

**THE CITY OF  
WARWICK, RHODE ISLAND**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**FOR THE YEAR ENDED  
JUNE 30, 2013**

Prepared By:

Finance Department

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# *CITY OF WARWICK*

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## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

*FOR THE FISCAL YEAR ENDED  
JUNE 30, 2013*

**Scott Avedisian  
Mayor**

**Ernest M. Zmyslinski  
Finance Director**

**Anthony Ferrucci  
Chief Budget Officer**

*Prepared By: Finance Department*

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# *WARWICK, RHODE ISLAND*

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CITY OF WARWICK, RHODE ISLAND

YEAR ENDED JUNE 30, 2013  
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*(Concluded)*

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THE 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

January 31, 2014

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, 2013. 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 1,437 in the school system, 985 of who are teachers. In the graduating class of 2013 approximately 84.2% 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:

<b><u>Schedule of Enrollment</u></b>	
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

During fiscal 2013, the City appropriated \$156,240,638 to the School Department. In addition, the Department's fiscal 2012 operating surplus, \$2,872,057, was re-appropriated to them. Final expenditures totaled \$155,105,428. Their fiscal 2014 expense appropriation is \$157,125,051. The total fiscal 2014 State Aid for school operations has been budgeted at \$35,096,987.

### 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 2013, the Executive and Administrative Divisions expended \$11.6 million, of which \$6.8 million represented debt service. The fiscal 2014 budget has been set at \$13.3 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 240 authorized positions consisting of 163 sworn officers, 23 school crossing guards and 54 civilian personnel. The police station, built in 1975, provides facilities for public safety issues. During fiscal 2013, the Police Department expended \$16.8 million. For fiscal 2014, \$17.5 million has been designated for operations.

*Fire and Rescue:* The City Fire Department and Rescue Service has 232 authorized positions consisting of 220 uniformed fire and rescue personnel and 12 civilian personnel, staffing 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 \$21.7 million during fiscal 2013 and \$20.4 million was budgeted for fiscal 2014.

*Animal Shelter:* The Animal Shelter consists of 5 employees and is responsible for administering care to the animal population. The fiscal 2013 expenditures totaled \$178,017 with \$201,692 budgeted for fiscal 2014.

*Building Inspector:* The City Building Inspection Department consists of 15 authorized positions responsible for insuring compliance with local and state building code ordinances and laws. The fiscal 2013 expenditures totaled \$749,684; \$788,563 was budgeted for fiscal 2014.

### *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 2013 the Department expended \$1.5 million. The fiscal 2014 budget has allotted \$1.7 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 2013 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 2014 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 2013 expenditures totaled \$1.2 million, and the fiscal 2014 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 2013 expenditures for these programs totaled \$690,607, with \$896,932 allocated for fiscal 2014.

*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 2013 expenditures totaled \$595,870 and \$658,837 has been set aside for fiscal 2014 operations.

*Public Works:* An authorized staff of 129 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 2013 the Department expended \$11.5 million and has been allocated \$12.6 million through the fiscal 2014 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:

<b><u>Year</u></b>	<b><u>City</u></b>
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.

RIDEM is presently drafting a Request for Proposals (RFP) for the demolition of structures that remain on-site, including the Shore Dinner Hall and the Palladium and Windjammer facilities. Following that, an additional RFP is expected to be issued for development of a Master Plan, to include limited commercial uses, for the property. The City remains an active partner with RIDEM as this process moves forward and looks forward to the future use of the park as open space and for recreational activities.

### ***T.F. Green Airport and Intermodal Facility:***

The City continues to receive additional revenue from airport-related activities. Taxes on airport parking and rental cars generated approximately \$2.6 million in revenue during fiscal 2013. The City also received airport-related funding from the Economic Development Commission. This revenue totaled \$774,029. The state's meal tax also generated approximately \$2.34 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](http://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.

In November, a local developer purchased and received subdivision approval for a property that was once home to Leviton Manufacturing. The Elizabeth Mill, a centerpiece of the property that dates to 1875, offers numerous adaptive reuse possibilities and will ensure preservation of this historically and culturally significant building.

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 2014 Spring/Summer 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.

***City Hall Restoration Project:***

Extensive renovations to City Hall, which is on the National Register of Historic Places, were completed at the end of December.

Work began in the summer and included a new copper roof and tin ceiling for the clock tower, the gilding of new numerals and hands on the clock face, installation of new balustrade over the portico, replacement of 12 urns that were removed during renovations several decades ago, and the installation of flower boxes on the front of City Hall. The project also entailed cleaning and repairing the front facade, repointing and replacing bricks, painting the cornice, columns, and front door, painting, cleaning and debugging the clock and bell tower, and cleaning and repairing granite steps and installing new railings and a granite city seal in the front plaza. New belfry lighting and repair of the bell wheel with mahogany pieces and re-activation of the long-dormant bell with retention of the historic clock mechanism were also included.

E.F. O'Donnell & Sons Company was awarded the project bid. The project, funded by a national preservation grant through the Department of Interior's Save America's Treasures program secured by U.S. Senator Jack Reed, a Rhode Island Historic Preservation and Heritage Commission grant, and municipal bonds approved by voters several years ago, was completed with the arrival and installation of the refurbished tower spire and weathervane just before New Year's Eve.

***Comprehensive Plan:***

The City is presently developing 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.

The Warwick Planning Board has approved the Comprehensive Plan, which will now be submitted to the Warwick City Council and the Statewide Planning Commission for approval.

***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 2013, the City received \$200,000 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, 2013:

<u>Net Direct Bonded Debt</u>	<u>Ratio of Debt to Assessed Value</u>	<u>Debt Per Capita</u>
\$ 49,750,130.	.51%	\$ 601.59

(Please See Statistical Tables For Additional Information)

## INDEPENDENT AUDIT

Per the Warwick City Charter, and the General Laws of the State of Rhode Island, an independent audit of the City's financial statements and operations has been completed by the firm of 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,

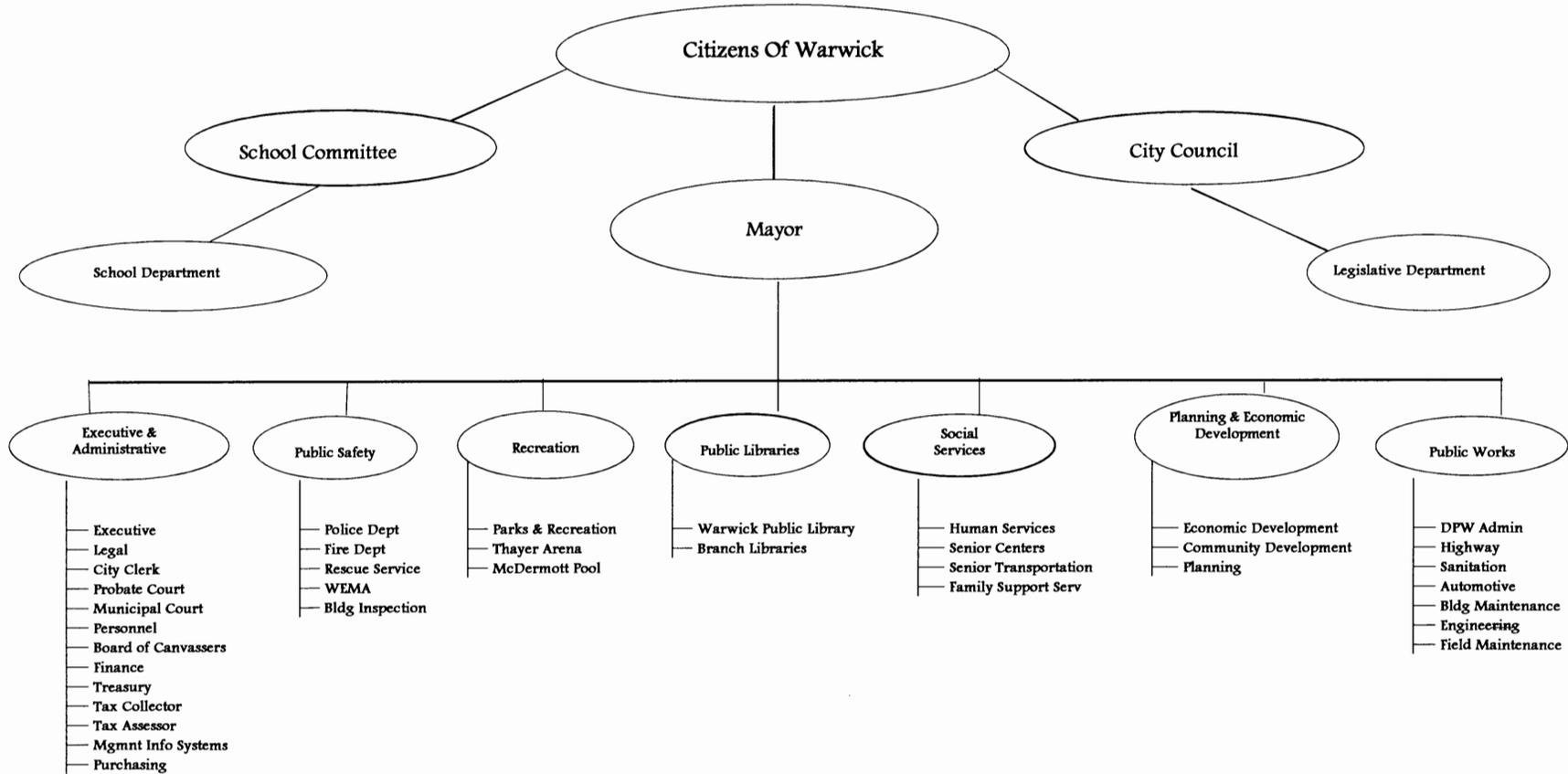


Ernest M. Zmyslinski  
Finance Director



Kenneth R. Alfano  
Controller

# THE CITY OF WARWICK, RHODE ISLAND GOVERNMENT ORGANIZATIONAL CHART





# **CITY OF WARWICK, RHODE ISLAND**

## **MAYOR**

Scott Avedisian

## **CITY COUNCIL**

Donna Travis, Council President

Thomas Chadronet

Steven Colantuono

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

## **REPORT OF INDEPENDENT AUDITORS**

To the Honorable City Council  
City of 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 as of and for the year ended June 30, 2013, 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.

### ***Auditors' Responsibility***

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Warwick, Rhode Island, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the Schedule of Funding Progress for Pension Plans, and the Schedule of Funding Progress for OPEB Plans on Pages 4 through 18, Pages 90 through 93, and Page 89, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Warwick, Rhode Island's financial statements. The introductory section, combining and individual nonmajor fund financial statements, other exhibits, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The 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 nonmajor fund financial statements, other exhibits, and Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, other exhibits, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Matters (Continued)**

*Other Information (Continued)*

The introductory, organizational chart, City official listing 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.

**Other Reporting Required by Government Auditing Standards**

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

*Bruno P.C.*

Providence, Rhode Island  
January 31, 2014

## **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, 2013. 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 2012 and 2013 fiscal years.

### **FINANCIAL HIGHLIGHTS**

The assets of the City of Warwick exceeded its liabilities at the close of the fiscal year by \$46,912,971 (*Net Position*).

The City's total net position decreased by \$4,166,648 during fiscal 2013, due primarily to an increase in the City's liabilities following the accrual of \$15.2 million in post-retirement healthcare benefits in accordance with GASB45, and the accrual of an additional \$5.6 million net pension obligation (for the Police I and Fire Plan) in accordance with GASB27. These additional liabilities were offset by \$9.6 million in net debt principal retirements, as well as significant operating surpluses in the Governmental, Enterprise, and Internal Service Funds.

