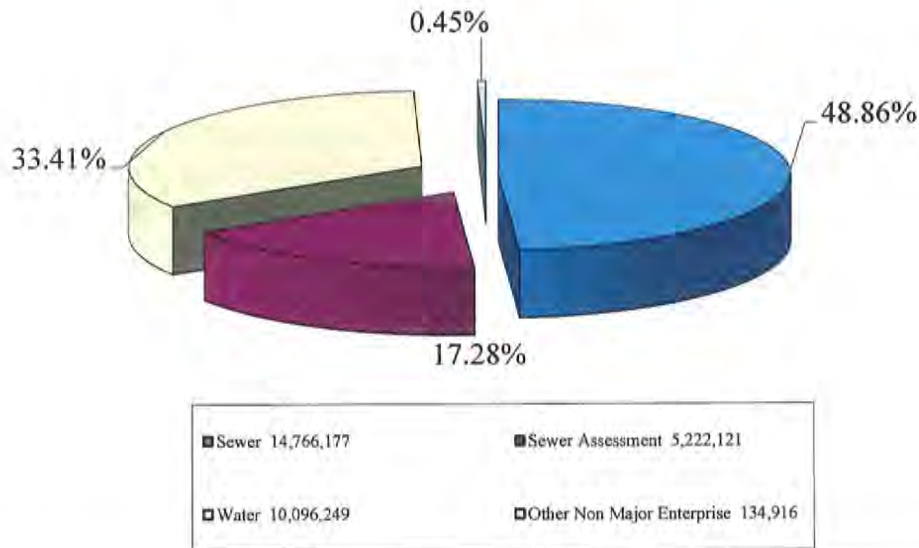
General Fund Expenditures Fiscal 2014



Exec & Admin 4,582,194	Public Safety 40,753,420	Recreation 1,491,348
Public Libraries 2,490,919	Social Services 1,166,012	Planning & E/D 1,029,447
Public Works 11,953,151	Benefits/Fixed Costs 51,866,924	School 157,929,740
Debt 7,340,874		

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

Business-type Activities Fiscal 2014 Expenses



The general fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$10,803,865. Total fund balance was \$19,176,021. As a measure of the general fund liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 3.77% of total general fund budgeted expenditures. During fiscal 2014, the unassigned fund balance of the City's general fund decreased by \$1,048,926. This is an 8.8% decrease from the prior year unassigned fund balance.

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

Total net position of the Sewer Department amounted to \$79,925,450. The funds invested in capital assets total \$74,586,818, restricted funds total \$3,672,082, and unrestricted net position totals \$1,666,550. Sewer's increasing unrestricted net position reflects increasing cash reserves and a decrease in their liability for outstanding bonds and loans.

The net position of the Water Department totaled \$9,894,867. Of this, \$10,707,422 represents the investment in capital assets while the unrestricted portion totals (\$812,555). Currently all assets are invested in capital. During fiscal 2014 Water's net position decreased by \$1,027,933. Decreases in water usage and the need for an additional rate increase were the primary factors involved.

The unrestricted net position of the workers compensation internal service fund amounted to \$542,044. Net assets decreased by \$18,992 due primarily to an increase in the outstanding claim reserve.

The net position of the City's medical healthcare internal service fund totaled \$619,620. The fund's net position balance is primarily composed of cash reserves which were previously held in escrow by health insurers when the City was self-insured. Since the City is now fully insured through the Rhode Island Interlocal Risk Management Trust, the escrow funds were returned to the City.

The Warwick School Department's medical healthcare internal service fund reflected a net position balance which totaled \$3,343,339. This balance represents a combination of \$1,434,300 in escrow cash reserves held by the insurers, plus \$2,972,002 in surplus funds (excess of premiums paid vs. claims paid) held by WB Community Health, less outstanding IBNR claims totaling \$1,062,963.

General Fund Budgetary Highlights

During fiscal 2014, the City's original budget of \$281,917,696 was increased by \$4.8 million to \$286,763,913. The following budgetary adjustments were made during the year:

- A budget transfer in the amount of \$4,076,648 represented the re-appropriation of the fiscal 2013 school surplus to the School Department. The prior year education reserve funded this transfer.
- Additional Fire SAFER grant revenue totaling \$375,000 provided the basis for increasing the associated revenue and expenditure accounts within the Fire Department budget.
- Revenue and expenditure budgets were increased by \$394,569 to reflect funding received from the State of Rhode Island as part of the State Municipal Incentive Aid Program. As designated, these funds were used to increase pension plan funding.

Capital Assets and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2014, amounted to \$298,440,880 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery & equipment, roads and construction in progress. During this year, the City's overall investment in capital assets (net of accumulated depreciation) decreased by approximately \$1.4 million.

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

1. School Fire Code Improvements - \$2,564,811.
2. City Hall Tower Restoration Project - \$1,035,004.
3. Wastewater Treatment Infrastructure - Bellows Street Pump Station - \$1,881,105.

City of Warwick's Capital Assets

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Land	\$18,680,138	\$18,680,138	-	-	\$18,680,138	\$18,680,138
Land Improvements	11,022,756	11,022,756			11,022,756	11,022,756
Buildings	117,558,557	112,436,009	2,900,797	2,900,797	120,459,354	115,336,806
Infrastructure	197,295,133	196,886,199	4,226,157	3,926,537	201,521,290	200,812,736
Equipment	19,879,820	19,669,096	275,178,014	273,113,351	295,057,834	292,782,447
Licensed Vehicles	28,143,035	28,859,044			28,143,035	28,859,044
Artwork	62,950	62,950			62,950	62,950
Construction in Progress	3,470,430	1,724,411	2,156,789	2,093,012	5,627,219	3,817,423
Subtotal:	396,112,819	389,340,603	284,461,757	282,033,697	680,574,576	671,374,300
Less Accumulated Depreciation:	(282,409,244)	(277,861,243)	(99,724,452)	(93,659,596)	(382,133,696)	(371,520,839)
Total:	\$113,703,575	\$111,479,360	\$184,737,305	\$188,374,101	\$298,440,880	\$299,853,461

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

Long-term debt. At the end of the fiscal year, the City had total bonds and loans outstanding of \$152,691,155. It is broken down as follows:

- General Fund Bonds Payable \$ 46,249,434.
- Water Bonds Payable \$ 1,197,008.
- Sewer Bonds Payable \$ 14,818,558.
- Sewer SRF Loans Payable \$ 90,426,155.

General obligation bonds are backed by the full faith and credit of the City, including the City's power to levy additional taxes to ensure repayment of the debt. Accordingly, all general obligation debt currently outstanding was approved by a vote of the citizens. During fiscal 2014, the City of Warwick's general fund general obligation debt reflected a net decrease of \$4.7 million. Sewer debt decreased by \$2.9 million, and water debt decreased by \$155,939.

The City's bond ratings are as follows:

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

State statute limits the amount of bonds a governmental entity can issue to 3% of its total assessed valuation. The current debt limitation for the City is \$274,622,797. As of June 30, 2014 the City's current outstanding general fund debt falls under the debt limitation by \$228,373,363.

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

Economic Factors and Next Year's Budgets and Rates

- Warwick's average unemployment rate is 8.0%.
- Median family income in Warwick was \$76,695.
- Warwick ranks second in population among Rhode Island's 39 cities and towns.

The following factors were considered in preparing the City's budget for the 2014-15 fiscal year.

- The School Department budget will increase to \$158.9 million.
- The City's health care coverage will continue to be administered by the Rhode Island Interlocal Risk Management Trust.
- To control tax increases, \$3.6 million was drawn from the City's fund balance to provide additional funding for the fiscal 2015 budget.

Currently, the unassigned fund balance in the general fund totals \$10,803,865. While the City has maintained its commitment toward ensuring a steady growth for the City surplus, it has sometimes been necessary to utilize part of this surplus to ease the burden on its taxpayers. The City's fiscal 2015 tax rate for residential property increased from \$19.79 to \$20.06, or 1.4%. The commercial and industrial tax rate also increased 1.4% from \$29.68 to \$30.09. The tangible personal property rate increased from \$39.58 to \$40.12, or 1.4%. Per Rhode Island law, the inventory tax was phased out and the motor vehicle tax remained constant at \$34.60.

Requests for Information

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

***CITY OF WARWICK,
RHODE ISLAND***

FINANCIAL SECTION

CITY OF WARWICK, RHODE ISLAND

Statement of Net Positions

June 30, 2014

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets:			
Current Assets:			
Cash and cash equivalents	\$ 23,613,295	\$ 10,588,740	\$ 34,202,035
Restricted cash and cash equivalents	1,522,500	3,672,068	5,194,568
<i>Accounts Receivable:</i>			
Accrued interest receivable	710,945	14	710,959
Real estate and personal property tax receivable, net	7,457,011	-	7,457,011
Water and sewer use fees receivable, net	-	9,837,317	9,837,317
Sewer assessments receivable	-	4,102,089	4,102,089
Due from federal and state government	9,879,399	4,940,661	14,820,060
Internal balances	3,403,711	(3,403,711)	-
Inventories	-	67,259	67,259
Other receivables, net	9,046,666	44,932	9,091,598
Other assets:	4,568,790	-	4,568,790
Prepays	212,313	-	212,313
Deposits with agent	1,434,300	-	1,434,300
Total current assets	61,848,930	29,849,369	91,698,299
Noncurrent assets:			
Sewer assessments receivable	-	32,348,738	32,348,738
<i>Capital assets:</i>			
Non-Depreciable assets	18,743,088	-	18,743,088
Depreciable buildings, equipment, infrastructure, net	91,490,057	182,580,516	274,070,573
Construction in progress	3,470,430	2,156,789	5,627,219
Total noncurrent assets	113,703,575	217,086,043	330,789,618
Total assets	175,552,505	246,935,412	422,487,917
Deferred Outflows of Resources:			
Deferred charges on refunding	240,282	44,328	284,610
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	16,035,807	2,271,992	18,307,799
Accrued interest payable	477,871	969,340	1,447,211
Due to Federal/State	183,594	-	183,594
Accrued compensated absences	648,947	26,840	675,787
<i>Unearned revenues:</i>			
Taxes and assessments collected in advance	296,078	774,100	1,070,178
Other	2,424,030	143,083	2,567,113
Long-term debt - due within one year	5,811,158	10,125,118	15,936,276
Total current liabilities	25,877,485	14,310,473	40,187,958
Noncurrent liabilities:			
Unearned revenue	-	32,348,738	32,348,738
Other liabilities	4,559,247	-	4,559,247
Long-term debt and retroactive payroll - due in more than one year	43,637,449	96,582,421	140,219,870
Accrued compensated absences	10,731,083	379,829	11,110,912
Net other post-employment benefits obligation	104,483,789	3,618,519	108,102,308
Net pension obligation	51,300,858	-	51,300,858
Total noncurrent liabilities	214,712,426	132,929,507	347,641,933
Total liabilities	240,589,911	147,239,980	387,829,891
Net Assets:			
Invested in capital assets, net of related debt	65,104,705	86,253,431	151,358,136
<i>Restricted for:</i>			
Debt service payments	1,522,500	3,672,082	5,194,582
Education programs	360,323	-	360,323
Community development loans	341,945	-	341,945
City clerk records preservation	925,666	-	925,666
Public safety programs	232,441	-	232,441
Unrestricted	(133,284,704)	9,814,247	(123,470,457)
Total Net Assets	\$ (64,797,124)	\$ 99,739,760	\$ 34,942,636

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

CITY OF WARWICK, RHODE ISLAND
Statement of Activities
For the Year Ended June 30, 2014

	Program revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/ Programs							
Governmental Activities:							
Executive and administration	\$ 7,898,442	\$ 2,221,129	\$ -	\$ -	\$ (5,677,313)	\$ -	\$ (5,677,313)
Public safety	104,020,192	7,193,150	2,648,907	-	(94,178,135)	-	(94,178,135)
Recreation	2,549,088	960,133	-	-	(1,588,955)	-	(1,588,955)
Public libraries	5,116,596	30,420	700,724	-	(4,385,452)	-	(4,385,452)
Social services	2,160,896	117,136	77,866	-	(1,965,894)	-	(1,965,894)
Planning and economic development	3,114,804	1,918,114	1,519,877	-	323,187	-	323,187
Public works	21,842,422	223,442	396,384	524,461	(20,698,135)	-	(20,698,135)
Education	173,500,902	1,186,216	54,084,001	-	(118,230,685)	-	(118,230,685)
Interest on long-term debt	1,586,055	-	-	-	(1,586,055)	-	(1,586,055)
Total governmental activities	321,789,397	13,849,740	59,427,759	524,461	(247,987,437)	-	(247,987,437)
Business type activities:							
Sewer	14,807,198	21,322,745	-	-	-	6,515,547	6,515,547
Water	10,096,249	9,067,023	-	-	-	(1,029,226)	(1,029,226)
Total business-type activities	24,903,447	30,389,768	-	-	-	5,486,321	5,486,321
Total	\$ 346,692,844	\$ 44,239,508	\$ 59,427,759	\$ 524,461	(247,987,437)	5,486,321	(242,501,116)
General revenues:							
Property taxes					214,125,691	-	214,125,691
Interest on property taxes					2,146,222	-	2,146,222
General state aid and in lieu of taxes					7,861,860	-	7,861,860
Investment earnings					5,652	7,007	12,659
Tax titles					217,160	-	217,160
Insurance proceeds					133,052	-	133,052
Miscellaneous					6,034,137	-	6,034,137
Transfers					(297,396)	297,396	-
Total general revenues and transfers					230,226,378	304,403	230,530,781
Change in net position					(17,761,059)	5,790,724	(11,970,335)
Net Assets - beginning					(47,036,065)	93,949,036	46,912,971
Net Assets - ending					\$ (64,797,124)	\$ 99,739,760	\$ 34,942,636

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

CITY OF WARWICK, RHODE ISLAND
Governmental Funds
Balance Sheet
June 30, 2014

	<u>General Fund</u>	<u>School Unrestricted Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Cash and cash equivalents	\$19,276,670	\$ 5,500	\$ 3,604,819	\$ 22,886,989
Restricted cash and cash equivalents	-	-	1,522,500	1,522,500
<i>Accounts receivable:</i>				
Real estate and personal property taxes receivable, net	7,457,011	-	-	7,457,011
Due from federal and state governments	4,201,847	76,921	5,600,631	9,879,399
Other receivables	4,530,316	548,310	3,529,990	8,608,616
Internal balances	13,759,733	10,190,944	2,006,069	25,956,746
Prepays	211,476	837	-	212,313
Other assets	4,390,490	-	178,300	4,568,790
Total assets	<u>\$53,827,543</u>	<u>\$10,822,512</u>	<u>\$ 16,442,309</u>	<u>\$ 81,092,364</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable and accrued expenditures	\$ 2,846,011	\$10,784,021	\$ 1,105,812	\$ 14,735,844
Due to federal and state governments	183,570	-	24	183,594
Internal balances	17,680,031	-	5,511,620	23,191,651
<i>Unearned revenues:</i>				
Taxes collected in advance	296,078	-	-	296,078
Other	3,869,236	-	5,754,294	9,623,530
Other liabilities	4,520,756	38,491	-	4,559,247
Total liabilities	<u>29,395,682</u>	<u>10,822,512</u>	<u>12,371,750</u>	<u>52,589,944</u>
Deferred Inflow of Resources:				
Unearned tax revenue	<u>5,255,840</u>	<u>-</u>	<u>-</u>	<u>5,255,840</u>
Fund balances:				
<i>Reserved for:</i>				
Non-Spendables	211,476	-	-	211,476
Restricted	3,600,000	-	6,941,952	10,541,952
Committed for education	3,973,932	-	-	3,973,932
Committed other	586,748	-	-	586,748
Unassigned	10,803,865	-	(2,871,393)	7,932,472
Total fund balances	<u>19,176,021</u>	<u>-</u>	<u>4,070,559</u>	<u>23,246,580</u>
Total liabilities, deferred inflow of Resources, and fund balances	<u>\$53,827,543</u>	<u>\$10,822,512</u>	<u>\$ 16,442,309</u>	<u>\$ 81,092,364</u>

CITY OF WARWICK, RHODE ISLAND
Balance Sheet
Governmental Funds
June 30, 2014

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

Total Fund Balances per Governmental Fund Balance Sheet:	<u>\$ 23,246,580</u>
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	113,703,575
Deferred debt charges resulting from issuance of refunding and advance bonds. These charges have been included in the governmental activities in the Statement of Net Assets	240,282
Interest receivable on delinquent taxes recorded in the statement of net assets not considered available and therefore not reported in the fund statements	710,945
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds	(60,828,637)
Unearned revenues (net of allowance for uncollectible) are recorded in the funds, but are not recognized under the measurement focus employed in the Statement of Net Assets	9,887,646
Accrual for OPEB liabilities (net)	(104,483,789)
Accrual for pension obligation	(51,300,858)
Accrued interest payable is recorded in government activities but is not recorded in the funds	(477,871)
Internal service fund equity balance	<u>4,505,003</u>
Total Net Position of Governmental Funds per Statement of Net Position	<u><u>\$(64,797,124)</u></u>

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

CITY OF WARWICK, RHODE ISLAND
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2014

	<u>General Fund</u>	<u>School Unrestricted Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
General property taxes	\$ 214,148,180	\$ -	\$ -	\$ 214,148,180
Interest on taxes	2,494,254	-	-	2,494,254
Intergovernmental revenue	8,714,658	36,092,507	10,434,439	55,241,604
Medicaid	-	1,801,268	-	1,801,268
State contribution to pension plan	-	6,342,485	-	6,342,485
Charges for services	7,825,545	1,085,207	3,650,147	12,560,899
Investment income	3,847	-	1,115	4,962
Contributions and private grants	-	-	306,079	306,079
Other revenue	10,663,381	794,414	617,110	12,074,905
Total revenues	<u>243,849,865</u>	<u>46,115,881</u>	<u>15,008,890</u>	<u>304,974,636</u>
Expenditures				
Executive and administrative	4,582,194	-	63,334	4,645,528
Public safety	41,763,095	-	3,314,973	45,078,068
Recreation	1,491,348	-	-	1,491,348
Public libraries	2,490,919	-	173,430	2,664,349
Social services	1,166,012	-	22,977	1,188,989
Planning and economic development	1,029,447	-	1,432,358	2,461,805
Public works	11,953,151	-	2,520,877	14,474,028
Employee benefits, fixed costs and capital	51,200,512	-	-	51,200,512
Education	-	157,635,902	11,585,129	169,221,031
State contribution to pension plan	-	6,342,485	-	6,342,485
Debt service:				
Principal	-	-	5,082,483	5,082,483
Interest and other costs	-	-	1,750,891	1,750,891
Total expenditures	<u>115,676,678</u>	<u>163,978,387</u>	<u>25,946,452</u>	<u>305,601,517</u>
Excess of revenues over (under) expenditures before other financing sources (uses)	<u>128,173,187</u>	<u>(117,862,506)</u>	<u>(10,937,562)</u>	<u>(626,881)</u>
Other financing sources (uses)				
Transfers from other funds	526,974	117,945,490	8,853,421	127,325,885
Transfers to other funds	(125,969,232)	(550,071)	(1,103,978)	(127,623,281)
Total other financing sources (uses)	<u>(125,442,258)</u>	<u>117,395,419</u>	<u>7,749,443</u>	<u>(297,396)</u>
Net change in fund balances	<u>2,730,929</u>	<u>(467,087)</u>	<u>(3,188,119)</u>	<u>(924,277)</u>
Fund balances July 1, 2013	16,756,719	155,460	7,258,678	24,170,857
Prior period adjustment (Note 18)	(311,627)	311,627	-	-
Fund balances July 1, 2013 - Restated	<u>16,445,092</u>	<u>467,087</u>	<u>7,258,678</u>	<u>24,170,857</u>
Fund balances June 30, 2014	<u>\$ 19,176,021</u>	<u>\$ -</u>	<u>\$ 4,070,559</u>	<u>\$ 23,246,580</u>

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

CITY OF WARWICK, RHODE ISLAND
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2014

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

Net change in fund balances per Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances:	\$ (924,277)
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Governmental funds reported capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay of \$9,679,502 exceeds depreciation of (\$7,455,287) in the current period	2,224,215
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	(301,560)
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Interest expenses in the statement of activities includes accrued interest calculated for bonds payable	(52,091)
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Interest on taxes in the statement of activities includes accrued interest calculated for property taxes not yet paid	(348,032)
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Long-term liabilities (including bonds payable, debt issuance, capital leases, compensated absences, accrued retroactive payroll, net pension obligations, and the net OPEB obligations) are not due and payable in the current period and therefore are not reported in the Governmental Funds Balance Sheet	(16,761,175)
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The Internal Service Fund is used by management to charge the costs of Worker's Compensation claims. The net revenues (expenses) of the Internal Service Fund is reported with Governmental Activities in the Government-Wide financial statements	<u>(1,702,321)</u>
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Change in net assets of governmental activities	<u><u>\$(17,865,241)</u></u>
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See auditor's report and accompanying notes to these financial statements

CITY OF WARWICK, RHODE ISLAND
Proprietary Funds
Statement of Net Position
June 30, 2014

	Business-Type Activities Enterprise Funds					Governmental Activities
	Sewer Fund	Sewer Assessment Fund	Water Fund	Other Non-Major Enterprise Funds	Total	Internal Service Fund
Assets						
Current assets:						
Cash and cash equivalents	\$ 6,628,349	\$ 166,572	\$2,372,439	\$1,421,380	\$10,588,740	\$ 726,306
Restricted cash and cash equivalents	3,672,068	-	-	-	3,672,068	-
Accounts receivable, net:						
Water and sewer use fees	6,156,955	-	3,680,362	-	9,837,317	-
Sewer assessments	-	4,102,089	-	-	4,102,089	-
Accrued interest	14	-	-	-	14	-
Due from federal & state government	4,934,006	-	-	6,655	4,940,661	-
Other receivables	6,971	-	-	37,961	44,932	3,005,744
Internal balances	1,269,774	-	-	5,150,533	6,420,307	638,616
Inventory	-	-	67,259	-	67,259	-
Total current assets	<u>22,668,137</u>	<u>4,268,661</u>	<u>6,120,060</u>	<u>6,616,529</u>	<u>39,673,387</u>	<u>4,370,666</u>
Non-current assets:						
Sewer assessments receivable	-	32,348,738	-	-	32,348,738	-
Construction in progress	2,106,175	-	-	50,614	2,156,789	-
Depreciable capital assets, net	170,645,882	-	11,934,634	-	182,580,516	-
Deposits with agent	-	-	-	-	-	1,434,300
Total noncurrent assets	<u>172,752,057</u>	<u>32,348,738</u>	<u>11,934,634</u>	<u>50,614</u>	<u>217,086,043</u>	<u>1,434,300</u>
Total assets	<u>195,420,194</u>	<u>36,617,399</u>	<u>18,054,694</u>	<u>6,667,143</u>	<u>256,759,430</u>	<u>5,804,966</u>
Deferred Outflows of Resources:						
Deferred charge on refunding	37,469	-	6,859	-	44,328	-
Total deferred outflows of resources	<u>37,469</u>	<u>-</u>	<u>6,859</u>	<u>-</u>	<u>44,328</u>	<u>-</u>
Liabilities						
Current liabilities:						
Accounts payable and accrued expenses	1,191,710	-	1,033,821	46,461	2,271,992	1,771
Accrued interest payable	961,437	-	7,903	-	969,340	-
Accrued compensated absences	11,896	-	14,944	-	26,840	-
Internal balances	5,852,308	188,394	3,775,910	7,406	9,824,018	-
Advanced collections	-	774,100	-	-	774,100	-
Unearned revenue	143,083	-	-	-	143,083	-
Accrued claims - IBNR	-	-	-	-	-	1,298,192
Current portion of long term debt	9,961,510	-	163,608	-	10,125,118	-
Total current liabilities	<u>18,121,944</u>	<u>962,494</u>	<u>4,996,186</u>	<u>53,867</u>	<u>24,134,491</u>	<u>1,299,963</u>
Non-current liabilities:						
Accrued compensated absences	168,348	-	211,481	-	379,829	-
Unearned revenue	-	32,348,738	-	-	32,348,738	-
Bonds and loans payable	95,518,817	-	1,063,604	-	96,582,421	-
Net other post-employment benefits obligation	1,723,104	-	1,895,415	-	3,618,519	-
Total noncurrent liabilities	<u>97,410,269</u>	<u>32,348,738</u>	<u>3,170,500</u>	<u>-</u>	<u>132,929,507</u>	<u>-</u>
Total liabilities	<u>115,532,213</u>	<u>33,311,232</u>	<u>8,166,686</u>	<u>53,867</u>	<u>157,063,998</u>	<u>1,299,963</u>
Net Assets:						
Invested in capital assets, net of related debt	74,586,818	-	11,666,613	-	86,253,431	-
Restricted for debt service payments	3,672,082	-	-	-	3,672,082	-
Unrestricted	1,666,550	3,306,167	(1,771,746)	6,613,276	9,814,247	4,505,003
Total Net Assets	<u>\$79,925,450</u>	<u>\$3,306,167</u>	<u>\$9,894,867</u>	<u>\$6,613,276</u>	<u>\$99,739,760</u>	<u>\$ 4,505,003</u>

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

CITY OF WARWICK, RHODE ISLAND
Proprietary Funds
Statement of Revenues, Expenditures, and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2014

	Business-Type Activities Enterprise Funds				Governmental Activities	
	Sewer Fund	Sewer Assessment Fund	Water Fund	Other Non-Major Enterprise Funds	Total	Internal Service Fund
Operating revenues						
Assessments and user fees	\$ 15,045,164	\$ 2,968,887	\$ 8,943,956	\$ 89,930	\$ 27,047,937	\$ -
Other revenues	476,083	2,253,971	123,067	122,280	2,975,401	40,670,237
Total operating revenues	<u>15,521,247</u>	<u>5,222,858</u>	<u>9,067,023</u>	<u>212,210</u>	<u>30,023,338</u>	<u>40,670,237</u>
Operating expenses						
Contract services	197,300	-	113,577	-	310,877	42,073,839
Salaries and benefits	3,258,815	-	2,667,365	-	5,926,180	-
Materials and supplies	670,774	-	30,552	84,616	785,942	-
Depreciation and amortization	5,676,767	-	689,582	-	6,366,349	-
Operations	2,112,049	-	6,542,621	-	8,654,670	-
Worker's compensation claims	-	-	-	-	-	299,376
Miscellaneous	-	-	-	2,205	2,205	33
Total operating expenses	<u>11,915,705</u>	<u>-</u>	<u>10,043,697</u>	<u>86,821</u>	<u>22,046,223</u>	<u>42,373,248</u>
Operating income (loss)	<u>3,605,542</u>	<u>5,222,858</u>	<u>(976,674)</u>	<u>125,389</u>	<u>7,977,115</u>	<u>(1,703,011)</u>
Non-operating revenues (expenses)						
Interest income	4,113	80	1,293	1,521	7,007	690
Interest expense	(2,697,988)	-	(52,552)	-	(2,750,540)	-
Capital contributions	366,430	-	-	-	366,430	-
Loss on disposal of assets	(106,684)	-	-	-	(106,684)	-
Total non-operating revenues (expenses)	<u>(2,434,129)</u>	<u>80</u>	<u>(51,259)</u>	<u>1,521</u>	<u>(2,483,787)</u>	<u>690</u>
Income (loss) before contributions and transfers	<u>1,171,413</u>	<u>5,222,938</u>	<u>(1,027,933)</u>	<u>126,910</u>	<u>5,493,328</u>	<u>(1,702,321)</u>
Transfers in	5,603,412	-	-	10,000	5,613,412	-
Transfers out	(45,800)	(5,222,121)	-	(48,095)	(5,316,016)	-
Total contributions and transfers	<u>5,557,612</u>	<u>(5,222,121)</u>	<u>-</u>	<u>(38,095)</u>	<u>297,396</u>	<u>-</u>
Change in Net Position	<u>6,729,025</u>	<u>817</u>	<u>(1,027,933)</u>	<u>88,815</u>	<u>5,790,724</u>	<u>(1,702,321)</u>
Total Net Assets - beginning of year	<u>73,196,425</u>	<u>3,305,350</u>	<u>10,922,800</u>	<u>6,524,461</u>	<u>93,949,036</u>	<u>6,207,324</u>
Total Net Assets - end of year	<u>\$ 79,925,450</u>	<u>\$ 3,306,167</u>	<u>\$ 9,894,867</u>	<u>\$ 6,613,276</u>	<u>\$ 99,739,760</u>	<u>\$ 4,505,003</u>

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

CITY OF WARWICK, RHODE ISLAND
Proprietary Funds
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2014

	Business-Type Activities Enterprise Funds					Governmental Activities
	Sewer Fund	Sewer Assessment Fund	Water Fund	Other Non-major Enterprise Funds	Total	Internal Service Fund
Cash flows from operating activities						
Cash received from customers	\$ 15,883,336	\$ 5,209,606	\$ 9,431,170	\$ (25,425)	\$ 30,498,687	\$ -
Cash payments to suppliers for goods and services	(2,326,930)	-	(6,648,965)	(147,599)	(9,123,494)	-
Cash payments to employees for services	(2,829,016)	-	(2,245,877)	-	(5,074,893)	-
Other operating receipts	-	-	-	212,210	212,210	43,638,443
Other operating payments	-	-	-	-	-	(42,765,068)
Net cash provided by (used for) operating activities	<u>10,727,390</u>	<u>5,209,606</u>	<u>536,328</u>	<u>39,186</u>	<u>16,512,510</u>	<u>873,375</u>
Cash flows from non-capital financing activities						
Interfund cash receipts	(788,579)	-	-	(46,927)	(835,506)	(820,708)
Interfund cash payments	(2,237,954)	(225,442)	(19,216)	-	(2,482,612)	-
Transfers from other funds	5,603,412	-	-	10,000	5,613,412	-
Transfers to other funds	(45,800)	(5,222,121)	-	(48,095)	(5,316,016)	-
Net cash provided by (used for) non-capital financing activities	<u>2,531,079</u>	<u>(5,447,563)</u>	<u>(19,216)</u>	<u>(85,022)</u>	<u>(3,020,722)</u>	<u>(820,708)</u>
Cash flows from capital and related financing activities						
Acquisition and construction of capital assets	(2,410,238)	-	(268,701)	(50,614)	(2,729,553)	-
Loan proceeds	(4,714,214)	-	-	-	(4,714,214)	-
Loss on disposal of capital assets	(106,684)	-	-	-	(106,684)	-
Capital contributions	366,430	-	-	-	366,430	-
Bond issuance costs	10,371	-	1,008	-	11,379	-
Interest paid on bonds and loans	(2,697,988)	-	(52,552)	-	(2,750,540)	-
Principal paid on bonds and loans	(2,959,648)	-	(160,031)	-	(3,119,679)	-
Net cash provided (used for) capital and related financing activities	<u>(12,511,971)</u>	<u>-</u>	<u>(480,276)</u>	<u>(50,614)</u>	<u>(13,042,861)</u>	<u>-</u>
Cash flows from investing activities						
Interest and dividends on investment	4,113	80	1,293	1,521	7,007	690
Net cash provided by (used for) investing activities	<u>4,113</u>	<u>80</u>	<u>1,293</u>	<u>1,521</u>	<u>7,007</u>	<u>690</u>
Net increase (decrease) in cash and cash equivalents	750,611	(237,877)	38,129	(94,929)	455,934	53,357
Cash and cash equivalents at beginning of year	9,549,806	404,449	2,334,310	1,516,309	13,804,874	672,949
Cash and cash equivalents at end of year	<u>\$ 10,300,417</u>	<u>\$ 166,572</u>	<u>\$ 2,372,439</u>	<u>\$ 1,421,380</u>	<u>\$ 14,260,808</u>	<u>\$ 726,306</u>

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

CITY OF WARWICK, RHODE ISLAND
Proprietary Funds
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2014

	Business-Type Activities Enterprise Funds					Governmental Activities
	Sewer Fund	Sewer Assessment Fund	Water Fund	Other Non-major Enterprise Funds	Total	Internal Service Fund
<i>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</i>						
<i>Operating income (Loss)</i>	\$ 3,605,542	\$ 5,222,858	\$ (976,674)	\$ 125,389	\$ 7,977,115	\$ (1,703,011)
<i>Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:</i>						
Depreciation and amortization	5,676,767	-	689,582	-	6,366,349	-
<i>Changes in assets and liabilities:</i>						
(Increase) decrease in accounts receivable net	360,814	2,978,600	364,147	(30,344)	3,673,217	-
(Increase) decrease in other receivables	10,155	-	-	4,919	15,074	751,993
(Increase) decrease in accrued interest receivable	25	-	-	-	25	-
(Increase) decrease in inventory	-	-	(16,626)	-	(16,626)	-
(Increase) decrease in prepaid expenditures	-	-	-	-	-	1,442,304
(Increase) decrease in deposits with agent	-	-	-	-	-	773,909
Increase (decrease) in accounts payable and accrued expense	722,130	-	55,398	(60,778)	716,750	(193,012)
Increase (decrease) in accrued interest payable	(68,962)	-	(987)	-	(69,949)	-
Increase (decrease) in advanced collections	-	(1,997)	-	-	(1,997)	-
Increase (decrease) in unearned revenue	(8,880)	(2,989,855)	-	-	(2,998,735)	-
Increase (decrease) in net other post employment benefits obligations	415,415	-	393,994	-	809,409	-
Increase (decrease) in accrued claims - IBNR	-	-	-	-	-	(198,808)
Increase (decrease) in compensated absences	14,384	-	27,494	-	41,878	-
<i>Total adjustments</i>	<u>7,121,848</u>	<u>(13,252)</u>	<u>1,513,002</u>	<u>(86,203)</u>	<u>8,535,395</u>	<u>2,576,386</u>
<i>Net cash provided by operating activities</i>	<u>\$ 10,727,390</u>	<u>\$ 5,209,606</u>	<u>\$ 536,328</u>	<u>\$ 39,186</u>	<u>\$ 16,512,510</u>	<u>\$ 873,375</u>

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

CITY OF WARWICK, RHODE ISLAND
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2014

	<u>Pension Trust Funds</u>	<u>Private-purpose Trust Funds</u>	<u>Agency Funds</u>
<i>Assets</i>			
Cash	\$ 6,277,681	\$ 114,597	\$1,114,274
<i>Investments, at fair value:</i>			
Equity pool	46,128,289	-	-
Equity small cap funds	56,901,371	-	-
Fixed income pool	114,632,895	11,621	-
Index funds	79,030,734	-	-
Multi asset manager funds	93,458,465	-	-
International equity funds	16,883,481	-	-
Mutual funds	30,378,511	-	-
Accrued interest receivable	78	-	-
Other receivable	1,655,749	10,682	3,310
<i>Total Assets</i>	<u>445,347,254</u>	<u>136,900</u>	<u>1,117,584</u>
<i>Liabilities</i>			
Accounts payable	365,921	200	81,999
Due to federal and state governments	-	-	57,174
Deposits held in custody for others	-	-	978,411
<i>Total liabilities</i>	<u>365,921</u>	<u>200</u>	<u>1,117,584</u>
<i>Net Assets</i>			
Held in trust for pension benefits and other purposes	<u>\$444,981,333</u>	<u>\$ 136,700</u>	<u>\$ -</u>

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

CITY OF WARWICK, RHODE ISLAND
Fiduciary Funds
Statement of Changes in Net Position
For the Fiscal Year Ended June 30, 2014

	<u>Pension Trust Fund</u>	<u>Private-purpose Trust Funds</u>
<i>Additions</i>		
Contributions- employer	\$ 29,029,308	\$ 22,306
Plan members	5,750,104	-
<i>Total additions</i>	<u>34,779,412</u>	<u>22,306</u>
<i>Investment earnings</i>		
Net appreciation in fair value of investments	59,507,741	-
Interest and dividends	917,464	27
Less investment expense	(1,404,327)	-
<i>Net investment earnings</i>	<u>59,020,878</u>	<u>27</u>
<i>Other revenue</i>	<u>-</u>	<u>19,720</u>
<i>Total additions</i>	<u>93,800,290</u>	<u>42,053</u>
<i>Deductions</i>		
Benefits paid	36,466,609	-
Administrative and other expenses	164,828	39,691
<i>Total deductions</i>	<u>36,631,437</u>	<u>39,691</u>
<i>Change in net position</i>	<u>57,168,853</u>	<u>2,362</u>
<i>Net position - beginning of year</i>	387,812,480	134,338
<i>Net position - end of year</i>	<u><u>\$ 444,981,333</u></u>	<u><u>\$ 136,700</u></u>

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

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

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

The following entities were considered for classification as component units for fiscal year 2014:

- Warwick School Department

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2014

NOTE 1 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

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

B. Basis of Presentation

Government-Wide Financial Statements

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

Fund Financial Statements

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

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

The funds of the financial reporting entity are described below:

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2014

NOTE 1 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

Governmental Funds:

General Fund

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

Special Revenue Funds

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

Capital Project Fund

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

Permanent Funds

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

Proprietary Fund

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

Debt Service Fund

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

Fiduciary Fund (Not included in government-wide statements)

Agency Funds

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

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2014

NOTE 1 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

Pension Trust Funds

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

Private Purpose Trust Funds

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

Major and Non-Major Funds:

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

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

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2014

NOTE 1 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

Non-Major:

Special Revenue:	Special Detail, City Clerk, Emergency Operations City, Warwick Public Library Trustees, Open Space Land Dedication, Community Benefit, Sewer Connection Grants, Excess Hotel Tax, Mooring Fee Reserve, Senior Center Gift Shop, JAG Grant, Drug Seizure, State Asset Forfeiture, Community Development Block Grant, Lead Reduction Program, Home Improvement Loan Escrow Account, Disaster Recovery Program, IDEA, IDEA Pre-School, IDEA Pre-School Targeted, Title I, Title II, E2T2 Training Consortium, Title III, Perkins Voc Even Year, Perkins Voc Odd Year, Fresh Fruit/Veg Program, Homeless Even Year, Homeless Odd Year, Skills USA, Arts Integration, Big Yellow Bus, Arts Dalmation, Smart Arts, Scott Tech Donations, Esther Chester Donations, Mary Maini Memorial Fund, City/Town Contribution Sports, Injury Fund, Emergency Repairs – Tech, Champlin Aldrich, Gorton, Champlin Comp, Feinstein, Rhode Island Foundation, Harris Foundation, Verizon ThinkFinity, Walmart, Dorothy Rich Association, Media Lab at Rhodes, RIPIN, Reading Excellence, Soc Skills for Life – Vets, Alt Learning Program, City – Town Center, Cedar Hill Library Books, PTO Donation, C.A.S.I.T Italian Program, Race to the Top, School Food Service, James Manson Memorial, The Jason Fund, VSA Arts, Lowe's, Champlin, RISCA Steam Power, CTE Odd Year, Art Talks Sherman, CVS and One Capital Project Generator Fund.
Debt Service Fund:	This fund is used to account for the payments of interest and principal on all general long-term debt other than that payable from the Enterprise Funds.
Capital Projects:	2000 Open Space Bond Fund, 2000 Recreation Bond Fund, 2006 School Bond Fund, 2002 Drainage Bond Fund, 2002 Public Safety Bond Fund, 2006 City Buildings Bond Fund, Capital Leases.
Permanent Funds:	City of Warwick has no Permanent Bond Funds.