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 2013 operating results for the general fund reflected an increase in total fund balance of \$4,962,884, resulting in an ending fund balance of 16,756,719. The fund's ending unassigned fund balance increased by \$3,598,813 to a total of \$11,852,791 or 4.19% of the total 2013 final budgeted expenditures.

The City's overall investment in capital assets (net of accumulated depreciation) decreased by \$3.4 million during this year. Annual depreciation expenditures exceeded additions. Key additions this year included additional fire code improvements at various schools, a new fire aerial ladder truck, and the completion of the Bangor Street drainage 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

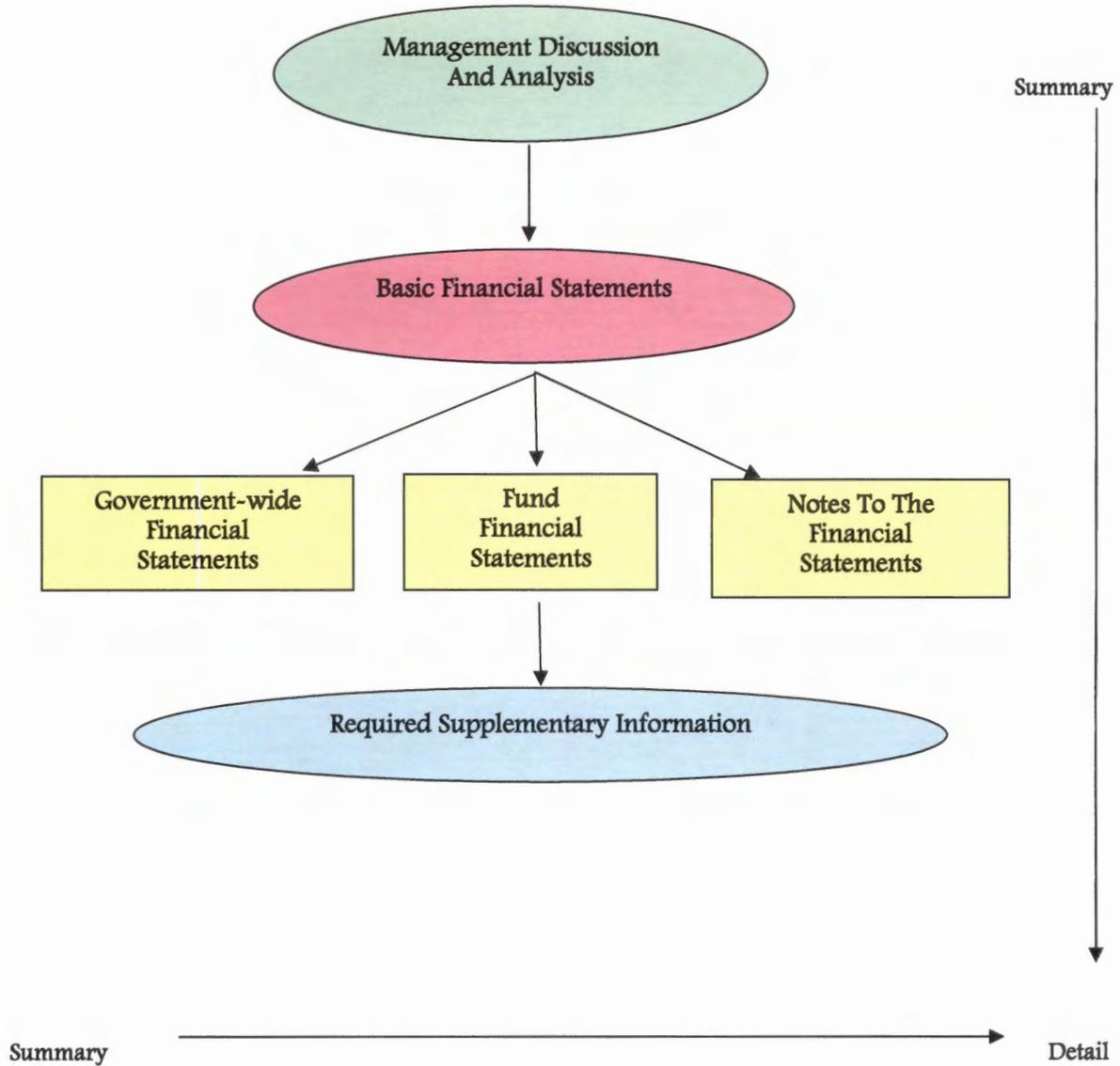


Figure A-1 shows how the required parts of this annual report are arranged and relate to one another.

- 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**

	<b>Government- Wide Statements</b>	<b>Fund Statements</b>		
		<b>Governmental Funds</b>	<b>Proprietary Funds</b>	<b>Fiduciary Funds</b>
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 21-24 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 25-28 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 29-30 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 \$46,912,971 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, 2013

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
<b>Assets:</b>						
Current Assets	\$69,984,140	\$65,650,644	\$22,042,938	\$19,801,048	\$92,027,078	\$85,451,692
Capital Assets	111,479,360	110,536,567	188,374,101	192,687,635	299,853,461	303,224,202
Other Noncurrent Assets	-	782,343	35,338,593	41,023,634	35,338,593	41,805,977
<b>Total Assets:</b>	<b>\$181,463,500</b>	<b>\$176,969,554</b>	<b>\$245,755,632</b>	<b>\$253,512,317</b>	<b>\$427,219,132</b>	<b>\$430,481,871</b>
<b>Deferred Outflows of Resources</b>	299,210	-	55,707	-	\$354,917	\$0
<b>Liabilities</b>						
Current Liabilities	\$34,717,395	\$37,418,018	\$13,629,346	\$14,715,900	\$48,346,741	\$52,133,918
Long-term Liabilities	194,081,380	173,167,463	138,232,957	151,899,603	332,314,337	325,067,066
<b>Total Liabilities:</b>	<b>\$228,798,775</b>	<b>\$210,585,481</b>	<b>\$151,862,303</b>	<b>\$166,615,503</b>	<b>\$380,661,078</b>	<b>\$377,200,984</b>
<b>Net Position:</b>						
Invested in capital assets net of related debt	\$61,133,149	\$61,079,076	\$81,963,905	\$79,287,133	\$143,097,054	\$140,366,209
Restricted	2,736,581	2,159,153	3,194,302	3,194,281	5,930,883	5,353,434
Unrestricted	(110,905,795)	(96,854,156)	8,790,829	4,415,400	(102,114,966)	(92,438,756)
<b>Total Net Position:</b>	<b>(\$47,036,065)</b>	<b>(\$33,615,927)</b>	<b>\$93,949,036</b>	<b>\$86,896,814</b>	<b>\$46,912,971</b>	<b>\$53,280,887</b>

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 2013, the government's total net position decreased by \$4,166,648, as indicated below:

### City of Warwick's Changes in Net Position

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
<b>Revenues:</b>						
Program Revenue:						
Charges for Services	\$ 13,676,751	\$ 14,656,642	\$ 33,113,982	\$ 29,053,750	\$ 46,790,733	\$ 43,710,392
Operating Grants and Contributions	55,546,646	53,699,759	42,183	-	55,588,829	53,699,759
Capital Grants and Contributions	1,409,223	152,292	349,939	3,073,848	1,759,162	3,226,140
General Revenue:						
Property Taxes	216,802,269	213,334,334			216,802,269	213,334,334
Interest on Property Tax	1,562,589	1,737,961			1,562,589	1,737,961
State Aid/In Lieu of Tax	7,120,046	6,896,729			7,120,046	6,896,729
Investment Earnings	(32,851)	(21,741)	19,175	8,917	(13,676)	(12,824)
Tax Titles	258,929	78,373			258,929	78,373
Insurance	96,463	39,914	26,072	24,707	122,535	64,621
Miscellaneous	6,449,112	5,479,807			6,449,112	5,479,807
<b>Total Revenues:</b>	<b>302,889,177</b>	<b>296,054,070</b>	<b>33,551,351</b>	<b>32,161,222</b>	<b>336,440,528</b>	<b>328,215,292</b>
<b>Expenses:</b>						
Executive & Admin	8,163,964	7,189,863			8,163,964	7,189,863
Public Safety	99,913,493	96,094,909			99,913,493	96,094,909
Recreation	3,185,691	3,627,775			3,185,691	3,627,775
Public Libraries	4,843,416	4,958,759			4,843,416	4,958,759
Social Services	2,103,904	2,254,293			2,103,904	2,254,293
Planning & E/D	3,139,802	2,777,531			3,139,802	2,777,531
Public Works	21,788,643	22,147,778			21,788,643	22,147,778
Education	170,690,028	170,207,856			170,690,028	170,207,856
Debt Interest	1,800,222	2,296,097			1,800,222	2,296,097
Sewer			14,824,243	14,704,964	14,824,243	14,704,964
Water			10,153,770	10,118,651	10,153,770	10,118,651
<b>Total Expenses:</b>	<b>315,629,163</b>	<b>311,554,861</b>	<b>24,978,013</b>	<b>24,823,615</b>	<b>340,607,176</b>	<b>336,378,476</b>
Change in Net Assets						
Before Transfers	(12,739,986)	(15,500,791)	8,573,338	7,337,607	(4,166,648)	(8,163,184)
Transfers	(42,522)	17,727	42,522	(17,727)		
Change in Net Assets	(12,782,508)	(15,483,064)	8,615,860	7,319,880	(4,166,648)	(8,163,184)
Adjustment to Prior Yr	(637,630)		(1,563,638)		(2,201,268)	-
Net Assets Beginning:	(33,615,927)	(18,132,863)	86,896,814	79,576,934	53,280,887	61,444,071
<b>Net Assets - End of Yr:</b>	<b>\$ (47,036,065)</b>	<b>\$ (33,615,927)</b>	<b>\$ 93,949,036</b>	<b>\$ 86,896,814</b>	<b>\$ 46,912,971</b>	<b>\$ 53,280,887</b>

**Governmental activities.** Governmental activities decreased the City's net position by \$12,782,508. Key elements of this net change are as follows:

1. Total Governmental Funds and Internal Service Funds reported a combined increase in fund balance of \$6.2 million, thereby increasing the City's net position.
2. The City's net position decreased by \$15.2 million following the accrual of the fiscal 2013 annual required contribution relating to GASB45-Other Post Employment Benefits.
3. Per GASB 27, the City accrued an additional net pension obligation in the amount of \$6.6 million. However, this decrease in net position was reduced to \$5.4 million after including \$1.2 million in overfunding from the School Other Employees Pension Plan.
4. Capital asset additions totaled \$8.7 million (net of disposals) while fiscal 2013 depreciation expense amounted to \$7.7 million. This resulted in a net position increase of \$1.0 million.
5. Deferred revenue accruals increased the City's net position by \$841,000.

**Business-type activities.** Business-type activities increased the City's net position by \$8,615,860. The key elements for this increase are as follows:

1. The Sewer Department reflected an overall increase in net position which totaled \$7.0 million. One key factor contributing to the increase was the accounting reclassification of \$9.5 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 \$4.6 million. These increases were offset by non-cash depreciation/amortization expenses totaling \$5.6 million.
2. The Water Department reflected a net position increase of \$95,747, indicating that operational revenues supported expenditures.
3. The Non-Major Enterprise Funds reflected an overall decrease in net position of \$152,534. Decreases were found in the Sewer Infrastructure Fund (\$58,878) and the Water Infrastructure Fund (\$94,163).

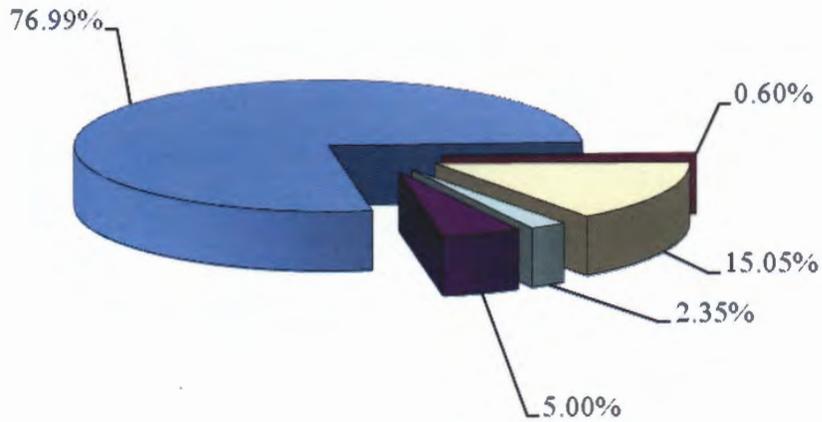
### **Financial Analysis of the Government's Funds**

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.

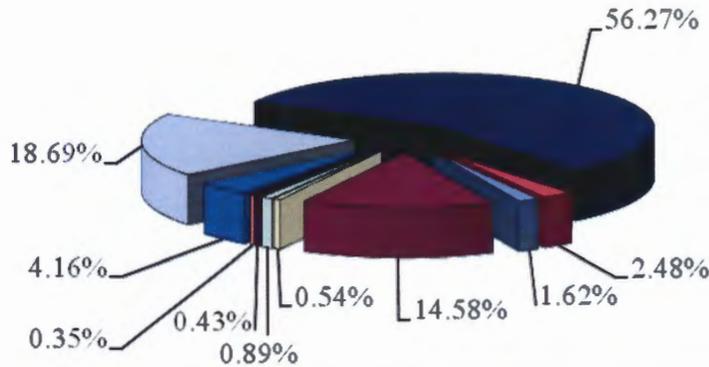
As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$24,170,858, an increase of \$5,210,795 in comparison with the prior year balances. This can be attributed an overall operating surplus in the City's general fund, less increases in year-end reserves and decreases in remaining capital project bond proceeds. \$10,427,590 or 43.1% 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 2013



■ General Property Taxes 216,054,096	■ Interest on Taxes 1,682,473
□ Intergovernmental Revenue 42,237,614	□ Charges For Services 6,591,093
■ Other Revenue 14,043,286	

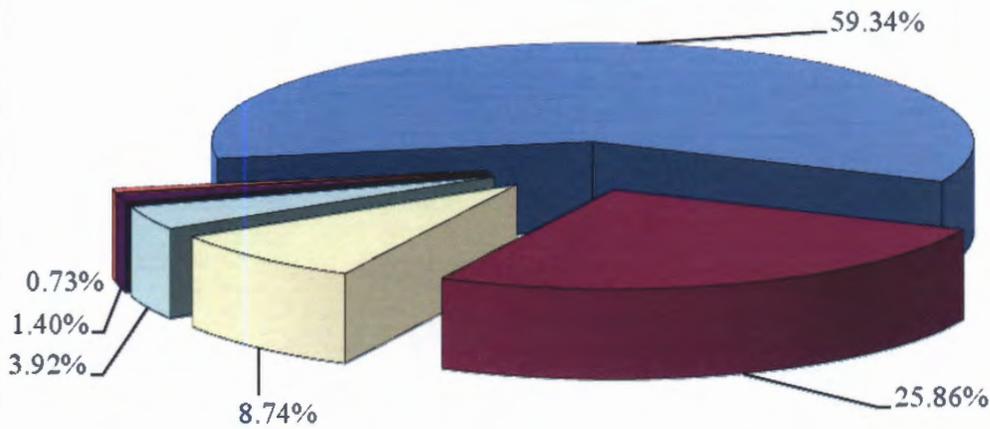
## General Fund Expenditures Fiscal 2013



■ Exec & Admin 4,455,744	■ Public Safety 40,176,517
□ Recreation 1,479,990	□ Public Libraries 2,455,784
■ Social Services 1,176,675	■ Planning & E/D 977,464
■ Public Works 11,462,056	□ Benefits/Fixed Costs 51,514,790
■ School 155,105,428	■ Debt 6,841,230

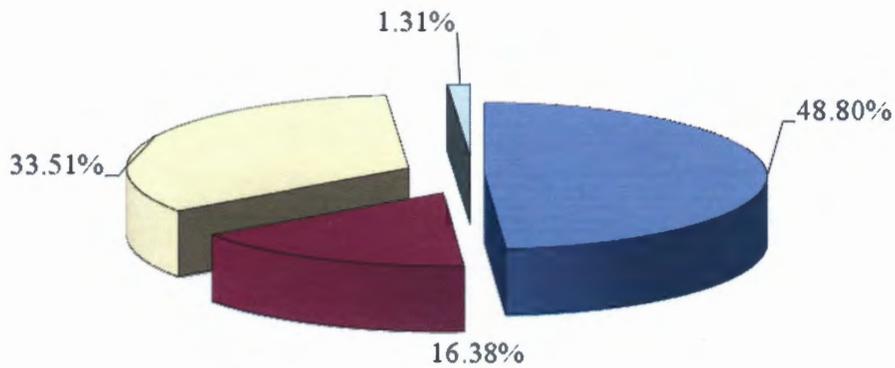
*Note: Transfers to and from other funds have been integrated into their respective categories.*

## Warwick Public Schools Fiscal 2013 Expenditures



Salaries 95,861,802	Benefits 41,777,977	Purchased Services 14,125,977
Supplies & Materials 6,327,435	Capital Outlay 2,267,560	Other 1,181,241

## Business-type Activities Fiscal 2013 Expenses



Sewer 14,734,033
Sewer Assessment 4,946,552
Water 10,116,118
Other Non Major Enterprise 394,797

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 \$11,852,791. Total fund balance was \$16,756,719. 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 4.19% of total general fund budgeted expenditures. During fiscal 2013, the unassigned fund balance of the City's general fund increased by \$3,598,813. This is a 43.6% increase from the prior year unassigned fund balance.

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

Total net position of the Sewer Department amounted to \$73,196,425. The funds invested in capital assets totals \$69,905,950, restricted funds total \$3,194,302, and unrestricted net position totals \$96,173. For the first time in many years, Sewer's unrestricted net positive is now positive. This indicates that Sewer's cash reserves are increasing in accordance with their defined rate study plan.

The net position of the Water Department totaled \$10,922,800. Of this, \$12,057,955 represents the investment in capital assets while the unrestricted portion totals (\$1,135,155). Currently all assets are invested in capital. During fiscal 2013 Water's net position increased by \$95,747. The Department also cut back on fiscal 2013 funding for the infrastructure replacement program.

The unrestricted net position of the workers compensation internal service fund amounted to \$561,036. Net assets decreased by \$155,078 due primarily to an increase in the outstanding claim reserve.

The net position of the City's medical healthcare internal service fund totaled \$2,061,926. This was primarily composed of \$773,909 in escrow cash reserves held by the health insurers plus \$72,805 in surplus funds (excess of premiums paid vs. claims paid) held by the City's previous insurer, WB Community Health. Additionally the City has received a \$1.4 million dividend from its current health insurer, the Rhode Island Interlocal Risk Management Trust, which will be credited toward the City's fiscal 2014 health insurance premiums. This credit has been defined as "prepaid insurance" on the financial statement.

The Warwick School Department's medical healthcare internal service fund reflected a net position balance which totaled \$3,584,362. This balance represented a combination of \$1,434,300 in escrow cash reserves held by the insurers, plus \$3,647,062 in surplus funds (excess of premiums paid vs. claims paid) held by WB Community Health, less outstanding IBNR claims totaling \$1,497,000.

## General Fund Budgetary Highlights

During fiscal 2013, the City's original budget of \$279,392,455 was increased by \$3.2 million to \$282,604,512. The following budgetary adjustments were made during the year:

- A budget transfer in the amount of \$2,872,057 represented the re-appropriation of the fiscal 2012 school surplus to the School Department. The prior year education reserve funded this transfer.
- Unanticipated grant revenue totaling \$340,000 was the basis for increases to the corresponding revenue and expenditure budgets.
- The fund balance drawdown revenue account was increased by \$806,000 to offset a decrease in the property tax revenue budget.

## 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, 2013, amounted to \$299,853,461 (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 \$3.4 million.

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

1. School Fire Code Improvements - \$3,511,761
2. Bangor Street Drainage Reconstruction Project - \$843,962
3. Wastewater Treatment Infrastructure-Bayside/Longmeadow I - \$4,231,773.

### City of Warwick's Capital Assets

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Land	\$18,680,138	\$18,680,138	-	-	\$18,680,138	\$18,680,138
Land Improvements	11,022,756	10,771,636			11,022,756	10,771,636
Buildings	112,436,009	108,121,453	2,900,797	2,900,797	115,336,806	111,022,250
Infrastructure	196,886,199	195,092,560	3,926,537	268,350,207	200,812,736	463,442,767
Equipment	19,669,096	19,033,532	273,113,351	3,695,928	292,782,447	22,729,460
Licensed Vehicles	28,859,044	28,167,639			28,859,044	28,167,639
Artwork	62,950				62,950	
Construction in Progress	1,724,411	2,284,210	2,093,012	5,177,627	3,817,423	7,461,837
Subtotal:	389,340,603	382,151,168	282,033,697	280,124,559	671,374,300	662,275,727
Less Accumulated Depreciation:	(277,861,243)	(271,614,601)	(93,659,596)	(87,436,924)	(371,520,839)	(359,051,525)
<b>Total:</b>	<b>\$111,479,360</b>	<b>\$110,536,567</b>	<b>\$188,374,101</b>	<b>\$192,687,635</b>	<b>\$299,853,461</b>	<b>\$303,224,202</b>

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 \$160,516,340. It is broken down as follows:

▪ General Fund Bonds Payable	\$ 50,992,040.
▪ Water Bonds Payable	\$ 1,352,947.
▪ Sewer Bonds Payable	\$ 16,125,013.
▪ Sewer SRF Loans Payable	\$ 92,046,340.

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 2013, the City of Warwick's general fund general obligation debt reflected a net increase of \$57,752. Principal repayments totaling \$4,237,248 were offset by the issuance of \$4,295,000 in RIHEBC School bonds. Sewer debt decreased by \$9,487,383, and water debt decreased by \$151,304.

The City's bond ratings are as follows:

Moody's .....	A1
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 \$294,672,021. As of June 30, 2013 the City's current outstanding general fund debt falls under the debt limitation by \$243,679,981.

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 8.8%.
- 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 2013-14 fiscal year.

- The School Department budget will increase to \$157.1 million.
- The City's health care coverage will continue to be administered by the Rhode Island Interlocal Risk Management Trust.
- No funds were drawn from the City's fund balance when preparing the fiscal 2014 budget.

Currently, the unassigned fund balance in the general fund totals \$11,852,791. 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 fiscal 2014 tax rates reflect the results of a full property revaluation which was performed by the City. As a result of the revaluation, the City's fiscal 2014 tax rate for residential property increased from \$18.14 to \$19.79, or 9.1%. The commercial and industrial tax rate also increased 9.1% from \$27.21 to \$29.68.