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2014

NOTE 1 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

Non-Major:

<u>Fund</u>	<u>Brief Description</u>
Private Purpose Trust Funds:	Employee Benefit Trust Fund, Neighbors Helping Neighbors, Jeanette Cram Scholarship Fund.
Pension Trust Fund:	Police and Fire Pension 1, Police II Pension, Fire Pension II, City Employees' Pension, and Other School Department Employees.
Agency Funds:	Treasures Agent, Funds in Registry of Probate Court, Sewer Line Agency, Realty Tax Fund, Winman Student Activity Fund, Career Center Student Activity, Toll Gate Student Activity, Aldrich Student Activity, and Warwick Veterans Student Activity Fund.
Enterprise Funds:	On-Site Revolving Loan, Sewer Infrastructure Replacement Fund, Sewer Renewal & Replacement Fund, Water Renewal & Replacement Fund, Water Restricted Emergency Fund, and Water Infrastructure Replacement Fund, and Emergency Operations Fund.
Internal Service Funds:	Workers Compensation, City and School Medical Health Insurance Funds.

Measurement Focus:

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

- (a) All governmental funds utilize a "current financial resources" measurement focus and the modified accrual basis of accounting. Only current financial assets, deferred outflow of resources, liabilities, and deferred inflow of resources are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period. The city considers property taxes as available if they are collected within 60 days after year end.

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2014

NOTE 1 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

- (b) The proprietary funds and private purpose trust funds utilize “economic resources” measurement focus and the accrual basis of accounting. The accounting objectives of this measurement focus are the determination of net income, financial position and cash flow. All inflows of resources associated with their activities are reported. Fund equity is classified as net position.
- (c) Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic assets

used. Revenues, expenses, gains, losses, assets, deferred outflow of resources, liabilities, and deferred inflow of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

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

All proprietary funds, private purpose trust funds, police, fire & city and school employees’ pension trust funds, and agency funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

C. Cash

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

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2014

NOTE 1 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Investments

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

E. Accounts and Taxes Receivable

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

Accounts receivable and taxes receivable are shown net of an allowance for uncollectible accounts. The allowances are calculated based on the age of the individual receivables. In the fund financial statements, material receivables in governmental funds include revenue accruals such as property taxes collected within 60 days of year-end, grants, and other similar intergovernmental revenues since they are usually both measureable and available. Non-exchange transactions earned/measurable but not yet available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivables are based upon historical trends and the periodic aging of accounts receivable. The allowance for uncollectible accounts receivable amounted to \$8,763,071 for the general fund and \$804,241 for the business-type activities at June 30, 2014.

Major receivable balances for the governmental activities include property taxes and intergovernmental receivables (53% of total government receivables). Business type activities report service fees as its major receivables.

F. Unbilled Services Receivable

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

G. Property Taxes

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

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2014

NOTE 1 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Inventory

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

I. Capital Assets

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

Government-Wide Financial Statements

All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets, which are recorded at their estimated fair value at the date of donation. Capital assets that are not being depreciated are placed in service using the replacement method of cost for any new assets and the expense is charged to depreciation expense in the year of acquisition. Capital assets are defined by the City, as assets with an individual cost of \$10,000 (\$5,000 for the Water Fund) or more and an estimated useful life in excess of one year.

The government-wide financial statements include all infrastructure assets in accordance with GASB statement #34.

Depreciation of all exhausted capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

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

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2014

NOTE 1 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Capital Assets (Continued)

Fund Financial Statements

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

J. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate section represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditures) until that later date. At June 30, 2014 the City of Warwick, Rhode Island only had one item that qualified as a deferred outflow of resources; deferred charge on refunding reported in the government-wide statement of net position. The deferred charge on the refunding totaling \$284,610 is the unamortized balance of the difference between the carrying value of the refunded debt and new debt.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate section represents the acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until a later date. At June 30, 2014 the City of Warwick, Rhode Island had only one item that qualified as a deferred inflow of resources in the governmental funds balance sheet. The unearned tax not collected within 60 days of June 30, 2014. Net unearned tax revenue included in the fund financial statements were \$5,255,840 at June 30, 2014. This amount is deferred and will be recognized as an inflow of resources in the year(s) in which the amounts become available.

K. Inter-fund Transactions

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

Reciprocal Inter-fund Activities:

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

Non-Reciprocal Inter-fund Activities:

- Inter-fund transfers are reported in governmental funds as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers. In proprietary funds, transfers are reported after non-operating revenues and expenses.

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Inter-fund Transactions (Continued)

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

L. Taxes Collected in Advance

Tax collected in advance pertains to property taxes levied on June 30, 2014 (for fiscal year 2015) and paid prior to June 30, 2014. These advance payments could not be recognized as revenue in fiscal year 2014 and instead were reported as unearned revenue at June 30, 2014.

M. Self-Insurance

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

N. Encumbrances

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

O. Equity Classifications

Government-Wide Statements

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

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

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2014

NOTE 1 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Equity Classifications (Continued)

- 2) Restricted net position - Consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors, laws/regulations of other governments, law through constitutional provisions, or enabling legislation.
- 3) Unrestricted net position – All remaining net position that does not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Fund Financial Statements

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

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

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Equity Classifications (Continued)

Fund Financial Statements (Continued)

unassigned fund balance may also include negative balances for any governmental funds if the expenditures exceed amounts restricted, committed, or assigned for specific purposes.

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

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

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

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

P. Judgments and Claims

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

Q. Compensated Absences

Under the terms of various contracts and agreements, City employees are granted vacation, sick and personal leave in varying amounts based on length of service and bargaining unit. Unused vacation leave is paid upon an employee's termination. Up to one-half of unused sick-leave is paid upon termination, retirement or death depending on bargaining unit. Severance pay and personal days are also paid to terminating employees depending on bargaining unit. The liability is calculated at the rate of pay in effect at June 30, 2014. The amount earned but unpaid vacation and sick leave relating to

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2014

NOTE 1 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Compensated Absences (Continued)

governmental fund employees is recorded as long-term debt in the government-wide financial statements.

R. Recently Issued Accounting Standards

During the fiscal year ended June 30, 2014 the City implemented the following new accounting pronouncements:

- GASB Statements No. 67 – Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25, effective for the fiscal year ending June 30, 2014.
- GASB Statement No. 70 – Accounting and Financial Reporting for Non-exchange Financial Guarantees, effective for the fiscal year ending June 30, 2014.

The following are recently issued governmental accounting standards which will be applicable in future years:

- GASB Statement No. 68 – Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27, effective for the fiscal year ending June 30, 2015.
- GASB Statement No. 69 – Government Combinations and Disposals of Government Operations, effective for the fiscal year ending June 30, 2015.
- GASB Statement No. 71 – Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68, effective for the fiscal year ending June 30, 2015.

The impact of these pronouncements on the City's financial statements has not been determined.

S. Estimates

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

CITY OF WARWICK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 2 DIFFERENCES BETWEEN GOVERNMENTAL FUNDS AND GOVERNMENT-WIDE STATEMENTS

"Total fund balances" of the city's governmental funds of \$23,246,580 differs from "net position" of governmental activities of (\$64,797,124) reported in the statement of net position. This difference primarily results from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheets. The effect of the differences is illustrated below.

Balance Sheet / Statement of Net Position

	Total Governmental Funds	Long-term Assets/ Liabilities (1)	Reclassifications and Eliminations (2)	Statement of Net Position Totals
Assets:				
Cash and cash equivalents	\$ 22,886,989	\$ -	\$ 726,306	\$ 23,613,295
Restricted cash	1,522,500			1,522,500
<i>Accounts receivable:</i>				
Interest receivable	-	710,945		710,945
Real estate & personal property taxes receivable, net	7,457,011	-	-	7,457,011
Due from federal and state governments	9,879,399	-	-	9,879,399
Other receivables	8,608,616	(2,567,694)	3,005,744	9,046,666
Internal balances	25,956,746	-	(22,553,035)	3,403,711
Prepays	212,313	-	-	212,313
Other assets	4,568,790	-	-	4,568,790
Deposits with agent	-	-	1,434,300	1,434,300
Non-Depreciable assets	-	18,743,088	-	18,743,088
Depreciable capital assets	-	91,490,057	-	91,490,057
Construction in progress	-	3,470,430	-	3,470,430
Total assets	81,092,364	111,846,826	(17,386,685)	175,552,505
Deferred Outflows of Resources:				
Deferred charges on refunding	-	240,282	-	240,282
Liabilities and Fund Balances				
Liabilities:				
Accounts payable and accrued expenses	14,735,844	-	1,299,963	16,035,807
Accrued interest payable		477,871		477,871
Due to federal and state governments	183,594	-	-	183,594
Internal balances	23,191,651	-	(23,191,651)	-
<i>Unearned revenue:</i>				
Taxes collected in advance	296,078	-	-	296,078
Other	9,623,530	(7,199,500)	-	2,424,030
Long-term liabilities				
Due within one year	-	5,811,158	648,947	6,460,105
Due in more than one year	-	210,802,126	(648,947)	210,153,179
Other liabilities	4,559,247	-	-	4,559,247
Total liabilities	52,589,944	209,891,655	(21,891,688)	240,589,911
Deferred Inflow of Resources				
Unearned tax revenue	5,255,840	(5,255,840)	-	-
Fund Balances				
Total fund balances/Net position	\$ 23,246,580	\$ (92,548,707)	\$ 4,505,003	\$ (64,797,124)

(continued)

CITY OF WARWICK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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

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

Non-Depreciable assets	\$ 18,743,088
Construction in progress	3,470,430
Depreciable Capital Assets	373,899,301
Accumulated depreciation	(282,409,244)
	<u>\$ 113,703,575</u>

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

Increase in allowance for uncollectible receivables	<u>\$ 2,567,694</u>
Adjustment of unearned revenue	<u>\$ (12,455,340)</u>

Interest on long-term debt is accrued in the statement of net position but is not accrued in governmental funds, rather it is recognized as an expenditure when due.

Adjustment of accrued interest expense	<u>\$ (477,871)</u>
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Accrued interest receivable on property taxes are reported as revenue in the government-wide financial statements in the period earned. In the governmental funds financial statements, interest on property taxes is reported when received.

Adjustment of accrued interest receivable	<u>\$ 710,945</u>
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Long-term liabilities applicable to the city's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term are reported in the statement of net position.

Bonds & notes payable	\$ 46,249,434
Capital leases	699,456
Amortized premium on bonds	1,128,061
Deferred amount on refunding	(240,282)
Net pension obligation	51,300,858
Net other post employment benefit obligation	104,483,789
Accrued compensated absences	11,380,030
Accrued retroactive payroll	1,371,656
	<u>\$ 216,373,002</u>

- 2) The Internal Service Fund is used by management to charge the costs of healthcare and worker's compensation claims. The assets and liabilities of the Internal Service Fund are included in governmental activities in the government-wide Statement of net position.

	<u>\$ 4,505,003</u>
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The elimination of internal balances of governmental and business type activities.

	<u>\$ (23,191,651)</u>
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(continued)

CITY OF WARWICK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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

The "net change in the fund balances" for governmental funds (\$924,277) differs from the "change in net assets" for governmental activities (\$17,761,059) reported in the statement of activities. The differences arise primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

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

	Total Governmental Funds	Long-term Revenues/ Expenses & Reclassifications (1)	Capital- related Items (2)	Internal Service Fund (3)	Long-term Debt Transactions (4)	Statement of Activities Totals
Revenues						
General property tax	\$ 214,148,180	\$ (22,489)	\$ -	\$ -	\$ -	\$ 214,125,691
Interest on taxes	2,494,254	(348,032)	-	-	-	2,146,222
Intergovernmental revenue	55,241,604	(139,421)	-	-	-	55,102,183
Medicaid	1,801,268	-	-	-	-	1,801,268
State contribution to pension plan	6,342,485	-	-	-	-	6,342,485
Charges for services	12,560,899	-	-	-	-	12,560,899
Interest on investments	4,962	-	-	690	-	5,652
Contributions and private grants	306,079	-	-	-	-	306,079
Other revenues	12,074,905	(139,650)	-	-	-	11,935,255
Total revenues	304,974,636	(649,592)	-	690	-	304,325,734
Expenditures						
Current:						
Executive and administrative	4,645,528	2,659,989	2,619	113,082	477,224	7,898,442
Public safety	45,078,068	39,392,597	(135,839)	1,006,446	18,678,920	104,020,192
Recreation	1,491,348	942,840	237,377	46,699	(169,176)	2,549,088
Public libraries	2,664,349	1,790,951	149,805	69,341	442,150	5,116,596
Social services	1,188,989	722,898	41,702	28,302	179,005	2,160,896
Planning and economic development	2,461,805	492,858	73,856	19,812	66,473	3,114,804
Public works	14,474,028	5,198,379	879,534	178,306	1,112,175	21,842,422
Employee benefits, fixed costs and capital	51,200,512	(51,200,512)	-	-	-	-
Education	169,221,031	-	(3,473,269)	241,023	1,169,632	167,158,417
State contribution to pension plan	6,342,485	-	-	-	-	6,342,485
Debt service						
Principal	5,082,483	-	-	-	(5,082,483)	-
Interest	1,750,891	(52,091)	-	-	(112,745)	1,586,055
Total expenditures	305,601,517	(52,091)	(2,224,215)	1,703,011	16,761,175	321,789,397
Excess of revenues over (under) expenditures before other financing sources (uses)	(626,881)	(597,501)	2,224,215	(1,702,321)	(16,761,175)	(17,463,663)
Other financing uses/changes in net assets						
Net transfers (to) from other funds	(297,396)	-	-	-	-	(297,396)
Net other financing sources (uses)	(297,396)	-	-	-	-	(297,396)
Net change for the year	\$ (924,277)	\$ (597,501)	\$ 2,224,215	\$ (1,702,321)	\$ (16,761,175)	\$ (17,761,059)

CITY OF WARWICK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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

- (1) Because some property taxes and other receivables will not be collected for several months after fiscal year ends, they are not considered as "available" revenues in the governmental funds. This represents the increase (decrease) in unearned revenue from 2014.

Unearned revenue property taxes	\$ (22,489)
Unearned revenue special revenue funds	(139,421)
Other revenue special revenue funds	(139,650)
	<u>\$ (301,560)</u>

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

Accrued interest expenditure adjustment	<u>\$ 52,091</u>
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Interest revenue in the statement of activities differs from the amount reported in governmental funds. Accrued interest was calculated for property taxes not paid as of year end. This represents the change from the prior year.

Accrued interest revenue adjustment	<u>\$ (348,032)</u>
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Employee benefits, fixed costs, capital expenditures, and state contribution to the pension plan were reclassified to the appropriate program. Other revenues were reclassified to charges for services and intergovernmental revenues.

	<u>\$ 51,200,512</u>
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- (2) When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balance decreases by the amount of financial resources expended, whereas net assets decrease by the amount of depreciation expense charged for the year.

Capital outlay	\$ 9,679,502
Depreciation expense	(7,455,287)
Difference	<u>\$ 2,224,215</u>

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

	<u>\$ (1,702,321)</u>
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- (4) Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not recorded as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net assets. As a result, debt proceeds and repayment of principal are reported as other financing sources and expenditures respectively in the governmental funds. Other long-term liabilities are reported as expenditures in the governmental funds when due and payable.

Net increase in compensated absences	\$ (106,193)
Net increase in the net pension obligation	(4,844,277)
Net increase in the net other post-employment benefit obligation	(17,046,958)
Net decrease in the accrued retroactive payroll	41,025
Increase in bond premium costs net of increase in issuance	112,745
Principal payments made	5,082,483
	<u>\$ (16,761,175)</u>

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2014

NOTE 3 – CASH AND INVESTMENTS

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

Deposits

At June 30, 2014 the carrying amount of the City's deposits was \$46,903,155, (including Fiduciary Funds) while the bank balance was \$47,889,443. Of the balance, \$1,182,512 was covered by federal depository insurance and \$46,706,931 was uninsured. The City has entered into collateralization agreements with various financial institutions and as a result \$46,706,931 of the uninsured balances at June 30, 2014 collateralized by securities held by financial institutions and/or third parties in the name of the City.

Reconciliation to Government-wide Statement of Net Position:

Unrestricted cash including time deposits.....	\$	45,540,313
Less: Fiduciary funds cash, including time deposits (not included in the government-wide statement).....		(7,506,552)
Total cash and cash equivalents on A-1 (Including Restricted Cash)	\$	<u>38,033,761</u>

Investments

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

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

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2014

NOTE 3 – CASH AND INVESTMENTS (Continued)

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

<u>Investments</u>	<u>Fair Value</u>	<u>Rating</u>
Mutual Funds:		
Equity Pool	\$ 50,842,054	N/R
Equity Small Cap	56,901,371	N/R
Fixed Income	128,310,718	N/R
Index Funds	79,030,734	N/R
Multi Asset Manager	93,458,465	N/R
International Equity Funds	16,883,481	N/R
Stable Value Fund	6,809,700	N/R
Immediate Participation Guarantee Contracts	5,177,235	N/R
Total Investments	<u>\$437,413,758</u>	

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

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

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

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

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2014

NOTE 4 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Legal Debt Margin

The City's legal debt margin as set forth by the State Statute is limited to three percent of total taxable assessed value which approximates \$274,622,797. As of June 30, 2014, the City's debt applicable to the debt limitation is under the debt limit by \$228,373,363. All other City debt has been incurred through special statutory authority which consists of approval by the legislature and voter referendum.

NOTE 5 – PROPERTY TAXES

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

Net property taxes levied for the fiscal year 2014 were based on a net assessed value of approximately \$9,462,797,728 less exemptions of \$113,410,569, less State Motor Vehicle phase-out of \$195,293,915 for a net assessed valuation of \$9,154,093,244 at December 31, 2012 and amounted to a levy of \$223,763,444. After abatements and adjustments, the net levy amounted to \$216,974,455. Collections through June 30, 2014 amounted to \$212,455,468 which represents approximately 97.9% of the adjusted tax levy.

The City recognizes property tax revenues in accordance with Section P70, "Property Taxes" of the Codification of Governmental Accounting and Financial Reporting Standards on the fund statements. Unpaid property taxes as of June 30, 2014, (\$16,220,083) are recorded as a receivable, net of an allowance for uncollectible property taxes of \$8,763,071.

Those net property taxes receivable which were not collected within the 60 days immediately following June 30, 2014 are recorded as deferred and amounted to \$5,255,840. Property taxes recognized as revenue on the fund statements for the fiscal year ended June 30, 2014 (due to their collection within the 60 days immediately following June 30, 2014) amounted to \$2,201,171. Taxes are due in equal quarterly installments on July 15, October 15, January 15, and April 15 during fiscal year.

CITY OF WARWICK, RHODE ISLAND
Notes to Financial Statement
June 30, 2014

NOTE 6. CAPITAL ASSETS

Capital asset activity for government funds for the fiscal year ended June 30, 2014 was as follows:

	Beginning Balance 6/30/2013	Additions	Deletions	Ending Balance 6/30/2014
<i>Governmental activities:</i>				
<i>Nondepreciable assets:</i>				
Land	\$ 18,680,138	\$ -	\$ -	\$ 18,680,138
Construction in progress	1,724,411	5,249,147	(3,503,128)	3,470,430
Artwork	62,950			62,950
<i>Total nondepreciable assets</i>	<u>20,467,499</u>	<u>5,249,147</u>	<u>(3,503,128)</u>	<u>22,213,518</u>
<i>Depreciable assets:</i>				
Land improvements	11,022,756	-	-	11,022,756
Buildings	112,436,009	5,122,548	-	117,558,557
Infrastructure	196,886,199	408,934	-	197,295,133
Machinery & equipment	19,669,096	210,724	-	19,879,820
Motor vehicles	28,859,044	2,191,277	(2,907,286)	28,143,035
<i>Total depreciable assets</i>	<u>368,873,104</u>	<u>7,933,483</u>	<u>(2,907,286)</u>	<u>373,899,301</u>
<i>Less accumulated depreciation for:</i>				
Land improvements	(8,315,732)	(310,388)	-	(8,626,120)
Buildings	(56,522,692)	(2,372,606)	-	(58,895,298)
Infrastructure	(171,571,766)	(2,976,663)	-	(174,548,429)
Machinery & equipment	(17,686,970)	(493,870)	-	(18,180,840)
Motor Vehicles	(23,764,083)	(1,301,760)	2,907,286	(22,158,557)
<i>Total accumulated depreciation</i>	<u>(277,861,243)</u>	<u>(7,455,287)</u>	<u>2,907,286</u>	<u>(282,409,244)</u>
<i>Depreciable capital assets, net</i>	<u>111,479,360</u>	<u>5,727,343</u>	<u>-</u>	<u>91,490,057</u>
<i>Governmental activities capital assets, net</i>	<u>\$ 111,479,360</u>	<u>\$5,727,343</u>	<u>\$(3,503,128)</u>	<u>\$113,703,575</u>

CITY OF WARWICK, RHODE ISLAND
Notes to Financial Statements
June 30, 2014

NOTE 6. CAPITAL ASSETS (continued)

Capital asset activity for business-type activity for the fiscal year ended June 30, 2014 was as follows:

	Beginning Balance 6/30/2013	Additions	Reductions	Ending Balance 6/30/2014
<i>Business-type activities:</i>				
<i>Nondepreciable assets:</i>				
Construction in progress	\$ 2,093,012	\$ 718,646	\$ (654,869)	\$ 2,156,789
<i>Total nondepreciable assets</i>	<u>2,093,012</u>	<u>718,646</u>	<u>(654,869)</u>	<u>2,156,789</u>
<i>Depreciable assets:</i>				
Buildings	2,900,797	-	-	2,900,797
Machinery, equipment & furniture	3,926,537	380,775	(81,155)	4,226,157
Water distribution system & wastewater collection system	<u>273,113,351</u>	<u>2,381,312</u>	<u>(316,650)</u>	<u>275,178,013</u>
<i>Total depreciable assets</i>	<u>279,940,685</u>	<u>2,762,087</u>	<u>(397,805)</u>	<u>282,304,967</u>
<i>Less accumulated depreciation for:</i>				
Buildings	(955,167)	(44,518)	-	(999,685)
Machinery, equipment & furniture	(2,843,873)	(289,824)	37,399	(3,096,298)
Water distribution system & wastewater collection system	<u>(89,860,556)</u>	<u>(6,021,636)</u>	<u>253,723</u>	<u>(95,628,470)</u>
<i>Total accumulated depreciation</i>	<u>(93,659,596)</u>	<u>(6,355,978)</u>	<u>291,122</u>	<u>(99,724,453)</u>
<i>Depreciable capital assets, net</i>	<u>186,281,089</u>	<u>(3,593,891)</u>	<u>(106,684)</u>	<u>182,580,515</u>
<i>Business-type activities capital assets, net</i>	<u>\$ 188,374,101</u>	<u>\$ (2,875,245)</u>	<u>\$ (761,553)</u>	<u>\$ 184,737,304</u>

Depreciation expense was charged to functions/programs as follows:

<i>Governmental activities:</i>	
Executive and administration	\$ 33,859
Public safety	1,183,138
Recreation	416,693
Public Libraries	231,330
Social Services	59,511
Planning & Economic Development	73,856
Public Works	3,752,593
Education	<u>1,704,307</u>
<i>Total governmental activities depreciation expense</i>	<u>\$ 7,455,287</u>
<i>Business-type activities:</i>	
Water	\$ 689,581
Sewer	<u>5,666,397</u>
<i>Total business-type activities depreciation expense</i>	<u>\$ 6,355,978</u>

CITY OF WARWICK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 7 - LONG-TERM LIABILITIES

A. LONG-TERM LIABILITIES

Long-term liability activity for the governmental activities for the year ended June 30, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities					
Long-term debt:					
General obligation bonds	\$ 50,992,040	\$ -	\$ 4,742,606	\$ 46,249,434	\$ 4,781,780
Capital lease payable	1,039,332	-	339,876	699,456	359,832
Plus amortized premium on bonds	1,299,736	-	171,675	1,128,061	-
Less deferred amount on refunding	(299,210)	-	(58,928)	(240,282)	-
Total long-term debt	<u>53,031,898</u>	<u>-</u>	<u>5,195,229</u>	<u>47,836,669</u>	<u>5,141,612</u>
Other long-term liabilities:					
Compensated absences	11,304,233	75,797	-	11,380,030	648,947
Accrued retroactive payroll	1,412,681	6,781	47,806	1,371,656	-
Total other long-term liabilities	<u>12,716,914</u>	<u>82,578</u>	<u>47,806</u>	<u>12,751,686</u>	<u>648,947</u>
Governmental Activities long-term liabilities	<u>\$ 65,748,812</u>	<u>\$ 82,578</u>	<u>\$ 5,243,035</u>	<u>\$ 60,588,355</u>	<u>\$ 5,790,559</u>
Business-Type Activities					
Long-term debt:					
Bond Payable	\$ 17,477,960	\$ -	\$ 1,462,394	\$ 16,015,566	\$ 1,503,220
Loans Payable	92,046,340	7,000,000	8,620,185	90,426,155	8,620,185
Amortized premium on bond	302,918	-	37,100	265,818	-
Deferred amount on refunding	(55,707)	-	(11,379)	(44,328)	-
Total Long-term debt	<u>109,771,511</u>	<u>7,000,000</u>	<u>10,108,300</u>	<u>106,663,211</u>	<u>10,123,405</u>
Compensated absences	364,791	41,878	-	406,669	26,840
Total other long-term liabilities	<u>\$ 110,136,302</u>	<u>\$ 7,041,878</u>	<u>\$ 10,108,300</u>	<u>\$ 107,069,880</u>	<u>\$ 10,150,245</u>

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

CITY OF WARWICK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 7 - LONG-TERM LIABILITIES (CONTINUED)

B. SCHEDULE OF BONDS AND LOANS PAYABLE

	Date of Issuance	Interest Rate	Date of Maturity	Authorized and Issued	Outstanding Principal June 30, 2013	Maturities During Year	Refunding During Fiscal 13/14	New Issues	Outstanding Principal June 30, 2014
Governmental Funds									
General Fund									
School - Refunding	6/1/2002	3.0/5.0%	10/15/2014	\$ 5,695,077	\$ 589,272	\$ (296,466)	\$ -	\$ -	\$ 292,806
School	6/15/2003	2.5/5.0%	6/15/2023	5,000,000	3,040,000	(248,000)	-	-	2,792,000
School	8/15/2004	3.0/4.75%	8/15/2024	5,000,000	3,568,000	(222,000)	-	-	3,346,000
School	1/15/2006	3.75/5.0%	1/15/2026	2,500,000	1,860,000	(110,000)	-	-	1,750,000
School - Refunding	4/30/2008	3.5/4.2%	8/1/2017	9,740,114	4,554,008	(1,134,987)	-	-	3,419,021
School - RIHEBC	6/15/2010	5.75%	4/1/2027	3,908,000	3,908,000	-	-	-	3,908,000
School - RIHEBC	11/15/2010	6.29%	4/1/2027	4,212,000	4,212,000	-	-	-	4,212,000
School - Refunding	5/26/2011	3.0/5.0%	1/15/2022	8,713,480	8,222,122	(761,289)	-	-	7,460,833
School - RIHEBC	6/15/2013	3.52%	5/15/2033	4,295,000	4,295,000	(215,000)	-	-	4,080,000
Drainage - Refunding	6/1/2002	3.0/5.0%	10/15/2044	281,525	29,129	(14,655)	-	-	14,474
Highway/Drainage	6/15/2003	2.5/5.0%	6/15/2023	1,000,000	608,000	(49,600)	-	-	558,400
Highway/Drainage	8/15/2004	3.0/4.75%	8/15/2024	1,000,000	713,600	(44,400)	-	-	669,200
Hwy/Drainage - Refunding	4/30/2008	3.5/4.2%	8/1/2017	685,646	399,523	(71,067)	-	-	328,456
Fire - Refunding	4/30/2008	3.5/4.2%	8/1/2017	424,435	233,823	(45,498)	-	-	188,325
Open Space - Refunding	4/30/2008	3.5/4.2%	8/1/2017	870,396	486,936	(92,474)	-	-	394,462
Open Space - Refunding	5/26/2011	3.0/5.0%	1/15/2022	2,085,827	2,004,446	(176,741)	-	-	1,827,705
City Buildings - Refunding	5/26/2011	3.0/5.0%	1/15/2022	1,266,653	1,243,621	(103,328)	-	-	1,140,293
Library - Refunding	4/30/2008	3.5/4.2%	8/1/2017	2,546,610	1,402,940	(272,987)	-	-	1,129,953
Recreation	6/15/2003	2.5/5.0%	6/15/2023	3,000,000	1,824,000	(148,800)	-	-	1,675,200
Recreation	4/30/2008	3.5/4.2%	8/1/2017	870,396	486,936	(92,474)	-	-	394,462
Recreation - Refunding	5/26/2011	3.0/5.0%	1/15/2022	1,830,556	1,646,296	(172,222)	-	-	1,474,074
Public Safety	6/15/2003	2.5/5.0%	6/15/2023	2,000,000	608,000	(49,600)	-	-	558,400
Public Safety	8/15/2004	3.0/4.75%	8/15/2024	5,500,000	3,924,800	(244,200)	-	-	3,680,600
Transportation - Refunding	4/30/2008	3.5/4.2%	8/1/2017	1,004,699	558,448	(107,147)	-	-	451,301
Senior Center - Refunding	6/1/2002	3.0/5.0%	10/15/2014	235,573	24,376	(12,264)	-	-	12,112
Animal Shelter - Refunding	5/26/2011	3.0/5.0%	1/15/2022	610,184	548,764	(57,407)	-	-	491,357
Total Governmental Funds Bonds Payable				\$ 74,276,171	\$ 50,992,040	\$ (4,742,606)	\$ -	\$ -	\$ 46,249,434

CITY OF WARWICK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 7 - LONG-TERM LIABILITIES (CONTINUED)

B. SCHEDULE OF BONDS AND LOANS PAYABLE

	Date of Issuance	Interest Rate	Date of Maturity	Authorized and Issued	Outstanding Principal June 30, 2013	Maturities During Year	Refunding During Fiscal 13/14	New Issues	Outstanding Principal June 30, 2014
Enterprise Funds									
Bonds Payable									
WATER									
Water - Refunding	6/1/2002	3.0/5.0%	10/15/2014	\$ 985,358	\$ 101,955	\$ (51,294)	\$ -	\$ -	\$ 50,661
Water	6/15/2003	2.5/5.0%	6/15/2023	1,500,000	912,000	(74,400)	-	-	837,600
Water - Refunding	4/30/2008	3.5/4.2%	8/1/2017	45,714	19,821	(5,089)	-	-	14,732
Water - Refunding	5/26/2011	3.0/5.0%	1/15/2022	319,171	319,171	(25,156)	-	-	294,015
Total Water Bonds Payable				2,850,243	1,352,947	(155,939)	-	-	1,197,008
SEWER									
Sewer - Refunding	6/1/2002	3.0/5.0%	10/15/2014	582,467	60,268	(30,321)	-	-	29,947
Sewer	6/15/2003	2.5/5.0%	6/15/2023	1,000,000	608,000	(49,600)	-	-	558,400
Sewer	8/15/2004	3.0/4.75%	8/15/2024	1,000,000	713,600	(44,400)	-	-	669,200
Sewer	1/15/2006	3.75/5.0%	1/15/2026	15,000,000	11,170,000	(650,000)	-	-	10,520,000
Sewer - Refunding	4/30/2008	3.5/4.2%	8/1/2017	3,066,990	1,562,565	(338,277)	-	-	1,224,288
Sewer - Refunding	5/26/2011	3.0/5.0%	1/15/2022	2,164,129	2,010,580	(193,857)	-	-	1,816,723
Total Sewer Bonds Payable				22,813,586	16,125,013	(1,306,455)	-	-	14,818,558
Total Enterprise Funds Bonds Payable				\$ 25,663,829	\$ 17,477,960	\$ (1,462,394)	\$ -	\$ -	\$ 16,015,566
Loans Payable									
PLUS SRF - 1ST	3/12/1992	3.16%	9/1/2013	3,500,000	175,000	(175,000)	-	-	-
PLUS SRF - 2ND	3/1/1993	3.11%	9/1/2015	3,100,000	616,750	(198,250)	-	-	418,500
PLUS SRF - 3RD	12/28/1995	2.82%	9/1/2016	3,996,000	799,200	(199,800)	-	-	599,400
PLUS SRF - 4TH	4/1/1997	2.97%	9/1/2016	10,000,000	2,105,263	(526,316)	-	-	1,578,947
PLUS SRF - 5TH	6/26/1998	2.57%	9/1/2019	10,200,000	4,139,504	(538,913)	-	-	3,600,591
PLUS SRF - 6TH	8/25/1999	2.84%	9/1/2019	14,750,000	6,630,318	(869,604)	-	-	5,760,714
PLUS SRF - 7TH	12/19/2000	2.90%	9/1/2020	20,232,323	9,498,982	(1,071,961)	-	-	8,427,021
PLUS SRF - 8TH	4/25/2002	1.25%	9/1/2022	12,000,000	6,878,083	(600,200)	-	-	6,277,883
PLUS SRF - 9TH	10/24/2002	1.00%	9/1/2022	20,000,000	11,688,575	(1,043,020)	-	-	10,645,555
PLUS SRF - 10TH	11/13/2003	1.34%	9/1/2024	20,000,000	12,851,000	(959,000)	-	-	11,892,000
PLUS SRF - 11TH	12/30/2004	1.40%	9/1/2025	20,000,000	13,776,000	(946,000)	-	-	12,830,000
PLUS SRF - 12TH	12/15/2005	1.41%	9/1/2026	5,000,000	3,500,000	(250,000)	-	-	3,250,000
PLUS SRF - 13TH	12/21/2006	1.27%	9/1/2027	9,500,000	7,125,000	(475,000)	-	-	6,650,000
PLUS SRF - 14TH	12/12/2007	1.685/2.145%	9/1/2026	6,942,000	5,554,000	(347,000)	-	-	5,207,000
PLUS SRF - 15TH	10/6/2009	1.26%/3.35%	9/1/2029	1,169,026	994,665	(58,121)	-	-	936,544
PLUS SRF - 16TH	3/6/2014	2.714%	9/1/2034	-	-	-	-	7,000,000	7,000,000
Sewer Conduit	4/30/2008	4.85%	3/1/2008	4,000,000	3,315,000	(155,000)	-	-	3,160,000
Sewer Conduit	6/26/2012	3.29%		2,400,000	2,399,000	(207,000)	-	-	2,192,000
Total Enterprise Funds Loans Payable				\$ 166,789,349	\$ 92,046,340	\$ (8,620,185)	\$ -	\$ 7,000,000	\$ 90,426,155

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2014

NOTE 7 – LONG-TERM LIABILITIES (CONTINUED)

C. Debt Maturity

Debt service requirements at June 30, 2014 was as follows:

GOVERNMENTAL ACTIVITIES

<u>General Obligation Debt</u>			
<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2015	\$ 4,781,780	\$ 1,528,862	\$ 6,310,642
2016	4,625,251	1,338,795	5,964,046
2017	4,808,479	1,141,579	5,950,058
2018	4,416,127	943,428	5,359,555
2019-2023	15,098,197	2,617,660	17,715,857
2024-2028	11,449,600	642,678	12,092,278
2029-2033	1,070,000	125,581	1,195,581
	<u>\$ 46,249,434</u>	<u>\$ 8,338,583</u>	<u>\$ 54,588,017</u>

BUSINESS-TYPE ACTIVITIES

<u>General Obligation Debt</u>			
<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2015	\$ 1,503,220	\$ 663,108	\$ 2,166,328
2016	1,479,749	604,883	2,084,632
2017	1,541,521	542,971	2,084,492
2018	1,503,873	478,285	1,982,158
2019-2023	6,666,803	1,523,578	8,190,381
2024-2026	3,320,400	280,726	3,601,126
	<u>\$ 16,015,566</u>	<u>\$ 4,093,551</u>	<u>\$ 20,109,117</u>

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2014

NOTE 7 – LONG-TERM LIABILITIES (CONTINUED)

C. Debt Maturity (Continued)

School RIHEBC Bonds

The proceeds from the bonds were used to finance the acquisition, construction, furnishing and equipping of schools and school facilities, including but not limited to various school renovation projects, and to pay the costs of issuance. The \$3,908,000 bond and \$4,212,000 bond require sinking fund deposits to be held on deposit by the trustee and will be paid to the bondholders in full May 2027 for both bonds. While these sinking fund deposits do not allow the City to present these payments as retirements of the respective debt, the City has effectively accumulated \$1,522,500 to retire the debts in 2027. These restricted funds are shown as restricted fund balance within the debt service fund.