The tangible personal property rate increased from \$36.28 to \$39.58, or 9.1%. 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.

THE CITY OF  
WARWICK, RHODE ISLAND

FINANCIAL SECTION

## CITY OF WARWICK, RHODE ISLAND

## STATEMENT OF NET POSITION

June 30, 2013

	Governmental Activities	Business-type Activities	Total
<b>ASSETS:</b>			
<b>Current Assets:</b>			
Cash and cash equivalents	\$ 23,680,957	\$ 10,610,611	\$ 34,291,568
Restricted cash and cash equivalents	1,015,000	3,194,263	4,209,263
Accounts receivable:			
Interest receivable	1,058,977	39	1,059,016
Real estate and personal property taxes receivable, net	9,138,890	-	9,138,890
Due from federal and state government	10,146,358	227,409	10,373,767
Water and sewer assessments and user fees receivable, net	-	14,653,112	14,653,112
Other receivables, net	6,292,119	28,700	6,320,819
Internal balances	6,721,829	(6,721,829)	-
Inventory	-	50,633	50,633
Other assets	4,417,785	-	4,417,785
Prepays	1,656,954	-	1,656,954
Deposits with agent	5,855,271	-	5,855,271
<b>Total Current Assets</b>	<b>69,984,140</b>	<b>22,042,938</b>	<b>92,027,078</b>
<b>Noncurrent Assets:</b>			
Capital assets not being depreciated	18,743,088	-	18,743,088
Capital assets, net of accumulated depreciation	91,011,861	186,281,089	277,292,950
Construction in progress	1,724,411	2,093,012	3,817,423
Sewer assessment receivable	-	35,338,593	35,338,593
<b>Total Noncurrent Assets</b>	<b>111,479,360</b>	<b>223,712,694</b>	<b>335,192,054</b>
<b>TOTAL ASSETS</b>	<b>181,463,500</b>	<b>245,755,632</b>	<b>427,219,132</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred charges on refunding	299,210	55,707	354,917
<b>LIABILITIES:</b>			
<b>Current Liabilities:</b>			
Accounts payable and accrued expenses	19,765,448	1,555,242	21,320,690
Accrued interest payable	529,962	1,039,289	1,569,251
Accrued compensated absences	777,571	24,176	801,747
Due to federal and state government	157,261	-	157,261
Deferred Revenue:			
Taxes collected in advance	835,623	776,097	1,611,720
Other	3,221,778	151,963	3,373,741
Other liabilities	4,347,269	-	4,347,269
Long-term debt due within one year	5,082,483	10,082,579	15,165,062
<b>Total Current Liabilities</b>	<b>34,717,395</b>	<b>13,629,346</b>	<b>48,346,741</b>
<b>Noncurrent Liabilities:</b>			
Unearned revenue	-	35,338,593	35,338,593
Long-term debt and Retroactive Payroll- due in more than one year	49,661,306	99,744,639	149,405,945
Accrued compensated absences	10,526,662	340,615	10,867,277
Net other post-employment benefits obligation	87,436,831	2,809,110	90,245,941
Net pension obligation	46,456,581	-	46,456,581
<b>Total Noncurrent Liabilities</b>	<b>194,081,380</b>	<b>138,232,957</b>	<b>332,314,337</b>
<b>TOTAL LIABILITIES</b>	<b>228,798,775</b>	<b>151,862,303</b>	<b>380,661,078</b>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	61,133,149	81,963,905	143,097,054
Restricted for:			
Debt service payments	1,015,000	3,194,302	4,209,302
Education programs	407,448	-	407,448
Community development loans	263,815	-	263,815
City clerk records preservation	887,181	-	887,181
Public safety programs	163,137	-	163,137
Unrestricted	(110,905,795)	8,790,829	(102,114,966)
<b>TOTAL NET POSITION</b>	<b>\$ (47,036,065)</b>	<b>\$ 93,949,036</b>	<b>\$ 46,912,971</b>

The notes to financial statements are an integral part of this statement

## CITY OF WARWICK, RHODE ISLAND

STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2013

Functions/Programs	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
<i>Governmental Activities:</i>							
Executive and administration	\$ 8,163,964	\$ 2,316,005	\$ 252,000	\$ -	\$ (5,595,959)	\$ -	\$ (5,595,959)
Public safety	99,913,493	6,482,419	1,650,231	600,000	(91,180,843)	-	(91,180,843)
Recreation	3,185,691	932,052	44,479	-	(2,209,160)	-	(2,209,160)
Public libraries	4,843,416	33,597	786,656	-	(4,023,163)	-	(4,023,163)
Social services	2,103,904	113,106	109,463	-	(1,881,335)	-	(1,881,335)
Planning and economic development	3,139,802	1,727,813	1,254,834	-	(157,155)	-	(157,155)
Public works	21,788,643	211,458	737,549	809,223	(20,030,413)	-	(20,030,413)
Education	170,690,028	1,860,301	50,711,434	-	(118,118,293)	-	(118,118,293)
Interest on long-term debt	1,800,222	-	-	-	(1,800,222)	-	(1,800,222)
<i>Total governmental activities</i>	<u>315,629,163</u>	<u>13,676,751</u>	<u>55,546,646</u>	<u>1,409,223</u>	<u>(244,996,543)</u>	<u>-</u>	<u>(244,996,543)</u>
<i>Business-type Activity:</i>							
Sewer	14,824,243	22,975,146	42,183	349,939	-	8,543,025	8,543,025
Water	10,153,770	10,138,836	-	-	-	(14,934)	(14,934)
<i>Total business-type activity</i>	<u>24,978,013</u>	<u>33,113,982</u>	<u>42,183</u>	<u>349,939</u>	<u>-</u>	<u>8,528,091</u>	<u>8,528,091</u>
<i>Total primary government</i>	<u>\$ 340,607,176</u>	<u>\$ 46,790,733</u>	<u>\$ 55,588,829</u>	<u>\$ 1,759,162</u>	<u>(244,996,543)</u>	<u>8,528,091</u>	<u>(236,468,452)</u>
<b>General revenues:</b>							
Property taxes					216,802,269	-	216,802,269
Interest on property taxes					1,562,589	-	1,562,589
General state aid and in lieu of taxes					7,120,046	-	7,120,046
Investment earnings					(32,851)	19,175	(13,676)
Tax titles					258,929	-	258,929
Insurance proceeds					96,463	26,072	122,535
Miscellaneous					6,449,112	-	6,449,112
Transfer (To) From					(42,522)	42,522	-
<b>Total general revenues</b>					<u>232,214,035</u>	<u>87,769</u>	<u>232,301,804</u>
<b>Change in Net Position</b>					<u>(12,782,508)</u>	<u>8,615,860</u>	<u>(4,166,648)</u>
<b>Net Position - beginning of year (as restated)</b>					<u>(34,253,557)</u>	<u>85,333,176</u>	<u>51,079,619</u>
<b>Net Position - end of year</b>					<u>\$ (47,036,065)</u>	<u>\$ 93,949,036</u>	<u>\$ 46,912,971</u>

The notes to financial statements are an integral part of this statement

CITY OF WARWICK, RHODE ISLAND

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2013**

	General Fund	School Unrestricted Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 16,360,034	\$ 5,500	\$ 6,642,474	\$ 23,008,008
Restricted Cash	-	-	1,015,000	1,015,000
Accounts Receivable:				
Real estate and personal property taxes receivable (net)	9,138,890	-	-	9,138,890
Due from federal and state governments	4,080,254	67,718	5,998,386	10,146,358
Other receivables	3,942,818	525,992	3,664,048	8,132,858
Due from other funds	13,816,904	12,954,071	2,342,763	29,113,738
Prepays	214,650	-	-	214,650
Other assets	4,229,720	9,665	178,400	4,417,785
<b>Total assets</b>	<b>\$ 51,783,270</b>	<b>\$ 13,562,946</b>	<b>\$ 19,841,071</b>	<b>\$ 85,187,287</b>
<b>LIABILITIES:</b>				
Accounts payable and accrued expenses	\$ 2,599,309	\$ 13,407,486	\$ 2,066,870	\$ 18,073,665
Due to federal and state governments	157,145	-	116	157,261
Due to other funds	18,357,052	-	3,852,765	22,209,817
Unearned revenue:				
Taxes collected in advance	835,623	-	-	835,623
Other	3,421,427	-	6,662,641	10,084,068
Other liabilities	4,377,665	-	-	4,377,665
<b>Total liabilities</b>	<b>29,748,221</b>	<b>13,407,486</b>	<b>12,582,392</b>	<b>55,738,099</b>
<b>DEFERRED INFLOW OF RESOURCES:</b>				
Unearned tax revenue	5,278,330	-	-	5,278,330
<b>FUND BALANCE:</b>				
Non-Spendable	214,650	-	-	214,650
Restricted	-	119,775	8,683,880	8,803,655
Committed for education	4,076,648	-	-	4,076,648
Committed other	612,630	-	-	612,630
Assigned	-	35,685	-	35,685
Unassigned	11,852,791	-	(1,425,201)	10,427,590
<b>Total fund balances</b>	<b>16,756,719</b>	<b>155,460</b>	<b>7,258,679</b>	<b>24,170,858</b>
<b>Total liabilities, deferred inflow of resources, and fund balances</b>	<b>\$ 51,783,270</b>	<b>\$ 13,562,946</b>	<b>\$ 19,841,071</b>	<b>\$ 85,187,287</b>

The notes to financial statements are an integral part of this statement

CITY OF WARWICK, RHODE ISLAND

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2013**

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

<b>Total Fund Balances (B-1)</b>	\$ 24,170,858
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	111,479,360
Deferred debt charges resulting from issuance of refunding and advance refunding bonds. These charges have been included in the governmental activities in the Statement of Net Position	299,210
Interest receivable on delinquent taxes recorded in the statement of net assets not considered available and therefore not reported in the fund statements.	1,058,977
Long-term liabilities and related items are not due and payable in the current period and therefore are not reported in the funds.	(66,017,626)
Unearned revenues (net of an allowance for uncollectible) are recorded in the funds, but are not recognized under the measurement focus employed in the Statement of Net Position.	10,189,206
Internal Service funds are recorded as proprietary funds in the fund financial statements but are recorded as governmental activities on the government-wide financial statements.	6,207,324
Accrual for OPEB liabilities (net)	(87,436,831)
Accrual for pension obligation	(46,456,581)
Accrued interest payable is recorded in government activities, but is not recorded in the funds.	<u>(529,962)</u>
<b>Total Net Position (A-1)</b>	<u><u>\$ (47,036,065)</u></u>

(Concluded)