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

\$3,908,000 Revenue Bond

Year Ended June 30,	Required Sinking Fund Deposits Principal	Actual Sinking Fund Deposits
2012	\$ 244,250	\$ 244,250
2013	244,250	244,250
2014	244,250	244,250
2015	244,250	
2016	244,250	
2017	244,250	
2018	244,250	
2019	244,250	
2020	244,250	
2021	244,250	
2022	244,250	
2023	244,250	
2024	244,250	
2025	244,250	
2026	244,250	
2027	244,250	
TOTAL	\$ 3,908,000	\$ 732,750

\$4,212,000 Revenue Bond

Year Ended June 30,	Required Sinking Fund Deposits Principal	Actual Sinking Fund Deposits
2012	\$ 263,250	\$ 263,250
2013	263,250	263,250
2014	263,250	263,250
2015	263,250	
2016	263,250	
2017	263,250	
2018	263,250	
2019	263,250	
2020	263,250	
2021	263,250	
2022	263,250	
2023	263,250	
2024	263,250	
2025	263,250	
2026	263,250	
2027	263,250	
TOTAL	\$ 4,212,000	\$ 789,750

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2014

NOTE 7 – LONG-TERM LIABILITIES (CONTINUED)

D. Loans Payable

The City of Warwick has entered into eighteen loan agreements with the Rhode Island Clean Water Protection Finance Agency. The loan proceeds are used by the City for the extension and upgrade of the sewer system. The Agency advances loan proceeds to the City periodically, to reimburse the City for capital costs incurred on the projects. The following loan agreements were active as of June 30, 2014:

Agreement Date	Amount	Interest Rate	Maturity Dates
March 11, 1992	\$ 3,500,000	3.16%	September 1, 1994-2013
March 10, 1993	\$ 3,100,000	3.11%	September 1, 1996-2015
December 19, 1995	\$ 3,996,000	2.82%	September 1, 1997-2016
March 31, 1997	\$10,000,000	2.97%	September 1, 1997-2016
June 26, 1998	\$10,200,000	2.57%	September 1, 1999-2019
August 25, 1999	\$14,750,000	2.84%	September 1, 2002-2019
December 19, 2000	\$20,232,323	2.90%	September 1, 2001-2020
April 25, 2002	\$12,000,000	1.25%	September 1, 2002-2022
October 24, 2002	\$20,000,000	1.00%	September 1, 2004-2022
November 13, 2003	\$20,000,000	1.34%	September 1, 2005-2024
December 30, 2004	\$20,000,000	1.40%	September 1, 2006-2025
December 15, 2005	\$ 5,000,000	1.41%	September 1, 2007-2026
December 21, 2006	\$ 9,500,000	1.27%	September 1, 2008-2027
December 12, 2007	\$ 6,942,000	1.185-1.645%	September 1, 2009-2028
April 30, 2008	\$ 4,000,000	4.85%	September 1, 2009-2028
October 6, 2009	\$ 1,169,026	2.16%	September 1, 2010-2029
June 26, 2012	\$ 2,400,000	3.29%	September 1, 2012-2022
March 6, 2014	\$ 7,000,000	2.71%	September 1, 2014-2034

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

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

The loan proceeds are to be used by the City for the extension and upgrade of the sewer system. The Agency pays project invoices certified by the City directly to the contractors or reimburses the City for costs incurred on the projects. As of June 30, 2014, loans payable of \$90,426,155 are reflected in the Sewer Fund. A due from the Rhode Island Clean Water Protection Finance Agency of \$4,861,878 is shown for that portion of the loans which has not been advanced as of June 30, 2014. The City is responsible to draw down and to repay the full amount of the loan.

CITY OF WARWICK, RHODE ISLAND

Notes to the Financial Statements

June 30, 2014

NOTE 7 – LONG-TERM LIABILITIES (CONTINUED)

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

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2015	8,621,898	2,026,997
2016	9,076,167	1,868,041
2017	9,044,336	1,645,632
2018	8,501,886	1,433,211
2019	8,694,149	1,226,454
2020-2024	32,758,380	3,475,360
2025-2029	11,111,602	1,028,881
2030-2034	2,153,737	273,489
2035	464,000	8,097
	<u>\$90,426,155</u>	<u>\$12,986,162</u>

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

E. Debt Service Requirements

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

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2015	10,125,118	2,690,104	12,815,222
2016	10,555,916	2,472,923	13,028,839
2017	10,585,857	2,188,603	12,774,460
2018	10,005,759	1,911,496	11,917,255
2019	10,013,775	1,644,240	11,658,015
2020-2024	39,188,757	4,721,284	43,910,041
2025-2029	13,348,802	1,169,475	14,518,277
2030-2034	2,153,737	273,489	2,427,226
2035	464,000	8,097	472,097
	<u>\$106,441,721</u>	<u>\$17,079,711</u>	<u>123,521,432</u>

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2014

NOTE 7 – LONG-TERM LIABILITIES (CONTINUED)

F. Bonds Authorized but Unissued

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

<u>Purpose</u>	<u>Statutory Authorization</u>	<u>Authorized But Unissued Debt</u>
Incinerator Purpose	P.L. Ch. 33-1966	\$ 1,900,000
Energy Conservation	P.L. Ch. 65-1980	600,000
Sewer Improvements	P.L. Ch. 223-1994	417,677
Open Space	P.L. Ch. 77-2000	175,000
Open Space	P.L. Ch. 125/479-2006	2,000,000
Recreation	P.L. Ch. 77-2000	500,000
Parks and Recreation	P.L. Ch. 74/147-2006	3,500,000
Drainage	P.L. Ch. 78-2002	3,000,000
Building Repairs	P.L. Ch. 426/527-2006	9,000,000
Mickey Stevens Sports Complex	P.L. Ch. 385-2006	7,000,000
Fire Station	P.L. Ch. 51/73-2006	2,000,000
School Renovations	P.L. Ch. 386/516-2006	12,585,000
		<u>\$ 42,677,677</u>

G. Capital Lease Commitments

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

Obligations of Governmental Activities under capital leases at June 30, 2014 were as follows:

<u>FISCAL YEAR ENDED JUNE 30,</u>	<u>LEASE PAYMENT REQUIRED</u>
2015	\$ 359,832
2016	359,832
Future Minimum Rental Commitments	<u>719,664</u>
Interest Portion of Payments	<u>20,208</u>
Principal Portion of Payments	<u>699,456</u>

NOTE 8 – OPERATING LEASES

The School Department entered into an operating lease for equipment in 2013. The operating lease is for 36 months and started July 1, 2012. Rental expenditures relating to the operating lease were \$57,477 in fiscal year 2014.

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2014

NOTE 9 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances represent short-term advances from one fund (primarily the General Fund) to another fund. The advances may represent balances resulting from operating advances or reimbursement for expenditures paid by one fund or may simply be the result of pooling financial resources to maximize income. The composition of interfund balances at June 30, 2014 is as follows:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 13,759,733	\$ 17,680,031
School Unrestricted Fund	10,190,944	
Non Governmental Funds:		
Special Detail Fund	122,293	
City Clerk Restricted Fund	929,892	
Emergency Operations City	447,001	
Warwick Public Library Restricted Fund		5,206
Sewer Connection Grants	35,800	598
Mooring Fee Reserve Fund	16,455	
Senior Center Gift Shop	977	
JAG Grant		12,231
Drug Seizure Fund		28,162
Community Development Block Grant		81,196
Disaster Recovery		8,060
IDEA		1,008,089
IDEA Pre-School		28,557
IDEA Pre-School Targeted	251	
Title I		390,379
Title II		137,662
E2T2 Training Consortium ARRA	44	
Title III		8,656
Perkins Voc Even Year		57,719
Fresh Fruit/Veg Program		18,627
Homeless Even Year		8,214
Big Yellow Bus	1,850	
Smart Arts	220	
Scott Tech Donations	1,920	
Esther Tech Donations		1,597
Mary Maini Memorial Fund	50	
City/Town Contribution Sports	4,990	
Injury Fund	229	
Emergency Repairs - ech	14,041	
Champlin Aldrich/Groton	3,306	
Champlin Comp	4	
Champlin	93,732	
Feinstein	117,337	
Rhode Island Foundation	1,959	

CITY OF WARWICK, RHODE ISLAND

Notes to the Financial Statements

June 30, 2014

NOTE 9 - INTERFUND RECEIVABLES AND PAYABLES (CONTINUED)

Harris Foundation		
Verizon ThinkFinity	5,000	
Walmart	67	
Dorothy Rich Association	651	
Media Labs at Rhodes	1,908	
RIPIN	27	
Reading Excellence	83	
Soc Skills for Life-Vets	113	
Alt Learning Program	30	
City-Town Center	660	
Cedar Hill Library Books	42	
PTO Donation	3,702	
C.A.S.I.T Italian Program	1,966	
Race to the Top		65,881
School Lunch	27,005	
The Jason Fund		178
CTE Even Year	170,435	
Art Talks Sherman	89	
United Way	589	
Stop & Shop	1,328	
Carol Gray Memorial Fund	23	
Wireless Classroom Int.		327,880
2000 Open Space Bond Fund		61
2006 Fire Station Bond Fund		238,150
2006 School Bond Fund		18,807
2002 Drainage Fund		102,565
2002 Public Safety Bond Fund		1
2006 City Buildings Bond Fund		960,303
Capital Leases		2,002,841
Total Non Governmental Funds	<u>2,006,069</u>	<u>5,511,620</u>
Major Enterprise Funds:		
Sewer Fund	1,269,774	5,852,308
Sewer Assessment Fund		188,394
Water Fund		3,775,910
Total Major Enterprise Funds	<u>1,269,774</u>	<u>9,816,612</u>
Non-Major Enterprise Funds:		
Emergency Operations Enterprise Funds	1,355	
On-Site Revolving Loan Fund	5,942	
Sewer Infrastructure Replacement Fund	1,620	
Sewer Renewal & Replacement Fund	2,141,616	
Water Renewal & Replacement Fund	750,000	
Water Restricted Emergency Fund	250,000	
Water Infrastructure replacement Fund	2,000,000	7,406
Total Non-Major Enterprise Funds	<u>5,150,533</u>	<u>7,406</u>
Internal Service Funds:		
Workers Compensation Fund	17,225	
Internal Service City	621,391	
Total Internal Service Funds	<u>638,616</u>	<u>-</u>
TOTALS	<u>\$ 33,015,669</u>	<u>\$ 33,015,669</u>

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2014

NOTE 10 – NET ASSETS/FUND BALANCES

(a) Fund Balances

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

At June 30, 2014 Nonspendable Fund Balance consisted of the following:

MAJOR GOVERNMENTAL FUNDS:

General Fund:

Prepaid Expenditures	\$ 211,476
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At June 30, 2014 Restricted Fund Balance consisted of the following:

MAJOR GOVERNMENTAL FUNDS:

School Unrestricted Fund:

Education	\$ -
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NONMAJOR GOVERNMENTAL FUNDS:

Special Revenue Funds:

Entitlement Community program of U.S. Housing	\$ 289,543
CDBG Seed Program	52,402
Drug related property seizure	232,441
Open space acquisition	288,539
Library operations	89,884
Pilgrim Senior Center	32,807
Sewer connections assistance	58,225
State hotel tax exceeding current year tourism expenditures	131,237
Public Safety	87,932
Emergency operations FEMA	443,439
Waterfront safety	194,521
Maintenance of historical records	925,666
Education	483,623
	<u>3,310,259</u>

Capital Project Funds:

Open Space acquisition	362,060
School capital improvements	1,663,634
	<u>2,025,694</u>

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2014

NOTE 10 – NET ASSETS/FUND BALANCES (CONTINUED)

Debt Service Fund	<u>1,522,500</u>
Total NonMajor Government Funds	<u><u>\$ 6,858,453</u></u>

At June 30, 2014 Committed Fund Balance consisted of the following:

MAJOR GOVERNMENTAL FUNDS:

General Fund:

Education	\$ 3,973,932
Encumbrances	<u>586,748</u>
Total Major Governmental Funds	<u><u>\$ 4,560,680</u></u>

At June 30, 2014 Assigned Fund Balance consisted of the following:

(b) Fund Deficits

The following funds had fund deficits at June 30, 2014:

MAJOR GOVERNMENTAL FUNDS

Non-major Governmental Funds

Capital Leases	\$ 1,991,499
Fire Station Bond Fund	262,659
City Buildings Bond Fund	<u>533,736</u>
Total Fund Deficits	<u><u>\$ 2,787,894</u></u>

(c) Operating Deficits

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

The following individual funds had operating deficits for the year ending June 30, 2014, but still maintained positive fund balances:

MAJOR GOVERNMENTAL FUNDS

School Unrestricted Fund	\$ 467,087
Total Major Governmental Funds	<u><u>\$ 467,087</u></u>

The \$467,089 deficit reported above represents the change in fund balance after current year surplus of \$3,973,932 has been transferred to the General Fund and is reported as committed for education.

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2014

NOTE 10 – NET ASSETS/FUND BALANCES (CONTINUED)

MAJOR BUSINESS-TYPE FUNDS

Water Fund	1,027,933
Total Major Business-Type Funds	<u>1,027,933</u>

Non-Major Governmental Funds:

Special Revenue Funds:

Home Improvement Loan Escrow Account	40,542
Warwick Public Library Restricted Fund	71,659
Senior Center Gift Shop	2,701
Excess Hotel Tax Fund	75,883
Emergency Operations - City	476,873
Scott Tech Donations	514
Esther Chester Donations	201
Emergency Repairs - Tech	9,887
Champlin Comp.	144
RIPIN	2,207
City-Town Center	490
PTO Donations	206
Race to the Top	123
The Jason Fund	178
Art Talks Sherman	359
Wireless Classroom Initiative	83,198

Capital Project Funds

2006 Fire Station Bond Fund	262,659
2006 School Bond Fund	1,951,205
2006 City Buildings Bond	667,723
Capital Leases	566,298

Total deficits Non-Major Governmental Funds	<u><u>\$ 4,213,050</u></u>
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Non-Major Business Type Activities

Sewer Infrastructure Replacement Fund	\$ 5,767
Water Restricted Emergency Fund	22,956
Water Infrastructure Replacement Fund	6,792
On-Site Revolving Loan Fund	2,205

Total deficits Non-Major Business-Type Funds	<u><u>\$ 37,720</u></u>
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CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2014

NOTE 11 – INTER-FUND TRANSFERS

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

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Funds:		
General Fund	\$ 526,974	\$ 125,969,232
School Unrestricted Fund	117,945,490	550,071
Debt Service Fund	7,340,874	-
Sewer Fund	5,603,412	45,800
Sewer Assessment Fund	-	5,222,121
Water Fund	-	-
Non-major Funds:		
Enterprise Funds	10,000	48,095
Special Revenue Funds	-	-
Capital Projects Funds	666,413	-
Total:	<u>\$132,093,163</u>	<u>\$ 131,835,319</u>

NOTE 12 – DEFINED BENEFIT PENSION PLANS

A. City Employees' Pension Plan

Summary of Significant Accounting Policies

Basis of Accounting

The City Employees' Pension Trust Fund's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and when the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2014

NOTE 12 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

A. City Employees' Pension Plan (Continued)

Plan Description

The City of Warwick City Employee Pension Plan covers all City employees not covered by other plans. Non-elected employees are eligible to participate after six months of employment. Elected Officials are eligible on the date they assume their elected position. The City Employees' Pension Plan is a single-employer defined benefit pension plan that was established in 1965. The pension plan is reported as a Pension Trust Fund in the City's financial statements. The City does not issue a separate, publicly available financial report that includes financial statements and required supplementary information (RSI) for the City's Employees' Pension Plan.

As of July 1, 2013 employee membership date related to the pension plan was as follows:

Active Members	379
Retirees and beneficiaries	355
Terminated vested investments	22
	756

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

Benefit Provisions

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

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2014

NOTE 12 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

A. City Employees' Pension Plan (Continued)

Benefit Provisions (Continued)

retirement is the same as the normal retirement benefit formula determined as of the member's actual retirement date.

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

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

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

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

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

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

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2014

NOTE 12 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

A. City Employees' Pension Plan (Continued)

Funding Policy

Non-elected plan members contribute 8% of their annual base compensation and longevity compensation. Elected plan members contribute 8% of their annual base compensation plus \$20.00 per month. The City is required to contribute an actuarially determined amount each year. Administrative costs are included in the actuarial valuation as part of the normal cost and financed through contributions.

Investments

Investment Policy:

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

Target Asset Allocation Table

Fixed Income	32.75%
Domestic Equity	43.25%
International Equity	9.00%
Multi-Asset	10.00%
Inflation Hedges	5.00%
	<u>100.00%</u>

Rate of Return

For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 15.73%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2014

NOTE 12 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

A. City Employees' Pension Plan (Continued)

Net Pension Liability

The components of the net pension liability of the City at June 30, 2014 were as follows:

Total Pension Liability	145,419,139.00
Plan Fiduciary Net Position	<u>114,311,415.00</u>
City's Net Pension Liability	31,107,724.00
Plan Fiduciary Net Position As A	
Percentage of the Total Pension Liability	78.61%

Actuarial Assumptions

The following actuarial assumptions, used in the July 1, 2014 valuation, were based on the results of an actual experience study as of July 1, 2013.

Actuarial Assumptions

Actuarial Cost Method	Entry Age Normal Actuarial Cost Method
Inflation	3.75%
Salary Increases	4.25% to 14.25% including inflation
Investment Rate of Return	7.5%
Mortality Rates	Based Upon the RP-2000 Healthy Annuitant Mortality Tables for Males and Females, as appropriate, projected with Scale AA from 2000

Long Term Rate of Return

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

Asset Class	Long-Term Expected Real Rate of Return
Domestic Equity	5.1%
International Equity	5.7%
Fixed Income	2.1%

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2014

NOTE 12 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

A. City Employees' Pension Plan (Continued)

Measurement of the Net Pension Liability

Discount Rate

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

A single discount rate of 7.5% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.5%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

Sensitivity of the Net Pension Liability to the Single Discount Rate

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
<u>Plan</u>			
City Employees Pension Plan	45,649,638	31,107,724	16,565,810

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2014

NOTE 12 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

A. City Employees' Pension Plan (Continued)

Schedule of Changes in Employers' Net Pension Liability and Related Ratios
City Employees' Pension Plan

	<u>2014</u>
Total Pension Liability	
Service Cost	\$ 1,368,801
Interest	9,817,470
Benefit Changes	-
Difference Between Actual and Expected Experience	8,308,519
Assumption Changes	(354,818)
Benefit Payments	<u>(7,872,056)</u>
Net Change in Total Pension Liability	11,267,916
Total Pension Liability-Beginning	134,151,223
Total Pension Liability-Ending (a)	<u>\$ 145,419,139</u>
 Plan Fiduciary Net Position	
Contributions-Employer	\$ 5,436,625
Contributions-Member	1,572,702
Net Investment Income	15,609,969
Benefit Payments	(7,872,056)
Administrative Expense	(28,582)
Transfers to Affiliated Systems	
Other	
Net Change in Fiduciary Net Position	14,718,658
Plan Fiduciary Net Position-Beginning	99,592,757
Plan Fiduciary Net Position-Ending (b)	<u>\$ 114,311,415</u>
 Net Pension Liability (a - (b))	31,107,724
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.6%
 Covered Employee Payroll	18,391,191
Net Pension Liability as a Percentage of Covered Employee Payroll	169.1%

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2014

NOTE 12 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

A. City Employees' Pension Plan (Continued)

Schedule of City Contributions
City Employees' Pension Plan

Actuarially Determined Contribution	5,436,625
Actual Contribution Made in Relation to the Actuarially Determined Contribution	5,436,625
Contribution Deficiency (Excess)	<u>-</u>
Covered Employee Payroll	18,391,191
Contributions as a Percentage of Covered Employee Payroll	29.6%

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2014

NOTE 12 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

A. City Employees' Pension Plan (Continued)

**Notes to the Schedule of Contributions
City Employees Pension Plan**

Valuation Date: July 1, 2014

Notes: Actuarially determined contribution rates are calculated as of July 1, effective for the fiscal year that begins 12 months after the valuation date.

Methods and Assumptions Used
to Determine Contribution Rates:

Actuarial Cost Method	For funding purposes, the Entry Age Normal Actuarial Cost Method is used.
Amortization Method	Level Percentage of Payroll
Single Equivalent Amortization Period	12 Years Closed
Amortization Period for New Gains/Losses	20 Years Closed
Asset Valuation Method	5 Year Smoothed Market
Inflation	3.75%
Salary Increases	4.25% to 14.25% including inflation
Investment Rate of Return	7.50%
Retirement Age	Aged-based table of rates that are specific to the type of eligibility condition.
Mortality	(Male) 115% of RP-2000 Combined Healthy for Males with While Collar Adjustments projected with Scale AA from 2000. (Female) 95% of RP-2000 Combined Healthy for Females with While Collar Adjustments projected with Scale AA from 2000.

Other Information:

Notes: There have been no benefit changes during the year.

**Schedule of Investments
City Employees' Pension Plan**

	<u>2014</u>
Annual Money-Weighted Rate of Return,	
Net of Investment Expense	15.73%

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2014

NOTE 12 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Police Pension II Plan

Summary of Significant Accounting Policies

Basis of Accounting

The Police II Pension Trust Fund's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and when the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Plan Description

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

As of July 1, 2013 employee membership date related to the pension plan was as follows:

Active Plan Members	166
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	161
Inactive Plan Members Entitled To, But Not Yet Receiving Benefits	3
	<u>330</u>

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

Benefit Provisions

Members in the plan who have completed 20 years of service may retire. The normal annual retirement benefit is equal to 50 percent of annual salary at retirement plus incremental increases of 2 percent per year between the 20th and 25th years, and annual increases of 3 percent between the 26th and 30th years. For pension purposes, annual salary includes regular, longevity, and holiday pay.

Effective for new hires after July 1, 2012, the eligibility requirement increases to 25 years of service. Additionally the retirement benefit will now be calculated at a rate of 50% of the average salary from

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2014

NOTE 12 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Police Pension II Plan (Continued)

Benefit Provisions (Continued)

the last three years of service, plus an additional 2% for every year of service from year 10 to retirement. The maximum pension benefit decreases from 75% after 30 years, to 70% after 30 years.

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

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

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

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

Funding Policy

Plan members contribute a percentage of their covered earnings, 13.30%, (regular, holiday, and longevity) equal to one third of the actuarially determined contribution rate. The City is required to contribute two thirds of the actuarially determined contribution rate, 26.59%. The City is required to contribute an actuarially determined amount each year, calculated in accordance with its pension ordinances. The statutory contribution level is not determined in accordance with GASB27 requirements as it includes a 20, 25, and 30 year amortization of the unfunded actuarial liability as a level percentage of payroll. Administrative costs are netted against investment return in the actuarial valuation.

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2014

NOTE 12 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Police Pension II Plan (Continued)

Investments

Investment Policy:

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

Target Asset Allocation Table

Fixed Income	32.75%
Domestic Equity	43.25%
International Equit	9.00%
Multi-Asset	10.00%
Inflation Hedges	5.00%
	<u>100.00%</u>

Rate of Return

For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 17.49%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability

The components of the net pension liability of the City at June 30, 2014 were as follows:

Total Pension Liability	186,157,733.00
Plan Fiduciary Net Position	<u>176,405,576.00</u>
City's Net Pension Liability	9,752,157.00

Plan Fiduciary Net Position As A	
Percentage of the Total Pension Liability	94.76%

Actuarial Assumptions

The following actuarial assumptions, used in the July 1, 2014 valuation, were based on the results of an actual experience study as of July 1, 2013.

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2014

NOTE 12 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Police Pension II Plan (Continued)

Net Pension Liability (Continued)

Actuarial Assumptions

Actuarial Cost Method	Entry Age Normal Actuarial Cost Method
Inflation	3.75%
Salary Increases	4.25% to 14.25% including inflation
Investment Rate of Return	7.5%
Mortality Rates	Based Upon the RP-2000 Healthy Annuitant Mortality Tables for Males and Females, as appropriate, projected with Scale AA from 2000

Long Term Rate of Return

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

Asset Class	Long-Term Expected Real Rate of Return
Domestic Equity	5.1%
International Equity	5.7%
Fixed Income	2.1%

Measurement of the Net Pension Liability

Discount Rate

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

A single discount rate of 7.5% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.5%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2014

NOTE 12 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Police Pension II Plan (Continued)

Measurement of the Net Pension Liability (Continued)

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

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

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

Sensitivity of the Net Pension Liability to the Single Discount Rate

Plan	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Police II Pension Plan	28,367,930	9,752,157	(8,863,616)

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2014

NOTE 12 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Police Pension II Plan (Continued)

Schedule of Changes in Employers' Net Pension Liability and Related Ratios
Police II Pension Plan

	2014
Total Pension Liability	
Service Cost	\$ 3,762,837
Interest	13,520,113
Benefit Changes	-
Difference Between Actual and Expected Experience	(1,806,121)
Assumption Changes	(3,961,813)
Benefit Payments	(7,488,066)
Net Change in Total Pension Liability	4,026,950
Total Pension Liability-Beginning	182,130,783
Total Pension Liability-Ending (a)	\$ 186,157,733
 Plan Fiduciary Net Position	
Contributions-Employer	\$ 3,322,236
Contributions-Member	1,661,118
Net Investment Income	24,147,499
Benefit Payments	(7,488,066)
Administrative Expense	(24,100)
Transfers to Affiliated Systems	
Other	
Net Change in Fiduciary Net Position	21,618,687
Plan Fiduciary Net Position-Beginning	154,786,889
Plan Fiduciary Net Position-Ending (b)	\$ 176,405,576
 Net Pension Liability (a - (b))	9,752,157
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	94.8%
 Covered Employee Payroll	12,212,862
Net Pension Liability as a Percentage of Covered Employee Payroll	79.9%

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2014

NOTE 12 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Police Pension II Plan (Continued)

Schedule of City Contributions
Police II Pension Plan

Annual Required Contribution, per GASB 27	3,631,224
Interest on ARC	49,012
Adjustments to ARC	<u>(57,672)</u>
Annual Pension Cost	3,622,564
Contributions Made	<u>(3,322,237)</u>
Increase in NPO	300,327
Net Pension Obligation-Beginning	<u>655,312</u>
Net Pension Obligation-Ending	<u><u>955,639</u></u>

*The City funds 100% of the ARC as stated in the City's pension ordinance. The approved funding policy, however, does not comply with the provisions of GASB27, resulting in the NPO listed above GASB68 will be implemented for the fiscal year ended June 30, 2015.

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2014

NOTE 12 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Police Pension II Plan (Continued)

Police II Pension Plan

Valuation Date: July 1, 2014

Notes: Actuarially determined contribution rates are calculated as of July 1, effective for the fiscal year that begins 12 months after the valuation date.

Methods and Assumptions Used
to Determine Contribution Rates:

Actuarial Cost Method	For funding purposes, the Entry Age Normal Actuarial Cost Method is used.
Amortization Method	Level Percentage of Payroll
Single Equivalent Amortization Period	30 Years Closed
Amortization Period for New Gains/Losses	30 Years Closed
Asset Valuation Method	5 Year Smoothed Market
Inflation	3.75%
Salary Increases	4.25% to 14.25% including inflation
Investment Rate of Return	7.50%
Retirement Age	Aged-based table of rates that are specific to the type of eligibility condition.
Mortality	(Male) 115% of RP-2000 Combined Healthy for Males with While Collar Adjustments projected with Scale AA from 2000. (Female) 95% of RP-2000 Combined Healthy for Females with While Collar Adjustments projected with Scale AA from 2000.
Other Information:	
Notes	There have been no benefit changes during the year.

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2014

NOTE 12 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. Police Pension II Plan (Continued)

Police II Pension Plan

	<u>2014</u>
Annual Money-Weighted Rate of Return,	
Net of Investment Expense	17.49%

C. Police Pension I and Fire Pension Plan

Summary of Significant Accounting Policies

Basis of Accounting

The Police I and Fire Pension Trust Fund's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and when the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Plan Description

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

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2014

NOTE 12 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

C. Police Pension I and Fire Pension Plan (Continued)

As of July 1, 2013 employee membership date related to the pension plan was as follows:

Active Plan Members	45
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	402
Inactive Plan Members Entitled To, But Not Yet Receiving Benefits	-
	<u>447</u>

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

Benefit Provisions-Police Officers

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

Benefit Provisions-Firefighters

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

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

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

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

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2014

NOTE 12 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

C. Police Pension I and Fire Pension Plan (Continued)

Benefit Provisions-Firefighters (Continued)

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

A lump sum payment equal to the member's accumulated contributions without interest shall be paid to the estate of any active member who dies with no surviving spouse or children. Benefits provided to remaining active police officers and firefighters are in accordance with the proposed restatement of Section 15-19 of the City's Code of Ordinances. Retirement, death, and disability benefits payable to retired members and beneficiaries are indexed in accordance with the base salary increases provided to active members of the police force.

Funding Policy

Active plan members contribute 7% of their covered earnings (regular, holiday, and longevity). The City is required to contribute an actuarially determined amount each year, calculated in accordance with its pension ordinances. The statutory contribution level is not determined in accordance with GASB27 requirements as it includes a 40 year amortization of the unfunded actuarial liability as a level percentage of payroll. Administrative costs are netted against investment return in the actuarial valuation.

Investments

Investment Policy:

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

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2014

NOTE 12 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

C. Police Pension I and Fire Pension Plan (Continued)

Target Asset Allocation Table

Fixed Income	32.75%
Domestic Equity	43.25%
International Equit	9.00%
Multi-Asset	10.00%
Inflation Hedges	5.00%
	<u>100.00%</u>

Rate of Return

For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 19.38%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability

The components of the net pension liability of the City at June 30, 2014 were as follows:

Total Pension Liability	277,179,395.00
Plan Fiduciary Net Position	<u>71,622,345.00</u>
City's Net Pension Liability	205,557,050.00
Plan Fiduciary Net Position As A	
Percentage of the Total Pension Liability	25.84%

Actuarial Assumptions

The following actuarial assumptions, used in the July 1, 2014 valuation, were based on the results of an actual experience study as of July 1, 2013.

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2014

NOTE 12 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

C. Police Pension I and Fire Pension Plan (Continued)

Actuarial Assumptions

Actuarial Cost Method	Entry Age Normal Actuarial Cost Method
Inflation	3.75%
Salary Increases	4.25% to 14.25% including inflation
Investment Rate of Return	7.5%
Mortality Rates	Based Upon the RP-2000 Healthy Annuitant Mortality Tables for Males and Females, as appropriate, projected with Scale AA from 2000

Long Term Rate of Return

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

Asset Class	Long-Term Expected Real Rate of Return
Domestic Equity	5.1%
International Equity	5.7%
Fixed Income	2.1%

Measurement of the Net Pension Liability

Discount Rate

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

A single discount rate of 7.5% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.5%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2014

NOTE 12 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

C. Police Pension I and Fire Pension Plan (Continued)

Measurement of the Net Pension Liability (Continued)

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

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

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

Sensitivity of the Net Pension Liability to the Single Discount Rate

Plan	1%	Current	1%
	Decrease (6.5%)	Discount Rate (7.5%)	Increase (8.5%)
Police I & Fire Pension Plan	233,274,990	205,557,050	177,839,111

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2014

NOTE 12 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

C. Police Pension I and Fire Pension Plan (Continued)

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

Valuation Date: July 1, 2014

Notes: Actuarially determined contribution rates are calculated as of July 1, effective for the fiscal year that begins 12 months after the valuation date.

Methods and Assumptions Used
to Determine Contribution Rates:

Acutarial Cost Method	For funding purposes, the Entry Age Normal Actuarial Cost Method is used.
Amortization Method	Level Percentage of Payroll
Single Equivalent Amortization Perio	18 Years Closed
Amortization Period for New	
Gains/Losses	20 Years Closed
Asset Valuation Method	5 Year Smoothed Market
Inflation	3.75%
Salary Increases	4.25% to 14.25% including inflation
Investment Rate of Return	7.50%
Retirement Age	Aged-based table of rates that are specific to the type of eligibility condition.
Mortality	(Male) 115% of RP-2000 Combined Healthy for Males with While Collar Adjustments projected with Scale AA from 2000; (Female) 95% of RP-2000 Combined Healthy for Females with While Collar Adjustments projected with Scale AA from 2000.

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2014

NOTE 12 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

C. Police Pension I and Fire Pension Plan (Continued)

Schedule of Changes in Employers' Net Pension Liability and Related Ratios
Police I & Fire Pension Plan

	<u>2014</u>
Total Pension Liability	
Service Cost	\$ 1,276,922
Interest	22,543,132
Benefit Changes	-
Difference Between Actual and Expected Experience	(10,108,652)
Assumption Changes	(26,630,682)
Benefit Payments	<u>(19,675,904)</u>
Net Change in Total Pension Liability	(32,595,184)
Total Pension Liability-Beginning	<u>309,774,579</u>
Total Pension Liability-Ending (a)	<u><u>\$ 277,179,395</u></u>
 Plan Fiduciary Net Position	
Contributions-Employer	\$ 15,206,485
Contributions-Member	321,061
Net Investment Income	9,803,078
Benefit Payments	(19,675,904)
Administrative Expense	(24,335)
Transfers to Affiliated Systems	
Other	
Net Change in Fiduciary Net Position	<u>5,630,385</u>
Plan Fiduciary Net Position-Beginning	<u>65,991,960</u>
Plan Fiduciary Net Position-Ending (b)	<u><u>\$ 71,622,345</u></u>
 Net Pension Liability (a - (b))	205,557,050
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	25.8%
 Covered Employee Payroll	4,154,657
Net Pension Liability as a Percentage of Covered Employee Payroll	4947.6%

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2014

NOTE 12 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

C. Police Pension I and Fire Pension Plan (Continued)

**Schedule of City Contributions
Police I and Fire Pension Plan**

Annual Required Contribution, per GASB 27*	21,173,419
Interest on ARC	3,569,714
Adjustments to ARC	<u>(4,068,259)</u>
Annual Pension Cost	20,674,874
Contributions Made	<u>(15,206,485)</u>
Increase in NPO	5,468,389
Net Pension Obligation-Beginning	<u>47,596,193</u>
Net Pension Obligation-Ending	<u><u>53,064,582</u></u>

*The City funds 100% of the ARC as stated in the City's pension ordinance. The approved funding policy, however, does not comply with the provisions of GASB27, resulting in the NPO listed above. GASB68 will be implemented for the year ended June 30, 2015.

**Schedule of Investments
Police I & Fire Pension Plan**

	<u>2014</u>
Annual Money-Weighted Rate of Return,	
Net of Investment Expense	19.38%

D. Fire Pension II Plan

Summary of Significant Accounting Policies

Basis of Accounting

The Fire II Pension Trust Fund's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and when the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2014

NOTE 12 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Fire Pension II Plan

Summary of Significant Accounting Policies (Continued)

Method Used to Value Investments

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Plan Description

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

As of July 1, 2013, employee membership data related to the pension plan was as follows:

Active Plan Members	167
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	8
Inactive Plan Members Entitled To, But Not Yet Receiving Benefits	<u>-</u>
	175

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

Benefit Provisions

A member who has completed 20 years of service may retire. Such member shall receive an annual benefit equal to 50% of their last year's salary, plus 2% of their average salary for each of service from 20 – 25, plus 3% for each year of service from 25-30. For pension purposes, annual salary includes regular, holiday, and longevity pay.

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

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

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2014

NOTE 12 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Fire Pension II Plan (Continued)

Benefit Provisions (Continued)

The benefit for other service related and non-service related disabilities is 50% of the member's average salary.

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

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

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

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

Funding Policy

Active plan members contribute a percentage of their covered earnings (regular, holiday, and longevity) equal to 1/3 of the actuarially determined contribution rate. The City is required to contribute 2/3 of the actuarially determined contribution rate. Administrative costs are netted against investment return in the actuarial valuation. For fiscal year 2014, employees were required to contribute 12.33% and the City was required to contribute 24.67% of covered earnings.

Investments

Investment Policy:

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Plan's fiduciary custodian, the City Treasurer. It is the policy of the City to pursue an investment strategy that reduces risk through prudent diversification of the portfolio across a broad

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2014

NOTE 12 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Fire Pension II Plan (Continued)

Investments (Continued)

selection of distinct asset classes. The pension plan's investment policy is long-term and strategic in nature. The policy refrains from dramatically shifting asset class allocations over short time spans, and it seeks to be fully invested using cash equivalents for liquidity purposes. The following is the Plan's adopted asset allocation policy:

Target Asset Allocation Table

Fixed Income	32.75%
Domestic Equity	43.25%
International Equity	9.00%
Multi-Asset	10.00%
Inflation Hedges	5.00%
	<u>100.00%</u>

Rate of Return

For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 10.62%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability

The components of the net pension liability of the City at June 30, 2014 were as follows:

Total Pension Liability	46,060,602.00
Plan Fiduciary Net Position	<u>44,745,257.00</u>
City's Net Pension Liability	1,315,345.00

Plan Fiduciary Net Position As A	
Percentage of the Total Pension Liability	97.14%

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2014

NOTE 12 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

Fire Pension II Plan (Continued)

Actuarial Assumptions

The following actuarial assumptions, used in the July 1, 2014 valuation, were based on the results of an actual experience study as of July 1, 2013.

Actuarial Cost Method	Entry Age Normal Actuarial Cost Method
Inflation	3.75%
Salary Increases	4.25% to 14.25% including inflation
Investment Rate of Return	7.5%
Mortality Rates	Based Upon the RP-2000 Healthy Annuitant Mortality Tables for Males and Females, as appropriate, projected with Scale AA from 2000

Long Term Rate of Return

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

These ranges are combined to produce the expected long term rate of return by weighing the expected future rates of return by the target asset allocation percentage plus expected inflation. The best estimates of the long term rates of return, by asset category, are summarized as follows:

Asset Class	Long-Term Expected Real Rate of Return
Domestic Equity	5.1%
International Equity	5.7%
Fixed Income	2.1%

Measurement of the Net Pension Liability

Discount Rate

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

A single discount rate of 7.5% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.5%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2014

NOTE 12 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Fire Pension II Plan (Continued)

difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

Sensitivity of the Net Pension Liability to the Single Discount Rate

Plan	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Fire II Pension Plan	5,921,405	1,315,345	(3,290,715)

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2014

NOTE 12 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Fire Pension II Plan (Continued)

Schedule of Changes in Employers' Net Pension Liability and Related Ratios
Fire II Pension Plan

	2014
Total Pension Liability	
Service Cost	\$ 3,435,947
Interest	3,205,452
Benefit Changes	-
Difference Between Actual and Expected Experience	(62,953)
Assumption Changes	(1,341,914)
Benefit Payments	(394,626)
Net Change in Total Pension Liability	4,841,906
Total Pension Liability-Beginning	41,218,696
Total Pension Liability-Ending (a)	\$ 46,060,602
 Plan Fiduciary Net Position	
Contributions-Employer	\$ 2,903,462
Contributions-Member	1,451,731
Net Investment Income	5,483,041
Benefit Payments	(394,626)
Administrative Expense	(4,315)
Transfers to Affiliated Systems	
Other	
Net Change in Fiduciary Net Position	9,439,293
Plan Fiduciary Net Position-Beginning	35,305,964
Plan Fiduciary Net Position-Ending (b)	\$ 44,745,257
 Net Pension Liability (a - (b))	1,315,345
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	97.1%
 Covered Employee Payroll	11,548,952
Net Pension Liability as a Percentage of Covered Employee Payroll	11.4%

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2014

NOTE 12 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Fire Pension II Plan (Continued)

Schedule of City Contributions
Fire II Pension Plan

Actuarially Determined Contribution	2,903,462
Actual Contribution Made in Relation to the Actuarially Determined Contribution	2,903,462
Contribution Deficiency (Excess)	<u><u>-</u></u>
Covered Employee Payroll	11,548,952
Contributions as a Percentage of Covered Employee Payroll	25.1%

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2014

NOTE 12 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

D. Fire Pension II Plan (Continued)

Notes to the Schedule of Contributions
Fire II Pension Plan

Valuation Date: July 1, 2014

Notes: Actuarially determined contribution rates are calculated as of July 1, effective for the fiscal year that begins 12 months after the valuation date.

**Methods and Assumptions Used
to Determine Contribution Rates:**

Actuarial Cost Method	For funding purposes, the Entry Age Normal Actuarial Cost Method is used.
Amortization Method	Level Percentage of Payroll
Single Equivalent Amortization Period	13 Years Closed
Amortization Period for New Gains/Losses	20 Years Closed
Asset Valuation Method	5 Year Smoothed Market
Inflation	3.75%
Salary Increases	4.25% to 14.25% including inflation
Investment Rate of Return	7.50%
Retirement Age	Aged-based table of rates that are specific to the type of eligibility condition.
Mortality	(Male) 115% of RP-2000 Combined Healthy for Males with While Collar Adjustments projected with Scale AA from 2000. (Female) 95% of RP-2000 Combined Healthy for Females with While Collar Adjustments projected with Scale AA from 2000.

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

Schedule of Investments
Fire II Pension Plan

	<u>2014</u>
Annual Money-Weighted Rate of Return,	
Net of Investment Expense	10.62%

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2014

NOTE 12 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

E. Teacher's Pension Plan – Employees' Retirement System

Effective July 1, 2013, the State administered retirement system which covers local teachers and certain municipal employees was modified to include both defined benefit and defined contribution plan components.

Plan Description

All full-time teachers, principals, school nurses and certain other school officials (including the superintendent) in the Warwick School Department must participate in the ERS, a cost-sharing multiple employer defined benefit plan administered by the Employees' Retirement System of Rhode Island (the System). The plan provides retirement, death and disability benefits (as well as annual cost of living allowances if certain conditions have been met) as outlined in Chapters 36-10 and 16-16 of the Rhode Island General Laws (RIGL). The benefits may be amended by the Rhode Island General Assembly.

Funding Policy

The School contributed approximately \$9,880,453, \$9,288,000, and \$10,950,000 during the fiscal years 2014, 2013, and 2012, respectively, equal to 100% of the actuarially required contributions for those respective years. For financial reporting purposes, the State's share of the contributions are reflected as on-behalf payments and are included as both revenue and expenditures in the accompanying financial statements. The on-behalf contributions for the defined benefit plan for the fiscal year ended June 30, 2014 amounted to approximately \$5,964,000.

A variety of significant actuarial assumptions are used to determine the standardized measure of the pension benefit obligation and these assumptions are summarized below:

- a) **Mortality** – 97% of rates for male teachers and 92% of rate for female teachers in a GRS table projected with Scale AAA from 2000.
- b) **Investment Return** – 7.5 percent, compounded annually, composed of an assumed 2.75% inflation rate and a 4.75% net real rate of return.
- c) **Salary Increase** – Salaries will increase at a rate of 3.5% wage inflation assumption and a service related component ranging from 0% to 8.75% annually.
- d) **Payroll Growth Rate** – In the amortization of the unfunded actuarial accrued liability, payroll is assumed to increase 3.75% per year. The increase is due to the effect of wage inflation on salaries with no allowance for future membership growth.
- e) **Retirement Age**- 75% of Schedule B members who reach the age of 59 with 29 years of service before age 65 are assumed to retire when first eligible. 75% of other members are expected to retire when first eligible at age 65 with 10 years of service. Because of enactment of

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2014

NOTE 12 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

E. Teacher’s Pension Plan – Employees’ Retirement System (Continued)

Funding Policy (Continued)

Article 7 in 2009 and the Act in 2011, the retirement assumption was modified for members whose retirement ages were delayed. Members who would have been assumed to retire prior to the Act are assumed to retire when first eligible for an unreduced benefits.

f) **Cost of Living Adjustments-** COLA benefit increases are assumed to be 2% per year while the plan has a funding level that exceeds 80%. An interim COLA will be granted in the five-year intervals while the COLA is suspended. The first COLA will be applicable in calendar year 2018. As of June 30, 2012 it is assumed that the COLAs will be suspended for 15 years due to the current funding level of the plan.

The System issues an annual financial report that includes financial statements and required supplementary information for all of the plans it administers. These reports include all trend information showing the System’s progress in accumulating sufficient assets to pay benefits when due. The June 30, 2014 report is the most recent available report and it may be obtained from the administrative offices of the State of Rhode Island Retirement Board, 50 Service Ave, Warwick, RI or on-line at www.ersri.org.

F. WARWICK PUBLIC SCHOOLS EMPLOYEES’ PENSION PLAN

Summary of Significant Accounting Policies

Basis of Accounting

The School Employees Pension Trust Fund’s financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments

Investments are reported at fair value. Short-term investments are reported at costs, which approximates fair value. Securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates.

Plan Description

The School administers the Warwick Public Employee Pension Plan, a single-employer defined benefit public employee pension plan. There is no separate financial report issued for the pension plan.

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2014

NOTE 12 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

F. Warwick School Committee Employee Retirement Plan

However, the City Employees' Pension Plan has been audited as part of the City's Pension Trust Funds reported in the City's financial statements. All eligible Warwick Public School employees other than teachers are eligible to participate on the first of the month after completing three months of service. A person is considered eligible if they are a) employed 20 hours or more per week and cover under the collective bargaining unit agreement or b) employed 20 hours or more per week in a non-certified management position or c) an elected School Committee member.

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

Active Members	357
Terminated/Inactive/Disabled	22
Retirees and beneficiaries	90
	<u>469</u>

Participants are eligible for normal retirement at the later of age 62 or 10 years of plan participation or at any age upon completion of 32 years of service with 10 years of plan participation.

The normal retirement benefit is 1.67% of average monthly earnings times years of participation, plus .33% times average monthly earnings times years of participation greater than 20. The normal form of benefit is a life annuity. Average monthly earnings are the monthly average of total compensation for the 3 consecutive years of highest compensation of the last 10 years.

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

The plan also provides death and disability benefits.

Plan Provisions

Effective Date:	June 15, 1965
Plan Year Beginning:	July 1, 2013
Eligibility:	Minimum Age: 0 Minimum months of service: 3
Eligible Class:	An elected School Committee Member or a member covered by the collective bargaining statement.
Entry Dates:	1 st day of the month coinciding with or next following the date the requirements are met.
Employee Contributions:	5% of earnings during the plan year

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2014

NOTE 12 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

Warwick School Committee Employee Retirement Plan (Continued)

Plan Provisions (Continued)

Normal Retirement Date:	First day of the month coinciding with or next following attainment of age 62 or, if later, the 10 th anniversary of plan entry, or 32 years of service with 10 years plan participation.
Normal Retirement Benefit:	1.67% of the member's Average Monthly Earnings multiplied by years of participation, plus 0.33% times average monthly earnings times years of participation greater than 20.
	The yearly amount of annuity for a School Committee Member who becomes a retired member is \$1,000 plus 4.8% times the salary amount for each Plan Year in which one made mandatory Employee contributions.
Average Monthly Earnings:	Monthly average of total compensation for the 3 consecutive years of highest compensation of the last 10 years.
Maximum Annual Benefits:	\$205,000 as adjusted per IRC sec. 415 for retirement age other than Social Security retirement age and annuity form.
Normal Form of Benefit:	Life Annuity
Accrued Benefit:	Normal Retirement Benefit based on earnings and Participation to date.
Early Retirement Benefit:	Minimum age: 52 Minimum service: 10 years Benefit Amount: Accrued Benefit, reduced by 7% for each year by which early retirement precedes normal retirement.
Pre-Retirement Death Benefit:	Member contributions with interest plus a \$5,000 lump sum benefit.
Disability Benefit:	Determined in the same manner as the normal retirement benefit.
Vested Termination Benefit:	Upon termination after 10 years of service, 100% of the accrued benefit, deferred to normal retirement date. A school committee member is 100% vested after 6 years of plan participation.

Funding Policy

Plan members contribute 5% of earnings during the year. The School contributes bases on an annual actuarial valuation. Administrative costs are included in the actuarial valuation as part of the normal cost and financed through contributions.

Investments

Investment information has been provided by USI Advisors.

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2014

NOTE 12 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

F. Warwick School Committee Employee Retirement Plan (Continued)

Investments (Continued)

Investment Policy:

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Warwick School Committee by majority vote of its members. It is the policy of the Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board's adopted asset allocation policy as of June 30, 2014:

Asset Class	Target Allocation
Large Value	15.00%
Large Growth	15.00%
Mid-Cap Value	5.00%
Mid-Cap Growth	5.00%
Small Blend	5.00%
Foreign Large Value	3.30%
Foreign Large Blend	3.30%
Foreign Small/Mid Value	1.10%
Foreign Small/Mid Growth	1.10%
Diversified Emerging Mkts	1.20%
Emerging Markets Bond	2.25%
High Yield Bond	2.25%
Multisector Bond	2.25%
Intermediate-Term Bond	1.13%
Intermediate Government	1.13%
Inflation-Protected Bond	4.50%

Rate of Return

For the year ended June 30, 2013, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 12.43%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2014

NOTE 12 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

F. Warwick School Committee Employee Retirement Plan (Continued)

Net Pension Liability

The Company's net pension liability at June 30, 2014 is \$4,556,137. The following assumptions were used in the calculation of the net pension liability.

Changes in Net Pension Liability
Warwick School Committee Employee Retirement Plan

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/2013	\$ 38,839,961	\$ 32,134,910	\$ 6,705,051
Changes for the year:			
Service Cost	1,233,904	-	1,233,904
Interest	2,683,152	-	2,683,152
Differences between expected and actual experience	664,117	-	664,117
Contributions - employer	-	2,160,500	(2,160,500)
Contributions - employee	-	743,492	(743,492)
Net investment income	-	3,977,291	(3,977,291)
Benefit payment, including refunds of ee contributions	(1,035,956)	(1,035,956)	-
Administrative expense	-	(83,496)	83,496
Other changes	67,700	-	67,700
Net changes	3,612,917	5,761,831	(2,148,914)
Balance at 6/30/2014	\$ 42,452,878	\$ 37,896,741	\$ 4,556,137

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2014

NOTE 12 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

Warwick School Committee Employee Retirement Plan (Continued)

Actuarial Assumptions

Measurement Date – June 30, 2014
Valuation Date – June 30, 2013
Mortality – 2014 IRS Static Mortality Table
Discount Rate – 7.0%
Inflation – N/A
Salary Projection – 3.00% per annum

Retirement	<u>Age</u>	<u>Rate</u>
	62	15%
	63	15%
	64	15%
	65	100%

Cost of Living Increase – None
Social Security wage base increase – N/A
Withdrawal rates – See rates illustrated below
Disability rates – See rates illustrated below

Pre-retirement Decrement Rates

Age	<u>Mortality</u>		<u>Withdrawal</u>		<u>Disability</u>	
	Male	Female	Male	Female	Male	Female
25	0.028%	0.014%	4.740%	8.640%	0.030%	0.030%
30	0.039%	0.020%	3.540%	6.990%	0.030%	0.030%
35	0.067%	0.035%	2.661%	5.561%	0.045%	0.045%
40	0.086%	0.046%	1.867%	4.117%	0.092%	0.092%
45	0.105%	0.072%	1.094%	2.744%	0.153%	0.153%
50	0.124%	0.104%	0.258%	1.308%	0.246%	0.246%
55	0.177%	0.202%	0.000%	0.000%	0.402%	0.402%
60	0.311%	0.342%	0.000%	0.000%	0.601%	0.601%

Long Term Rate of Return

Warwick is an ongoing plan with a perceptual time horizon. For this reason, long term capital market assumptions (20+ years) are applicable to approximate future return expectations. We utilized a

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2014

NOTE 12 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

F. Warwick School Committee Employee Retirement Plan (Continued)

Long Term Rate of Return (Continued)

modified building blocks methodology because being able to identify historical return premiums of asset classes in the context of varying market environments provides a reasonable basis to estimate the performance of asset classes going forward.

Asset Class	Long-Term Expected Real Rate of Return
Large Value	11.30%
Large Growth	10.63%
Mid-Cap Value	13.37%
Mid-Cap Growth	12.50%
Small Blend	11.65%
Foreign Large Value	8.58%
Foreign Large Blend	7.44%
Foreign Small/Mid Value	8.58%
Foreign Small/Mid Growth	6.16%
Diversified Emerging Mkts	9.62%
Emerging Markets Bond	11.56%
High Yield Bond	8.58%
Multisector Bond	6.54%
Intermediate-Term Bond	6.34%
Intermediate Government	5.44%
Inflation-Protected Bond	6.88%
Large Value	2.94%
	7.94%

The assumed inflation rate is 2.40% per annum.

Discount rate

The discount rate used to measure the total pension liability was 7%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Company contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2014

NOTE 12 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

Warwick School Committee Employee Retirement Plan (Continued)

Sensitivity of the net pension liability to changes in the discount rate

Sensitivity of the Net Pension Liability to the Single Discount Rate

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Plan			
Warwick's net pension Liability	9,923,811	4,556,137	(8,375)

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2014

NOTE 12 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

Warwick School Committee Employee Retirement Plan (Continued)

Schedule of Changes in Employers' Net Pension Liability and Related Ratios
Warwick School Committee Employee Retirement Plan

	<u>2014</u>
Total Pension Liability	
Service Cost	\$ 1,233,904
Interest	2,683,152
Benefit Changes	-
Difference Between Actual and Expected Experience	664,117
Assumption Changes	67,700
Benefit Payments	<u>(1,035,956)</u>
Net Change in Total Pension Liability	3,612,917
Total Pension Liability-Beginning	38,839,961
Total Pension Liability-Ending (a)	<u>\$ 42,452,878</u>
 Plan Fiduciary Net Position	
Contributions-Employer	\$ 2,160,500
Contributions-Member	743,492
 Net Investment Income	3,977,291
Benefit Payments	(1,035,956)
Administrative Expense	(83,496)
Transfers to Affiliated Systems	
Other	
Net Change in Fiduciary Net Position	<u>5,761,831</u>
Plan Fiduciary Net Position-Beginning	32,134,910
Plan Fiduciary Net Position-Ending (b)	<u>\$ 37,896,741</u>
 Net Pension Liability (a - (b))	4,556,137
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	89.27%
 Covered Employee Payroll	13,335,646
Net Pension Liability as a Percentage of Covered Employee Payroll	34.17%

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2014

NOTE 12 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

Warwick School Committee Employee Retirement Plan (Continued)

Schedule of City Contributions
Warwick School Committee Employee Retirement Plan

Actuarially Determined Contribution	1,236,062
Actual Contribution Made in Relation to the Actuarially Determined Contribution	2,160,500
Contribution Deficiency (Excess)	<u>(924,438)</u>
Covered Employee Payroll	13,335,646
Contributions as a Percentage of Covered Employee Payroll	16.20%

Notes to the Schedule of Contributions
Warwick School Committee Employee Retirement Plan

Actuarial Cost Method	Individual Entry Age Normal, Level Percentage of Payroll
Amortization Method	Level amortization, open
Remaining amortization period:	30
Asset Valuation Method	Fair Market Value
Salary Increases	3.00%
Investment Rate of Return	7.00%
	15% per year for Ages 62-64
Retirement Age	100% at Age 65
Mortality	Prescribed IRS Static Mortality for Year of Valuation

Schedule of Investments
Warwick School Committee Employee Retirement Plan

	<u>2014</u>
Annual Money-Weighted Rate of Return, Net of Investment Expense	12.43%

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2014

NOTE 13 – DEFINED CONTRIBUTION PLAN

Plan Description

Certified School Department teachers participating in the defined benefit plans (of the System), as described above, also participate in a defined contribution plan of the Employees' Retirement System as authorized by General Laws 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.

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.

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 plan members must contribute 5% of his/her compensation and the School

Department is required to contribute 1%. The plan members and school department contributed approximately \$5,160,500 and \$743,492, respectively, during the fiscal year ended June 30, 2014.

Although the City (School Department) is required to contribute 3% towards the plan for certified teachers, the School Department receives reimbursement from the State of Rhode Island for .4% of 1% of the required contributions. For financial reporting purposes, the State's share of the contribution is reflected as on-behalf payments and is included as both revenue and expenditures in the accompanying financial statements. The on-behalf contributions for the defined contribution plan for the fiscal year ended June 30, 2014 amounted to approximately \$258,314.

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.

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2014

NOTE 14 – OTHER POST EMPLOYMENT BENEFITS

A. Other Post-Employment Benefits – City

Plan Description

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

Funding Policy

Contribution requirements are negotiated between the City and the respective unions. The City is required to contribute the cost of medical/drug and dental benefits, less the amount of any applicable co-payments in effect at the time of retirement. For the year ended June 30, 2014, the City contributed \$7,307,821 (estimated) to the plan.

At July 1, 2013, membership consisted of:	<u>City, Police, Fir</u>
Active Employees:	743
Retired	792
Total	<u>1,535</u>

Annual OPEB Cost and Net OBEP Obligation

Actuarial Valuation Date July 1,	Actuarial Value of Assets (a)	Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2009	-	\$229,348,997	\$229,348,997	-	N/A	N/A
2010	-	\$240,497,738	\$240,497,738	-	N/A	N/A
2011	-	\$223,593,412	\$223,593,412	-	N/A	N/A
2012	-	\$246,036,471	\$246,036,471	-	N/A	N/A
2013	-	\$263,936,479	\$263,936,479	-	N/A	N/A

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2014

NOTE 14 – OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

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

Actuarial Methods and Assumptions

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

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

Annual OPEB Cost and Net OPEB Obligation: Below are the required OPEB obligation presentations per GASB 45 for the period ending June 30, 2014:

Interest on Net OPEB Obligation	3,120,586
Adjustment to ARC	(4,423,984)
Annual OPEB Cost (Expense)	<u>\$23,081,875</u>
Expected Benefit Payments	<u>(7,307,821)</u>
Increase in net OPEB Obligation	15,774,054
Net OPEB Obligation - Beginning of Year	<u>78,014,669</u>
Net OPEB Obligation - End of Year	<u><u>\$93,788,723</u></u>

B. Other Post-Employment Benefits - School

Plan Description

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

Teaching Employees are eligible for GASB Statement 45 benefits after serving the district for 20 to 30 years depending on their date of hire. Other district employees are required to reach age 62 and have 25 years of service. Teaching employees contribute 20 to 60% for coverage depending on their date of hire. Other employees will contribute 20% for coverage. Spouses of teaching employees are not covered by the plan. Spouses of other district employees will contribute 20% for coverage. Surviving

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2014

NOTE 14 – OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

B. Other Post-Employment Benefits – School (Continued)

Plan Description (Continued)

beneficiaries continue to receive access to the districts medical coverage through COBRA after the death of the retired employee. Survivors are required to pay the full cost of benefits.

Funding Policy

Contribution requirements are negotiated between the City and the respective unions. The City is required to contribute the cost of medical/drug and dental benefits, less the amount of any applicable co-payments in effect at the time of retirement. For the year ended June 30, 2014, the plan operated on a pay as you go basis and no provision has been made to fund future benefits to be provided to plan

members. For the fiscal year ended June 30, 2014, the Warwick School Department contributed \$1,443,740 (estimated) for its employees.

At July 1, 2013, membership consisted of:	City
Active Employees:	1,291
Retired	74
Total	1,365

Annual OPEB Cost and Net OPEB Obligation

Actuarial Valuation Date July 1,	Actuarial Value of Assets (a)	Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2009	-	\$ 41,643,649	\$ 41,643,649	-	N/A	N/A
2010	-	\$ 42,722,906	\$ 42,722,906	-	N/A	N/A
2011	-	\$ 37,833,649	\$ 37,833,649	-	N/A	N/A
2012	-	\$ 39,359,679	\$ 39,359,679	-	N/A	N/A
2013	-	\$ 35,979,047	\$ 35,979,047	-	N/A	N/A

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2014

NOTE 14 – OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

B. Other Post-Employment Benefits – School (Continued)

Actuarial Methods and Assumptions

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

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

Annual OPEB Cost and Net OPEB Obligation: Below are the required OPEB obligation presentations per GASB 45 for the period ending June 30, 2014:

Interest on Net OPEB Obligation	489,251
Adjustment to ARC	(693,600)
Annual OPEB Cost (Expense)	\$ 3,526,052
Expected Benefit Payments	(1,443,740)
Increase in net OPEB Obligation	2,082,312
Net OPEB Obligation - Beginning of Year	12,231,273
Net OPEB Obligation - End of Year	<u>\$14,313,585</u>

NOTE 15 – SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Litigation

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

At June 30, 2014, the City had several lawsuits pending. The Total maximum damages being sought from the City to these cases are not known. In the opinion of the City officials and the City's legal counsel, the City's ultimate liability with respects to these cases, if any, will be immaterial.

Commitments

The City of Warwick had several outstanding construction projects as of June 30, 2014. These projects are evidenced by contractual commitments with contractors and include:

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2014

NOTE 15 – SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES (CONTINUED)

Contract	Spent To Date	Commitment Remaining	Funding Source(s)
AWT Phase II-Supplemental Geotech	\$ 1,546,867	\$ 11,881,261	SRF Capital Contracts
NW Gorton's Pond	162,188	22,639	SRF Capital Contracts
Governor Francis Phase II	110,736	44,194	SRF Capital Contracts
Sewer Levy Reconstruction	155,035	3,705,905	FEMA Funding/SRF Capital Contract
Potowomut Fire Station	262,659	2,646,866	GO Bond/City Emergency Fd/ FY15&16 Operating Budget
Grand Totals	<u>\$ 2,237,486</u>	<u>\$ 18,300,865</u>	

Grants

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

NOTE 16 – DEFERRED COMPENSATION PLAN

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

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

NOTE 17 – RISK MANAGEMENT

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

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2014

NOTE 17 – RISK MANAGEMENT (CONTINUED)

Trust provides this insurance coverage through a pooled, self-insurance mechanism which includes reinsurance purchased by the Trust to protect against large, catastrophic claims above the losses the Trust retains internally for payment from the pooled contributions of its Members.

There have been no significant reductions in insurance coverage during the year ended June 30, 2014 as compared to the previous year. The claims incurred did not exceed insurance coverage this year.

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

	Beginning Fiscal	Current Year	Claims	Balance
	Year Liability	Claims and Changes	Payments	Fiscal
		in Estimate		Year End
2004-2005	\$ 388,253	\$ 83,033	\$ 364,731	\$ 106,555
2005-2006	\$ 106,555	\$ 377,258	\$ 370,989	\$ 112,824
2006-2007	\$ 112,824	\$ 450,276	\$ 380,759	\$ 182,341
2007-2008	\$ 182,341	\$ 200,923	\$ 273,217	\$ 110,047
2008-2009	\$ 110,047	\$ 352,133	\$ 213,255	\$ 248,925
2009-2010	\$ 248,925	\$ 356,889	\$ 549,887	\$ 55,927
2010-2011	\$ 55,927	\$ 361,799	\$ 342,858	\$ 74,868
2011-2012	\$ 74,868	\$ 253,092	\$ 276,539	\$ 51,421
2012-2013	\$ 51,421	\$ 390,714	\$ 247,352	\$ 194,783
2013-2014	\$ 194,783	\$ 299,376	\$ 258,930	\$ 235,229

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

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

	Net Position	Claims	Plan	Net Position
	Balance	and Expenses	Deposits	Balance at
	June 30, 2013	Including IBNR		June 30, 2014
School	\$ 3,584,362	\$ 21,168,303	\$ 20,927,280	\$ 3,343,339
City	\$ 2,061,926	\$ 20,905,569	\$ 19,463,263	\$ 619,620

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2014

NOTE 18 – PRIOR PERIOD ADJUSTMENTS

For the current fiscal year, a prior period adjustment was made to recognize a balance sheet transaction recorded on the School Fund, in previous years. This transaction resulted in an increase of \$311,627 to the School Fund Balance and a corresponding decrease of the same amount to the General Fund Balance.

NOTE 19 - RELATED PARTIES

The City reviews its records on an annual basis to determine if any related party transactions exist that would represent a conflict of interest with parties related to its officers and department heads. No such transactions were noted in the fiscal year ended June 30, 2014.

NOTE 20 – SUBSEQUENT EVENT

On July 7, 2014 the City was issued a loan through the Rhode Island Clean Water Finance Agency's Municipal Road & Bridge Revolving Loan Program for the repair of the Mill Creek Bridge. The loan amount was \$1,600,000 with a repayment period of 20 years. The loan will mature in July 2034.

On August 8, 2014, the City issued \$3,370,000 in general obligation school bonds the Rhode Island Higher Education Building Corporation. The loan repayment period is 20 years, maturing in April 2034.

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***CITY OF WARWICK,
RHODE ISLAND***

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WARWICK, RHODE ISLAND
Required Supplementary Information - Pension Plan and OPEB Plan
Schedule of Funding Progress (1)
"Unaudited"

	Actuarial Valuation Date	Actuarial Value of Assets (2)	Actuarial Accrued Liability (AAL) Entry Age	AAL (UAAL) Funding Excess (deficit)	Funding Ratio	Covered Payroll	UAAL (Funding Excess) as a Percentage of Covered Payroll
City Employees Pension Plan	7/2/02	\$ 55,892,932	\$ 70,980,384	\$ (15,087,452)	78.7%	\$ 15,226,469	-99.09%
	7/1/04	64,006,602	81,587,332	(17,580,730)	78.5%	17,637,143	-99.68%
	7/1/06	74,580,957	91,638,367	(17,057,410)	81.4%	18,817,448	-90.65%
	7/1/08	81,654,940	103,090,691	(21,435,751)	79.2%	20,447,173	-104.83%
	7/1/10	87,060,569	122,721,770	(35,661,201)	70.9%	20,064,146	-177.74%
	7/1/12	91,055,537	130,992,110	(39,936,573)	69.5%	18,615,925	-214.53%
	7/1/14	105,760,132	145,419,139	(39,659,007)	72.7%	18,391,191	-215.64%
Police Pension II Plan	7/1/01	\$ 100,587,651	\$ 80,075,595	\$ 20,512,056	125.6%	\$ 8,632,360	237.62%
	7/1/03	103,576,887	92,587,566	10,989,321	111.9%	10,075,073	109.07%
	7/1/05	106,857,258	104,458,087	2,399,171	102.3%	11,134,444	21.55%
	7/1/07	125,715,755	119,787,659	5,928,096	104.9%	11,676,883	50.77%
	7/1/09	137,152,325	139,554,358	(2,402,033)	98.3%	13,099,942	-18.34%
	7/1/11	140,644,601	162,563,786	(21,919,185)	86.5%	11,082,010	-197.79%
	7/1/13	147,587,524	182,130,783	(34,543,259)	81.0%	11,822,199	-292.19%
	7/1/14	163,070,867	186,157,733	(23,086,866)	87.6%	12,212,862	-189.04%
Police Pension I & Fire Pension Plan (3)	7/1/01	\$ 84,640,208	\$ 227,132,526	\$(142,492,318)	37.3%	\$ 8,547,361	-1667.09%
	7/1/03	79,979,592	243,776,577	(163,796,985)	32.8%	8,334,166	-1965.37%
	7/1/05	71,984,600	266,825,982	(194,841,382)	27.0%	8,621,197	-2260.03%
	7/1/07	75,998,043	279,252,361	(203,254,318)	27.2%	7,594,897	-2676.20%
	7/1/09	76,142,283	286,514,010	(210,371,727)	26.6%	7,606,876	-2765.55%
	7/1/11	69,580,218	311,707,868	(242,127,650)	22.3%	5,604,595	-4320.16%
	7/1/13	62,796,555	309,774,579	(246,978,024)	20.3%	4,535,879	-5444.99%
	7/1/14	66,348,673	277,179,395	(210,830,722)	23.9%	4,154,657	-5074.56%
Fire II Pension Plan (4)	7/1/01	\$ 3,542,276	\$ 2,590,979	\$ 951,297	136.7%	\$ 2,378,573	39.99%
	7/1/03	5,090,980	4,637,225	453,755	109.8%	3,615,066	12.55%
	7/1/05	7,571,670	8,774,481	(1,202,811)	86.3%	5,697,543	-21.11%
	7/1/07	12,695,030	13,093,095	(398,065)	97.0%	6,843,161	-5.82%
	7/1/09	18,265,170	20,678,480	(2,413,310)	88.3%	8,816,280	-27.37%
	7/1/11	24,781,826	31,782,763	(7,000,937)	78.0%	6,843,161	-74.84%
	7/1/13	34,394,949	41,218,696	(6,823,747)	83.4%	11,299,967	-60.39%
	7/1/14	42,195,568	46,060,602	(3,865,034)	91.6%	11,548,952	-33.47%
School Employees Pension Plan	7/1/08	\$ 33,594,082	\$ 39,704,426	\$ (6,110,344)	84.6%	\$ 14,832,271	-41.20%
	7/1/09	29,656,481	40,496,285	(10,839,804)	73.2%	14,482,687	-74.85%
	7/1/10	32,317,581	42,039,713	(9,722,132)	76.9%	14,772,043	-65.81%
	7/1/11	35,062,863	41,507,432	(6,444,569)	84.5%	13,759,954	-46.84%
	7/1/12	31,423,797	38,122,681	(6,698,884)	82.4%	14,097,285	-47.52%
	7/1/13	32,134,910	38,839,961	(6,705,051)	82.7%	13,335,646	-50.28%

REQUIRED SUPPLEMENTARY INFORMATION
CITY OF WARWICK, RHODE ISLAND
Pension Plan - Schedule of Funding Progress (1)
"Unaudited"

	Actuarial Valuation Date	Actuarial Value of Assets (2)	Actuarial Accrued Liability (AAL) Projected Unit Credit	AAL (UAAL) Funding Excess (deficit)	Funding Ratio	Covered Payroll	UAAL (Funding Excess) as a Percentage of Covered Payroll
Other Post Employee Benefits	6/30/08	\$ -	\$ 251,736,786	\$(251,736,786)	0.0%	N/A	N/A
	6/30/09	-	257,751,982	(257,751,982)	0.0%	N/A	N/A
	6/30/10	-	270,992,626	(270,992,626)	0.0%	N/A	N/A
	6/30/11	-	283,220,644	(283,220,644)	0.0%	N/A	N/A
	6/30/12	-	261,427,061	(261,427,061)	0.0%	N/A	N/A
	6/30/13	-	285,396,150	(285,396,150)	0.0%	N/A	N/A
	6/30/2014	-	299,915,526	(299,915,526)	0.0%	N/A	N/A

- (1) The information included in the schedule of funding progress was obtained from annual or biennial actuarial valuations at the dates indicated. These were the last actuarial reports available.
- (2) Actuarial valuations are performed on an annual basis for all pension plans.
- (3) The Fire II Pension Plan was established in 1992. Although an actuarial valuation was performed on July 1, 1993, the related contribution formula was not required to become effective until July 1, 1998 per City Ordinance. Prior to July 1, 1998, the total required contribution was 33% of covered payroll with 22% paid by the City and 11% paid by the covered employees. The cap on contributions in the early years of the program was intended to avoid charging the first generation of employees with costs which are expected to be significantly higher than the long term costs of the plan. An actuarial valuation as of July 1, 1997 was completed and was used to determine the contribution requirements for fiscal year 1999.

REQUIRED SUPPLEMENTARY INFORMATION
CITY OF WARWICK, RHODE ISLAND
Budgetary Comparison Schedule - General Fund
Schedule of Revenues and Expenditures (Non-GAAP Budgetary Basis)
Budget and Actual
For the Fiscal Year Ended June 30, 2014

	<u>Original Budgeted Revenues</u>	<u>Final Budgeted Revenues</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance</u>
General property taxes	<u>\$217,121,194</u>	<u>\$217,121,194</u>	<u>\$214,148,180</u>	<u>\$(2,973,014)</u>
Intergovernmental				
Telephone tax	994,959	994,959	1,120,907	125,948
Aid to school buildings	1,000,000	1,000,000	1,032,620	32,620
Connecticut tax	1,150,596	1,150,596	1,595,655	445,059
GPA reimbursements	-	-	-	-
Motor vehicle tax phase-out	1,147,235	1,147,235	1,049,606	(97,629)
Departmental grant income	2,584,515	2,959,515	3,822,914	863,399
State municipal incentive aid	-	394,569	394,569	-
Total intergovernmental	<u>6,877,305</u>	<u>7,646,874</u>	<u>9,016,271</u>	<u>1,369,397</u>
Licenses and fees				
Licenses- police/miscellaneous	363,650	363,650	361,671	(1,979)
Municipal fees	1,865,000	1,865,000	1,910,766	45,766
Building permits	725,000	725,000	711,222	(13,778)
Advertising and zoning fees	21,000	21,000	26,530	5,530
Recreational fees	785,000	785,000	892,435	107,435
Parking violations and fines	170,000	170,000	208,664	38,664
Department processing/program fees	236,650	236,650	306,129	69,479
Total licenses and fees	<u>4,166,300</u>	<u>4,166,300</u>	<u>4,417,417</u>	<u>251,117</u>
Other revenue				
Tax titles	135,000	135,000	217,160	82,160
Interest on taxes	1,000,000	1,000,000	2,494,254	1,494,254
Interest on investments/ capital projects	1,400	1,400	3,254	1,854
Housing authority	130,000	130,000	137,557	7,557
Airport parking tax	500,000	500,000	500,000	-
Airport miscellaneous income	600,000	600,000	848,624	248,624
Airport surcharge	1,000,000	1,000,000	1,157,600	157,600
Airport EDC	778,000	778,000	780,271	2,271
Municipal court	255,000	255,000	266,208	11,208
Hotel tax	1,483,837	1,483,837	1,645,161	161,324
Meal Tax	2,100,000	2,100,000	2,502,697	402,697
Pilot Program - Johnson & Wales	40,000	40,000	40,000	-
School back charge - lease purchase/tipping fee	15,000	15,000	20,398	5,398
School RIHEBC Debt Reimbursement	899,856	899,856	928,064	28,208
Enterprise fund back charges	2,033,967	2,033,967	2,114,072	80,105
Other	2,638,250	2,638,250	3,095,011	456,761
Total other revenues	<u>13,610,310</u>	<u>13,610,310</u>	<u>16,750,331</u>	<u>3,140,021</u>
Total revenues	<u>241,775,109</u>	<u>242,544,678</u>	<u>244,332,199</u>	<u>1,787,521</u>
Other financing sources				
Appropriation of fund balance-education reserve	-	4,076,648	4,076,648	-
Rescue service fees	2,100,000	2,100,000	2,382,656	282,656
Transfers - In from school	38,042,587	38,042,587	39,056,186	1,013,599
Total other financing sources	<u>40,142,587</u>	<u>44,219,235</u>	<u>45,515,490</u>	<u>1,296,255</u>
Total revenues and other financing sources	<u>\$281,917,696</u>	<u>\$286,763,913</u>	<u>\$289,847,689</u>	<u>\$ 3,083,776</u>

(continued)

REQUIRED SUPPLEMENTARY INFORMATION
CITY OF WARWICK, RHODE ISLAND
Budgetary Comparison Schedule - General Fund
Schedule of Revenues and Expenditures (Non-GAAP Budgetary Basis)
Budget and Actual
For the Fiscal Year Ended June 30, 2014
(continued)

	Original Budgeted Expenditures	Final Budgeted Expenditures	Actual Amounts (Budgetary Basis)	Variance
Executive and administrative				
Executive department	\$ 400,713	\$ 400,713	\$ 367,777	\$ 32,936
Legal department	381,100	381,100	271,950	109,150
City clerk	363,498	363,498	341,106	22,392
Probate court	107,910	107,910	130,869	(22,959)
Municipal court	92,622	92,622	73,142	19,480
Personnel department	275,897	275,897	234,613	41,284
	<u>1,621,740</u>	<u>1,621,740</u>	<u>1,419,457</u>	<u>202,283</u>
Legislative and citizens representation				
Legislative department	247,581	247,581	174,229	73,352
Board of canvassers	227,571	227,571	157,967	69,604
	<u>475,152</u>	<u>475,152</u>	<u>332,196</u>	<u>142,956</u>
Financial management				
Finance administration	396,151	396,151	292,600	103,551
Purchasing	193,556	193,556	206,354	(12,798)
Treasury	350,495	350,495	326,683	23,812
City collection	525,675	525,675	500,373	25,302
Management information services	995,121	995,121	938,756	56,365
City assessment	824,976	824,976	816,438	8,538
Board of assessment review	15,950	15,950	8,358	7,592
	<u>3,301,924</u>	<u>3,301,924</u>	<u>3,089,562</u>	<u>212,362</u>
Total executive and administrative	<u>5,398,816</u>	<u>5,398,816</u>	<u>4,841,215</u>	<u>557,601</u>
Public safety department				
Animal shelter	201,692	201,692	188,948	12,744
Police department	17,459,971	17,459,971	17,581,624	(121,653)
Fire department	20,350,226	20,725,226	21,087,034	(361,808)
Organized crime/drug enforcement task force	23,600	23,600	21,519	2,081
Building inspection and minimum housing	788,563	788,563	781,814	6,749
Emergency management	153,642	153,642	548,694	(395,052)
Alcohol and highway safety enforcement	101,450	101,450	148,628	(47,178)
Police grants	60,000	60,000	32,854	27,146
Board of public safety	47,745	47,745	47,622	123
Total public safety	<u>39,186,889</u>	<u>39,561,889</u>	<u>40,438,737</u>	<u>(876,848)</u>
Social services				
Recreation department:				
Parks and recreation	342,774	342,774	308,411	34,363
William Thayer memorial ice rink	811,054	811,054	762,794	48,260
McDermott swimming pool	501,429	501,429	415,893	85,536
	<u>1,655,257</u>	<u>1,655,257</u>	<u>1,487,098</u>	<u>168,159</u>
Public library	<u>2,560,637</u>	<u>2,560,637</u>	<u>2,490,919</u>	<u>69,718</u>

(continued)

REQUIRED SUPPLEMENTARY INFORMATION
CITY OF WARWICK, RHODE ISLAND
Budgetary Comparison Schedule - General Fund
Schedule of Revenues and Expenditures (Non-GAAP Budgetary Basis)
Budget and Actual
For the Fiscal Year Ended June 30, 2014
(continued)

	<u>Original Budgeted Expenditures</u>	<u>Final Budgeted Expenditures</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance</u>
Human services:				
Human services administration	511,117	511,117	466,113	45,004
Senior center	470,977	470,977	455,526	15,451
Senior transportation	262,085	262,085	244,572	17,513
	<u>1,244,179</u>	<u>1,244,179</u>	<u>1,166,211</u>	<u>77,968</u>
Total social services	<u>5,460,073</u>	<u>5,460,073</u>	<u>5,144,228</u>	<u>315,845</u>
Planning department	<u>612,404</u>	<u>612,404</u>	<u>448,644</u>	<u>163,760</u>
Community development	<u>284,528</u>	<u>284,528</u>	<u>261,445</u>	<u>23,083</u>
Tourism, culture, and development	<u>658,837</u>	<u>658,837</u>	<u>627,876</u>	<u>30,961</u>
Public works department:				
Administrative division	115,854	115,854	200,837	(84,983)
Highway division	4,218,079	4,210,329	4,174,349	35,980
Sanitation division	2,098,364	2,098,364	1,970,811	127,553
Automotive division	2,785,082	2,792,832	2,451,797	341,035
City building maintenance division	1,240,333	1,240,333	1,187,464	52,869
Engineering division	1,300,209	1,300,209	1,403,504	(103,295)
Recycling	70,000	70,000	56,562	13,438
Field maintenance	790,240	790,240	718,223	72,017
	<u>12,618,161</u>	<u>12,618,161</u>	<u>12,163,547</u>	<u>454,614</u>
Sewer review board	<u>2,150</u>	<u>2,150</u>	<u>1,750</u>	<u>400</u>
Totals physical resources	<u>14,176,080</u>	<u>14,176,080</u>	<u>13,503,262</u>	<u>672,818</u>
Employee benefits, special and capital	<u>52,700,213</u>	<u>53,094,782</u>	<u>53,704,575</u>	<u>(609,793)</u>
Total expenditures	<u>116,922,071</u>	<u>117,691,640</u>	<u>117,632,017</u>	<u>59,623</u>
Other financing uses				
Operating transfer to debt service fund	7,870,574	7,870,574	7,340,874	529,700
Operating transfer to school unrestricted fund	157,125,051	161,201,699	157,929,740	3,271,959
Total other financing uses	<u>164,995,625</u>	<u>169,072,273</u>	<u>165,270,614</u>	<u>3,801,659</u>
Total expenditures and other financing uses	<u>\$281,917,696</u>	<u>\$286,763,913</u>	<u>\$282,902,631</u>	<u>\$ 3,861,282</u>

(concluded)

CITY OF WARWICK, RHODE ISLAND
Budgetary Comparison Schedule - School General Fund
Schedule of Revenues and Expenditures (Non-GAAP Budgetary Basis)
Budget and Actual
For the Fiscal Year Ended June 30, 2014
(Unaudited)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance</u>
Revenues				
State and Federal School Aid	\$ 36,741,987	\$ 36,741,987	\$ 35,836,505	\$ (905,482)
Other school miscellaneous revenue	1,300,600	1,300,600	3,219,682	1,919,082
Appropriation from the City	119,082,464	119,082,464	119,082,464	-
Re-appropriation of fund balance - transfer from City	-	4,076,648	4,076,648	-
Total revenues	<u>157,125,051</u>	<u>161,201,699</u>	<u>162,215,299</u>	<u>1,013,600</u>
Expenditures				
Education	<u>157,125,051</u>	<u>161,201,699</u>	<u>157,929,740</u>	<u>3,271,959</u>
Total expenditures	<u>157,125,051</u>	<u>161,201,699</u>	<u>157,929,740</u>	<u>3,271,959</u>
Gross Excess of Revenue Over Expenditures			4,285,559	4,285,559
Less Prior Period Adjustment			(311,627)	(311,627)
Net Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,973,932</u>	<u>\$ 3,973,932</u>

CITY OF WARWICK, RHODE ISLAND
Notes to Required Supplementary Information
June 30, 2014

BUDGETARY DATA AND BUDGETARY COMPLIANCE

(a) Adoption

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

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

Appropriations in addition to those contained in the annual operating budgets, except for the purpose of meeting a public emergency, are made upon the recommendation of the City Mayor and by a resolution adopted by the favorable votes of at least five members of the council. Amendments to the operating budgets that do not result in additional appropriations may be made within departments by means of a transfer. The Director of Finance, subject to approval of the Mayor, may at any time transfer any unencumbered appropriation balance or portion thereof between general classifications of expenditures within an office, department or agency. At the request of the Mayor and within the last three months of the fiscal year, the Council may by resolution transfer any unencumbered appropriation balance or portion thereof from one office, department or agency to another. The level at which General Fund expenditures may not legally exceed appropriations is at the department level. The Schools Unrestricted Fund, a Special Revenue Fund, does not have a legal level of control over expenditures, except that total expenditures may not exceed available revenues. Appropriations which are not expended or encumbered lapse at year end.