The notes to financial statements are an integral part of this statement

**CITY OF WARWICK, RHODE ISLAND**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2013**

	<b>General Fund</b>	<b>School Unrestricted Fund</b>	<b>Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES:</b>				
General property taxes	\$ 216,054,096	\$ -	\$ -	\$ 216,054,096
Interest on taxes	1,682,473	-	-	1,682,473
Intergovernmental revenue	7,512,160	34,573,405	11,254,343	53,339,908
Medicaid	-	1,606,679	-	1,606,679
State contribution to pension plan	-	6,223,212	-	6,223,212
Charges for service	7,856,276	979,205	2,873,614	11,709,095
Investment income	(37,937)	-	2,355	(35,582)
Contributions and private grants	-	-	522,410	522,410
Other revenues	10,157,640	592,190	295,615	11,045,445
<b>Total revenues</b>	<b>243,224,708</b>	<b>43,974,691</b>	<b>14,948,337</b>	<b>302,147,736</b>
<b>EXPENDITURES:</b>				
<i>Current:</i>				
Executive and administrative	4,455,744	-	53,130	4,508,874
Public Safety	41,422,924	-	2,704,891	44,127,815
Recreation	1,479,990	-	36,622	1,516,612
Public libraries	2,455,784	-	171,309	2,627,093
Social services	1,176,675	-	20,830	1,197,505
Planning and economic development	977,464	-	1,616,161	2,593,625
Public Works	11,462,056	-	2,232,742	13,694,798
Employee benefits, fixed costs and capital	50,772,566	-	-	50,772,566
Education	-	160,404,842	13,440,815	173,845,657
Debt service				
Principal	-	-	4,570,722	4,570,722
Interest and other costs	-	-	1,792,167	1,792,167
<b>Total expenditures</b>	<b>114,203,203</b>	<b>160,404,842</b>	<b>26,639,389</b>	<b>301,247,434</b>
<b>Excess of revenues over (under) expenditures before other financing sources (uses)</b>	<b>129,021,505</b>	<b>(116,430,151)</b>	<b>(11,691,052)</b>	<b>900,302</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond proceeds	-	-	4,353,015	4,353,015
Transfers in	428,955	117,440,042	8,731,071	126,600,068
Transfers out	(124,487,576)	(1,137,150)	(1,017,864)	(126,642,590)
<b>Net other financing sources (uses)</b>	<b>(124,058,621)</b>	<b>116,302,892</b>	<b>12,066,222</b>	<b>4,310,493</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>4,962,884</b>	<b>(127,259)</b>	<b>375,170</b>	<b>5,210,795</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>11,793,835</b>	<b>282,719</b>	<b>6,883,509</b>	<b>18,960,063</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 16,756,719</b>	<b>\$ 155,460</b>	<b>\$ 7,258,679</b>	<b>\$ 24,170,858</b>

The notes to financial statements are an integral part of this statement

CITY OF WARWICK, RHODE ISLAND

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
OF GOVERNMENTAL FUNDS (B-2) TO THE STATEMENT OF ACTIVITIES (A-2)  
YEAR ENDED JUNE 30, 2013**

<b>Net Change in Fund Balance - Total Governmental Funds (B-2)</b>	\$ 5,210,795
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	961,916
Governmental funds do not recognize gains or losses on the sale or disposal of capital assets. The statement of activities includes losses on the disposal of fixed assets during 2013	(19,123)
Proceeds from issuance of long-term debt, net amounts paid to refunding bond escrow is reputed as other financing sources in fund statements but does not impact statement of activities	(4,353,015)
Decrease in interest receivable from fiscal 2012	(119,884)
To record net increase in interest expense resulting from amortization of bond refunding costs, bond premium, and additional net interest	(51,655)
Decrease in accrued interest expense from fiscal 2012	43,600
Increase in liability for compensated absences from fiscal 2012	(124,519)
Decrease in accrued retroactive payroll from fiscal 2012	79,746
Unearned revenues (net of an allowance for uncollectible) are recorded in the funds, but are not recognized under the measurement focus employed in the Statement of Activities.	841,241
Decrease in net position of the internal service fund which is not reported in the governmental funds	1,076,572
Principal payments made on long-term debt	4,570,722
Increase in accrual for OPEB liabilities (net)	(15,255,558)
Increase in accrual for net pension liability	<u>(5,643,346)</u>
<b>Change in Net Position of Governmental Activities in the Statement of Activities (A-2)</b>	<u>\$ (12,782,508)</u>

## CITY OF WARWICK, RHODE ISLAND

 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION  
 JUNE 30, 2013

	Business-type Activities - Enterprise Funds					Governmental Activities
	Sewer Fund	Sewer Assessment Fund	Water Fund	Other Non Major Enterprise Funds	Total	Internal Service Fund
<b>ASSETS</b>						
<i>Current Assets</i>						
Cash and cash equivalents	\$ 6,355,543	\$ 404,449	\$ 2,334,310	\$ 1,516,309	\$ 10,610,611	\$ 672,949
Restricted Cash and cash equivalents	3,194,263	-	-	-	3,194,263	-
Accounts receivable, net:						
Water and sewer use fees	6,517,769	-	4,044,509	-	10,562,278	-
Sewer assessments	-	4,090,834	-	-	4,090,834	-
Accrued interest	39	-	-	-	39	-
Due from federal & state government	219,792	-	-	7,617	227,409	-
Other receivables	17,126	-	-	11,574	28,700	3,757,737
Due from other funds	481,195	-	-	5,131,294	5,612,489	45,000
Prepaid insurance	-	-	-	-	-	1,442,304
Inventory	-	-	50,633	-	50,633	-
<b>Total current assets</b>	<b>16,785,727</b>	<b>4,495,283</b>	<b>6,429,452</b>	<b>6,666,794</b>	<b>34,377,256</b>	<b>5,917,990</b>
<i>Noncurrent assets:</i>						
Sewer assessments receivable	-	35,338,593	-	-	35,338,593	-
Construction in progress	2,093,012	-	-	-	2,093,012	-
Depreciable capital assets, net	173,925,574	-	12,355,515	-	186,281,089	-
Deposits with agent	-	-	-	-	-	2,208,209
<b>Total Noncurrent assets</b>	<b>176,018,586</b>	<b>35,338,593</b>	<b>12,355,515</b>	<b>-</b>	<b>223,712,694</b>	<b>2,208,209</b>
<b>TOTAL ASSETS</b>	<b>192,804,313</b>	<b>39,833,876</b>	<b>18,784,967</b>	<b>6,666,794</b>	<b>258,089,950</b>	<b>8,126,199</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred Charge on refunding	47,840	-	7,867	-	55,707	-
<b>Total deferred outflows of resources</b>	<b>47,840</b>	<b>-</b>	<b>7,867</b>	<b>-</b>	<b>55,707</b>	<b>-</b>
<b>LIABILITIES</b>						
<i>Current Liabilities</i>						
Accounts payable and accrued expenses	469,580	-	978,423	107,239	1,555,242	194,783
Accrued interest payable	1,030,399	-	8,890	-	1,039,289	-
Due to other funds	8,090,262	413,836	3,795,126	35,094	12,334,318	227,092
Accrued compensated absences	10,992	-	13,184	-	24,176	-
Advanced collections	-	776,097	-	-	776,097	-
Unearned revenue	151,963	-	-	-	151,963	-
Accrued claims - IBNR	-	-	-	-	-	1,497,000
Current portion of long term debt	9,926,640	-	155,939	-	10,082,579	-
<b>Total current liabilities</b>	<b>19,679,836</b>	<b>1,189,933</b>	<b>4,951,562</b>	<b>142,333</b>	<b>25,963,664</b>	<b>1,918,875</b>
<i>Non-current liabilities:</i>						
Accrued compensated absences	154,868	-	185,747	-	340,615	-
Unearned revenue	-	35,338,593	-	-	35,338,593	-
Bonds and loans payable	98,513,335	-	1,231,304	-	99,744,639	-
Net other post-employment benefits obligation	1,307,689	-	1,501,421	-	2,809,110	-
<b>Total Noncurrent liabilities</b>	<b>99,975,892</b>	<b>35,338,593</b>	<b>2,918,472</b>	<b>-</b>	<b>138,232,957</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>119,655,728</b>	<b>36,528,526</b>	<b>7,870,034</b>	<b>142,333</b>	<b>164,196,621</b>	<b>1,918,875</b>
<b>NET POSITION:</b>						
Net Investment in capital assets	69,905,950	-	12,057,955	-	81,963,905	-
Restricted for debt service payments	3,194,302	-	-	-	3,194,302	-
Unrestricted	96,173	3,305,350	(1,135,155)	6,524,461	8,790,829	6,207,324
<b>Total net position</b>	<b>\$ 73,196,425</b>	<b>\$ 3,305,350</b>	<b>\$ 10,922,800</b>	<b>\$ 6,524,461</b>	<b>\$ 93,949,036</b>	<b>\$ 6,207,324</b>

The notes to financial statements are an integral part of this statement

**PROPRIETARY FUNDS**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**FOR YEAR ENDED JUNE 30, 2013**

	Business-type Activities - Enterprise Funds				Governmental Activities	
	Sewer Fund	Sewer Assessment Fund	Water Fund	Other Non Major Enterprise Funds	Total	Internal Service Fund
<b>OPERATING REVENUES:</b>						
Assessments and user fees	\$ 15,605,090	\$ 4,167,075	\$ 9,934,046	\$ 42,183	\$ 29,748,394	\$ -
Other revenues	613,979	2,493,653	204,790	121,421	3,433,843	42,167,267
<b>Total Operating Revenues</b>	<u>16,219,069</u>	<u>6,660,728</u>	<u>10,138,836</u>	<u>163,604</u>	<u>33,182,237</u>	<u>42,167,267</u>
<b>OPERATING EXPENSES:</b>						
Contract Services	301,638	-	136,499	-	438,137	40,663,261
Salaries and benefits	3,067,886	-	2,933,029	-	6,000,915	-
Materials and supplies	601,389	-	28,973	131,090	761,452	-
Depreciation and amortization	5,616,295	-	667,425	-	6,283,720	-
Operations	2,211,886	-	6,292,061	-	8,503,947	-
Worker's compensation claims	-	-	-	-	-	390,714
Miscellaneous	-	-	-	2,000	2,000	39,451
<b>Total Operating Expenses</b>	<u>11,799,094</u>	<u>-</u>	<u>10,057,987</u>	<u>133,090</u>	<u>21,990,171</u>	<u>41,093,426</u>
<b>OPERATING INCOME (LOSS)</b>	<u>4,419,975</u>	<u>6,660,728</u>	<u>80,849</u>	<u>30,514</u>	<u>11,192,066</u>	<u>1,073,841</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>						
Interest income	8,949	222	3,129	6,875	19,175	2,731
Interest expense	(2,929,040)	-	(58,131)	-	(2,987,171)	-
Capital contributions	349,939	-	-	-	349,939	-
Loss on Disposal of assets	(671)	-	-	-	(671)	-
<b>Net Non-operating Revenues (Expenses)</b>	<u>(2,570,823)</u>	<u>222</u>	<u>(55,002)</u>	<u>6,875</u>	<u>(2,618,728)</u>	<u>2,731</u>
<b>Income (Loss) before transfers</b>	1,849,152	6,660,950	25,847	37,389	8,573,338	1,076,572
<b>TRANSFERS:</b>						
Transfers in	5,114,325	-	69,900	71,784	5,256,009	-
Transfers out	(5,228)	(4,946,552)	-	(261,707)	(5,213,487)	-
<b>Total Transfers</b>	<u>5,109,097</u>	<u>(4,946,552)</u>	<u>69,900</u>	<u>(189,923)</u>	<u>42,522</u>	<u>-</u>
<b>CHANGE IN NET POSITION</b>	6,958,249	1,714,398	95,747	(152,534)	8,615,860	1,076,572
<b>NET POSITION - BEGINNING OF YEAR (AS RESTATED)</b>	<u>66,238,176</u>	<u>1,590,952</u>	<u>10,827,053</u>	<u>6,676,995</u>	<u>85,333,176</u>	<u>5,130,752</u>
<b>NET POSITION - END OF YEAR</b>	<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>

The notes to financial statements are an integral part of this statement

## CITY OF WARWICK, RHODE ISLAND

 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2013

	Business-type Activities - Enterprise Funds					Governmental
	Sewer		Water	Other Non	Total	Activities
	Sewer	Assessment				Major Enterprise
	Fund	Fund	Fund	Funds		Fund
<b>Cash flows from operating activities:</b>						
Cash received from customers	\$ 15,069,590	\$ 4,938,203	\$ 10,084,723	\$ 3,186,281	\$ 33,278,797	\$ -
Cash received from intergovernmental	-	-	-	-	-	-
Cash payments to suppliers for goods and services	(3,105,487)	-	(6,489,584)	(128,407)	(9,723,478)	-
Cash payments of federal grants	-	-	-	-	-	-
Cash payments to employees for services	(3,047,477)	-	(2,672,800)	-	(5,720,277)	-
Other operating revenues	661,933	-	204,790	152,018	1,018,741	38,475,530
Other operating payments	-	-	-	-	-	(38,688,939)
<b>Net cash provided (used) by operating activities</b>	<b>9,578,559</b>	<b>4,938,203</b>	<b>1,127,129</b>	<b>3,209,892</b>	<b>18,853,783</b>	<b>(213,409)</b>
<b>Cash flows from non-capital financing activities:</b>						
Decrease (Increase) in due to (from) other funds	(197,145)	143,791	128,289	(3,172,067)	(3,097,132)	182,092
Operating transfers from other funds	5,114,325	-	69,900	71,784	5,256,009	-
Operating transfer to other funds	(5,228)	(4,946,552)	-	(261,707)	(5,213,487)	-
<b>Net cash provided (used) by non-capital financing activities</b>	<b>4,911,952</b>	<b>(4,802,761)</b>	<b>198,189</b>	<b>(3,361,990)</b>	<b>(3,054,610)</b>	<b>182,092</b>
<b>Cash flows from capital and related financing activities:</b>						
Acquisition and construction of capital assets	(1,602,934)	-	(371,935)	-	(1,974,869)	-
Proceeds from loan payable	2,520,333	-	-	-	2,520,333	-
Bond issuance costs	(84,197)	-	-	-	(84,197)	-
Principal paid on bonds	(9,253,908)	-	(143,628)	-	(9,397,536)	-
Interest paid on bonds	(2,983,247)	-	(58,989)	-	(3,042,236)	-
<b>Net cash used for capital and related financing activities</b>	<b>(11,403,953)</b>	<b>-</b>	<b>(574,552)</b>	<b>-</b>	<b>(11,978,505)</b>	<b>-</b>
<b>Cash flows from investing activities:</b>						
Interest and dividends on investments	8,920	222	3,129	6,875	19,146	2,731
<b>Net cash provided by investing activities</b>	<b>8,920</b>	<b>222</b>	<b>3,129</b>	<b>6,875</b>	<b>19,146</b>	<b>2,731</b>
<b>Net increase (decrease) in cash and cash equivalents</b> <b>(including restricted cash and equivalents)</b>	<b>3,095,478</b>	<b>135,664</b>	<b>753,895</b>	<b>(145,223)</b>	<b>3,839,814</b>	<b>(28,586)</b>
<b>Cash and cash equivalents at beginning of year</b> <b>(including restricted cash and equivalents)</b>	<b>6,454,328</b>	<b>268,785</b>	<b>1,580,415</b>	<b>1,661,532</b>	<b>9,965,060</b>	<b>701,535</b>
<b>Cash and cash equivalents at end of year</b> <b>(including restricted cash and equivalents)</b>	<b>\$ 9,549,806</b>	<b>\$ 404,449</b>	<b>\$ 2,334,310</b>	<b>\$ 1,516,309</b>	<b>\$ 13,804,874</b>	<b>\$ 672,949</b>

The notes to financial statements are an integral part of this statement

CITY OF WARWICK, RHODE ISLAND

**PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2013**

	Business-type Activities - Enterprise Funds				Total	Governmental Activities
	Sewer Fund	Sewer Assessment Fund	Water Fund	Other Non Major Enterprise Funds		Internal Service Fund
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>						
<b>Operating income(loss)</b>	\$ 4,419,975	\$ 6,660,728	\$ 80,849	30,514	\$ 11,192,066	\$ 1,073,841
<b>Adjustments to reconcile operating income to Net Cash provided by operating activities</b>						
Depreciation and amortization	5,616,295	-	667,425	-	6,283,720	-
<b>Changes in assets and liabilities:</b>	-	-	-	-	-	-
(Increase) decrease in accounts receivable net	(536,500)	(448,373)	150,677	-	(834,196)	3,904,662
(Increase) decrease in other receivable	47,954	4,096,629	-	3,174,695	7,319,278	(3,691,737)
(Increase) decrease in accrued interest receivable	-	-	-	-	-	-
(Increase) decrease in inventory	-	-	(13,051)	-	(13,051)	(1,442,304)
Increase(decrease) in accounts payable and accrued expense	(164,980)	-	(19,000)	4,683	(179,297)	143,362
Increase(decrease) in accrued interest payable	-	-	-	-	-	-
Increase(decrease) in advanced collections	-	(1,274,152)	-	-	(1,274,152)	-
Increase(decrease) in unearned revenue	(8,879)	(4,096,629)	-	-	(4,105,508)	-
Increase(decrease) in net other post-employment benefits	184,285	-	257,652	-	441,937	-
Increase(decrease) in compensated absences	20,409	-	2,577	-	22,986	-
Increase(decrease) in Accrued claims - IBNR	-	-	-	-	-	(201,233)
<b>Total adjustments</b>	<u>5,158,584</u>	<u>(1,722,525)</u>	<u>1,046,280</u>	<u>3,179,378</u>	<u>7,661,717</u>	<u>(1,287,250)</u>
<b>Net cash provided (used) by operating activities</b>	<u>\$ 9,578,559</u>	<u>\$ 4,938,203</u>	<u>\$ 1,127,129</u>	<u>\$ 3,209,892</u>	<u>\$ 18,853,783</u>	<u>\$ (213,409)</u>

*The notes to financial statements are an integral part of this statement*

CITY OF WARWICK, RHODE ISLAND

**STATEMENT OF NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2013**

	Pension Trust Funds	Private-purpose Trust Funds	Agency Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 8,477,906	\$ 124,002	\$ 1,162,423
<b>Investments, at fair value:</b>			
Equity Pool	40,059,734	-	-
Equity small cap funds	52,068,610	-	-
Fixed income pool	130,119,111	-	-
Index funds	71,421,497	-	-
Multi asset manager funds	49,096,670	-	-
International equity funds	12,904,861	-	-
Mutual funds	23,928,480	-	-
<b>Total investments</b>	<u>379,598,963</u>	<u>-</u>	<u>-</u>
Receivables:			
Accrued interest receivable	176	-	-
Other receivables	-	10,436	105
Total receivables	<u>176</u>	<u>10,436</u>	<u>105</u>
<b>TOTAL ASSETS</b>	<u>388,077,045</u>	<u>134,438</u>	<u>1,162,528</u>
<b>LIABILITIES</b>			
Accounts payable and accrued expenditures	264,565	100	81,679
Due to federal and state governments	-	-	46,353
Deposits held in custody for others	-	-	1,034,496
<b>Total liabilities</b>	<u>264,565</u>	<u>100</u>	<u>\$ 1,162,528</u>
<b>NET POSITION</b>			
Net position held in trust for pension benefits and other purposes	<u>\$ 387,812,480</u>	<u>\$ 134,338</u>	

*The notes to financial statements are an integral part of this statement*

CITY OF WARWICK, RHODE ISLAND

**STATEMENT OF CHANGES IN NET POSITION  
FIDUCIARY FUNDS  
YEAR ENDED JUNE 30, 2013**

	<b>Pension Trust Fund</b>	<b>Private Purpose Trust Funds</b>
<b>ADDITIONS</b>		
Contributions- Employer	\$ 27,827,321	\$ 23,840
Plan members	5,516,526	-
<b>Total contributions</b>	<u>33,343,847</u>	<u>23,840</u>
<b>Investment earnings:</b>		
Net appreciation in fair value of investments	41,317,045	-
Interest and dividends	634,236	334
Less Investment expense	(1,256,794)	-
<b>Net investment earnings</b>	<u>40,694,487</u>	<u>334</u>
Other Revenue	-	19,232
<b>TOTAL ADDITIONS</b>	<u>74,038,334</u>	<u>43,406</u>
<b>DEDUCTIONS</b>		
Benefits paid	39,956,667	-
Administrative and other expenses	131,976	42,170
Total deductions	<u>40,088,643</u>	<u>42,170</u>
<b>CHANGE IN NET POSITION</b>	33,949,691	1,236
<b>NET POSITION - BEGINNING OF YEAR</b>	353,862,789	133,102
<b>NET POSITION - END OF YEAR</b>	<u>\$ 387,812,480</u>	<u>\$ 134,338</u>

*The notes to financial statements are an integral part of this statement*

**CITY OF WARWICK, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting methods and procedures adopted by the City of Warwick, Rhode Island conform to generally accepted accounting principles (GAAP) as applied to governmental entities. The following notes to the basic financial statements are an integral part of the City's Comprehensive Annual Financial Report.

***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 Administration Services.

The City complies with generally accepted accounting principles (GAAP). Generally accepted accounting principles (GAAP) include all relevant Governmental Accounting Standards Board (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 how to define the government for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement No. 61. Under GASB Statement No. 61, a legally separate entity is required to be included as a component unit if it is fiscally dependent upon the primary government and there is a financial benefit or burden relationship present. The primary government is financially accountable if it appoints the voting majority of the organization's governing board and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific 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 2013 :

- \* Warwick School Department

Although the 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.

*(CONTINUED)*

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

***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 outflow of resources, liabilities, deferred inflow of resources, fund equity, revenues, and expenditures/expenses. 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 major 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/expenses 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/expenses of the individual, governmental fund or enterprise fund 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:

***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 Funds**

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.

*(CONTINUED)*

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

***Governmental Funds (Continued)***

**Proprietary Funds**

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 revenues. All other revenues of the Proprietary Funds are considered non-operating sources of 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 from Enterprise Funds.

***Fiduciary Funds (Not included in government-wide statements)***

**Agency Funds**

Agency funds account for assets held by the City in a purely custodial capacity. The reporting entity includes five agency funds at June 30, 2013. Since agency funds are custodial in nature (i.e. assets equal liabilities), they do not involve the measurement of results of operations.

**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**

Private Purpose Trust Funds are used to account for resources legally held in trust for use by parties outside the City, and cannot be used at the City's discretion or to support the City's general operations.

**Major and Non-Major Funds**

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

**Fund**

**Brief Description**

**Major:**

General Fund: See above for description

School Unrestricted Fund: This 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.

*(CONTINUED)*

CITY OF WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

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

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

<b>Major: (Continued)</b> <u>Fund</u>	<u>Brief Description</u>
<b>Proprietary:</b>	
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.
<b>Non-Major:</b>	
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 Labs at Rhodes, RIPIN, Reading Excellence, Soc Skills for Life-Vets, Alt learn 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 Funds

(CONTINUED)

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

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

**Non-Major: (Continued)**

<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, Pilgrim Student Activity, Gorton 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 self-insurance Health 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 measurement focus as defined in item (b) below and the accrual basis of accounting. In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- (a) All governmental funds utilize a "current financial resources" measurement focus and the modified accrual basis of accounting. Only current financial assets, deferred outflow of resources, liabilities, and deferred inflow of resources are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period. The City considers property taxes as available if they are collected within 60 days after year end.
- (b) The proprietary funds and private purpose trust funds utilize "economic resources" measurement focus and the accrual basis of accounting. The accounting objectives of this measurement focus are the determination of net income, financial position and cash flows. All assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred 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.