CITY OF WARWICK, RHODE ISLAND
Notes to Required Supplementary Information
June 30, 2014

BUDGETARY DATA AND BUDGETARY COMPLIANCE (CONTINUED)

(b) Budgetary to GAAP Basis Reconciliation

The following reconciliation summarizes the difference for the City's General Fund and the School Unrestricted Fund between budgetary and GAAP basis accounting principles for the year ended June 30, 2014:

	General Fund	School Unrestricted Fund
Revenue and Other Financing Sources		
Actual Amounts (budgetary basis)	\$289,847,689	\$162,215,299
Difference - budget to GAAP		
The appropriated fund balance is a budgetary revenue but is not a current year revenue for financial reporting purposes.	(4,076,648)	
For budgetary purposes the School Department recognized the entire City appropriation as revenue. However, per City Charter the surplus reverts back to the City.		(3,973,932)
Related transfer to other funds for financial reporting purposes.	(40,306,261)	
Fund back charges are budgetary revenue, but are reflected as a reduction of expenditures for financial reporting purposes.	(2,114,072)	
Rescue Service Fund revenue net of transfer to General Fund reported as revenue for GAAP purposes not included in Budget Basis revenues.	1,009,675	
Transfer to other funds are reflected as reductions of revenue for budgetary purposes, but are reflected as revenues for financial reporting purposes.	16,455	
The pension contributions made to the Employees Retirement System by the State of Rhode Island on behalf of the City of Warwick is not reported as budgetary revenue , but is a current year revenue for financial reporting purposes.		6,342,485
Total revenues and other financing sources as reported in the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds.	<u><u>\$244,376,838</u></u>	<u><u>\$164,583,852</u></u>

CITY OF WARWICK, RHODE ISLAND
Notes to Required Supplementary Information
June 30, 2014

BUDGETARY DATA AND BUDGETARY COMPLIANCE (CONTINUED)

(b) Budgetary to GAAP Basis Reconciliation (Continued)

	General Fund	School Unrestricted Fund
Expenditures and Other Financing Uses		
Actual Amounts (budgetary basis)	\$282,902,631	\$157,929,740
Difference - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year supplies are received for financial reporting purposes.	137,481	
Transfer to School Department is reported at gross amount for budget purposes but is reported net of School revenue for GAAP.	(39,056,186)	
Transfer from other funds is a budgetary revenue, but is reported net of the related transfer to other funds for financial reporting purposes.	(1,250,075)	
Fund back charges are budgetary revenue, but are reflected as a reduction of expenditures for financial reporting purposes.	(2,114,072)	
Rescue Service Fund revenue net of transfer to General Fund reported as revenue for GAAP purposes not part of the budgetary basis expenditures.	1,009,675	
Transfer to other funds are reflected as reductions of revenue for budgetary purposes, but are reflected as revenues for financial reporting purposes.	16,455	
The pension contributions made to the Employees Retirement System by the State of Rhode Island on behalf of the City of Warwick is not reported as budgetary revenue, but is a current year revenue for financial reporting purposes.		6,342,485
Total expenditures and other financing sources as reported in the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds.	<u><u>\$241,645,909</u></u>	<u><u>\$164,272,225</u></u>

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***CITY OF WARWICK,
RHODE ISLAND***

OTHER SUPPLEMENTARY INFORMATION

***CITY OF WARWICK,
RHODE ISLAND***

SPECIAL REVENUE FUNDS

CITY OF WARWICK, RHODE ISLAND
Non-Major Governmental Funds
Combining Balance Sheet
June 30, 2014

	Special Revenue Restricted City	Special Revenue Restricted School	Capital Projects Funds	Debt Service Fund	Total Non-Major Governmental
Assets:					
Cash and cash equivalents	\$ 1,361,312	\$ 1,530	\$2,241,977	\$ -	\$ 3,604,819
Restricted cash	-	-	-	1,522,500	1,522,500
Accounts receivable	3,406,605	123,385	-	-	3,529,990
Due from federal and state governments	2,501,934	2,566,565	532,132	-	5,600,631
Internal balances	1,552,418	453,651	-	-	2,006,069
Other assets	-	178,300	-	-	178,300
Total assets	\$ 8,822,269	\$ 3,323,431	\$2,774,109	\$ 1,522,500	\$ 16,442,309
Liabilities and Fund Balances					
Liabilities:					
Accounts payable and accrued expenditures	\$ 105,862	\$ 786,369	\$ 213,581	\$ -	\$ 1,105,812
Due to federal and state governments	24	-	-	-	24
Internal balances	135,453	2,053,439	3,322,728	-	5,511,620
Unearned revenue	5,754,294	-	-	-	5,754,294
Total liabilities	5,995,633	2,839,808	3,536,309	-	12,371,750
Fund balances (deficits)					
Restricted	2,826,636	567,122	2,025,694	1,522,500	6,941,952
Unassigned	-	(83,499)	(2,787,894)	-	(2,871,393)
Fund balances (deficits)	2,826,636	483,623	(762,200)	1,522,500	4,070,559
Total liabilities and fund balances	\$ 8,822,269	\$ 3,323,431	\$2,774,109	\$ 1,522,500	\$ 16,442,309

CITY OF WARWICK, RHODE ISLAND
Non-Major Governmental Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the fiscal year ended June 30, 2014

	Special Revenue Restricted City	Special Revenue Restricted School	Capital Projects Funds	Debt Service Fund	Total Non-Major Governmental
Revenues					
Intergovernmental revenue	\$ 2,011,645	\$ 7,898,333	\$ 524,461	\$ -	\$ 10,434,439
Charges for services	2,634,238	1,015,909	-	-	3,650,147
Investment income	1,115	-	-	-	1,115
Contributions and private grants	65,985	240,094	-	-	306,079
Other revenue	413,918	5,692	197,500	-	617,110
Total Revenues	5,126,901	9,160,028	721,961	-	15,008,890
Expenditures					
Executive and administration	63,334	-	-	-	63,334
Public safety	2,648,943	-	666,030	-	3,314,973
Public libraries	173,430	-	-	-	173,430
Social services	22,977	-	-	-	22,977
Planning and economic development	1,432,358	-	-	-	1,432,358
Public works	301,853	-	2,219,024	-	2,520,877
Education	-	9,633,924	1,951,205	-	11,585,129
<i>Debt service:</i>					
Principal	-	-	-	5,082,483	5,082,483
Interest and other costs	-	-	-	1,750,891	1,750,891
Total Expenditures	4,642,895	9,633,924	4,836,259	6,833,374	25,946,452
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	484,006	(473,896)	(4,114,298)	(6,833,374)	(10,937,562)
Other financing sources (uses)					
Transfers from other funds	296,063	550,071	666,413	7,340,874	8,853,421
Transfers to other funds	(1,103,978)	-	-	-	(1,103,978)
Total other financing sources (uses)	(807,915)	550,071	666,413	7,340,874	7,749,443
Net change in fund balances	(323,909)	76,175	(3,447,885)	507,500	(3,188,119)
FUND BALANCES - July 1, 2013	3,150,545	407,448	2,685,685	1,015,000	7,258,678
FUND BALANCES - June 30, 2014	\$ 2,826,636	\$ 483,623	\$ (762,200)	\$ 1,522,500	\$ 4,070,559

CITY OF WARWICK, RHODE ISLAND

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS (CONTINUED):

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

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

Home Improvement Loan Escrow Account – Established to account for revenues and expenditures for Community Development Block Grant seed program. It allows residents to obtain affordable home improvement loans to improve properties that met certain requirements.

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

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

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

IDEA	Walmart
IDEA Pre-School	Dorothy Rich Association
IDEA Pre-School Targeted	Reading Excellence
Title I	Soc Skills for Life - Vets
Title II	Alt Learning Program
E2T2 Training Consortium ARRA	City - Town Center
Title III	Cedar Library Books
Perkins Voc Even Year	PTO Donations
Perkins Voc Odd Year	School Lunch Fund
Homeless Even Year	Media Labs at Wickes
Homeless Odd Year	The Jason Fund
Fresh Fruit/Veg Program	Champlin Aldrich Groton
Skills USA	Champlin Comp
Big Yellow Bus	Art Talks Sherman
Scott Tech Donations	C.A.S.I.T Italian Program
Esther Chester Donations	Race to the Top
Mary Maini Memorial Fund	Common Core State Status
City/Town Contribution Sports	United Way

CITY OF WARWICK, RHODE ISLAND

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS:

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

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

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

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

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

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

Community Benefit Fund – Established to account for ETICAM fees reserved for emergency response personnel training and acquisition/lease of emergency response vehicles, equipment and supplies.

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

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

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

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

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

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

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

(CONTINUED)

CITY OF WARWICK, RHODE ISLAND

NON-MAJOR GOVERNMENTAL FUNDS

Injury Fund
Emergency Repairs - Tech
Feinstein
Rhode Island Foundation
Smart Arts
Verizon Thinkfinity

Shapiro Fund for Warwick
Wireless Classroom Int.
RIPIN
CTE (Even Year)
Stop & Shop
Carol Gray Memorial Fund

DEBT SERVICE FUND:

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

(CONCLUDED)

CITY OF WARWICK, RHODE ISLAND
Special Revenue Restricted City
Combining Balance Sheet
June 30, 2014

	Community Development Block Grant	Home Improvement Loan Escrow Account	Drug Seizure Fund	State Asset Forfeiture Fund	Open Space Land Dedication	Warwick Public Library Restricted Fund
Assets:						
Cash	\$ 289,682	\$ 52,402	\$ 235,909	\$ 24,822	\$ 288,539	\$ 101,166
Accounts receivables	3,005,554	-	-	-	-	-
Due from federal and state governments	652,127	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Total assets	\$ 3,947,363	\$ 52,402	\$ 235,909	\$ 24,822	\$ 288,539	\$ 101,166
Liabilities and Fund Balances						
Liabilities:						
Accounts payable and accrued expenditures	\$ 41,209	\$ -	\$ 128	\$ -	\$ -	\$ 6,076
Due to federal and state governments	24	-	-	-	-	-
Due to other funds	81,196	-	28,162	-	-	5,206
Deferred revenues	3,535,391	-	-	-	-	-
Total liabilities	3,657,820	-	28,290	-	-	11,282
Fund balances (deficits):						
Restricted	289,543	52,402	207,619	24,822	288,539	89,884
Total fund balances (deficits)	289,543	52,402	207,619	24,822	288,539	89,884
Total liabilities and fund balances	\$ 3,947,363	\$ 52,402	\$ 235,909	\$ 24,822	\$ 288,539	\$ 101,166

(continued)

CITY OF WARWICK, RHODE ISLAND
Special Revenue Restricted City
Combining Balance Sheet
June 30, 2014
(continued)

	Disaster Recovery Program	Sewer Connection Grant	JAG Grant	Excess Hotel Tax Fund	Special Detail Fund	Senior Center Gift Shop
Assets:						
Cash	\$ -	\$ 24,023	\$ -	\$ 131,237	\$ -	\$ 35,466
Accounts receivables	-	-	-	-	324,710	-
Due from federal and state governments	1,831,952	-	17,855	-	-	-
Due from other funds	-	35,800	-	-	122,293	977
Total assets	\$ 1,831,952	\$ 59,823	\$ 17,855	\$ 131,237	\$ 447,003	\$ 36,443
Liabilities and Fund Balances						
Liabilities:						
Accounts payable and accrued expenditures	\$ 6,040	\$ 1,000	\$ 5,624	\$ -	\$ 34,361	\$ 3,636
Due to other funds	8,060	598	12,231	-	-	-
Deferred revenues	1,817,852	-	-	-	324,710	-
Total liabilities	1,831,952	1,598	17,855	-	359,071	3,636
Fund balances (deficits):						
Restricted	-	58,225	-	131,237	87,932	32,807
Total fund balances (deficits)	-	58,225	-	131,237	87,932	32,807
Total liabilities and fund balances	\$ 1,831,952	\$ 59,823	\$ 17,855	\$ 131,237	\$ 447,003	\$ 36,443

(continued)

CITY OF WARWICK, RHODE ISLAND
Special Revenue Restricted City
Combining Balance Sheet
June 30, 2014
(continued)

	Mooring Fee Reserve Fund	City Clerk Restricted Fund	Lead Reduction Program	Emergency Operations- City	Totals
<i>Assets:</i>					
Cash	\$ 178,066	\$ -	\$ -	\$ -	\$ 1,361,312
Accounts receivables	-	-	76,341	-	3,406,605
Due from federal and state governments	-	-	-	-	2,501,934
Due from other funds	16,455	929,892	-	447,001	1,552,418
<i>Total assets</i>	<u>\$ 194,521</u>	<u>\$ 929,892</u>	<u>\$ 76,341</u>	<u>\$ 447,001</u>	<u>\$ 8,822,269</u>
<i>Liabilities and Fund Balances:</i>					
<i>Liabilities</i>					
Accounts payable and accrued expenditures	\$ -	\$ 4,226	\$ -	\$ 3,562	\$ 105,862
Due to federal and state governments	-	-	-	-	24
Due to other funds	-	-	-	-	135,453
Deferred revenues	-	-	76,341	-	5,754,294
<i>Total liabilities</i>	<u>-</u>	<u>4,226</u>	<u>76,341</u>	<u>3,562</u>	<u>5,995,633</u>
<i>Fund balances (deficits)</i>					
Restricted	194,521	925,666	-	443,439	2,826,636
<i>Total fund balances (deficits)</i>	<u>194,521</u>	<u>925,666</u>	<u>-</u>	<u>443,439</u>	<u>2,826,636</u>
<i>Total liabilities and fund balances</i>	<u>\$ 194,521</u>	<u>\$ 929,892</u>	<u>\$ 76,341</u>	<u>\$ 447,001</u>	<u>\$ 8,822,269</u>

(concluded)

CITY OF WARWICK, RHODE ISLAND
Special Revenue Restricted - City
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
For the fiscal year ended June 30, 2014

	Community Development Block Grant	Home Improvement Loan Escrow Account	Drug Seizure Fund	State Asset Forfeiture Fund	Open Space Land Dedication	Warwick Public Library Restricted Fund
Revenues						
Intergovernmental	\$ 987,564	\$ -	\$ 136,514	\$ 1,311	\$ -	\$ 7,501
Charges for services	-	-	-	-	-	-
Investment income	-	-	176	21	267	169
Contributions and private grants	-	-	-	-	-	65,985
Other revenue	249,480	-	500	-	31,125	28,116
Total Revenues	<u>1,237,044</u>	<u>-</u>	<u>137,190</u>	<u>1,332</u>	<u>31,392</u>	<u>101,771</u>
Expenditures						
Current:						
Executive and administration	-	-	-	-	-	-
Public safety	-	-	69,218	-	-	-
Public libraries	-	-	-	-	-	173,430
Social services	-	-	-	-	-	-
Planning and economic development	877,564	284,350	-	-	-	-
Public works	-	-	-	-	-	-
Total Expenditures	<u>877,564</u>	<u>284,350</u>	<u>69,218</u>	<u>-</u>	<u>-</u>	<u>173,430</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	359,480	(284,350)	67,972	1,332	31,392	(71,659)
Other financing sources (uses)						
Transfers from other funds	-	243,808	-	-	-	-
Transfers to other funds	(240,808)	-	-	-	-	-
Total other financing sources (uses)	<u>(240,808)</u>	<u>243,808</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	118,672	(40,542)	67,972	1,332	31,392	(71,659)
Fund Balances - July 1, 2013	170,871	92,944	139,647	23,490	257,147	161,543
Fund Balances- June 30, 2014	<u>\$ 289,543</u>	<u>\$ 52,402</u>	<u>\$207,619</u>	<u>\$ 24,822</u>	<u>\$ 288,539</u>	<u>\$ 89,884</u>

(concluded)

CITY OF WARWICK, RHODE ISLAND
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
For the fiscal year ended June 30, 2014
(continued)

	Disaster Recovery Program	Sewer Connection Grants	JAG Grant	Excess Hotel Tax Fund	Special Detail Fund	Senior Center Gift Shop
Revenues						
Intergovernmental	\$ 515,715	\$ -	\$ 24,463	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	2,616,878	17,360
Investment income	-	38	-	242	-	38
Contributions and private grants	-	-	-	-	-	-
Other revenue	-	-	-	-	-	2,878
Total Revenues	<u>515,715</u>	<u>38</u>	<u>24,463</u>	<u>242</u>	<u>2,616,878</u>	<u>20,276</u>
Expenditures						
Current:						
Executive and administration	-	-	-	-	-	-
Public safety	-	-	24,463	-	2,041,665	-
Public libraries	-	-	-	-	-	-
Social services	-	-	-	-	-	22,977
Planning and economic development	179,519	14,800	-	76,125	-	-
Public works	-	-	-	-	-	-
Total Expenditures	<u>179,519</u>	<u>14,800</u>	<u>24,463</u>	<u>76,125</u>	<u>2,041,665</u>	<u>22,977</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	336,196	(14,762)	-	(75,883)	575,213	(2,701)
Other financing sources (uses)						
Transfers from other funds	-	35,800	-	-	-	-
Transfers to other funds	(336,196)	-	-	-	(526,974)	-
Total other financing sources (uses)	<u>(336,196)</u>	<u>35,800</u>	<u>-</u>	<u>-</u>	<u>(526,974)</u>	<u>-</u>
Net change in fund balances	-	21,038	-	(75,883)	48,239	(2,701)
Fund Balances - July 1, 2013	-	37,187	-	207,120	39,693	35,508
Fund Balances - June 30, 2014	<u>\$ -</u>	<u>\$ 58,225</u>	<u>\$ -</u>	<u>\$ 131,237</u>	<u>\$ 87,932</u>	<u>\$ 32,807</u>

(concluded)

CITY OF WARWICK, RHODE ISLAND
Special Revenue Restricted - City
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the fiscal year ended June 30, 2014
(continued)

	Mooring Fee Reserve Fund	City Clerk Restricted Fund	Lead Reduction Program	Emergency Operations- City	Totals
Revenues					
Intergovernmental	\$ -	\$ -	\$ -	\$ 338,577	\$2,011,645
Charges for services	-	-	-	-	2,634,238
Investment income	164	-	-	-	1,115
Contributions and private grants	-	-	-	-	65,985
Other revenue	-	101,819	-	-	413,918
Total Revenues	<u>164</u>	<u>101,819</u>	<u>-</u>	<u>338,577</u>	<u>5,126,901</u>
Expenditures					
<i>Current:</i>					
Executive and administration	-	63,334	-	-	63,334
Public safety	-	-	-	513,597	2,648,943
Public libraries	-	-	-	-	173,430
Social services	-	-	-	-	22,977
Planning and economic development	-	-	-	-	1,432,358
Public works	-	-	-	301,853	301,853
Total Expenditures	<u>-</u>	<u>63,334</u>	<u>-</u>	<u>815,450</u>	<u>4,642,895</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	164	38,485	-	(476,873)	484,006
Other financing sources (uses)					
Transfers from other funds	16,455	-	-	-	296,063
Transfers to other funds	-	-	-	-	(1,103,978)
Total other financing sources (uses)	<u>16,455</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(807,915)</u>
Net change in fund balances	16,619	38,485	-	(476,873)	(323,909)
Fund Balances - July 1, 2013	177,902	887,181	-	920,312	3,150,545
Fund Balances - June 30, 2014	<u>\$ 194,521</u>	<u>\$ 925,666</u>	<u>\$ -</u>	<u>\$ 443,439</u>	<u>\$2,826,636</u>

(concluded)

CITY OF WARWICK, RHODE ISLAND
Special Revenue Restricted - School
Combining Balance Sheet
June 30, 2014

	IDEA	IDEA Preschool	IDEA Pre-School Targeted	Title I	Title II	E2T2 Training Consortium ARRA	Title III
Assets							
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable	-	-	-	-	-	-	-
Due federal and state governments	1,172,956	40,206	-	481,247	186,225	-	12,314
Due from other funds	-	-	251	-	-	44	-
Other assets	-	-	-	-	-	-	-
Total assets	<u>\$ 1,172,956</u>	<u>\$ 40,206</u>	<u>\$ 251</u>	<u>\$ 481,247</u>	<u>\$ 186,225</u>	<u>\$ 44</u>	<u>\$ 12,314</u>
Liabilities and Fund Balances							
Liabilities							
Accounts payable and accrued expenditures	\$ 164,867	\$ 11,649	\$ -	\$ 90,868	\$ 48,563	\$ -	\$ 3,658
Due to other funds	1,008,089	28,557	-	390,379	137,662	-	8,656
Total liabilities	<u>1,172,956</u>	<u>40,206</u>	<u>-</u>	<u>481,247</u>	<u>186,225</u>	<u>-</u>	<u>12,314</u>
Fund Balances							
Restricted	-	-	251	-	-	44	-
Unassigned	-	-	-	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>251</u>	<u>-</u>	<u>-</u>	<u>44</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 1,172,956</u>	<u>\$ 40,206</u>	<u>\$ 251</u>	<u>\$ 481,247</u>	<u>\$ 186,225</u>	<u>\$ 44</u>	<u>\$ 12,314</u>

(concluded)

CITY OF WARWICK, RHODE ISLAND
Special Revenue Restricted - School
Combining Balance Sheet
June 30, 2014
(continued)

	Perkins Voc (Even year)	Perkins Voc (Odd year)	Homeless (Even year)	Homeless (Odd year)	Fresh Fruit/Veg Program	Skills USA	Big Yellow Bus
Assets							
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable	-	-	-	-	-	-	-
Due from federal and state governments	156,953	-	20,106	-	18,627	-	-
Due from other funds	-	-	-	-	-	-	1,850
Other assets	-	-	-	-	-	-	-
Total assets	\$ 156,953	\$ -	\$ 20,106	\$ -	\$ 18,627	\$ -	\$ 1,850
Liabilities and Fund Balances							
Liabilities							
Accounts payable and accrued expenditures	\$ 60,917	\$ -	\$ 10,107	\$ -	\$ -	\$ -	\$ -
Due to other funds	57,719	-	8,214	-	18,627	-	-
Total liabilities	118,636	-	18,321	-	18,627	-	-
Fund Balances							
Restricted	38,317	-	1,785	-	-	-	1,850
Unassigned	-	-	-	-	-	-	-
Total fund balances	38,317	-	1,785	-	-	-	1,850
Total liabilities and fund balances	\$ 156,953	\$ -	\$ 20,106	\$ -	\$ 18,627	\$ -	\$ 1,850

(concluded)

CITY OF WARWICK, RHODE ISLAND
Special Revenue Restricted - School
Combining Balance Sheet
June 30, 2014
(continued)

	Scott Tech Donations	Esther Chester Donations	Mary Maini Memorial Fund	City/Town Contribution Sports	Injury Fund	Emergency Repairs - Tech
Assets						
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable	-	-	-	-	-	-
Due from federal and state governments	-	-	-	-	-	-
Due from other funds	1,920	-	50	4,990	229	14,041
Other assets	-	178,300	-	-	-	-
Total assets	\$ 1,920	\$ 178,300	\$ 50	\$ 4,990	\$ 229	\$ 14,041
Liabilities and Fund Balances						
Liabilities						
Accounts payable and accrued expenditures	\$ -	\$ -	\$ -	\$ -	\$ 1	\$ 6,321
Due to other funds	-	1,597	-	-	-	-
Total liabilities	-	1,597	-	-	1	6,321
Fund Balances						
Restricted	1,920	176,703	50	4,990	228	7,720
Unassigned	-	-	-	-	-	-
Total fund balances	1,920	176,703	50	4,990	228	7,720
Total liabilities and fund balances	\$ 1,920	\$ 178,300	\$ 50	\$ 4,990	\$ 229	\$ 14,041

(concluded)

CITY OF WARWICK, RHODE ISLAND
Special Revenue Restricted - School
Combining Balance Sheet
June 30, 2014
(continued)

	<u>Feinstein</u>	<u>Rhode Island Foundation</u>	<u>Smart Arts</u>	<u>Verizon ThinkFinity</u>	<u>Walmart</u>	<u>Dorothy Rich Association</u>
Assets						
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable	-	-	-	-	-	-
Due from federal and state governments	-	-	-	-	-	-
Due from other funds	117,337	1,959	220	5,000	67	651
Other assets	-	-	-	-	-	-
Total assets	<u>\$ 117,337</u>	<u>\$ 1,959</u>	<u>\$ 220</u>	<u>\$ 5,000</u>	<u>\$ 67</u>	<u>\$ 651</u>
Liabilities and Fund Balances						
Liabilities						
Accounts payable and accrued expenditures	\$ 30,337	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
Total liabilities	<u>30,337</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances						
Restricted	87,000	1,959	220	5,000	67	651
Unassigned	-	-	-	-	-	-
Total fund balances	<u>87,000</u>	<u>1,959</u>	<u>220</u>	<u>5,000</u>	<u>67</u>	<u>651</u>
Total liabilities and fund balances	<u>\$ 117,337</u>	<u>\$ 1,959</u>	<u>\$ 220</u>	<u>\$ 5,000</u>	<u>\$ 67</u>	<u>\$ 651</u>

(concluded)

CITY OF WARWICK, RHODE ISLAND
Special Revenue Restricted - School
Combining Balance Sheet
June 30, 2014
(continued)

	Reading Excellence	Soc Skills for Life- Vets	Alt Learning Program	City- Town Center	Cedar Hill Library Books	PTO Donations
Assets						
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable	-	-	-	-	-	-
Due from federal and state governments	-	-	-	-	-	-
Due from other funds	83	113	30	660	42	3,702
Other assets	-	-	-	-	-	-
Total assets	<u>\$ 83</u>	<u>\$ 113</u>	<u>\$ 30</u>	<u>\$ 660</u>	<u>\$ 42</u>	<u>\$ 3,702</u>
Liabilities and Fund Balances						
Liabilities						
Accounts payable and accrued expenditures	\$ -	\$ -	\$ -	\$ 490	\$ -	\$ 130
Due to other funds	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>490</u>	<u>-</u>	<u>130</u>
Fund Balances						
Restricted	83	113	30	170	42	3,572
Unassigned	-	-	-	-	-	-
Total fund balances	<u>83</u>	<u>113</u>	<u>30</u>	<u>170</u>	<u>42</u>	<u>3,572</u>
Total liabilities and fund balances	<u>\$ 83</u>	<u>\$ 113</u>	<u>\$ 30</u>	<u>\$ 660</u>	<u>\$ 42</u>	<u>\$ 3,702</u>

(concluded)

CITY OF WARWICK, RHODE ISLAND
Special Revenue Restricted - School
Combining Balance Sheet
June 30, 2014
(continued)

	<u>School Lunch Fund</u>	<u>Media Labs at Wickes</u>	<u>The Jason Fund</u>	<u>Champlin Aldrich Groton</u>	<u>Champlin Comp.</u>	<u>Champlin</u>
Assets						
Cash	\$ 1,530	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable	123,385	-	-	-	-	-
Due from federal and state governments	96,562	-	-	-	-	-
Due from other funds	27,005	1,908	-	3,306	4	93,732
Other assets	-	-	-	-	-	-
Total assets	<u>\$ 248,482</u>	<u>\$ 1,908</u>	<u>\$ -</u>	<u>\$ 3,306</u>	<u>\$ 4</u>	<u>\$ 93,732</u>
Liabilities and Fund Balances						
Liabilities						
Accounts payable and accrued expenditures	\$ 248,482	\$ -	\$ -	\$ -	\$ -	\$ 21,618
Due to other funds	-	-	178	-	-	-
Total liabilities	<u>248,482</u>	<u>-</u>	<u>178</u>	<u>-</u>	<u>-</u>	<u>21,618</u>
Fund Balances						
Restricted	-	1,908	-	3,306	4	72,114
Unassigned	-	-	(178)	-	-	-
Total fund balances	<u>-</u>	<u>1,908</u>	<u>(178)</u>	<u>3,306</u>	<u>4</u>	<u>72,114</u>
Total liabilities and fund balances	<u>\$ 248,482</u>	<u>\$ 1,908</u>	<u>\$ -</u>	<u>\$ 3,306</u>	<u>\$ 4</u>	<u>\$ 93,732</u>

(concluded)

CITY OF WARWICK, RHODE ISLAND
Special Revenue Restricted - School
Combining Balance Sheet
June 30, 2014
(continued)

	<u>Art Talks Sherman</u>	<u>C.A.S.I.T Italian Program</u>	<u>Race to the Top</u>	<u>Common Core State Status</u>	<u>United Way</u>	<u>Shapiro Fund For Warwick</u>
Assets						
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	
Accounts receivable	-	-	-	-	-	-
Due from federal and state governments	-	-	71,727	16,000	-	-
Due from other funds	89	1,966	-	-	589	-
Other assets	-	-	-	-	-	-
						-
Total assets	<u>\$ 89</u>	<u>\$ 1,966</u>	<u>\$ 71,727</u>	<u>\$ 16,000</u>	<u>\$ 589</u>	<u>\$ -</u>
Liabilities and Fund Balances						
Liabilities						
Accounts payable and accrued expenditures	\$ -	\$ -	\$ 5,969	\$ 16,000	\$ -	\$ -
Due to other funds	-	-	65,881	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>71,850</u>	<u>16,000</u>	<u>-</u>	<u>-</u>
Fund Balances						
Restricted	89	1,966	-	-	589	-
Unassigned	-	-	(123)	-	-	-
Total fund balances	<u>89</u>	<u>1,966</u>	<u>(123)</u>	<u>-</u>	<u>589</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 89</u>	<u>\$ 1,966</u>	<u>\$ 71,727</u>	<u>\$ 16,000</u>	<u>\$ 589</u>	<u>\$ -</u>

(concluded)

CITY OF WARWICK, RHODE ISLAND
Special Revenue Restricted - School
Combining Balance Sheet
June 30, 2014
(continued)

	Wireless Classroom Int.	RIPIN	CTE (Even year)	Stop & Shop	Carol Gray Memorial Fund	TOTALS
Assets						
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,530
Accounts receivable	-	-	-	-	-	123,385
Due from federal and state governments	293,642	-	-	-	-	2,566,565
Due from other funds	-	27	170,435	1,328	23	453,651
Other assets	-	-	-	-	-	178,300
Total assets	<u>\$ 293,642</u>	<u>\$ 27</u>	<u>\$ 170,435</u>	<u>\$ 1,328</u>	<u>\$ 23</u>	<u>\$ 3,323,431</u>
Liabilities and Fund Balances						
Liabilities						
Accounts payable and accrued expenditures	\$ 48,960	\$ -	\$ 17,432	\$ -	\$ -	\$ 786,369
Due to other funds	327,880	-	-	-	-	2,053,439
Total liabilities	<u>376,840</u>	<u>-</u>	<u>17,432</u>	<u>-</u>	<u>-</u>	<u>2,839,808</u>
Fund Balances						
Restricted	-	27	153,003	1,328	23	567,122
Unassigned	(83,198)	-	-	-	-	(83,499)
Total fund balances	<u>(83,198)</u>	<u>27</u>	<u>153,003</u>	<u>1,328</u>	<u>23</u>	<u>483,623</u>
Total liabilities and fund balances	<u>\$ 293,642</u>	<u>\$ 27</u>	<u>\$ 170,435</u>	<u>\$ 1,328</u>	<u>\$ 23</u>	<u>\$ 3,323,431</u>

(concluded)

CITY OF WARWICK, RHODE ISLAND
Special Revenue Restricted - School
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
For the fiscal year ended June 30, 2014

	IDEA	Preschool	IDEA Pre-School Targeted	Title I	Title II	E2T2 Training Consortium ARRA	Title III
Revenues							
Intergovernmental revenues	\$ 3,229,707	\$ 103,450	\$ -	\$ 1,329,137	\$ 519,309	\$ -	\$ 16,830
Contributions and private grants	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Other revenues	-	-	-	-	-	-	-
Total revenues	<u>3,229,707</u>	<u>103,450</u>	<u>-</u>	<u>1,329,137</u>	<u>519,309</u>	<u>-</u>	<u>16,830</u>
Expenditures							
Salaries	2,220,129	69,355	-	917,840	347,190	-	9,100
Employee benefits	954,966	32,359	-	376,413	153,826	-	686
Purchased services	-	-	-	-	8,407	-	480
Other purchased services	-	-	-	4,681	468	-	2,132
Supplies and materials	-	-	-	6,779	637	-	4,132
Capital equipment and property	-	-	-	-	-	-	-
Indirect costs	54,612	1,736	-	22,424	8,781	-	234
Miscellaneous	-	-	-	1,000	-	-	66
Total expenditures	<u>3,229,707</u>	<u>103,450</u>	<u>-</u>	<u>1,329,137</u>	<u>519,309</u>	<u>-</u>	<u>16,830</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	-	-	-
Other Financing Sources							
Transfers from other funds	-	-	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-	-	-	-	-
Fund Balance - July 1, 2013	-	-	251	-	-	44	-
Fund Balance - June 30, 2014	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 251</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44</u>	<u>\$ -</u>

(continued)

CITY OF WARWICK, RHODE ISLAND
Special Revenue Restricted - School
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
For the fiscal year ended June 30, 2010

	Perkins Voc (Even Year)	Perkins Voc (Odd year)	Homeless (Even year)	Homeless (Odd year)	Fresh Fruit/Veg Program	Skills USA	Big Yellow Bus
Revenues							
Intergovernmental revenues	\$ 331,122	\$ -	\$ 30,112	\$ 1,368	\$ 76,928	\$ 3,500	\$ -
Contributions and private grants	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	640
Other revenues	-	-	-	-	-	-	-
Total revenues	331,122	-	30,112	1,368	76,928	3,500	640
Expenditures							
Salaries	160,531	-	13,230	1,215	-	-	-
Employee benefits	66,225	-	1,012	93	-	-	-
Purchased services	11,689	-	11,700	-	-	-	-
Other purchased services	-	-	1,345	-	68,966	-	400
Supplies and materials	7,386	-	590	35	952	-	-
Capital equipment and property	43,254	-	-	-	-	-	-
Indirect costs	3,720	-	325	25	7,010	-	-
Miscellaneous	-	-	125	-	-	3,500	-
Total expenditures	292,805	-	28,327	1,368	76,928	3,500	400
Excess (deficiency) of revenues over (under) expenditures	38,317	-	1,785	-	-	-	240
Other Financing Sources							
Transfers from other funds	-	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	-	-
Net change in fund balances	38,317	-	1,785	-	-	-	240
Fund Balance - July 1, 2013	-	-	-	-	-	-	1,610
Fund Balance - June 30, 2014	\$ 38,317	\$ -	\$ 1,785	\$ -	\$ -	\$ -	\$ 1,850

(continued)

CITY OF WARWICK, RHODE ISLAND
Special Revenue Restricted - School
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
For the fiscal year ended June 30, 2014
(continued)