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

***Basis of Accounting***

In the government-wide Statement of Net Position and Statement of Activities 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 asset 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 when the liability is incurred or economic asset used.

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

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

**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.

**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 Investment Risk Disclosures.

**Accounts Receivable**

In the government-wide statements, 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 receivables. Business-type activities report service fees as its major receivables.

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

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

**Accounts Receivable (Continued)**

In the fund financial statements, material receivables in governmental funds include revenue accruals such as property taxes collected within 60 days of year-end and grants and other similar intergovernmental revenues since they are usually both measurable and available. Non-exchange transactions earned/measurable but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. 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 \$10,839,915 for the general fund and \$940,001 for the business activities at June 30, 2013. Major receivable balances for the governmental activities include property taxes and intergovernmental receivables (53% of total governmental receivables). Business-type activities report service fees as its major receivables.

**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.

**Inventory**

Proprietary fund inventory is stated at cost (first-in, first-out). Inventory consists primarily of materials and supplies. Inventory maintained in governmental funds is recorded as expenditures at the time of purchase.

**Property, Plant and Equipment**

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 into 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.

*(CONTINUED)*

CITY OF WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

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

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

**Property, Plant and Equipment (Continued)**

**Government-Wide Financial Statements (Continued)**

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

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

**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.

**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/expenditure) until that later date. At June 30, 2013 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 \$354,917 is the unamortized balance of the difference between the carrying value of the refunded debt and the 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, 2013 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 revenue represents property taxes receivables which are assessed on June 15, 2012 and prior and are not collected within 60 days of June 30, 2013. Net unearned tax revenue included in the fund financial statements were \$5,278,330 at June 30, 2013. This amount is deferred and will be recognized as an inflow of resources in the year(s) in which the amounts become available.

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

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

**Interfund Transactions**

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

Reciprocal interfund activities:

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

Non-reciprocal interfund activities:

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

**Taxes collected in Advance**

Tax collections in advance pertains to property taxes related to taxes levied on June 15, 2014 (for fiscal year 2014) and paid prior to June 30, 2013. These advance payments could not be recognized as revenue in fiscal 2013 and instead were reported as unearned revenue at June 30, 2013.

**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.

**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 a 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.

*(CONTINUED)*

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

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

**Equity Classifications**

*Government-Wide Statements*

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

- (a) 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 bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- (b) Restricted net position - Consists of net position with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- (c) Unrestricted net position - All remaining net position that does not meet the definition of "restricted" or "invested in capital assets, net of related debt".

*Fund Financial Statements*

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

- Non-Spendable – includes the amount of fund balance that cannot be spent because it is either (a) not in spendable form or (b) legally or contractual 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 (a) the governing body itself or (b) a body (a budget or finance committee) or official to which the governing body has delegated 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 unassigned fund balance may also include negative balances for any governmental funds if the expenditures exceed amounts restricted, committed or assigned for specific purposes.

*(CONTINUED)*

CITY OF WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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

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

**Equity Classifications (Continued)**

*Fund Financial Statements (Continued)*

The following policy has been established by the City of Warwick in order to address the implication 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 statements.

**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.

**Compensated Absences**

Under the terms of various contracts and policies, 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, 2013. The amount of earned but unpaid vacation and sick leave relating to governmental fund employees is recorded as long-term debt in the government-wide financial statements.

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

**Recently Issued Accounting Standards**

During the fiscal year ended June 30, 2013 the City implemented the following new accounting pronouncements:

- GASB Statement No. 60 – Accounting and Financial Reporting for Service Concession Arrangements.
- GASB Statement No. 62 – Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.
- GASB Statement No. 63 – Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.
- GASB Statement No. 65 – Items Previously Reported as Assets and Liabilities.
- GASB Statement No. 66 – Technical Corrections – 2012 – an Amendment of GASB Statement No. 10 and No. 62.

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

- GASB Statement 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. 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. 70 – Accounting and Financial Reporting for Nonexchange Financial Guarantees, effective for the fiscal year ending June 30, 2014.
- 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.

***Use of Estimates***

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

**CITY OF WARWICK, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

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

“Total Fund Balance” of the city’s governmental fund \$24,170,858 differs from “net position” of governmental activities (\$47,036,065) 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**

	<b>Total Governmental Funds</b>	<b>Long-term Assets/ Liabilities (1)</b>	<b>Reclassifications and Eliminations (2)</b>	<b>Statement of Net Position Totals</b>
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 23,008,008	\$ -	\$ 672,949	\$ 23,680,957
Restricted Cash	1,015,000			1,015,000
Accounts Receivable:				
Interest receivable		1,058,977		1,058,977
Real estate and personal property taxes receivable (net)	9,138,890			9,138,890
Due from federal and state governments	10,146,358			10,146,358
Other receivables	8,132,860	(1,951,414)	110,675	6,292,121
Due from other funds	29,113,736		(22,391,909)	6,721,827
Other assets	4,417,785			4,417,785
Prepays	214,650		1,442,304	1,656,954
Deposits with agents			5,855,271	5,855,271
Non-Depreciable assets		18,743,088		18,743,088
Depreciable capital assets		91,011,861		91,011,861
Construction in Progress		1,724,411		1,724,411
<b>Total Current Assets</b>	<b>85,187,287</b>	<b>110,586,923</b>	<b>(14,310,710)</b>	<b>181,463,500</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>				
Deferred charges on refunding		299,210		299,210
<b>LIABILITIES:</b>				
Accounts payable and accrued expenses	18,073,665		1,691,783	19,765,448
Accrued interest payable		529,962		529,962
Due to federal and state governments	157,261			157,261
Due to other funds	22,209,817		(22,209,817)	-
Unearned revenue:				
Taxes collected in advance	835,623			835,623
Other	10,084,068	(6,862,290)		3,221,778
Long-term liabilities				
Due within one year		5,849,613	30,396	5,880,009
Due in more than one year		194,061,425		194,061,425
Other liabilities	4,377,665		(30,396)	4,347,269
<b>Total liabilities</b>	<b>55,738,099</b>	<b>193,578,710</b>	<b>(20,518,034)</b>	<b>228,798,775</b>
<b>DEFERRED INFLOW OF RESOURCES:</b>				
Unearned tax revenue	5,278,330	(5,278,330)		-
<b>FUND BALANCE:</b>				
<b>Total fund balances</b>	<b>\$ 24,170,858</b>	<b>\$ (77,414,247)</b>	<b>\$ 6,207,324</b>	<b>\$ (47,036,065)</b>

*(CONTINUED)*

**CITY OF WARWICK, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

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

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

Non-Depreciable assets	\$ 18,743,088
Construction in Progress	1,724,411
Depreciable Capital Assets	370,354,558
Accumulated depreciation	<u>(279,342,697)</u>
	<u>\$ 111,479,360</u>

Because the focus of the 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 receivable:	<u>\$ 1,951,414</u>
Adjustment of unearned revenue	<u>\$ (12,140,620)</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>\$ (529,962)</u>
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Accrued interest receivable on property taxes are reported as revenue in the governmental-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>\$ 1,058,977</u>
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*(CONTINUED)*

CITY OF WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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

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	\$ 50,992,040
Capital leases	1,039,332
Amortized premium on bonds	1,299,736
Deferred amount on refunding	(299,210)
Net pension obligation	46,456,581
Net other post employment benefit obligation	87,436,831
Accrued compensated absences	11,273,837
Accrued retroactive payroll	1,412,681
	<u>\$ 199,611,828</u>

- (2) Internal service funds are used by management to charge the cost of certain activities, such as workers compensation insurance coverage to individual funds, and activity related to health insurance claims. The assets and liabilities of the Internal Service Fund are included in governmental activities in the government-wide Statement of Net Position.

\$ 6,207,324

The elimination of internal balances of governmental and business type activities

\$ (22,391,909)

(CONTINUED)

**CITY OF WARWICK, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

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

The "net change in the fund balance" for governmental funds \$5,210,795 differs from the "change in net position" for governmental Activities (\$12,782,508) 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 difference is illustrated below:

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

	<b>Total Governmental Funds</b>	<b>Long-term Revenues/Expenses &amp; Reclassification (1)</b>	<b>Capital Related Items (2)</b>	<b>Internal Service Funds (3)</b>	<b>Long-term Debt Transactions (4)</b>	<b>Statement of Net Position Totals</b>
<b>REVENUES:</b>						
General property taxes	\$ 216,054,096	\$ 748,173	\$ -	\$ -	\$ -	\$ 216,802,269
Interest on taxes	1,682,473	(119,884)	-	-	-	1,562,589
Intergovernmental revenue	53,339,908	-	-	-	-	53,339,908
Federal revenue-SFSF	1,606,679	-	-	-	-	1,606,679
Medicaid	6,223,212	-	-	-	-	6,223,212
State contribution to pension plan	11,709,095	(171,707)	-	-	-	11,537,388
Charges for service	(35,582)	-	-	2,731	-	(32,851)
Investment income	522,410	-	-	-	-	522,410
Contributions and private grants	11,045,443	264,775	-	17,355	-	11,327,573
Other revenues	302,147,734	721,357	-	20,086	-	302,889,177
<b>Total revenues</b>						
<b>EXPENDITURES:</b>						
<i>Current:</i>	4,508,874	2,630,618	13,960	95,454	915,060	8,163,966
Executive and administrative	44,127,817	38,990,126	(122,271)	(1,084,548)	18,002,371	99,913,495
Public Safety	1,516,612	1,232,560	285,301	(50,244)	201,462	3,185,691
Recreation	2,627,093	1,670,678	149,446	(74,605)	470,804	4,843,416
Public libraries	1,197,505	725,808	43,768	(30,451)	167,274	2,103,904
Social services	2,593,625	501,274	(59,849)	(21,316)	126,068	3,139,802
Planning and economic development	13,694,798	5,021,502	1,828,290	(191,842)	1,435,895	21,788,643
Public Works	50,772,566	(50,772,566)	-	-	-	-
Employee benefits, fixed costs and capital	173,845,657	-	(3,081,438)	301,066	(375,257)	170,690,028
Education	-	-	-	-	-	-
Debt service	4,570,722	-	-	-	(4,570,722)	-
Principal	1,792,167	(43,600)	-	-	51,655	1,800,222
<b>Total expenditures</b>	301,247,436	(43,600)	(942,793)	(1,056,486)	16,424,610	315,629,167
<b>Excess of revenues over (under) expenditures before other financing sources (uses)</b>	900,298	764,957	942,793	1,076,572	(16,424,610)	(12,739,990)
<b>OTHER FINANCING SOURCES (USES)</b>						
Bond proceeds	4,353,015	-	-	-	(4,353,015)	-
Transfers in	126,600,072	-	-	-	-	126,600,072
Transfers out	(126,642,590)	-	-	-	-	(126,642,590)
<b>Net other financing sources (uses)</b>	4,310,497	-	-	-	(4,353,015)	(42,518)
<b>NET CHANGE IN FUND BALANCE</b>	\$ 5,210,795	\$ 764,957	\$ 942,793	\$ 1,076,572	\$ (20,777,625)	\$ (12,782,508)

*(CONTINUED)*

CITY OF WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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**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 considered as "available" revenues in the governmental funds. This represents the increase (decrease) in unearned revenue from 2012.

Unearned revenue property taxes	\$ 748,173
Unearned revenue Special Revenue Funds	(171,707)
Other revenue Special Revenue Funds	264,775
	<u>\$ 841,241</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 decrease in accrual from the prior year.