	Scott Tech Donations	Esther Chester Donations	Mary Maini Memorial Fund	City/Town Contribution Sports	Injury Fund	Emergency Repairs - Tech
Revenues						
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,040
Contributions and private grants	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Other revenues	-	-	-	-	5,692	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,692</u>	<u>14,040</u>
Expenditures						
Salaries	-	-	-	-	-	-
Employee benefits	-	-	-	-	-	-
Purchased services	-	-	-	-	5,692	-
Other purchased services	-	-	-	-	-	14,040
Supplies and materials	514	-	-	-	-	-
Capital equipment and property	-	-	-	-	-	9,887
Indirect costs	-	-	-	-	-	-
Miscellaneous	-	201	-	-	-	-
Total expenditures	<u>514</u>	<u>201</u>	<u>-</u>	<u>-</u>	<u>5,692</u>	<u>23,927</u>
Excess (deficiency) of revenues over (under) expenditures	(514)	(201)	-	-	-	(9,887)
Other Financing Sources						
Transfers from other funds	-	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(514)	(201)	-	-	-	(9,887)
Fund Balance - July 1, 2013	2,434	176,904	50	4,990	228	17,607
Fund Balance - June 30, 2014	<u>\$ 1,920</u>	<u>\$ 176,703</u>	<u>\$ 50</u>	<u>\$ 4,990</u>	<u>\$ 228</u>	<u>\$ 7,720</u>

(continued)

CITY OF WARWICK, RHODE ISLAND
Special Revenue Restricted - School
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
For the fiscal year ended June 30, 2014
(continued)

	<u>Feinstein</u>	<u>Rhode Island Foundation</u>	<u>Smart Arts</u>	<u>Verizon Thinkfinity</u>	<u>Walmart</u>	<u>Dorothy Rich Association</u>
Revenues						
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions and private grants	102,465	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Other revenues	-	-	-	-	-	-
Total revenues	<u>102,465</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures						
Salaries	-	-	-	-	-	-
Employee benefits	-	-	-	-	-	-
Purchased services	715	-	-	-	-	-
Other purchased services	-	-	-	-	-	-
Supplies and materials	9,363	-	-	-	-	-
Capital equipment and property	56,908	-	-	-	-	-
Indirect costs	-	-	-	-	-	-
Miscellaneous	6,541	-	-	-	-	-
Total expenditures	<u>73,527</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	28,938	-	-	-	-	-
Other Financing Sources						
Transfers from other funds	-	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	28,938	-	-	-	-	-
Fund Balance - July 1, 2013	58,062	1,959	220	5,000	67	651
Fund Balance - June 30, 2014	<u>\$ 87,000</u>	<u>\$ 1,959</u>	<u>\$ 220</u>	<u>\$ 5,000</u>	<u>\$ 67</u>	<u>\$ 651</u>

(continued)

CITY OF WARWICK, RHODE ISLAND
Special Revenue Restricted - School
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
For the fiscal year ended June 30, 2014
(continued)

	<u>Reading Excellence</u>	<u>Social Skills for Life- Vets</u>	<u>Alt Learn Program</u>	<u>City- Town Center</u>	<u>Cedar Hill Library Books</u>	<u>PTO Donations</u>
Revenues						
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions and private grants	-	-	-	-	-	37,657
Charges for services	-	-	-	-	-	-
Other revenues	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,657</u>
Expenditures						
Salaries	-	-	-	-	-	-
Employee benefits	-	-	-	-	-	-
Purchased services	-	-	-	-	-	-
Other purchased services	-	-	-	-	-	-
Supplies and materials	-	-	-	490	-	571
Capital equipment and property	-	-	-	-	-	37,292
Indirect costs	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>490</u>	<u>-</u>	<u>37,863</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	(490)	-	(206)
Other Financing Sources						
Transfers from other funds	-	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-	(490)	-	(206)
Fund Balance - July 1, 2013	83	113	30	660	42	3,778
Fund Balance - June 30, 2014	<u>\$ 83</u>	<u>\$ 113</u>	<u>\$ 30</u>	<u>\$ 170</u>	<u>\$ 42</u>	<u>\$ 3,572</u>

(continued)

CITY OF WARWICK, RHODE ISLAND
Special Revenue Restricted - School
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
For the fiscal year ended June 30, 2014
(continued)

	<u>School Lunch Fund</u>	<u>Media Labs at Wickes</u>	<u>The Jason Fund</u>	<u>Champlin Aldrich/Corton</u>	<u>Champlin Comp.</u>	<u>Champlin</u>
Revenues						
Intergovernmental revenues	\$ 1,411,416	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions and private grants	-	-	-	-	-	95,600
Charges for services	1,015,269	-	-	-	-	-
Other revenues	-	-	-	-	-	-
Total revenues	<u>2,426,685</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>95,600</u>
Expenditures						
Salaries	350,666	-	165	-	-	-
Employee benefits	41,926	-	13	-	-	-
Purchased services	2,562,767	-	-	-	-	-
Other purchased services	-	-	-	-	-	-
Supplies and materials	2,983	-	-	-	-	-
Capital equipment and property	18,274	-	-	-	144	23,486
Indirect costs	-	-	-	-	-	-
Miscellaneous	140	-	-	-	-	-
Total expenditures	<u>2,976,756</u>	<u>-</u>	<u>178</u>	<u>-</u>	<u>144</u>	<u>23,486</u>
Excess (deficiency) of revenues over (under) expenditures	(550,071)	-	(178)	-	(144)	72,114
Other Financing Sources						
Transfers from other funds	550,071	-	-	-	-	-
Total other financing sources	<u>550,071</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	(178)	-	(144)	72,114
Fund Balance - July 1, 2013	-	1,908	-	3,306	148	-
Fund Balance - June 30, 2014	<u>\$ -</u>	<u>\$ 1,908</u>	<u>\$ (178)</u>	<u>\$ 3,306</u>	<u>\$ 4</u>	<u>\$ 72,114</u>

(continued)

CITY OF WARWICK, RHODE ISLAND
Special Revenue Restricted - School
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
For the fiscal year ended June 30, 2014
(continued)

	<u>Art Talks Sherman</u>	<u>C.A.S.I.T. Italian Program</u>	<u>Race to the Top</u>	<u>Common Core State Status</u>	<u>United Way</u>	<u>Shapiro Fund For Warwick</u>
Revenues						
Intergovernmental revenues	\$ -	\$ -	\$ 411,857	\$ 15,975	\$ -	\$ -
Contributions and private grants	-	2,000	-	-	589	200
Charges for services	-	-	-	-	-	-
Other revenues	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>2,000</u>	<u>411,857</u>	<u>15,975</u>	<u>589</u>	<u>200</u>
Expenditures						
Salaries	-	-	317,673	14,863	-	-
Employee benefits	-	-	13,065	1,112	-	-
Purchased services	-	360	45,917	-	-	-
Other purchased services	-	258	21,579	-	-	-
Supplies and materials	359	288	12,648	-	-	200
Capital equipment and property	-	-	594	-	-	-
Indirect costs	-	-	-	-	-	-
Miscellaneous	-	-	504	-	-	-
Total expenditures	<u>359</u>	<u>906</u>	<u>411,980</u>	<u>15,975</u>	<u>-</u>	<u>200</u>
Excess (deficiency) of revenues over (under) expenditures	(359)	1,094	(123)	-	589	-
Other Financing Sources						
Transfers from other funds	-	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(359)	1,094	(123)	-	589	-
Fund Balance - July 1, 2013	448	872	-	-	-	-
Fund Balance - June 30, 2014	<u>\$ 89</u>	<u>\$ 1,966</u>	<u>\$ (123)</u>	<u>\$ -</u>	<u>\$ 589</u>	<u>\$ -</u>

(continued)

CITY OF WARWICK, RHODE ISLAND
Special Revenue Restricted - School
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
For the fiscal year ended June 30, 2014
(continued)

	Wireless Classroom Int.	RIPIN	CTE (Even year)	Stop & Shop	Carol Gray Memorial Fund	TOTALS
Revenues						
Intergovernmental revenues	\$ 293,642	\$ -	\$ 109,940	\$ -	\$ -	\$ 7,898,333
Contributions and private grants	-	-	-	1,328	255	240,094
Charges for services	-	-	-	-	-	1,015,909
Other revenues	-	-	-	-	-	5,692
Total revenues	<u>293,642</u>	<u>-</u>	<u>109,940</u>	<u>1,328</u>	<u>255</u>	<u>9,160,028</u>
Expenditures						
Salaries	-	-	80,686	-	-	4,502,643
Employee benefits	-	-	-	-	-	1,641,696
Purchased services	-	-	-	-	-	2,647,727
Other purchased services	-	-	-	-	-	113,869
Supplies and materials	-	1,951	-	-	232	50,110
Capital equipment and property	376,840	-	-	-	-	566,679
Indirect costs	-	-	-	-	-	98,867
Miscellaneous	-	256	-	-	-	12,333
Total expenditures	<u>376,840</u>	<u>2,207</u>	<u>80,686</u>	<u>-</u>	<u>232</u>	<u>9,633,924</u>
Excess (deficiency) of revenues over (under) expenditures	(83,198)	(2,207)	29,254	1,328	23	(473,896)
Other Financing Sources						
Transfers from other funds	-	-	-	-	-	550,071
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>550,071</u>
Net change in fund balances	(83,198)	(2,207)	29,254	1,328	23	76,175
Fund Balance - July 1, 2013	-	2,234	123,749	-	-	407,448
Fund Balance - June 30, 2014	<u>\$ (83,198)</u>	<u>\$ 27</u>	<u>\$ 153,003</u>	<u>\$ 1,328</u>	<u>\$ 23</u>	<u>\$ 483,623</u>

(continued)

***CITY OF WARWICK,
RHODE ISLAND***

CAPITAL PROJECT FUNDS

CITY OF WARWICK, RHODE ISLAND
Capital Project Funds
Combining Balance Sheet
June 30, 2014

	<u>2000 Open Space Bond Fund</u>	<u>2006 Fire Station Bond Fund</u>	<u>2006 School Bond Fund</u>	<u>2002 Drainage Bond Fund</u>
Assets				
Cash and cash equivalent	\$ 362,121	\$ -	\$ 1,868,513	\$ -
Due from federal and state governments	<u>-</u>	<u>-</u>	<u>-</u>	<u>102,565</u>
Total assets	<u><u>\$ 362,121</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,868,513</u></u>	<u><u>\$ 102,565</u></u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable and accrued expenditures	\$ -	\$ 24,509	\$ 186,072	\$ -
Due to other funds	<u>61</u>	<u>238,150</u>	<u>18,807</u>	<u>102,565</u>
Total liabilities	<u><u>61</u></u>	<u><u>262,659</u></u>	<u><u>204,879</u></u>	<u><u>102,565</u></u>
Fund balances (deficits)				
Restricted	362,060	-	1,663,634	-
Unassigned	<u>-</u>	<u>(262,659)</u>	<u>-</u>	<u>-</u>
Total fund balances (deficits)	<u><u>362,060</u></u>	<u><u>(262,659)</u></u>	<u><u>1,663,634</u></u>	<u><u>-</u></u>
Total liabilities and fund balances	<u><u>\$ 362,121</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,868,513</u></u>	<u><u>\$ 102,565</u></u>

(continued)

CITY OF WARWICK, RHODE ISLAND
Capital Project Funds
Combining Balance Sheet
June 30, 2014
(continued)

	2002	2006		
	Public Safety	City Buildings		
	Bond Fund	Bond Fund	Capital Leases	Totals
<i>Assets</i>				
Cash and cash equivalents	\$ 1	\$ -	\$ 11,342	\$2,241,977
Due from federal and state governments	-	429,567	-	532,132
<i>Total assets</i>	<u>\$ 1</u>	<u>\$ 429,567</u>	<u>\$ 11,342</u>	<u>\$2,774,109</u>
<i>Liabilities and Fund Balances</i>				
<i>Liabilities :</i>				
Accounts payable and accrued expenditures	\$ -	\$ 3,000	\$ -	\$ 213,581
Due to other funds	1	960,303	2,002,841	3,322,728
<i>Total liabilities</i>	<u>1</u>	<u>963,303</u>	<u>2,002,841</u>	<u>3,536,309</u>
<i>Fund balances (deficits)</i>				
Restricted	-	-	-	2,025,694
Unassigned	-	(533,736)	(1,991,499)	(2,787,894)
<i>Total fund balances (deficits)</i>	<u>-</u>	<u>(533,736)</u>	<u>(1,991,499)</u>	<u>(762,200)</u>
<i>Total liabilities and fund balances</i>	<u>\$ 1</u>	<u>\$ 429,567</u>	<u>\$ 11,342</u>	<u>\$2,774,109</u>

(concluded)

CITY OF WARWICK, RHODE ISLAND

NON-MAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECT FUNDS:

The Capital Project Funds account for all resources used for the acquisition and/or construction of capital facilities by the City, except those financed by the Enterprise Funds.

2000 Open Space Bond Fund – to acquire and preserve open space within the City.

2006 Fire Station Bond Fund – to account for capital improvements related to the fire station.

2006 School Bond Fund – to account for capital improvements related to schools.

2002 Drainage Bond Fund – to account for various improvements to the drainage system of the City.

2002 Public Safety Bond Fund – to account for capital improvements related to public safety.

2006 City Buildings Bond Fund – to account for capital improvements related to municipal facilities.

Capital Leases Fund – to account for expenditures relating to the City's lease purchase program for the acquisition of capital equipment and vehicles.

CITY OF WARWICK, RHODE ISLAND
Non-major Governmental Funds - Capital Project Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
For the fiscal year ended June 30, 2014

	2000 Open Space Bond Fund	2006 Fire Station Bond Fund	2006 School Bond Fund	2002 Drainage Bond Fund
Revenues				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Other revenue	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Public safety	-	262,659	-	-
Public works	-	-	-	-
Education	-	-	1,927,644	-
Debt issuance costs	-	-	23,561	-
Total expenditures	<u>-</u>	<u>262,659</u>	<u>1,951,205</u>	<u>-</u>
Excess of revenues over expenditures before other financing sources	<u>-</u>	<u>(262,659)</u>	<u>(1,951,205)</u>	<u>-</u>
Other financing sources				
Transfers In	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>(262,659)</u>	<u>(1,951,205)</u>	<u>-</u>
Fund Balance - beginning of year	362,060	-	3,614,839	-
Fund Balance - end of year	<u>\$ 362,060</u>	<u>\$ (262,659)</u>	<u>\$ 1,663,634</u>	<u>\$ -</u>

(continued)

CITY OF WARWICK, RHODE ISLAND
Non-major Governmental Funds - Capital Project Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
(continued)

	2002 Public Safety Bond Fund	2006 City Buildings Bond Fund	Capital Leases	Totals
Revenues				
Intergovernmental	\$ -	\$ 524,461	\$ -	\$ 524,461
Other revenue	-	-	197,500	197,500
Total revenues	-	524,461	197,500	721,961
Expenditures				
Public safety	-	-	403,371	666,030
Public works	-	1,192,184	1,026,840	2,219,024
Education	-	-	-	1,927,644
Debt service	-	-	-	23,561
Total expenditures	-	1,192,184	1,430,211	4,836,259
Deficiency of revenues under expenditures before other financing uses	-	(667,723)	(1,232,711)	(4,114,298)
Other financing sources				
Transfers In	-	-	666,413	666,413
Total other financing sources	-	-	666,413	666,413
Net change in fund balances	-	(667,723)	(566,298)	(3,447,885)
Fund Balance - beginning of year	-	133,987	(1,425,201)	2,685,685
Fund Balance - end of year	\$ -	\$ (533,736)	\$ (1,991,499)	\$ (762,200)

(concluded)

CITY OF WARWICK, RHODE ISLAND

NON-MAJOR ENTERPRISE FUNDS

Non-Major Enterprise Funds:

The Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprise or where the City has decided that periodic determination of net income is appropriate for capital maintenance, management control, accountability, public policy or other purposes.

The following is a list of Non-Major enterprise funds in this section:

Emergency Operations Enterprise Fund – Accounts for the revenue and expenditures associated with the 2010 flood.

On-Site Revolving Loan Fund – Established to account for the receipt and disbursement of funds relating to a loan/grant program for residents who need to replace their existing septic systems.

Sewer Infrastructure Replacement Fund – Established to provide a funding source for scheduled sewer infrastructure repairs or expansion.

Sewer Renewal & Replacement Fund – Established to provide a funding source for the replacement of sewer equipment and vehicles.

Water Renewal & Replacement Fund – Established to provide a funding source for the replacement of water equipment and vehicles.

Water Restricted Emergency Fund – Established to provide a funding source for emergency water infrastructure repairs.

Water Infrastructure Replacement Fund – Established to provide a funding source for scheduled water infrastructure repairs or expansion.

CITY OF WARWICK, RHODE ISLAND
Non-major Proprietary Funds
Combining Statement of Net Position
June 30, 2014

	Emergency Operations Enterprise Fund	On-Site Revolving Loan Fund	Sewer Infrastructure Replacement Fund	Sewer Renewal & Replacement Fund	Water Renewal & Replacement Fund	Water Restricted Emergency Fund	Water Infrastructure Replacement Fund	Total All Non-major Enterprise Funds
Assets								
<i>Current assets:</i>								
Cash and cash equivalents	\$ -	\$ -	\$ 87,849	\$ 680,270	\$ 41,012	\$ 45,131	\$ 567,118	\$ 1,421,380
Other receivables	-	6,655	-	-	-	-	-	6,655
Due from federal and state government	37,961	-	-	-	-	-	-	37,961
Due from other funds	1,355	5,942	1,620	2,141,616	750,000	250,000	2,000,000	5,150,533
Total current assets	<u>39,316</u>	<u>12,597</u>	<u>89,469</u>	<u>2,821,886</u>	<u>791,012</u>	<u>295,131</u>	<u>2,567,118</u>	<u>6,616,529</u>
<i>Non-current assets:</i>								
Construction in process	50,614	-	-	-	-	-	-	50,614
Total noncurrent assets	<u>50,614</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,614</u>
Total assets	<u>\$ 89,930</u>	<u>\$ 12,597</u>	<u>\$ 89,469</u>	<u>\$ 2,821,886</u>	<u>\$ 791,012</u>	<u>\$ 295,131</u>	<u>\$ 2,567,118</u>	<u>\$ 6,667,143</u>
Liabilities								
<i>Current liabilities:</i>								
Accounts payable and accrued expenses	\$ -	\$ -	\$ 2,073	\$ 44,388	\$ -	\$ -	\$ -	\$ 46,461
Due to other funds	-	-	-	-	-	-	7,406	7,406
Total current liabilities	<u>-</u>	<u>-</u>	<u>2,073</u>	<u>44,388</u>	<u>-</u>	<u>-</u>	<u>7,406</u>	<u>53,867</u>
<i>Non-current liabilities:</i>								
Accrued compensated absences	-	-	-	-	-	-	-	-
Net other post-employment benefit obligation	-	-	-	-	-	-	-	-
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>2,073</u>	<u>44,388</u>	<u>-</u>	<u>-</u>	<u>7,406</u>	<u>53,867</u>
Net position								
Unrestricted	89,930	12,597	87,396	2,777,498	791,012	295,131	2,559,712	6,613,276
Total net position	<u>\$ 89,930</u>	<u>\$ 12,597</u>	<u>\$ 87,396</u>	<u>\$ 2,777,498</u>	<u>\$ 791,012</u>	<u>\$ 295,131</u>	<u>\$ 2,559,712</u>	<u>\$ 6,613,276</u>

CITY OF WARWICK, RHODE ISLAND
Non-major Proprietary Funds
Combining Statement of Revenues, Expenditures and Changes in Net Position
For the Fiscal Year Ended June 30, 2014

	Emergency Operations Enterprise Fund	On-site Revolving Loan Fund	Sewer Infrastructure Replacement Fund	Sewer Renewal & Replacement Fund	Water Renewal & Replacement Fund	Water Restricted Emergency Fund	Water Infrastructure Replacement Fund	Total All Non-major Enterprise Funds
Operating revenues:								
Assessments and user fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue	89,930	-	-	-	-	-	-	89,930
Other revenue	-	-	22,355	99,925	-	-	-	122,280
Total operating revenues	<u>89,930</u>	<u>-</u>	<u>22,355</u>	<u>99,925</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>212,210</u>
Operating expenses:								
Salaries and benefits	-	-	-	-	-	-	-	-
Materials and supplies	-	-	6,709	47,484	-	23,017	7,406	84,616
Depreciation and amortization	-	-	-	-	-	-	-	-
Operations	-	-	-	-	-	-	-	-
Miscellaneous	-	2,205	-	-	-	-	-	2,205
Total operating expenses	<u>-</u>	<u>2,205</u>	<u>6,709</u>	<u>47,484</u>	<u>-</u>	<u>23,017</u>	<u>7,406</u>	<u>86,821</u>
Operating income (loss)	89,930	(2,205)	15,646	52,441	-	(23,017)	(7,406)	125,389
Non-operating revenues:								
Interest income	-	-	112	693	41	61	614	1,521
Total non-operating revenues	<u>-</u>	<u>-</u>	<u>112</u>	<u>693</u>	<u>41</u>	<u>61</u>	<u>614</u>	<u>1,521</u>
Income (loss) before transfers	89,930	(2,205)	15,758	53,134	41	(22,956)	(6,792)	126,910
Transfers:								
Operating transfers in	-	-	-	10,000	-	-	-	10,000
Operating transfers out	-	-	(21,525)	(26,570)	-	-	-	(48,095)
Total transfers	<u>-</u>	<u>-</u>	<u>(21,525)</u>	<u>(16,570)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(38,095)</u>
Change in Net Position	89,930	(2,205)	(5,767)	36,564	41	(22,956)	(6,792)	88,815
NET POSITION - BEGINNING OF YEAR	<u>-</u>	<u>14,802</u>	<u>93,163</u>	<u>2,740,934</u>	<u>790,971</u>	<u>318,087</u>	<u>2,566,504</u>	<u>6,524,461</u>
NET POSITION - END OF YEAR	<u>\$ 89,930</u>	<u>\$ 12,597</u>	<u>\$ 87,396</u>	<u>\$ 2,777,498</u>	<u>\$ 791,012</u>	<u>\$ 295,131</u>	<u>\$ 2,559,712</u>	<u>\$ 6,613,276</u>

(continued)

CITY OF WARWICK, RHODE ISLAND
Non-major Proprietary Funds
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2014

	Emergency Operations Enterprise Fund	On-site Revolving Loan Fund	Sewer Infrastructure Replacement Fund	Sewer Renewal & Replacement Fund	Water Renewal & Replacement Fund	Water Restricted Emergency Fund	Water Infrastructure Replacement Fund	Total All Non-major Enterprise Funds
Cash flows from operating activities:								
Cash received from customers	\$ (30,344)	\$ 4,919	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (25,425)
Cash payments to suppliers for goods and services	-	(2,205)	(7,654)	(37,417)	-	(23,017)	(77,306)	(147,599)
Cash payments to employees for services	-	-	-	-	-	-	-	-
Other operating revenues	89,930	-	22,355	99,925	-	-	-	212,210
Other operating payments	-	-	-	-	-	-	-	-
Net cash provided by (used for) operating activities	<u>59,586</u>	<u>2,714</u>	<u>14,701</u>	<u>62,508</u>	<u>-</u>	<u>(23,017)</u>	<u>(77,306)</u>	<u>39,186</u>
Cash flows from non-capital financing activities:								
Interfund loans	(8,972)	(2,714)	(29,097)	(13,550)	-	-	7,406	(46,927)
Operating transfers from other funds	-	-	-	10,000	-	-	-	10,000
Operating transfers to other funds	-	-	(21,525)	(26,570)	-	-	-	(48,095)
Net cash provided by (used for) non-capital financing activities	<u>(8,972)</u>	<u>(2,714)</u>	<u>(50,622)</u>	<u>(30,120)</u>	<u>-</u>	<u>-</u>	<u>7,406</u>	<u>(85,022)</u>
Cash flows from capital and related financing activities:								
Additions to capital assets	(50,614)	-	-	-	-	-	-	(50,614)
Net cash provided (used for) capital and related financing activities	<u>(50,614)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(50,614)</u>
Cash flows from investing activities:								
Interest and dividends on investment	-	-	112	693	41	61	614	1,521
Net cash provided by (used for) investing activities	<u>-</u>	<u>-</u>	<u>112</u>	<u>693</u>	<u>41</u>	<u>61</u>	<u>614</u>	<u>1,521</u>
Net increase (decrease) in cash and cash equivalents	<u>-</u>	<u>-</u>	<u>(35,809)</u>	<u>33,081</u>	<u>41</u>	<u>(22,956)</u>	<u>(69,286)</u>	<u>(94,929)</u>
Cash and cash equivalents at beginning of year	<u>-</u>	<u>-</u>	<u>123,658</u>	<u>647,189</u>	<u>40,971</u>	<u>68,087</u>	<u>636,404</u>	<u>1,516,309</u>
Cash and cash equivalents at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 87,849</u>	<u>\$ 680,270</u>	<u>\$ 41,012</u>	<u>\$ 45,131</u>	<u>\$ 567,118</u>	<u>\$ 1,421,380</u>

CITY OF WARWICK, RHODE ISLAND
Non-major Proprietary Funds
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2014

	Emergency Operations Enterprise Fund	On-site Revolving Loan Fund	Sewer Infrastructure Replacement Fund	Sewer Renewal & Replacement Fund	Water Renewal & Replacement Fund	Water Restricted Emergency Fund	Water Infrastructure Replacement Fund	Total All Non-major Enterprise Funds
<i>Reconciliation of operating income to net cash provided by operating activities</i>								
<i>Operating income (Loss)</i>	\$ 89,930	\$ (2,205)	\$ 15,646	\$ 52,441	\$ -	\$ (23,017)	\$ (7,406)	125,389
<i>Adjustments to reconcile operating income to net cash provided by operating activities:</i>								
Depreciation and amortization	-	-	-	-	-	-	-	-
<i>Changes in assets and liabilities:</i>								
(Increase) decrease in accounts receivable	(30,344)	-	-	-	-	-	-	(30,344)
(Increase) decrease in other receivable	-	4,919	-	-	-	-	-	4,919
(Increase) decrease in accrued interest receivable	-	-	-	-	-	-	-	-
Increase (decrease) in accounts payable and accrued expense	-	-	(945)	10,067	-	-	(69,900)	(60,778)
Increase (decrease) in compensated absences	-	-	-	-	-	-	-	-
Increase (decrease) in net other post-employment benefits	-	-	-	-	-	-	-	-
<i>Total adjustments</i>	<u>(30,344)</u>	<u>4,919</u>	<u>(945)</u>	<u>10,067</u>	<u>-</u>	<u>-</u>	<u>(69,900)</u>	<u>(86,203)</u>
<i>Net cash provided by operating activities</i>	<u>\$ 59,586</u>	<u>\$ 2,714</u>	<u>\$ 14,701</u>	<u>\$ 62,508</u>	<u>\$ -</u>	<u>\$ (23,017)</u>	<u>\$ (77,306)</u>	<u>\$ 39,186</u>

(continued)

CITY OF WARWICK, RHODE ISLAND

TRUST FUNDS

PENSION TRUST FUNDS:

Four trust funds held for the City employees and one school department fund held for the school employees

PRIVATE PURPOSE TRUST FUNDS:

Private Purpose Trust Funds are all trust arrangements under which principal and income benefit individuals, private organizations, or other governments. The following is a list of Private Purpose Trust Funds:

Employee Benefit Trust Fund – To account for money held for various municipal union employee benefits.

Neighbors Helping Neighbors – To account for charitable donations and expenses related to local community programs.

Jeanette Cram Scholarship Fund – Established to assist student majoring in various fields.

CITY OF WARWICK, RHODE ISLAND
Combining Statement of Net Position
Pension Trust Funds
June 30, 2014

	Police Pension I and Fire Pension	Police Pension II	Fire Pension II	City Employees Pension	Other School Department Employees	Totals
ASSETS						
Cash and cash equivalents	\$ (236,463)	\$ 1,567,571	\$ 1,320,156	\$ 1,285,422	\$ 2,340,995	\$ 6,277,681
Investments, at fair value:						
Equity pool	8,111,584	20,140,878	4,868,530	13,007,297	-	46,128,289
Equity small cap funds	9,914,296	24,822,289	5,958,183	16,206,603	-	56,901,371
Fixed income pool	19,154,547	47,466,286	11,800,129	31,034,698	5,177,235	114,632,895
Index funds	13,835,684	34,491,048	8,400,002	22,304,000	-	79,030,734
Multi Asset Manager Fund	16,806,821	40,637,093	10,244,660	25,769,891	-	93,458,465
International equity funds	3,079,296	7,269,678	2,014,834	4,519,673	-	16,883,481
Mutual funds	-	-	-	-	30,378,511	30,378,511
Total investments	70,902,228	174,827,272	43,286,338	112,842,162	35,555,746	437,413,746
Interest receivable	22	19	19	18	-	78
Other receivable	1,023,512	167,562	177,308	287,367	-	1,655,749
Total receivables	1,023,534	167,581	177,327	287,385	-	1,655,827
Total Assets	71,689,299	176,562,424	44,783,821	114,414,969	37,896,741	445,347,254
LIABILITIES						
Accounts payable and accrued expenses	66,955	156,848	38,564	103,554	-	365,921
Total liabilities	66,955	156,848	38,564	103,554	-	365,921
NET POSITION						
Held in trust for pension benefits	\$ 71,622,344	\$ 176,405,576	\$ 44,745,257	\$ 114,311,415	\$ 37,896,741	\$ 444,981,333

CITY OF WARWICK, RHODE ISLAND
Combining Statement of Changes in Net Position
Pension Trust Funds
For the Fiscal Year Ended June 30, 2014

	<u>Police Pension I Pension</u>	<u>Pension II</u>	<u>Pension II</u>	<u>City Pension</u>	<u>Other School Employees</u>	<u>Totals</u>
ADDITIONS						
Contributions						
Employer	\$ 15,206,485	\$ 3,322,236	\$ 2,903,462	\$ 5,436,625	\$ 2,160,500	\$ 29,029,308
Plan members	321,061	1,661,118	1,451,731	1,572,702	743,492	5,750,104
Total contributions	<u>15,527,546</u>	<u>4,983,354</u>	<u>4,355,193</u>	<u>7,009,327</u>	<u>2,903,992</u>	<u>34,779,412</u>
Investment income						
Gain on sale of investments	3,674,475	8,239,893	312,096	4,924,600	-	17,151,064
Net appreciation (depreciation) in fair value of investments	6,378,939	16,515,046	5,324,308	11,077,536	3,060,848	42,356,677
Interest and dividends	266	261	210	284	916,443	917,464
Less: investment expense	(250,602)	(607,701)	(153,573)	(392,451)	-	(1,404,327)
Net investment income	<u>9,803,078</u>	<u>24,147,499</u>	<u>5,483,041</u>	<u>15,609,969</u>	<u>3,977,291</u>	<u>59,020,878</u>
Total additions	<u>25,330,624</u>	<u>29,130,853</u>	<u>9,838,234</u>	<u>22,619,296</u>	<u>6,881,283</u>	<u>93,800,290</u>
DEDUCTIONS						
Benefits paid	19,675,905	7,488,066	394,626	7,872,056	1,035,956	36,466,609
Administrative and other expense	24,335	24,100	4,315	28,582	83,496	164,828
Total deductions	<u>19,700,240</u>	<u>7,512,166</u>	<u>398,941</u>	<u>7,900,638</u>	<u>1,119,452</u>	<u>36,631,437</u>
Change in Net Position	5,630,384	21,618,687	9,439,293	14,718,658	5,761,831	57,168,853
Net position - beginning of year	<u>65,991,960</u>	<u>154,786,889</u>	<u>35,305,964</u>	<u>99,592,757</u>	<u>32,134,910</u>	<u>387,812,480</u>
Net position - end of year	<u>\$ 71,622,344</u>	<u>\$ 176,405,576</u>	<u>\$ 44,745,257</u>	<u>\$ 114,311,415</u>	<u>\$ 37,896,741</u>	<u>\$ 444,981,333</u>

CITY OF WARWICK, RHODE ISLAND
Private Purpose Trust Funds
Combining Statement of Net Position
For the Fiscal Year Ended June 30, 2014

	Employee Benefit Trust Fund	Neighbors Helping Neighbors	Jeanette Cram Scholarship Fund	Totals
<i>Assets:</i>				
Cash and cash equivalents	\$ 88,130	\$ -	\$ 26,467	\$ 114,597
Accounts receivable	-	-	-	-
Investments	-	11,621	-	11,621
Due from other funds	3,351	7,331	-	10,682
Total assets	<u>91,481</u>	<u>18,952</u>	<u>26,467</u>	<u>136,900</u>
<i>Liabilities:</i>				
Account Payable	200	-	-	200
Total liabilities	<u>200</u>	<u>-</u>	<u>-</u>	<u>200</u>
<i>Net Position:</i>				
Held in trust for benefits and other purposes	<u>\$ 91,281</u>	<u>\$ 18,952</u>	<u>\$ 26,467</u>	<u>\$ 136,700</u>

CITY OF WARWICK, RHODE ISLAND
Private Purpose Trust Funds
Combining Statement of Changes in Net Position
For the Fiscal Year Ended June 30, 2014

	Employee Benefit Trust Fund	Neighbors Helping Neighbors	Jeanette Cram Scholarship Fund	Totals
<i>Additions:</i>				
Payroll deductions	\$ 15,165	\$ 7,141	\$ -	\$ 22,306
Investment income	-	-	27	27
Other income	5,660	14,060	-	19,720
<i>Total additions</i>	<u>20,825</u>	<u>21,201</u>	<u>27</u>	<u>42,053</u>
<i>Deductions</i>	<u>19,681</u>	<u>19,000</u>	<u>1,010</u>	<u>39,691</u>
	1,144	2,201	(983)	2,362
Other Financing Sources (uses)				
<i>Net position - beginning of year</i>	<u>90,137</u>	<u>16,751</u>	<u>27,450</u>	<u>134,338</u>
<i>Net position - end of year</i>	<u>\$ 91,281</u>	<u>\$ 18,952</u>	<u>\$ 26,467</u>	<u>\$ 136,700</u>

CITY OF WARWICK, RHODE ISLAND

AGENCY FUNDS

AGENCY FUNDS:

Agency Funds were established to function as clearing mechanisms for cash resources which are collected and disbursed to authorized recipients. The following is a list of Agency Funds included in this section:

Treasurers Agent – Established to account for money held in trust for various parties.

Funds in Registry of Probate Court – Established to account for funds held for various estates.

Sewer Line Agency – Established to account for monies held for private parties in connection with various sewer construction projects.

Realty Tax Fund – Established to account for tax revenues generated from sale of realty.

Student Activity Funds - To account for monies received and expended for various student activities and groups.

CITY OF WARWICK, RHODE ISLAND
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended June 30, 2014

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
<u>Treasurer's Agent</u>				
<i>Assets:</i>				
Cash and cash equivalent	\$ 278,185	\$ 6,410	\$ 29,938	\$ 254,657
Accounts receivable	-	3,310	-	3,310
<i>Total assets</i>	<u>\$ 278,185</u>	<u>\$ 9,720</u>	<u>\$ 29,938</u>	<u>\$ 257,967</u>
<i>Liabilities:</i>				
Accounts payable and accrued expenditures	\$ 18,790	\$ 60,736	\$ 70,072	\$ 9,454
Deposits held in custody for others	259,395	58,915	69,797	248,513
<i>Total liabilities</i>	<u>\$ 278,185</u>	<u>\$ 119,651</u>	<u>\$ 139,869</u>	<u>\$ 257,967</u>
<u>Funds in Registry of Probate Court</u>				
<i>Assets:</i>				
Cash and cash equivalents	\$ 60,951	\$ 1,283	\$ 21,035	\$ 41,199
<i>Total assets</i>	<u>\$ 60,951</u>	<u>\$ 1,283</u>	<u>\$ 21,035</u>	<u>\$ 41,199</u>
<i>Liabilities:</i>				
Deposits held in custody for others	\$ 60,951	\$ 1,283	\$ 21,035	\$ 41,199
<i>Total liabilities</i>	<u>\$ 60,951</u>	<u>\$ 1,283</u>	<u>\$ 21,035</u>	<u>\$ 41,199</u>
<u>Sewer Line Agency</u>				
<i>Assets:</i>				
Cash and cash equivalents	\$ 231,446	\$ 7,647	\$ 2,880	\$ 236,213
<i>Total assets</i>	<u>\$ 231,446</u>	<u>\$ 7,647</u>	<u>\$ 2,880</u>	<u>\$ 236,213</u>
<i>Liabilities:</i>				
Accounts payable and accrued expenditures	\$ 5,436	\$ 94,183	\$ 96,952	\$ 2,667
Deposits held in custody for others	226,010	93,387	85,851	233,546
<i>Total liabilities</i>	<u>\$ 231,446</u>	<u>\$ 187,570</u>	<u>\$ 182,803</u>	<u>\$ 236,213</u>
<u>Realty Tax Fund</u>				
<i>Assets:</i>				
Cash and cash equivalents	\$ 103,806	\$ 1,443,130	\$ 1,419,884	\$ 127,052
<i>Total assets</i>	<u>\$ 103,806</u>	<u>\$ 1,443,130</u>	<u>\$ 1,419,884</u>	<u>\$ 127,052</u>
<i>Liabilities:</i>				
Accounts payable and accrued expenditures	\$ 57,453	\$ 793,823	\$ 781,398	\$ 69,878
Due to federal and state governments	46,353	649,667	638,846	57,174
<i>Total liabilities</i>	<u>\$ 103,806</u>	<u>\$ 1,443,490</u>	<u>\$ 1,420,244</u>	<u>\$ 127,052</u>

(continued)

CITY OF WARWICK, RHODE ISLAND
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended June 30, 2014

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
<u>Winman Student Activity Fund</u>				
<i>Assets:</i>				
Cash and cash equivalents	\$ 25,175	\$ 82,006	\$ 84,795	\$ 22,386
<i>Total assets</i>	<u>\$ 25,175</u>	<u>\$ 82,006</u>	<u>\$ 84,795</u>	<u>\$ 22,386</u>
<i>Liabilities:</i>				
Deposits held in custody for others	25,175	82,006	84,795	22,386
<i>Total liabilities</i>	<u>\$ 25,175</u>	<u>\$ 82,006</u>	<u>\$ 84,795</u>	<u>\$ 22,386</u>
<u>Career Center Student Activity</u>				
<i>Assets:</i>				
Cash and cash equivalents	\$ 49,254	\$ 102,775	\$ 93,444	\$ 58,585
<i>Total assets</i>	<u>\$ 49,254</u>	<u>\$ 102,775</u>	<u>\$ 93,444</u>	<u>\$ 58,585</u>
<i>Liabilities:</i>				
Deposit held in custody for others	\$ 49,254	\$ 102,775	\$ 93,444	\$ 58,585
<i>Total liabilities</i>	<u>\$ 49,254</u>	<u>\$ 102,775</u>	<u>\$ 93,444</u>	<u>\$ 58,585</u>
<u>Pilgrim Student Activity</u>				
<i>Assets:</i>				
Cash and cash equivalents	\$ 114,834	\$ 193,819	\$ 197,586	\$ 111,067
Accounts receivable	105	-	105	-
<i>Total assets</i>	<u>\$ 114,939</u>	<u>\$ 193,819</u>	<u>\$ 197,691</u>	<u>\$ 111,067</u>
<i>Liabilities:</i>				
Deposits held in custody for others	\$ 114,939	\$ 193,819	\$ 197,691	\$ 111,067
<i>Total liabilities</i>	<u>\$ 114,939</u>	<u>\$ 193,819</u>	<u>\$ 197,691</u>	<u>\$ 111,067</u>
<u>Gorton Student Activity</u>				
<i>Assets:</i>				
Cash and cash equivalents	\$ 22,002	\$ 96,007	\$ 84,520	\$ 33,489
<i>Total assets</i>	<u>\$ 22,002</u>	<u>\$ 96,007</u>	<u>\$ 84,520</u>	<u>\$ 33,489</u>
<i>Liabilities:</i>				
Deposits held in custody for others	\$ 22,002	\$ 96,007	\$ 84,520	\$ 33,489
<i>Total liabilities</i>	<u>\$ 22,002</u>	<u>\$ 96,007</u>	<u>\$ 84,520</u>	<u>\$ 33,489</u>

(continued)

CITY OF WARWICK, RHODE ISLAND
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended June 30, 2014

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
<u>Toll Gate Student Activity</u>				
<i>Assets:</i>				
Cash and cash equivalents	\$ 128,403	\$ 173,482	\$ 207,399	\$ 94,486
<i>Total assets</i>	<u>\$ 128,403</u>	<u>\$ 173,482</u>	<u>\$ 207,399</u>	<u>\$ 94,486</u>
<i>Liabilities:</i>				
Deposits held in custody for others	\$ 128,403	\$ 173,482	\$ 207,399	\$ 94,486
<i>Total liabilities</i>	<u>\$ 128,403</u>	<u>\$ 173,482</u>	<u>\$ 207,399</u>	<u>\$ 94,486</u>
<u>Aldrich Student Activity</u>				
<i>Assets:</i>				
Cash and cash equivalents	\$ 36,299	\$ 65,302	\$ 69,901	\$ 31,700
<i>Total assets</i>	<u>\$ 36,299</u>	<u>\$ 65,302</u>	<u>\$ 69,901</u>	<u>\$ 31,700</u>
<i>Liabilities:</i>				
Deposits held in custody for others	\$ 36,299	\$ 65,302	\$ 69,901	\$ 31,700
<i>Total liabilities</i>	<u>\$ 36,299</u>	<u>\$ 65,302</u>	<u>\$ 69,901</u>	<u>\$ 31,700</u>
<u>Warwick Veterans Student Activity</u>				
<i>Assets:</i>				
Cash and cash equivalents	\$ 112,068	\$ 150,759	\$ 159,387	\$ 103,440
<i>Total assets</i>	<u>\$ 112,068</u>	<u>\$ 150,759</u>	<u>\$ 159,387</u>	<u>\$ 103,440</u>
<i>Liabilities:</i>				
Deposits held in custody for others	\$ 112,068	\$ 150,759	\$ 159,387	\$ 103,440
<i>Total liabilities</i>	<u>\$ 112,068</u>	<u>\$ 150,759</u>	<u>\$ 159,387</u>	<u>\$ 103,440</u>
<u>Total Agency Funds</u>				
<i>Assets:</i>				
Cash and cash equivalents	\$ 1,162,423	\$ 2,322,620	\$ 2,370,769	\$ 1,114,274
Accounts Receivable	105	3,310	105	3,310
<i>Total assets</i>	<u>\$ 1,162,528</u>	<u>\$ 2,325,930</u>	<u>\$ 2,370,874</u>	<u>\$ 1,117,584</u>
<i>Liabilities:</i>				
Accounts payable and accrued expenditures	\$ 81,679	\$ 948,742	\$ 948,422	\$ 81,999
Due to federal and state governments	46,353	649,667	638,846	57,174
Deposits held in custody for others	1,034,496	1,017,735	1,073,820	978,411
<i>Total liabilities</i>	<u>\$ 1,162,528</u>	<u>\$ 2,616,144</u>	<u>\$ 2,661,088</u>	<u>\$ 1,117,584</u>

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***CITY OF WARWICK,
RHODE ISLAND***

OTHER COMBINING SCHEDULES

CITY OF WARWICK, RHODE ISLAND
Combining Balance Sheet
Funds Which Comprise the City's General Fund
June 30, 2014

	<u>General Fund</u>	<u>Rescue Service Fees Fund</u>	<u>Total General Fund</u>
Assets:			
Cash and cash equivalents	\$ 13,774,823	\$ 5,501,847	\$ 19,276,670
Accounts Receivable			
Real estate and personal property taxes receivable (net)	7,457,011	-	7,457,011
Due from federal and state governments	4,201,847	-	4,201,847
Other receivables	288,487	4,241,829	4,530,316
Due from other funds	13,759,733	-	13,759,733
Prepays	211,476	-	211,476
Other assets	4,390,490	-	4,390,490
Total Assets	<u>44,083,867</u>	<u>9,743,676</u>	<u>53,827,543</u>
Liabilities:			
Accounts payable and accrued expenditures	2,839,801	6,210	2,846,011
Due to federal and state governments	183,570	-	183,570
Due to other funds	11,811,801	5,868,230	17,680,031
Unearned revenue:			
Taxes collected in advance	296,078	-	296,078
Other	-	3,869,236	3,869,236
Other liabilities	4,520,756	-	4,520,756
Total liabilities	<u>19,652,006</u>	<u>9,743,676</u>	<u>29,395,682</u>
Deferred Inflow of Resources:			
Unearned tax revenue	<u>5,255,840</u>	<u>-</u>	<u>5,255,840</u>
Fund Balance:			
Non-Spendable	211,476	-	211,476
Restricted	3,600,000	-	3,600,000
Committed for education	3,973,932	-	3,973,932
Committed for other	586,748	-	586,748
Unassigned	10,803,865	-	10,803,865
Total fund balances	<u>19,176,021</u>	<u>-</u>	<u>19,176,021</u>
Total liabilities, deferred inflow of resources, and fund balances	<u>\$ 44,083,867</u>	<u>\$ 9,743,676</u>	<u>\$ 53,827,543</u>

The Funds listed above are maintained separately by the City. However, these funds are all considered to be part of the City's General Fund in accordance with GASB Statement #54. As such, the information is presented as the General Fund (a Major Fund) in the City's audited financial statements.

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

CITY OF WARWICK, RHODE ISLAND
Combining Statement of Revenue, Expenditures and Changes in Fund Balances
Funds Which Comprise the City's General Fund
For the Fiscal Year Ended June 30, 2014

	<u>General Fund</u>	<u>Rescue Service Fees Fund</u>	<u>Total General Fund</u>
Revenues:			
General property taxes	\$214,148,180	\$ -	\$214,148,180
Interest on taxes	2,494,254	-	2,494,254
Intergovernmental revenue	8,714,658	-	8,714,658
Charges for service	4,433,872	3,391,673	7,825,545
Investment income	3,254	593	3,847
Other revenues	10,663,316	65	10,663,381
Total Revenue	<u>240,457,534</u>	<u>3,392,331</u>	<u>243,849,865</u>
Expenditures:			
Current:			
Executive and administrative	4,582,194	-	4,582,194
Public safety	40,753,420	1,009,675	41,763,095
Recreation	1,491,348	-	1,491,348
Public libraries	2,490,919	-	2,490,919
Social services	1,166,012	-	1,166,012
Planning and economic development	1,029,447	-	1,029,447
Public works	11,953,151	-	11,953,151
Employee benefits, fixed costs and capital	51,200,512	-	51,200,512
Total expenditures	<u>114,667,003</u>	<u>1,009,675</u>	<u>115,676,678</u>
Excess of revenue over (under) expenditures before other financing sources (uses)	<u>125,790,531</u>	<u>2,382,656</u>	<u>128,173,187</u>
Other financing sources (uses)			
Transfer in	2,909,630	(2,382,656)	526,974
Transfer out	(125,969,232)	-	(125,969,232)
Net other financing sources (uses)	<u>(123,059,602)</u>	<u>(2,382,656)</u>	<u>(125,442,258)</u>
Net change in fund balance	2,730,929	-	2,730,929
Fund Balance - Beginning of the Year	<u>16,756,719</u>	<u>-</u>	<u>16,756,719</u>
Prior period adjustment (Note 18)	<u>(311,627)</u>	<u>-</u>	<u>(311,627)</u>
Fund balances July 1, 2013 - Restated	<u>16,445,092</u>	<u>-</u>	<u>16,445,092</u>
Fund Balance - End of the Year	<u>\$ 19,176,021</u>	<u>\$ -</u>	<u>\$ 19,176,021</u>

The Funds listed above are maintained separately by the City. However, these funds are all considered to be part of the City's General Fund in accordance with GASB Statement #54. As such, the information is presented as the General Fund (a Major Fund) in the City's audited financial statements.

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

CITY OF WARWICK, RHODE ISLAND
Internal Service Funds
Combining Statement of Net Position
June 30, 2014

INTERNAL SERVICE FUNDS

	Worker's Compensation Fund	Healthcare Management School Department	Healthcare Management City	Totals
<i>Assets:</i>				
Cash and cash equivalents	\$ 726,306	\$ -	\$ -	\$ 726,306
Accounts receivable	33,742	2,972,002	-	3,005,744
Due from other funds	17,225	-	621,391	638,616
Deposit with agent	-	1,434,300	-	1,434,300
<i>Total assets</i>	<u>777,273</u>	<u>4,406,302</u>	<u>621,391</u>	<u>5,804,966</u>
<i>Liabilities:</i>				
Accounts payable and accrued expenses	-	-	1,771	1,771
Accrued claims - IBNR	235,229	1,062,963	-	1,298,192
<i>Total liabilities</i>	<u>235,229</u>	<u>1,062,963</u>	<u>1,771</u>	<u>1,299,963</u>
<i>Net Position:</i>				
Unrestricted	<u>\$ 542,044</u>	<u>\$ 3,343,339</u>	<u>\$ 619,620</u>	<u>\$ 4,505,003</u>

CITY OF WARWICK, RHODE ISLAND
Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Net Position
For the Fiscal Year Ended June 30, 2014

	INTERNAL SERVICE FUNDS			
	Worker's Compensation Fund	Healthcare Management School Department	Healthcare Management City	Totals
OPERATING REVENUES:				
Revenues				
Proceeds from reinsurance	\$ -	\$ -	\$ 56,201	\$ 56,201
Worker's compensation	279,694	-	-	279,694
Healthcare insurance premiums	-	19,715,061	19,407,062	39,122,123
Dental insurance premiums	-	1,212,219	-	1,212,219
Total revenues	279,694	20,927,280	19,463,263	40,670,237
EXPENDITURES:				
Claims - Healthcare	\$ -	\$ 19,630,340	\$ 20,905,536	\$ 40,535,876
Claims - Dental	-	1,035,422	-	1,035,422
Stop loss insurance coverage	-	502,541	-	502,541
Administrative fees	-	-	33	33
Worker's compensation claims	299,376	-	-	299,376
Total expenditures	299,376	21,168,303	20,905,569	42,373,248
Operating Income (Loss)	(19,682)	(241,023)	(1,442,306)	(1,703,011)
NON-OPERATING REVENUES (EXPENSE)				
Interest Income	690	-	-	690
Total non-operating revenue (expense)	690	-	-	690
CHANGE IN NET POSITION:	(18,992)	(241,023)	(1,442,306)	(1,702,321)
Net position - beginning of year	561,036	3,584,362	2,061,926	6,207,324
Net position - end of year	\$ 542,044	\$ 3,343,339	\$ 619,620	\$ 4,505,003

CITY OF WARWICK, RHODE ISLAND
Proprietary Funds - Sewer
Combining Statement of Net Position
June 30, 2014

	SEWER FUNDS			
	Sewer Revenue Fund	1994 Sewer Bond Fund	Sewer SRF Bond Fund	Total
Assets				
Current assets:				
Cash and cash equivalents	\$ 3,425,392	\$ 3,202,957	\$ -	\$ 6,628,349
Restricted cash and cash equivalents	-	-	3,672,068	3,672,068
Accounts receivable, net:				
Sewer use fees	6,156,955	-	-	6,156,955
Accrued interest	-	-	14	14
Due from federal & state government	-	72,128	4,861,878	4,934,006
Other receivables	6,971	-	-	6,971
Due from other funds	221,333	-	1,048,441	1,269,774
Total current assets	<u>9,810,651</u>	<u>3,275,085</u>	<u>9,582,401</u>	<u>22,668,137</u>
Non-current assets:				
Construction in progress	-	-	2,106,175	2,106,175
Depreciable capital assets, net	31,847,004	8,729,309	130,069,569	170,645,882
Total noncurrent assets	<u>31,847,004</u>	<u>8,729,309</u>	<u>132,175,744</u>	<u>172,752,057</u>
Total assets	<u>41,657,655</u>	<u>12,004,394</u>	<u>141,758,145</u>	<u>195,420,194</u>
Deferred Outflows of Resources:				
Deferred charge on refunding	37,469	-	-	37,469
Total deferred outflows of resources	<u>37,469</u>	<u>-</u>	<u>-</u>	<u>37,469</u>
Liabilities				
Current liabilities:				
Accounts payable and accrued expenses	426,662	714,898	50,150	1,191,710
Accrued interest payable	961,437	-	-	961,437
Accrued compensated absences	11,896	-	-	11,896
Due to other funds	4,780,024	1,072,284	-	5,852,308
Unearned revenue	-	-	143,083	143,083
Current portion of long term debt	561,212	778,400	8,621,898	9,961,510
Total current liabilities	<u>6,741,231</u>	<u>2,565,582</u>	<u>8,815,131</u>	<u>18,121,944</u>
Non-current liabilities:				
Accrued compensated absences	168,348	-	-	168,348
Bonds and loans payable	2,645,231	11,069,329	81,804,257	95,518,817
Net other post-employment benefits obligation	1,723,104	-	-	1,723,104
Total noncurrent liabilities	<u>4,536,683</u>	<u>11,069,329</u>	<u>81,804,257</u>	<u>97,410,269</u>
Total liabilities	<u>11,277,914</u>	<u>13,634,911</u>	<u>90,619,388</u>	<u>115,532,213</u>
Net position:				
Net investment in capital assets	28,678,030	(1,701,052)	47,609,840	74,586,818
Restricted for debt service payments	-	-	3,672,082	3,672,082
Unrestricted	1,739,180	70,535	(143,165)	1,666,550
Total net position	<u>\$ 30,417,210</u>	<u>\$(1,630,517)</u>	<u>\$51,138,757</u>	<u>\$79,925,450</u>

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

CITY OF WARWICK, RHODE ISLAND
Proprietary Funds - Sewer
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2014

	SEWER FUNDS			
	Sewer Revenue Fund	1994 Sewer Bond Fund	Sewer SRF Bond Fund	Total
<i>Operating revenues</i>				
Assessments and user fees	\$ 15,045,164	\$ -	\$ -	\$15,045,164
Other revenues	466,996	9,087	-	476,083
<i>Total operating revenues</i>	<u>15,512,160</u>	<u>9,087</u>	<u>-</u>	<u>15,521,247</u>
<i>Operating expenses</i>				
Contract services	188,349	8,951	-	197,300
Salaries and benefits	3,258,815	-	-	3,258,815
Materials and supplies	670,774	-	-	670,774
Depreciation and amortization	1,577,591	248,884	3,850,292	5,676,767
Operations	1,982,775	-	129,274	2,112,049
<i>Total operating expenses</i>	<u>7,678,304</u>	<u>257,835</u>	<u>3,979,566</u>	<u>11,915,705</u>
<i>Operating income (loss)</i>	<u>7,833,856</u>	<u>(248,748)</u>	<u>(3,979,566)</u>	<u>3,605,542</u>
<i>Non-operating revenues (expenses)</i>				
Interest income	1,573	2,284	256	4,113
Interest expense	(2,697,988)	-	-	(2,697,988)
Capital contributions	-	357,550	8,880	366,430
Loss on disposal of assets	(85,228)	-	(21,456)	(106,684)
<i>Total non-operating revenues (expenses)</i>	<u>(2,781,643)</u>	<u>359,834</u>	<u>(12,320)</u>	<u>(2,434,129)</u>
<i>Income (loss) before transfers</i>	<u>5,052,213</u>	<u>111,086</u>	<u>(3,991,886)</u>	<u>1,171,413</u>
<i>Transfers:</i>				
Transfers in	5,222,121	467,005	(85,714)	5,603,412
Transfers out	(9,353,625)	-	9,307,825	(45,800)
<i>Total transfers</i>	<u>(4,131,504)</u>	<u>467,005</u>	<u>9,222,111</u>	<u>5,557,612</u>
<i>Change in Net Position</i>	<u>920,709</u>	<u>578,091</u>	<u>5,230,225</u>	<u>6,729,025</u>
<i>Total Net Position - beginning of year</i>	<u>29,496,501</u>	<u>(2,208,608)</u>	<u>45,908,532</u>	<u>73,196,425</u>
<i>Total Net Position - end of year</i>	<u>\$ 30,417,210</u>	<u>\$(1,630,517)</u>	<u>\$51,138,757</u>	<u>\$79,925,450</u>

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

CITY OF WARWICK, RHODE ISLAND
Proprietary Funds - Water
Combining Statement of Net Position
June 30, 2014

	WATER FUNDS			
	Water Revenue Fund	1994 Water Bond Fund	2000 Water Bond Fund	Total
Assets				
Current assets:				
Cash and cash equivalents	\$ 1,398,790	\$ -	\$ 973,649	\$2,372,439
Accounts receivable, net:				
Water use fees	3,680,362	-	-	3,680,362
Inventory	67,259	-	-	67,259
Total current assets	<u>5,146,411</u>	<u>-</u>	<u>973,649</u>	<u>6,120,060</u>
Non-current assets:				
Depreciable capital assets, net	9,579,771	1,143,800	1,211,063	11,934,634
Total noncurrent assets	<u>9,579,771</u>	<u>1,143,800</u>	<u>1,211,063</u>	<u>11,934,634</u>
Total assets	<u>14,726,182</u>	<u>1,143,800</u>	<u>2,184,712</u>	<u>18,054,694</u>
Deferred Outflows of Resources:				
Deferred charge on refunding	-	613	6,246	6,859
Total deferred outflows of resources	<u>-</u>	<u>613</u>	<u>6,246</u>	<u>6,859</u>
Liabilities				
Current liabilities:				
Accounts payable and accrued expenses	1,014,210	-	19,611	1,033,821
Accrued interest payable	7,903	-	-	7,903
Accrued compensated absences	14,944	-	-	14,944
Due to other funds	3,774,204	-	1,706	3,775,910
Current portion of long term debt	-	55,661	107,947	163,608
Total current liabilities	<u>4,811,261</u>	<u>55,661</u>	<u>129,264</u>	<u>4,996,186</u>
Non-current liabilities:				
Accrued compensated absences	211,481	-	-	211,481
Bonds and loans payable	-	10,292	1,053,312	1,063,604
Net other post-employment benefits obligation	1,895,415	-	-	1,895,415
Total noncurrent liabilities	<u>2,106,896</u>	<u>10,292</u>	<u>1,053,312</u>	<u>3,170,500</u>
Total liabilities	<u>6,918,157</u>	<u>65,953</u>	<u>1,182,576</u>	<u>8,166,686</u>
Net position:				
Net investment in capital assets	9,579,771	1,078,460	1,008,382	11,666,613
Unrestricted	(1,771,746)	-	-	(1,771,746)
Total net position	<u>\$ 7,808,025</u>	<u>\$ 1,078,460</u>	<u>\$ 1,008,382</u>	<u>\$9,894,867</u>

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

CITY OF WARWICK, RHODE ISLAND
Proprietary Funds - Water
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2014

	WATER FUNDS			
	<u>Water Revenue Fund</u>	<u>1994 Water Bond Fund</u>	<u>2000 Water Bond Fund</u>	<u>Total</u>
<i>Operating revenues</i>				
Assessments and user fees	\$ 8,943,956	\$ -	\$ -	\$8,943,956
Other revenues	118,975	378	3,714	123,067
<i>Total operating revenues</i>	<u>9,062,931</u>	<u>378</u>	<u>3,714</u>	<u>9,067,023</u>
<i>Operating expenses</i>				
Contract services	44,965	175	68,437	113,577
Salaries and benefits	2,667,365	-	-	2,667,365
Materials and supplies	30,552	-	-	30,552
Depreciation and amortization	553,805	19,888	115,889	689,582
Operations	6,542,621	-	-	6,542,621
<i>Total operating expenses</i>	<u>9,839,308</u>	<u>20,063</u>	<u>184,326</u>	<u>10,043,697</u>
<i>Operating income (loss)</i>	<u>(776,377)</u>	<u>(19,685)</u>	<u>(180,612)</u>	<u>(976,674)</u>
<i>Non-operating revenues (expenses)</i>				
Interest income	208	-	1,085	1,293
Interest expense	(52,552)	-	-	(52,552)
<i>Total non-operating revenues (expenses)</i>	<u>(52,344)</u>	<u>-</u>	<u>1,085</u>	<u>(51,259)</u>
<i>Income (loss) before transfers</i>	<u>(828,721)</u>	<u>(19,685)</u>	<u>(179,527)</u>	<u>(1,027,933)</u>
<i>Transfers:</i>				
Transfers in	(155,939)	56,383	99,556	-
Transfers out	-	-	-	-
Transfers out	-	-	-	-
<i>Total transfers</i>	<u>(155,939)</u>	<u>56,383</u>	<u>99,556</u>	<u>-</u>
<i>Change in Net Position</i>	<u>(984,660)</u>	<u>36,698</u>	<u>(79,971)</u>	<u>(1,027,933)</u>
<i>Total Net Position - beginning of year</i>	<u>8,792,685</u>	<u>1,041,762</u>	<u>1,088,353</u>	<u>10,922,800</u>
<i>Total Net Position - end of year</i>	<u>\$ 7,808,025</u>	<u>\$ 1,078,460</u>	<u>\$ 1,008,382</u>	<u>\$9,894,867</u>

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

CITY OF WARWICK, RHODE ISLAND
Schedule of Tax Collections
For the Fiscal Year Ended June 30, 2014

Assessment of	Balance Uncollected July 1, 2013	Current Year Assessment	Additions & Adjustments	Tax Titles	Authorized Abatements	Amount to Be Collected	Current Year Collections	Balance Uncollected June 30, 2014
2013	\$ -	\$ 223,763,444	\$ (245,214)	\$ (266,202)	\$ (6,261,548)	\$ 216,990,480	\$ 210,678,992	\$ 6,311,488
2012	7,646,251		703,069	(7,547)	(675,363)	7,666,410	5,647,380	2,019,030
2011	2,308,642		71,240	(14,001)	(815,731)	1,550,150	565,248	984,902
2010	558,636		196,976	(6,612)	(481,198)	267,802	(94,870)	362,672
2009	254,637		1,197		(78,379)	177,455	(10,528)	187,983
2008	270,237		1,618		(51,547)	220,308	6,092	214,216
2007	382,875		212		(16,010)	367,077	18,163	348,914
2006	340,927		165		(580)	340,512	9,856	330,656
2005	341,736		87		(680)	341,143	6,184	334,958
2004	335,356				(633)	334,723	4,852	329,871
2003	269,626					269,626	4,958	264,668
2002	262,511					262,511	3,742	258,769
2001	290,202					290,202	1,318	288,884
2000	370,858				(26)	370,832	1,232	369,600
1999	1,388,737					1,388,737		1,388,737
1998	1,395,179					1,395,179		1,395,179
1997	395,948					395,948		395,948
1996	433,608					433,608		433,608
TOTALS	\$ 17,245,966	\$ 223,763,444	\$ 729,350	\$ (294,362)	\$ (8,381,695)	\$ 233,062,703	\$ 216,842,619	16,220,083

Less allowances (8,763,071)
Tax receivables, net \$ 7,457,012

*Schedule of most recent property net assessed property value
by category as of December 31, 20012*

	<u>Valuations</u>	<u>Levy</u>
Real property	\$ 8,083,151,883	\$ 180,556,313
Motor vehicles (excise)	854,260,308	22,797,727
Other personal property	525,385,537	20,794,760
Total real and personal property	<u>9,462,797,728</u>	<u>224,148,800</u>
Less:		
Hold harmless, state exemptions, state phase-out, and adjustments	308,704,484	385,356
Net assessed value	<u>\$ 9,154,093,244</u>	<u>\$ 223,763,444</u>

Reconciliation of current year property tax revenue:

Current year collections	\$ 216,842,619
Adjustments / refunds in transit	(1,035,050)
Revenue received 60 days subsequent to fiscal year ended June 30, 2010	2,201,171
	<u>218,008,740</u>
Prior year revenue 60 days subsequent to prior year ended June 30, 2009	(3,860,560)
Current year property tax revenue	<u>\$ 214,148,180</u>

CITY OF WARWICK, RHODE ISLAND
Analysis of Prior Years Tax Collections
For the Fiscal Year Ended June 30, 2014

Tax Years	Collections (refunds netted)	Less Prior Year 60 Day Collections	Less Adjustments For Refunds and Redemptions in Transit	Less Reclass Between Years - Logs	Plus Current Year 60 Day Collections	Net Total	
2013	210,678,992	-	(995,791)	894,552	1,877,716	212,455,468	
2012	5,647,380	(3,340,097)	23,880	(674,090)	520,165	2,177,238	
2011	565,248	(507,284)	(28,381)	(42,859)	(149,983)	(163,259)	
2010	(94,870)	3,605	(19,671)	(177,305)	(9,731)	(297,973)	
2009	(10,528)	(3,314)	(1,635)	438	(15,368)	(30,407)	
2008	6,092	(3,061)	(762)	(856)	(13,918)	(12,505)	
2007	18,163	(2,111)	(212)	-	(13,325)	2,515	
2006	9,856	(2,323)	(12,330)	60	1,616	(3,120)	
2005	6,184	(2,784)	(147)	60	1,534	4,848	
2004	4,852	(1,471)	-	-	1,346	4,727	
2003	4,958	(624)	-	-	574	4,908	
2002	3,743	(342)	-	-	634	4,035	
2001	1,318	(500)	-	-	(91)	727	
2000	1,232	(255)	-	-	-	977	
\$ 216,842,619 \$ (3,860,560) \$ (1,035,049) \$ - \$ 2,201,171 \$ 214,148,180							\$ 1,692,712 Prior Year Collections

***CITY OF WARWICK,
RHODE ISLAND***

STATISTICAL SECTION

CITY OF WARWICK, RHODE ISLAND
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities										
Invested in capital assets, net of related debt	\$70,288,544	\$71,961,458	\$66,647,101	\$67,828,026	\$64,184,519	\$64,258,323	\$62,802,492	\$61,079,076	\$61,133,149	\$65,104,705
Restricted	4,528,548	3,333,193	3,550,462	3,201,119	1,947,766	1,433,298	1,331,626	2,159,153	2,736,581	3,382,875
Unrestricted	10,091,930	369,491	(6,573,588)	(28,569,229)	(45,907,021)	(62,378,508)	(82,266,981)	(96,854,156)	(110,905,795)	(133,284,704)
Total Governmental Activities Net Assets	84,909,022	75,664,142	63,623,975	42,459,916	20,225,264	3,313,113	(18,132,863)	(33,615,927)	(47,036,065)	(64,797,124)
Business-type Activities										
Invested in capital assets, net of related debt	62,200,140	52,998,122	56,492,614	55,465,549	63,148,905	67,391,392	72,213,574	79,287,133	81,963,905	85,294,240
Restricted	-	1,593,899	2,142,194	2,987,060	3,010,672	3,094,095	3,094,452	3,194,281	3,194,302	3,672,082
Unrestricted	911,348	10,410,660	7,337,197	9,025,008	4,542,008	5,450,484	4,268,908	4,415,400	8,790,829	10,773,438
Total Business-type Activities Net Assets	63,111,488	65,002,681	65,972,005	67,477,617	70,701,585	75,935,971	79,576,934	86,896,814	93,949,036	99,739,760
Primary Government										
Invested in capital assets, net of related debt	132,488,684	124,959,580	123,139,715	123,293,575	127,333,424	131,649,715	135,016,066	140,366,209	143,097,054	150,398,945
Restricted	4,528,548	4,927,092	5,692,656	6,188,179	4,958,438	4,527,393	4,426,078	5,353,434	5,930,883	7,054,957
Unrestricted	11,003,278	10,780,151	763,609	(19,544,221)	(41,365,013)	(56,928,024)	(77,998,073)	(92,438,756)	(102,114,966)	(122,511,266)
Total Primary Government Net Assets	\$148,020,510	\$140,666,823	\$129,595,980	\$109,937,533	\$90,926,849	\$79,249,084	\$61,444,071	\$53,280,887	\$46,912,971	\$34,942,636

Source: City of Warwick Comprehensive Annual Financial Report

CHANGE IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(Unaudited)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses:										
Governmental Activities:										
Executive & Administration	\$8,393,738	\$7,378,518	\$8,703,429	\$7,542,904	\$8,069,697	\$9,031,312	\$8,068,528	\$7,189,863	\$8,163,964	\$7,898,442
Public Safety	65,014,851	65,817,448	77,889,776	89,302,039	89,041,058	89,614,158	94,727,477	96,094,909	99,913,493	104,020,192
Recreation	4,092,981	3,168,229	3,338,239	3,358,547	3,330,999	3,353,999	3,593,994	3,627,775	3,185,691	2,549,088
Public Libraries	4,033,048	3,833,107	4,095,289	4,443,880	4,420,849	4,333,950	4,906,998	4,958,759	4,843,416	5,116,596
Social Services	2,693,806	2,860,603	2,719,927	2,973,994	2,875,875	2,658,015	2,290,428	2,254,293	2,103,904	2,160,896
Planning & E/D	1,737,103	3,563,021	3,221,363	3,314,008	3,405,639	3,856,439	2,790,778	2,777,531	3,139,802	3,114,804
Public Works	20,347,768	21,271,907	21,757,520	22,574,947	21,994,345	21,609,069	20,766,889	22,147,778	21,788,643	21,842,422
Education	147,447,982	163,926,829	168,839,482	175,918,003	174,286,188	171,897,294	175,633,555	170,207,856	170,690,028	173,500,902
Cafeteria Operations	2,800,341	2,916,762	2,841,531	2,908,848	3,005,016	2,647,559	-	-	-	-
Interest on Long Term Debt	3,090,420	3,672,548	3,009,586	2,902,909	2,360,516	2,347,813	1,906,529	2,296,097	1,800,222	1,586,055
Total Governmental Activities Expenses:	259,652,038	278,408,972	296,416,142	315,240,079	312,790,182	311,349,608	314,685,176	311,554,861	315,629,163	321,789,397
Business-type activities:										
Sewer	10,933,427	13,240,766	13,484,307	14,231,646	15,215,618	15,759,558	24,390,931	14,704,964	14,824,243	14,807,198
Sewer Assessment	-	-	-	-	-	-	-	-	-	-
Water	7,483,735	7,669,925	8,252,959	9,681,133	9,646,628	9,427,381	10,522,632	10,118,651	10,153,770	10,096,249
Non Major Enterprise Funds	433,085	-	-	-	-	-	-	-	-	-
Total Business-type Activities Expenses:	18,850,247	20,910,691	21,737,266	23,912,779	24,862,246	25,186,939	34,913,563	24,823,615	24,978,013	24,903,447
Total Primary Government Expenses:	\$278,502,285	\$299,319,663	\$318,153,408	\$339,152,858	\$337,652,428	\$336,536,547	\$349,598,739	\$336,378,476	\$340,607,176	\$346,692,844

CITY OF WARWICK, RHODE ISLAND
CHANGE IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(Unaudited)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Executive & Administration	\$3,966,917	\$3,939,444	\$3,442,464	\$2,858,476	\$2,209,444	\$2,246,025	\$2,123,034	\$2,110,147	\$2,316,005	\$2,221,129
Public Safety	6,476,278	6,696,573	7,016,618	7,467,293	6,970,909	7,371,438	6,906,078	7,122,121	6,482,419	7,193,150
Recreation	722,964	806,442	792,374	828,017	900,225	894,380	957,604	962,086	932,052	960,133
Public Libraries	45,629	68,389	36,325	47,159	40,736	37,070	32,495	33,369	33,597	30,420
Social Services	91,821	80,482	79,007	100,956	126,658	139,649	135,116	137,727	113,106	117,136
Planning & E/D	2,008,862	2,503,643	1,798,343	1,599,877	1,681,609	2,081,026	1,573,526	1,995,266	1,727,813	1,918,114
Public Works	473,820	335,980	350,139	299,049	332,001	364,942	356,417	325,721	211,458	223,442
Education	1,228,659	3,397,605	3,006,444	2,778,367	3,497,123	3,776,975	4,522,161	1,970,205	1,860,301	1,186,216
Cafeteria Operations	1,728,102	1,774,566	1,751,231	1,542,363	1,368,341	1,045,893	-	-	-	-
Operating Grants/Contributions	51,120,778	51,182,760	54,912,922	55,130,733	51,258,003	53,474,747	51,863,051	53,699,759	55,546,646	59,427,759
Capital Grants/Contributions	32,337	700,043	1,442,541	3,600,000	-	-	1,066,557	152,292	1,409,223	524,461
Total Governmental Activities Program Revenues:	67,896,167	71,485,927	74,628,408	76,252,290	68,385,049	71,432,145	69,536,039	68,508,693	70,632,620	73,801,960
Business-type Activities:										
Charges for Services:										
Sewer	6,502,475	8,406,658	8,539,892	10,396,217	12,352,153	16,494,263	14,058,609	13,320,223	16,314,418	16,099,887
Sewer Assessment	5,327,729	5,834,912	6,072,270	6,078,049	5,646,954	5,414,375	5,193,582	5,962,350	6,660,728	5,222,858
Water	8,146,911	7,679,742	7,274,848	8,008,749	8,767,956	7,918,224	10,482,771	9,771,177	10,138,836	9,067,023
Non-major Enterprise Funds	571,662	-	-	-	-	-	-	-	42,183	-
Operating Grants/Contributions	-	9,511	121,916	39,153	-	-	-	-	349,939	-
Capital Grants/Contributions	-	-	-	326,620	1,238,170	541,403	2,694,761	3,073,848	-	-
Total Business-type Activities Program Revenues:	20,548,777	21,930,823	22,008,926	24,848,788	28,005,233	30,368,265	32,429,723	32,127,598	33,506,104	30,389,768
Total Primary Government Program Revenues:	\$88,444,944	\$93,416,750	\$96,637,334	\$101,101,078	\$96,390,282	\$101,800,410	\$101,965,762	\$100,636,291	\$104,138,724	\$104,191,728
Net (Expense) Revenue										
Governmental Activities	(\$191,755,871)	(\$206,923,045)	(\$221,787,734)	(\$238,987,789)	(\$244,405,133)	(\$239,917,463)	(\$245,149,137)	(\$243,046,168)	(\$244,996,543)	(\$247,987,437)
Business-type Activities	1,698,530	1,020,132	271,660	936,009	3,142,987	5,181,326	(2,483,840)	7,303,983	8,528,091	5,486,321
Total Primary Government Net Expense	(\$190,057,341)	(\$205,902,913)	(\$221,516,074)	(\$238,051,780)	(\$241,262,146)	(\$234,736,137)	(\$247,632,977)	(\$235,742,185)	(\$236,468,452)	(\$242,501,116)

CITY OF WARWICK, RHODE ISLAND
CHANGE IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(Unaudited)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Revenues and Other Changes in Net Assets										
Governmental Activities										
Property Taxes	\$161,450,920	\$169,988,651	\$177,362,772	\$185,975,551	\$195,204,676	\$201,516,576	\$205,826,048	\$213,334,334	\$216,802,269	\$214,125,691
Interest on Property Taxes	240,711	1,502,221	1,484,500	1,591,941	1,728,716	(1,273,017)	1,571,198	1,737,961	1,562,589	2,146,222
State Aid & In Lieu of Tax	18,163,665	22,172,675	24,398,225	23,579,703	21,121,217	17,352,666	6,817,475	6,896,729	7,120,046	7,861,860
Investment Earnings	1,778,330	1,196,230	1,456,165	950,750	156,876	59,581	2,319	(21,741)	(32,851)	5,652
Tax Titles	47,530	61,804	7,823	33,212	20,334	155,168	97,308	78,373	258,929	217,160
Insurance Proceeds							496,997	39,914	96,463	133,052
Miscellaneous	5,701,306	2,811,911	4,710,191	5,650,040	4,470,760	5,194,338	5,016,367	5,479,807	6,449,112	6,034,137
Transfers			150,000	50,000	100,000	-	-	17,727	(42,522)	(297,396)
Total Governmental Activities:	187,382,462	197,733,492	209,569,676	217,831,197	222,802,579	223,005,312	219,827,712	227,563,104	232,214,035	230,226,378
Business-type Activities										
Investment Earnings	227,187	871,061	847,664	619,603	180,981	34,442	20,424	8,917	19,175	7,007
Insurance Proceeds							6,104,379	24,707	26,072	-
Transfers			(150,000)	(50,000)	(100,000)		-	(17,727)	42,522	297,396
Total Business-type Activities:	227,187	871,061	697,664	569,603	80,981	34,442	6,124,803	15,897	87,769	304,403
Total Primary Government:	\$187,609,649	\$198,604,553	\$210,267,340	\$218,400,800	\$222,883,560	\$223,039,754	\$225,952,515	\$227,579,001	\$232,301,804	\$230,530,781
Change in Net Assets										
Governmental Activities	(\$4,373,409)	(\$9,189,553)	(\$12,218,058)	(\$21,156,592)	(\$21,602,554)	(\$16,912,151)	(\$25,321,425)	(\$15,483,064)	(\$12,782,508)	(\$17,761,059)
Business-type Activities	1,925,717	1,891,193	969,324	1,505,612	3,223,968	5,215,768	3,640,963	7,319,880	8,615,860	5,790,724
Total Primary Government:	(\$2,447,692)	(\$7,298,360)	(\$11,248,734)	(\$19,650,980)	(\$18,378,586)	(\$11,696,383)	(\$21,680,462)	(\$8,163,184)	(\$4,166,648)	(\$11,970,335)

Source: City of Warwick Comprehensive Annual Financial Report

- (1) In Fiscal 2006 Non-Major Enterprise Funds were combined within Sewer and Water.
- (2) In Fiscal 2011 Cafeteria Operations were combined with Education

CITY OF WARWICK, RHODE ISLAND
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Reserved	\$4,807,974	\$4,882,583	\$1,717,250	\$3,961,677	\$3,225,420	\$7,945,894	\$0	\$0	\$0	\$0
Non-Spendable							\$216,869	\$217,244	\$214,650	\$211,476
Restricted							\$0	\$0	\$0	\$3,600,000
Committed							\$2,401,774	\$3,322,613	\$4,689,278	\$4,560,680
Assigned							\$0	\$0	\$0	\$0
Unreserved/Unassigned:	11,844,497	13,396,581	12,739,745	7,899,627	5,916,723	6,862,566	5,981,718	8,253,978	11,852,791	10,803,865
Total General Fund	\$16,652,471	\$18,279,164	\$14,456,995	\$11,861,304	\$9,142,143	\$14,808,460	\$8,600,361	\$11,793,835	\$16,756,719	\$19,176,021
All Other Governmental Funds										
Reserved	\$3,683,117	\$5,862,678	\$2,107,178	\$1,107,800	\$1,749,289	\$1,471,318				
Restricted							\$9,587,064	\$7,754,049	\$8,803,655	\$6,858,453
Committed										
Assigned							\$46,950	\$40,656	\$35,685	\$0
Unassigned/Unassigned in:										
Special Revenue Funds	1,872,634	2,129,260	1,529,175	(585,186)	653,589	2,565,535	(13)			
Capital Project Funds	5,758,721	(2,664,466)	1,984,818	1,344,428	383,425	2,420,408	(888,044)	(628,477)	(1,425,201)	(2,787,894)
Total All Other Governmental Funds	\$11,314,472	\$5,327,472	\$5,621,171	\$1,867,042	\$2,786,303	\$6,457,261	\$8,745,957	\$7,166,228	\$7,414,139	\$4,070,559
Total All Other Governmental Funds	27,966,943	23,606,636	20,078,166	13,728,346	11,928,446	21,265,721	17,346,318	18,960,063	24,170,858	23,246,580

Source: City of Warwick Comprehensive Annual Financial Report

Note: GASB54 was implemented in 2011. Fund balance classifications were adjusted accordingly.

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
General Property Taxes	161,536,866	169,763,615	177,052,585	185,121,502	194,214,398	202,494,106	204,577,041	212,007,763	216,054,096	214,148,180
Interest On Taxes	1,143,870	1,202,023	1,209,003	1,200,872	1,376,875	1,228,767	1,357,578	1,392,844	1,682,473	2,494,254
Intergovernmental Revenue	65,246,999	67,275,837	72,167,517	72,909,688	63,643,865	62,224,022	53,821,511	52,037,242	54,946,587	57,042,872
State Contribution to Pension Plan	3,948,000	4,460,664	5,848,558	7,045,104	6,319,011	5,928,125	5,747,000	6,251,800	6,223,212	6,342,485
Charges for Services	13,962,944	16,308,269	15,798,638	15,494,679	12,531,573	12,844,595	11,657,310	11,606,395	11,709,095	12,560,899
Investment Income	625,983	1,178,496	1,435,007	934,228	152,401	58,314	2,093	1,474	(35,582)	4,962
Contributions and Private Grants	89,228	166,177	532,283	181,631	187,375	139,515	106,860	164,652	522,410	306,079
Other Revenue	7,856,048	7,831,481	9,228,876	9,785,620	11,126,985	11,581,585	9,909,777	10,309,384	11,045,445	12,074,905
<i>Total Revenues</i>	<i>254,409,938</i>	<i>268,186,562</i>	<i>283,272,467</i>	<i>292,673,324</i>	<i>289,552,483</i>	<i>296,499,029</i>	<i>287,179,170</i>	<i>293,771,554</i>	<i>302,147,736</i>	<i>304,974,636</i>
Expenditures										
Executive and Administration	5,316,960	5,028,234	6,185,376	4,734,433	4,872,291	5,816,066	4,957,805	4,519,720	4,508,874	4,645,528
Public Safety	42,461,213	40,717,156	44,501,008	42,122,827	41,233,284	40,755,519	42,308,559	43,062,869	44,127,815	45,078,068
Recreation	2,872,391	2,265,365	2,598,519	6,262,255	1,812,641	1,780,946	1,895,427	1,576,349	1,516,612	1,491,348
Public Libraries	2,580,004	2,647,206	2,764,806	2,888,316	2,588,469	2,571,020	2,631,152	2,580,684	2,627,093	2,664,349
Social Services	2,094,469	2,180,058	2,059,600	2,189,436	2,079,240	1,854,240	1,393,507	1,262,235	1,197,505	1,188,989
Planning and Economic Development	2,002,003	3,321,767	2,940,637	2,793,048	2,716,404	3,242,502	2,578,289	2,169,881	2,593,625	2,461,805
Public Works	13,059,114	14,938,720	12,708,971	12,021,107	11,687,121	12,491,980	14,237,550	12,423,819	13,694,798	14,474,028
Employee Benefits, Fixed Costs, & Capital	31,608,948	34,811,318	39,097,834	38,889,504	40,692,687	41,079,075	43,757,666	46,057,032	50,772,566	51,176,951
Education	144,366,527	151,894,602	161,925,679	166,893,833	165,475,272	163,419,363	169,004,878	165,316,678	167,622,445	169,221,031
Cafeteria Operations*	2,800,341	2,916,762	2,841,531	2,908,848	3,005,016	2,647,559	-	-	-	-
State Contribution to Pension Plan	3,948,000	4,460,664	5,848,558	7,045,104	6,319,011	5,928,125	5,747,000	6,251,800	6,223,212	6,342,485
Other	-	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-	-
Debt Service-Principal	5,603,242	6,328,283	6,255,060	7,165,403	6,444,241	6,920,994	5,965,182	5,226,115	4,570,722	5,082,483
Debt Service-Interest	3,111,185	3,151,446	3,045,599	3,080,272	2,313,451	2,300,365	2,169,590	1,726,854	1,761,508	1,749,891
Bond Issuance Costs/Paying Agent Fees	-	-	-	-	-	-	200,420	1,500	30,659	24,561
<i>Total Expenditures</i>	<i>261,824,397</i>	<i>274,661,581</i>	<i>292,773,178</i>	<i>298,994,386</i>	<i>291,239,128</i>	<i>290,807,754</i>	<i>296,847,025</i>	<i>292,175,536</i>	<i>301,247,434</i>	<i>305,601,517</i>
Excess of Revenues Over (Under) Expenditures										
Before Other Financing Sources (Uses)	(7,414,459)	(6,475,019)	(9,500,711)	(6,321,062)	(1,686,645)	5,691,275	(9,667,855)	1,596,018	900,302	(626,881)

CITY OF WARWICK, RHODE ISLAND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Other Financing Sources (Uses)										
Transfers From Other Funds	113,255,478	116,360,126	125,495,249	131,403,144	136,243,765	133,734,780	129,552,412	127,682,960	126,600,068	127,325,885
Transfers To Other Funds	(113,581,839)	(116,731,115)	(125,726,008)	(131,626,361)	(136,357,020)	(133,996,780)	(129,552,412)	(127,665,233)	(126,642,590)	(127,623,281)
Proceeds From Bonds	11,500,000	2,500,000		201,926	-	3,908,000	6,047,524		4,353,015	
Proceeds From Capital Lease	3,504,725		6,203,000	-	-	-	-			
<i>Total Other Financing Sources (Uses)</i>	<i>14,678,364</i>	<i>2,129,011</i>	<i>5,972,241</i>	<i>(21,291)</i>	<i>(113,255)</i>	<i>3,646,000</i>	<i>6,047,524</i>	<i>17,727</i>	<i>4,310,493</i>	<i>(297,396)</i>
Net Change in Fund Balances	7,263,905	(4,346,008)	(3,528,470)	(6,342,353)	(1,799,900)	9,337,275	(3,620,331)	1,613,745	5,210,795	(924,277)
Debt Service As A Percentage of Noncapital Expenditures	3.44%	3.59%	3.27%	3.49%	3.01%	3.20%	2.79%	2.42%	2.16%	2.31%

* During fiscal 2011, Cafeteria Operations were combined with Education.

Source: City of Warwick Comprehensive Annual Financial Report

CITY OF WARWICK, RHODE ISLAND
ASSESSED VALUE & ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Real Property						
Fiscal Year	Residential	Commercial	Less Tax-Exempt Property	Total Taxable Assessed Value	Estimated Actual Value	Tax Rate Res/Comm
2005	6,220,219,600	2,076,887,200	70,960,000	8,226,146,800	8,226,146,800	\$14.81/ \$22.22
2006	6,241,260,800	2,098,104,400	69,168,000	8,270,197,200	9,397,951,364	\$15.46/ \$23.18
2007	6,281,527,400	2,129,669,100	67,760,000	8,343,436,500	10,913,586,004	\$15.95/ \$23.93
2008	8,079,072,500	3,212,249,600	66,586,000	11,224,736,100	11,224,736,100	\$12.75/ \$19.13
2009	8,082,766,300	3,188,308,100	94,720,900	11,176,353,500	9,086,466,260	\$13.41/ \$20.12
2010	8,097,688,900	3,203,401,900	64,803,000	11,236,287,800	11,236,287,800	\$14.14/ \$21.21
2011	6,286,650,600	2,808,766,770	64,485,000	9,030,932,370	9,030,932,370	\$17.48/ \$26.22
2012	6,261,960,200	2,641,178,770	53,032,287	8,850,106,683	8,850,106,683	\$17.69/ \$26.53
2013	6,265,223,524	2,553,709,270	149,903,604	8,669,029,190	8,669,029,190	\$18.14/ \$27.21
2014	5,774,315,608	2,308,836,275	113,410,569	7,969,741,314	7,969,741,314	\$19.79/ \$29.68

Personal Property						
Tangible						
Fiscal Year	Tangible Personal Property	Less Tax-Exempt Property	Total Tangible Taxable Assessed Value	Estimated Actual Value	Tax Rate Tangible/ Inventory	
2005	595,492,890	30,030	595,462,860	595,462,860	\$29.62/ \$12.73	
2006	626,759,280	12,000	626,747,280	626,747,280	\$30.91/ \$9.55	
2007	678,223,300	19,830	678,203,470	678,203,470	\$31.90/ \$6.37	
2008	672,374,200	12,000	672,362,200	672,362,200	\$25.50/ \$3.18	
2009	464,491,800	12,000	464,479,800	464,479,800	\$26.82/ \$0.00	
2010	468,844,000	2,000	468,842,000	468,842,000	\$28.28/ \$0.00	
2011	449,384,970	12,000	449,372,970	449,372,970	\$34.96/ \$0.00	
2012	462,434,140	-	462,434,140	462,434,140	\$35.38/ \$0.00	
2013	503,931,303	-	503,931,303	503,931,303	\$36.28/ \$0.00	
2014	525,385,537	-	525,385,537	525,385,537	\$39.58/ \$0.00	

Notes:

(1) Fiscal 2008 reflects the results of a full revaluation and fiscal 2014 reflects the most recent statistical revaluation

Source: Tax Assessor's Official Tax Certification List

CITY OF WARWICK, RHODE ISLAND
ASSESSED VALUE & ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	Personal Property				Estimated Actual Value	Tax Rate Motor Vehicles
	Motor Vehicles	Less Tax-Exempt Property	Less M/V Phaseout	Total Motor Vehicle Taxable Assessed Value		
2005	635,241,587	16,206,433	266,395,881	352,639,273	352,639,273	\$34.60
2006	705,512,480	16,780,014	276,222,602	412,509,864	412,509,864	\$34.60
2007	760,806,808	16,121,945	347,776,394	396,908,469	396,908,469	\$34.60
2008	762,431,180	15,453,410	354,906,174	392,071,596	392,071,596	\$34.60
2009	777,437,990	14,629,711	357,954,774	404,853,505	404,853,505	\$34.60
2010	706,836,093	13,698,497	357,188,715	335,948,881	335,948,881	\$34.60
2011	742,645,169	12,867,015	363,655,976	366,122,178	366,122,178	\$34.60
2012	680,792,673	12,652,167	13,342,221	654,798,285	654,798,285	\$34.60
2013	839,853,603	11,918,651	178,494,733	649,440,219	649,440,219	\$34.60
2014	854,260,308	14,343,446	180,950,469	658,966,393	658,966,393	\$34.60

Fiscal Year	Total All		Ratio
	Assessed Value	Estimated Actual Value	
2005	9,174,248,933	9,174,248,933	100.00%
2006	9,309,454,344	10,437,208,508	89.19%
2007	9,418,548,439	11,988,697,943	78.56%
2008	12,289,169,896	12,289,169,896	100.00%
2009	12,045,686,805	9,955,799,565	120.99%
2010	12,041,078,681	12,041,078,681	100.00%
2011	9,846,427,518	9,846,427,518	100.00%
2012	9,967,339,108	9,967,339,108	100.00%
2013	9,822,400,712	9,822,400,712	100.00%
2014	9,154,093,244	9,154,093,244	100.00%

Notes:

- (1) Fiscal 2008 reflects the results of a full revaluation and fiscal 2014 reflects the most recent statistical revaluation
(2) Inventory Tax was phased out after fiscal 2008

Source: City of Warwick Tax Assessor - Official Tax Certification List

CITY OF WARWICK, RHODE ISLAND
PROPERTY TAX RATES
(PER \$1000 OF ASSESSED VALUE)
LAST TEN FISCAL YEARS
(Unaudited)

<u>Fiscal Year</u>	<u>General Fund</u>	<u>Fiscal Year</u>	<u>General Fund</u>
2005	Real Estate Residential 14.81	2010	Real Estate Residential 14.14
	Real Estate Commercial 22.20		Real Estate Commercial 21.21
	Tangible Personal Property 29.62		Tangible Personal Property 28.28
	Manufacturers' Machinery 12.73		Manufacturers' Machinery -
	Motor Vehicles 34.60		Motor Vehicles 34.60
2006	Real Estate Residential 15.46	2011	Real Estate Residential 17.48
	Real Estate Commercial 23.18		Real Estate Commercial 26.22
	Tangible Personal Property 30.91		Tangible Personal Property 34.96
	Manufacturers' Machinery 9.55		Manufacturers' Machinery -
	Motor Vehicles 34.60		Motor Vehicles 34.60
2007	Real Estate Residential 15.95	2012	Real Estate Residential 17.69
	Real Estate Commercial 23.93		Real Estate Commercial 26.53
	Tangible Personal Property 31.90		Tangible Personal Property 35.38
	Manufacturers' Machinery 6.37		Manufacturers' Machinery -
	Motor Vehicles 34.60		Motor Vehicles 34.60
2008	Real Estate Residential 12.75	2013	Real Estate Residential 18.14
	Real Estate Commercial 19.13		Real Estate Commercial 27.21
	Tangible Personal Property 25.50		Tangible Personal Property 36.28
	Manufacturers' Machinery 3.18		Manufacturers' Machinery -
	Motor Vehicles 34.60		Motor Vehicles 34.60
2009	Real Estate Residential 13.41	2014	Real Estate Residential 19.79
	Real Estate Commercial 20.12		Real Estate Commercial 29.68
	Tangible Personal Property 26.82		Tangible Personal Property 39.58
	Manufacturers' Machinery -		Manufacturers' Machinery -
	Motor Vehicles 34.60		Motor Vehicles 34.60

Source: City of Warwick Tax Assessor - Official Tax Certification List

CITY OF WARWICK, RHODE ISLAND
PRINCIPAL TAXPAYERS
June 30, 2014
(Unaudited)

Taxpayer	Taxable Assessed Value*	Rank	Percentage of Total Taxable Assessed Value
Narragansett Electric Co.	146,262,454	1	1.60%
CAR WAR LLC	42,709,800	2	0.47%
Rhode Island Mall LP	40,284,500	3	0.44%
Warwick Mall LLC	38,799,000	4	0.42%
Metropolitan Life Insurance Co	37,408,500	5	0.41%
AIMCO Warwick LLC	30,993,100	6	0.34%
Cowesett Hills Apartments LLC	28,652,000	7	0.31%
Warwick Associates	28,009,100	8	0.31%
Target Corporation	25,182,700	9	0.28%
Sears, Roebuck & Co	21,485,400	10	0.23%
	439,786,554		4.80%

Total Assessed Value FY14 9,154,093,244

**CITY OF WARWICK, RHODE ISLAND
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year Ended	Original Tax Levy	Cumulative Adjustments	Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Cumulative Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
2005	161,867,391	(768,478)	161,098,913	160,009,037	98.9%	758,764	160,767,801	99.8%
2006	171,526,009	(1,435,758)	170,090,251	168,617,003	98.3%	1,067,124	169,684,127	99.8%
2007	178,109,831	(642,855)	177,466,976	175,814,548	98.7%	1,355,083	177,169,631	99.8%
2008	187,228,328	(2,203,973)	185,024,355	183,684,242	98.1%	1,013,364	184,697,606	99.8%
2009	195,989,706	(1,477,158)	194,512,548	192,642,378	98.3%	1,677,496	194,319,874	99.9%
2010	204,173,334	(2,145,225)	202,028,109	200,662,928	98.3%	1,397,044	202,059,972	100.0%
2011	208,897,991	(4,113,224)	204,784,767	203,384,663	97.4%	1,403,276	204,787,939	100.0%
2012	216,867,072	(2,307,215)	214,559,857	210,300,217	97.0%	2,513,416	212,813,633	99.2%
2013	220,812,354	(2,336,714)	218,475,640	213,648,450	96.8%	2,177,239	215,825,689	98.8%
2014	223,763,444	(6,788,999)	216,974,445	212,455,468	94.9%	-	212,455,468	97.9%

Note: This table has been revised to include information pertaining to 60 day collections and cumulative adjustments.

Source: City of Warwick Finance Department - Comprehensive Annual Financial Reports

CITY OF WARWICK, RHODE ISLAND
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	Governmental Activities		Business-type Activities				Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Capital Leases	General Obligation Bonds	RICWFA Loans	Sewer BAN	Capital Leases			
2005	72,369,424	5,109,725	14,720,576	120,260,838	15,000,000	-	212,460,563	10.39%	\$2,431.87
2006	70,174,747	3,634,725	28,225,254	120,055,206	-	-	222,089,932	11.04%	\$2,584.70
2007	65,316,412	8,662,725	26,238,588	123,389,963	-	-	223,607,688	11.12%	\$2,602.36
2008	60,851,033	6,306,818	24,963,967	127,795,468	-	-	219,917,286	10.93%	\$2,559.41
2009	56,854,016	3,736,393	23,725,984	120,531,506	-	-	204,847,899	10.18%	\$2,384.03
2010	55,841,597	1,844,974	22,316,403	113,952,310	-	-	193,955,284	7.47%	\$2,288.29
2011	54,910,724	2,622,487	20,209,276	106,003,585	-	-	183,746,072	7.42%	\$2,222.59
2012	50,934,288 *	1,372,808	18,860,712	100,302,275	-	-	171,470,083	6.82%	\$2,074.10
2013	50,992,040 *	1,039,333	17,477,960	92,046,340	-	-	161,555,673	6.07%	\$1,953.56
2014	46,249,434 *	699,456	16,015,566	90,426,155	-	-	153,390,611	5.81%	\$1,871.28

* Excludes cumulative RIHEBC Bond principal repayments in the amount of \$1,522,500 which were paid to US Bank Sinking Fund Account.

Source: City of Warwick Finance Department - Comprehensive Annual Financial Reports
Long Term Debt Amortization Schedules

CITY OF WARWICK, RHODE ISLAND
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(Unaudited)

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Less; Amounts Reimbursed By State</u>	<u>Net Bonded Debt</u>	<u>Percentage of Estimated Actual Taxable Value Of Property</u>	<u>Per Capita</u>
2005	72,369,424	1,465,965	70,903,459	0.77%	\$811.58
2006	70,174,747	1,563,909	68,610,838	0.66%	\$798.50
2007	65,316,412	1,542,099	63,774,313	0.53%	\$742.21
2008	60,851,033	1,505,114	59,345,919	0.48%	\$690.67
2009	56,854,016	1,472,550	55,381,466	0.56%	\$644.53
2010	55,841,597	1,377,090	54,464,507	0.45%	\$642.57
2011	54,910,724	1,387,236	53,523,488	0.54%	\$647.42
2012	50,934,288 *	1,337,132	49,597,156	0.50%	\$599.93
2013	50,992,040 *	1,241,910	49,750,130	0.51%	\$601.59
2014	46,249,434 *	1,652,037	44,597,397	0.49%	\$544.06

* Excludes cumulative RIHEBC Bond principal repayments in the amount of \$1,522,500 which were paid to US Bank Sinking Fund Account.

Source: City of Warwick Finance Department and Tax Assessor's Office

**CITY OF WARWICK, RHODE ISLAND
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt Limit	275,227,468	279,283,630	282,556,453	368,675,097	361,370,604	361,232,360	295,392,826	299,020,173	294,672,021	274,622,797
Total Net Debt Applicable To Limit	72,369,424	70,174,747	65,316,412	60,851,033	56,854,016	55,841,597	54,910,724	50,934,288	50,992,040	46,249,434
Legal Debt Margin	202,858,044	209,108,883	217,240,041	307,824,064	304,516,588	305,390,763	240,482,102	248,085,885	243,679,981	228,373,363
Total Net Debt Applicable To The Limit As A Percentage of Debt Limit	26.29%	25.13%	23.12%	16.51%	15.73%	15.46%	18.59%	17.03%	17.30%	16.84%

Legal Debt Margin Calculation for Fiscal Year 2014	
Assessed Value:	9,154,093,244
Debt Limit (3% of total assessed value)	274,622,797
Debt Applicable to limit:	
General Obligation Bonds-Governmental	46,249,434
Legal Debt Margin	228,373,363

Source: City of Warwick Finance Department

**PLEDGED-REVENUE COVERAGE
LAST NINE FISCAL YEARS**

Sewer Revenue Bonds

Fiscal Year	Sewer Charges and Other	Less Operating Expenses	Net Available Revenue	Debt Service-Revenue Bonds		Coverage
				Principal	Interest	
2005	11,763,679	4,038,078	7,725,601	0	5,468	141283.38%
2006	15,082,662	4,765,154	10,317,508	0	189,952	5431.63%
2007	14,341,775	4,460,088	9,881,687	853,000	408,242	783.49%
2008	16,482,480	5,303,709	11,178,771	1,113,000	498,354	693.75%
2009	18,045,494	5,701,591	12,343,903	1,725,000	792,526	490.32%
2010	18,040,847	5,437,372	12,603,475	2,089,000	855,929	427.97%
2011	19,651,826	5,670,495	13,981,331	2,166,120	861,179	461.84%
2012	19,635,273	5,786,957	13,848,316	2,190,120	834,082	457.92%
2013	21,243,604	6,188,026	15,055,578	2,211,120	839,709	493.49%
2014	21,128,772	6,284,738	14,844,034	2,438,121	827,201	454.60%

The Warwick Sewer Authority has Issued the following revenue bonds:

December 31, 2004	\$20,000,000
December 15, 2005	\$5,000,000
December 21, 2006	\$9,500,000
December 12, 2007	\$6,942,000
April 30, 2008	\$4,000,000
October 6, 2009	\$1,169,026 *
June 26, 2012	\$2,400,000
March 6, 2014	\$7,000,000

Debt Service only includes Principal and Interest related to Sewer Revenue Bonds.

Principal Payments on Revenue Bonds began in fiscal 2007

Debt Payments relating to Sewer General Obligation Debt has not been included.

Sewer Charges and Other includes Interest Income and Transfer from Sewer Assessment.

Sewer Charges and Other does not include capital asset transfer from Emergency Operations

Operating Expenses do not include Depreciation, Debt Principal/Interest Expense, or Loss on Disposal of Assets.

* SRF/Stimulus Loan-Shown Net of \$178,601.10 Principal Forgiveness

**THE CITY OF WARWICK
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year	Population	Personal Income	Median Family Income	Per Capita Personal Income	School Enrollment	Unemployment Rate
2005	87,365	2,045,214,650	\$56,225	\$23,410	11,709	5.30%
2006	85,925	2,011,504,250	\$56,225	\$23,410	11,385	5.50%
2007	85,925	2,011,504,250	\$56,225	\$23,410	10,944	4.85%
2008	85,925	2,011,504,250	\$58,087	\$23,410	10,818	5.60%
2009	85,925	2,011,504,250	\$59,445	\$23,410	10,525	9.18%
2010	84,760	2,597,724,480	\$75,029	\$30,648	10,507	11.50%
2011	82,672	2,477,762,512	\$72,337	\$29,971	10,277	10.30%
2012	82,672	2,515,047,584	\$73,504	\$30,422	9,977	10.12%
2013	82,698	2,662,958,298	\$76,695	\$32,201	9,675	8.80%
2014	81,971	2,639,548,171	\$76,695	\$32,201	9,409	8.00%

Sources: US Census Bureau, Population Finder and FactFinder
US Census Bureau, 2008-2012 American Community Survey (5 Year Estimates)
RI Department of Labor and Training

THE CITY OF WARWICK
PRINCIPAL PRIVATE EMPLOYERS
June 30, 2014
(Unaudited)

Employer	Range of Employees	Rank	Percentage of Total City Employment
Met Life	1000-4999	1	2.2%-10.9%
Kent Hospital / Acute Rehab	1000-4999	2	2.2%-10.9%
J Arthur Trudeau Memorial	1000-4999	3	2.2%-10.9%
Community College of RI	500-999	4	1.1%-2.2%
Bentley Providence	500-999	5	1.1%-2.2%
Infiniti of Warwick	500-999	6	1.1%-2.2%
Kenney Manufacturing	500-999	7	1.1%-2.2%
Interstate Electrical	500-999	8	1.1%-2.2%
Trudeau Memorial Center	500-999	9	1.1%-2.2%
Sears	250-499	10	.54%-1.1%

Source: Employ RI
R.I. Department of Labor and Training-Total Employment Statistics

CITY OF WARWICK
FULL TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS
(Unaudited)

Function	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Municipal Administration	88	87	86	86	87	91	95	95	95	92	90
Public Safety											
Police Civilians	78	77	75	75	77	77	74	79	79	81	84
Officers	167	163	164	163	163	163	180	178	178	178	178
Fire Civilians	12	12	11	11	11	12	12	12	12	12	12
Firefighters/Officers	221	220	209	209	209	217	218	218	218	214	213
Municipal	15	16	16	16	17	17	18	18	17	16	16
Social Services	22	22	22	22	22	23	27	25	29	30	31
Library/Recreation	67	67	67	67	66	67	72	72	73	88	88
Developmental Resources	16	16	16	16	17	19	20	21	20	20	17
Public Works											
Administration	3	3	3	3	3	4	4	5	5	5	6
Maintenance/Automotive	39	38	39	39	39	42	46	46	42	27	27
Engineering	4	4	4	4	4	4	7	7	7	7	6
Sanitation/Recycling	23	23	23	24	24	24	25	25	27	28	27
Highway	61	61	62	61	61	62	64	65	64	64	64
Water	34	35	35	35	35	35	37	37	37	38	38
Sewer	30	31	32	32	32	33	36	35	33	33	34

Source : City of Warwick Finance Department - Personnel Supplements

**THE CITY OF WARWICK
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS
(Unaudited)**

<u>Function</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Legislative and Executive										
Number of Resolutions	186	194	212	201	222	214	158	122	134	124
Number of Ordinances	48	72	62	37	47	38	32	21	22	30
Number of Meetings	22	22	22	22	22	22	22	29	27	27
Board of Elections										
Number of Registered Voters	49,306	52,017	56,555	58,122	59,928	61,133	60,239	60,315	62,059	59,470
Purchasing										
Number of bid contracts	377	323	378	312	301	317	329	301	327	364
Number of purchase orders issued	5,015	5,086	4,818	3,855	3,152	3,374	3,549	3,665	3,673	3,950
Building Department										
Number of permits issued	5,000	5,774	5,388	5,468	4,152	5,210	4,709	4,521	4,553	4,797
Permit Value	127,211,666	98,359,758	83,667,292	115,293,674	47,712,906	53,664,975	59,519,775	63,980,377	52,690,863	54,478,286
Public Safety										
Calls for Service	80,565	79,026	96,124	89,145	78,136	90,509	93,796	84,669	90,469	90,490
Arrests	3,804	3,061	1,993	3,970	3,559	3,290	3,284	3,325	3,325	3,431
Accidents	6,093	5,510	5,217	4,838	4,929	4,653	4,607	4,374	4,374	5,180
Parking Violations	13,490	13,933	14,853	15,520	12,455	10,973	12,477	12,085	12,085	215
EMS Responses	10,719	10,314	9,554	10,785	10,411	9,953	10,932	9,637	11,084	11,833
Highway and Sanitation										
Miles of Streets-Local Paved	395	395	395	400	398	398	398	400	400	396
Miles of Streets-State Paved	69	69	69	70	68	68	68	70	70	69
Miles of Streets-Private Paved	19	19	19	20	19	19	19	20	20	20
Refuse Collected (Annual Tonnage)	31,376	30,700	29,607	29,622	25,897	27,050	24,747	23,797	25,305	24,855
Recyclables Collected (Annual Tonnage)	10,734	11,252	11,146	10,981	9,372	8,939	8,801	8,940	10,476	10,074
Public Skating Admissions-Thayer Arena										
McDermott Pool Monthly Passes	5,568	6,660	4,568	7,651	6,193	6,137	6,578	6,940	6,313	7,233
	575	844	1,070	1,068	953	1,082	1,225	1,119	944	6,217
										488
Library										
Registered Borrowers	44,187	45,045	42,623	40,921	40,169	45,451	40,827	39,336	38,121	36,813
Print Materials	204,746	217,429	218,009	211,267	194,376	185,293	180,516	166,323	176,576	148,106
Non-Print	9,862	10,083	13,329	14,731	15,861	11,920	22,827	13,168	14,751	15,384
Circulation	461,922	426,635	372,530	367,197	386,078	445,656	494,773	521,543	523,382	558,313
Programs	685	877	877	863	894	864	841	574	709	743
Program Attendance	10,809	12,202	17,017	14,883	13,061	15,013	14,942	11,119	11,826	12,342
Water										
Total Connections	26,850	27,100	26,993	27,102	27,109	27,132	26,657	26,827	26,967	26,903
New Connections	550	250	56	42	34	25	14	42	188	36
Water Main Breaks	116	134	117	31	29	28	47	21	21	26
Average Daily Consumption (Gallons)	6.57M	6.74M	7.768M	7.51M	6.314M	5.554M	5.513M	6.248M	4.87	4.395M
Wastewater										
Average Daily Sewer Treatment (Gallons)	5.073M	5.326M	5.315M	4.76M	5.13M	4.82M	5.41M	4.71M	4.8M	4.8M
Accounts Billed	14,313	16,844	18,007	18,696	19,769	20,133	20,532	20,999	21,544	21,728

Source: Various City Departments

THE CITY OF WARWICK
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS
(Unaudited)

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government										
City Hall	2	2	2	2	2	2	2	2	2	2
Human Services	8	8	8	8	8	8	8	8	8	8
Public Works	2	2	2	2	2	2	2	2	2	2
Public Safety										
Police Stations	1	1	1	1	1	1	1	1	1	1
Fire Stations	9	9	9	9	9	9	9	9	9	9
Highway										
Streets (miles)	483	483	483	490	490	490	490	490	490	490
Streetlights	8,834	8,834	8,834	8,834	8,834	8,834	8,834	8,834	8,834	8,834
Traffic Lights (City)	27	27	27	27	27	27	27	27	27	27
Library										
Main	1	1	1	1	1	1	1	1	1	1
Branches	3	3	3	3	3	3	3	3	3	3
Recreation										
Parks	9	9	9	9	9	9	9	9	9	9
Bathing Beaches	6	6	6	6	6	6	6	6	6	6
Ice Arenas	2	2	2	2	2	2	2	2	2	2
Pools	2	2	2	2	2	2	2	2	2	2
Water/Wastewater										
Fire Hydrants	1,769	1,769	1,769	1,769	1,769	1,772	1,772	1,772	1,772	1,772
Max Daily Capacity (Gallons)-Water	13.26M	13.3M	13.3M	13.3M	13.3M	13.3M	13.3M	13.3M	13.3M	13.3M
Max Daily Capacity (Gallons)-Sewer	7.7M	7.7M	7.7M	7.7M	7.7M	7.7M	7.7M	7.7M	7.7M	7.7M
Education										
Elementary Schools	20	20	20	20	17	17	17	17	17	17
Middle Schools	3	3	3	3	3	3	3	3	3	3
High Schools	3	3	3	3	3	3	3	3	3	3
Career/Technical	1	1	1	1	1	1	1	1	1	1

Source: Various City Departments

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***CITY OF WARWICK,
RHODE ISLAND***

SINGLE AUDIT SECTION

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Warwick (City), as of and for the year fiscal ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 25, 2015.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies 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 City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the

determination of financial statement amounts. However, providing an opinion on compliance with those

provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we reported to management of the City in a separate letter dated March 25, 2015.

Purpose of this Report

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



Parmelee, Poirier & Associates, LLP
March 25, 2015

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY OMB CIRCULAR A-133**

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

Report on Compliance for Each Major Federal Program

We have audited the compliance of the City of Warwick (City), with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2014. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Programs

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Parmelee, Poirier & Associates, LLP

March 25, 2015

CITY OF WARWICK, RHODE ISLAND
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2014

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
U.S. Department of Agriculture			
<i>Passed through State of Rhode Island Department of Education</i>			
National School Lunch Program	10.555	N/A	\$ 2,976,756
School Breakfast Program	10.553	N/A	-
Fresh Fruit and Vegetable Program	10.582	2725-17602-030	76,928
Total U.S. Department of Agriculture			<u>\$ 3,053,684</u>
U.S. Department of Housing and Urban Development			
<i>Direct Program</i>			
Community Development Block Grant/Entitlements Grant	14.218	Various	\$ 1,503,279
Total U.S. Department of Housing and Urban Development			<u>\$ 1,503,279</u>
U.S. Department of Interior			
<i>Direct Program</i>			
Save America's Treasures	15.929	N/A	\$ 350,000
			<u>\$ 350,000</u>
U.S. Department of Justice			
<i>Direct Programs</i>			
National Asset Seizure and Forfeiture Act	16.000	N/A	\$ 69,218
DEA Reimbursement	16.000	N/A	16,344
DEA/ICE Grant	16.000	N/A	2,091
Public Safety Partnership and Community Policing Grants	16.710	2012-UX-WX0159	187,542
Edward Byrne Memorial Justice Assistance Grant Program	16.738	Various	24,463
Bulletproof Vest Partnership Program	16.607	N/A	28,958
Total U.S. Department of Justice			<u>\$ 328,616</u>
U.S. Environmental Protection Agency			
<i>Direct Program</i>			
Climate Showcase Communities Grant Program	66.041	N/A	\$ 124,461
Total U.S. Environmental Protection Agency			<u>\$ 124,461</u>
U.S. Department of Education			
<i>Passed through State of Rhode Island Department of Education</i>			
Special Education - Grants to States	84.027	2725-13202-301	\$ 3,229,707
Special Education - Preschool Grants	84.173	2725-13502-301	103,450
Title I Grants to Local Education Agencies	84.010	2725-11702-301	1,329,137
Career and Technical Education - Basic Grants to States	84.048	Various	331,122
Education for Homeless Children & Youth	84.196	Various	31,480
English Language State Grants	84.365	2725-16502-301	16,830
Improving Teacher Quality State Grants	84.367	2725-16402-301	519,309
ARRA - State Fiscal Stabilization Fund - Race to the Top Incentive Grants	84.395	Various	401,860
Total U.S. Department of Education			<u>\$ 5,962,895</u>

CITY OF WARWICK, RHODE ISLAND
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2014

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
U.S. Department of Transportation			
<i>Passed through State of RI Department of Transportation</i>			
State and Community Highway Safety	20.601	N/A	88,478
Total U.S. National Archives and Records Administration			<u>\$ 88,478</u>
U.S. Department of Homeland Security			
<i>Passed through State of RI Emergency Management Agency</i>			
State Domestic Preparedness Equipment Support Program	97.004	Various	\$ 24,506
<i>Direct Programs</i>			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	N/A	423,038
Emergency Preparedness	97.042	N/A	68,443
Assistance to Firefighters	97.044	Various	631,354
Staffing for Adequate Fire and Emergency Response	97.083	EMW-2011-FH-00384	1,327,382
Interoperable Communications and Training Project	97.124	N/A	72,515
Total U.S. Department of Homeland Security			<u>\$ 2,547,238</u>
U.S. Department of Commerce Economic Development Administration			
Economic Adjustment Assistance	11.307	N/A	\$ 312,805
Total U.S. Department of Commerce Economic Development Administration			<u>\$ 312,805</u>
Total Expenditures of Federal Awards			<u><u>\$ 14,271,456</u></u>

(concluded)

CITY OF WARWICK, RHODE ISLAND
Notes to Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2014

1. **General** - The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal programs of the City of Warwick, Rhode Island. All federal awards received from federal agencies are included on the Schedule. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.
2. **Basis of Accounting** - The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting.
3. **Determination of Type A, Type B and Major Programs** - The determination of Type A and Type B federal programs was based upon the expenditures for all federal programs for the City of Warwick. As such, the threshold for determining Type A vs. Type B programs is determined at the entity level. For the fiscal year-ended June 30, 2014, grants with expenditures exceeding \$300,000 were determined to be Type A programs and all other grants were considered Type B programs.

National School Lunch Program.....	10.555
School Breakfast Program.....	10.553
IDEA Part B.....*	84.027
IDEA Preschool.....*	84.173
Emergency Preparedness.....	97.042
Staffing for Adequate Fire and Emergency Response.....	97.083
Save America's Treasures.....	15.929

* - These programs are in a cluster and therefore considered one program for compliance requirements.

4. **Subrecipients** - Of the federal expenditures presented in the Schedule of Expenditures of Federal Awards, there were no subrecipients of Federal Awards.

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued:

Unqualified

Internal control over financial reporting:

Material weakness (es) identified?

___ yes X no

Significant deficiency (ies) identified that are
not considered to be material weaknesses?

___ yes X none reported

Noncompliance material to financial statements noted?

___ yes X no

Federal Awards

Internal control over major programs:

Material weakness (es) identified?

___ yes X no

Significant deficiency (ies) identified that are
not considered to be material weakness (es)?

___ yes X none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in
accordance with Section 510(a) of OMB circular A-133?

___ yes X no

Identification of major programs:

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>
------------------------------	--

Dollar threshold used to distinguish between Type A and Type B
programs:

\$ 300,000

Qualified as low risk auditee:

___ yes X no

SECTION II – FINDINGS RELATING TO THE FINANCIAL STATEMENT AUDIT

Current Year Findings:

None noted

***CITY OF WARWICK, RHODE ISLAND
Schedule of Findings and Questioned Costs
For The Fiscal Year Ended June 30, 2014***

Prior Year Findings:

None noted

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Current Year Findings:

None noted

Prior Year Findings:

None noted

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