Accrued interest expenditures adjustment	<u>\$ 43,600</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 decrease from the prior year.

Accrued interest revenue adjustment	<u>\$ (119,884)</u>
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Employee benefits, fixed costs, capital expenditures, and state contributions to the pension plan were reclassified to the appropriate program. Other revenues were reclassified to charges for services and intergovernmental revenues.

	<u>\$ 50,772,566</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 position decrease by the amount of depreciation expense charged for the year.

Capital Outlay	\$ 8,690,012
Depreciation expense	(7,728,096)
Difference	<u>\$ 961,916</u>

Governmental funds do not recognize gains or losses on the sale or disposal of capital assets. The statement of activities includes losses on the disposal of fixed assets during 2013.

Loss on Disposal of assets	<u>\$ (19,123)</u>
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(CONTINUED)

CITY OF WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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

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

\$ 1,076,572

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

Net increase in compensated absences	\$ (124,519)
Net increase in the net pension obligation	(5,643,346)
Net increase in the net other post employment benefit obligation	(15,255,558)
Net decrease in the accrued retroactive payroll	79,746
Increase in bond premium costs net of increase in issuance costs	(51,655)
Principal payments made	4,570,722
	<u>\$ (16,424,610)</u>

Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the governmental wide statements, however, issuing debt increasing long-term liabilities in the statement of net position and does not affect the statement of activities.

Bond Proceeds	<u>\$ (4,353,015)</u>
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*(CONTINUED)*

CITY OF WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**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 its Federal regulator must be collateralized.

**Deposits**

At June 30, 2013 the carrying amount of the City's deposits was \$48,265,162, (including Fiduciary Funds) while the bank balance was \$53,626,915. Of the balance, \$1,436,902 was covered by federal depository insurance and \$52,190,013 was uninsured. The City has entered into collateralization agreements with various financial institutions and as a result \$52,190,013 of the uninsured balances at June 30, 2013 collateralized by securities held by the 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.....	\$48,265,162
Less: Fiduciary funds cash, including time deposits (not included in the government-wide statement).....	<u>(9,764,331)</u>
Total cash and cash equivalents on A-1 (Including Restricted Cash).....	<u>\$38,500,831</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.

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	\$ 53,751,518	N/R
Equity Small Cap	52,068,610	N/R
Fixed Income	127,871,806	N/R
Index Funds	71,421,497	N/R
Multi Asset Manager	49,096,670	N/R
International Equity Funds	12,904,861	N/R
Stable Value Fund	6,949,626	N/R
Immediate Participation Guarantee Contracts	5,534,375	N/R
Total Investments	<u>\$ 379,598,963</u>	

*(CONTINUED)*

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

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

**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 a 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 a 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 \$250,000, and if the capital ratios are currently acceptable but appear to be in jeopardy, the City will 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.

**4. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Legal Debt Margin**

The City's legal debt margin as set forth by State Statute is limited to three percent of total assessed value which approximates \$294,672,021. As of June 30, 2013, the City's debt applicable to the debt limitation is under the debt limit by \$243,679,981. All other City debt has been incurred through special statutory authority which consists of approval by the legislature and voter referendum.

**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 2013 were based on a net assessed value of approximately \$10,162,717,700 less exemptions of \$149,903,604, less State Motor Vehicle phase-out of \$190,413,384 for a net assessed valuation of \$9,822,400,712 at December 31, 2011 and amounted to \$220,812,354. Collections through June 30, 2013 including 60 day rule revenue, amounted to \$213,648,450 which represents approximately 96.75% of the original 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, 2013, (\$19,978,806) are recorded as a receivable, net of an allowance for uncollectible property taxes of \$10,839,916. Those net property taxes receivable which were not collected within the 60 days immediately following June 30, 2013 are recorded as unearned revenue and amounted to \$5,278,330 at June 30, 2013. Property taxes recognized as revenue on the Fund statements for the fiscal year ended June 30, 2013 (due to their collection within the 60 days immediately following June 30, 2013) amounted to \$3,860,560. Taxes are due in equal quarterly installments on July 15, October 15, January 15, and April 15 during the fiscal year.

(CONTINUED)

**CITY OF WARWICK, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

**6. CAPITAL ASSETS**

Capital asset activity for the government-wide activities for the year ended June 30, 2013 was follows:

	Beginning Balance 6/30/2012	Additions	Deletions	Ending Balance 6/30/13
<b>Governmental activities:</b>				
<b>Capital assets not being depreciated</b>				
Land	\$ 18,680,138	\$ -	\$ -	\$ 18,680,138
Construction in Progress	2,284,210	1,591,868	(2,151,667)	1,724,411
Artwork	-	62,950		62,950
<i>Total capital assets not being depreciated</i>	<u>20,964,348</u>	<u>1,654,818</u>	<u>(2,151,667)</u>	<u>20,467,499</u>
<b>Depreciable capital assets</b>				
Land improvements	10,771,636	251,120	-	11,022,756
Building	108,121,453	4,314,556	-	112,436,009
Infrastructure	195,092,560	1,793,639	-	196,886,199
Machinery & equipment	19,033,532	635,564	-	19,669,096
Motor Vehicles	28,167,639	2,191,982	(1,500,577)	28,859,044
<i>Total capital assets at historical cost</i>	<u>361,186,820</u>	<u>9,186,861</u>	<u>(1,500,577)</u>	<u>368,873,104</u>
<b>Less: accumulated depreciation for:</b>				
Land improvements	(8,008,649)	(307,083)	-	(8,315,732)
Building	(54,241,855)	(2,280,837)	-	(56,522,692)
Infrastructure	(168,198,002)	(3,373,764)	-	(171,571,766)
Machinery & equipment	(17,217,615)	(469,355)	-	(17,686,970)
Motor Vehicles	(23,948,480)	(1,297,057)	1,481,454	(23,764,083)
<i>Total accumulated depreciation</i>	<u>(271,614,601)</u>	<u>(7,728,096)</u>	<u>1,481,454</u>	<u>(277,861,243)</u>
<b>Depreciable capital assets, net</b>	<u>89,572,219</u>	<u>1,458,765</u>	<u>(19,123)</u>	<u>91,011,861</u>
<b>Governmental activities, capital assets, net</b>	<u>\$ 110,536,567</u>	<u>\$ 3,113,583</u>	<u>\$ (2,170,790)</u>	<u>\$ 111,479,360</u>

*(CONTINUED)*

**CITY OF WARWICK, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

**6. CAPITAL ASSETS (CONTINUED)**

Capital asset activity for business-type activities for the year ended June 30, 2013 was as follows:

	<b>Beginning Balance 6/30/2012</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance 6/30/13</b>
<b>Business-type activities:</b>				
<b>Capital assets not being depreciated</b>				
Construction in Progress	\$ 5,177,627	\$ 1,332,508	\$ (4,417,123)	\$ 2,093,012
<b>Depreciable capital assets:</b>				
Building	2,900,797	-	-	2,900,797
Machinery & Equipment	3,695,928	251,228	(20,619)	3,926,537
Wastewater Collection System	268,350,207	4,763,144		273,113,351
<i>Total capital assets at historical cost</i>	<u>274,946,932</u>	<u>5,014,372</u>	<u>(20,619)</u>	<u>279,940,685</u>
<b>Less: accumulated depreciation for:</b>				
Building	(910,649)	(44,518)	-	(955,167)
Machinery & Equipment	(2,611,237)	(252,584)	19,948	(2,843,873)
Wastewater Collection System	(83,915,038)	(5,945,518)		(89,860,556)
<i>Total accumulated depreciation</i>	<u>(87,436,924)</u>	<u>(6,242,620)</u>	<u>19,948</u>	<u>(93,659,596)</u>
<b>Depreciable capital assets, net</b>	<u>187,510,008</u>	<u>(1,228,248)</u>	<u>(671)</u>	<u>186,281,089</u>
<b>Business-type activities capital assets, net</b>	<u>\$ 192,687,635</u>	<u>\$ 104,260</u>	<u>\$ (4,417,794)</u>	<u>\$ 188,374,101</u>

Depreciation expense was charged to functions as follows:

<b>Governmental activities:</b>	
General government	\$ 30,028
Public Safety	1,152,380
Recreation	419,496
Public Libraries	221,446
Social Services	58,835
Planning and Economic Development	67,578
Public Works	4,118,669
Education	1,659,664
<b>Total governmental activities depreciation expense</b>	<u>\$ 7,728,096</u>
<b>Business-type activities:</b>	
<b>Major Funds:</b>	
Water	\$ 660,124
Sewer	5,582,496
<b>Total business-type activities depreciation expense</b>	<u>\$ 6,242,620</u>

*(CONTINUED)*

**CITY OF WARWICK, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

**7. LONG-TERM LIABILITIES**

**(a) Long-Term Liability Activity**

Long-term liability activity for the year ended June 30, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<b>Governmental Activities:</b>					
<b>Long-term debt:</b>					
General obligation debt	\$ 50,934,288	\$ 4,295,000	\$ 4,237,248	\$ 50,992,040	\$ 4,742,606
Capital lease payable	1,372,807	-	333,475	1,039,332	359,832
Amortized premium on bonds	1,413,311	58,015	171,590	1,299,736	-
Deferred amount on refunding	(377,744)	-	(78,534)	(299,210)	-
<b>Total long-term debt</b>	<b>53,342,662</b>	<b>4,353,015</b>	<b>4,663,779</b>	<b>53,031,898</b>	<b>5,102,438</b>
<b>Other long-term liabilities:</b>					
Compensated Absences	11,174,179	172,032	41,978	11,304,233	777,571
Accrued retroactive payroll	1,492,427	4,922	84,668	1,412,681	-
<b>Total other long-term liabilities</b>	<b>12,666,606</b>	<b>176,954</b>	<b>126,646</b>	<b>12,716,914</b>	<b>777,571</b>
<b>Governmental activities</b>					
Total Long-term liabilities	\$ 66,009,268	\$ 4,529,969	\$ 4,790,425	\$ 65,748,812	\$ 5,880,009
<b>Business-type Activities</b>					
<b>Long-term debt:</b>					
Bonds Payable	\$ 18,860,712	\$ -	\$ 1,382,752	\$ 17,477,960	\$ 1,462,394
Loans Payable	100,302,275	-	8,255,935	92,046,340	8,620,185
Amortized premium on bonds	340,365	-	37,447	302,918	-
Deferred amount on refunding	(72,033)	-	(16,326)	(55,707)	-
<b>Total long-term debt</b>	<b>119,431,319</b>	<b>-</b>	<b>9,659,808</b>	<b>109,771,511</b>	<b>10,082,579</b>
<b>Other long-term liabilities:</b>					
Compensated absences	341,805	22,986	-	364,791	24,176
<b>Total other long-term liabilities</b>	<b>341,805</b>	<b>22,986</b>	<b>-</b>	<b>364,791</b>	<b>24,176</b>
<b>Business-type activities:</b>					
Total Long-term liabilities	\$ 119,773,124	\$ 22,986	\$ 9,659,808	\$ 110,136,302	\$ 10,106,755

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 accrued retroactive payroll will be paid by the School Unrestricted Fund.

*(CONTINUED)*

**CITY OF WARWICK, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

**7. LONG-TERM LIABILITIES (CONTINUED)**

**(b) Schedule of Bonds and Loans Payable**

	Date of Issue	Interest Rate	Maturity Date	Authorized and Issued	Outstanding Principal June 30, 2012	Maturities During Year	Refunding During Fiscal 12/13	New Issues	Outstanding June 30, 2013
<b>General Fund</b>									
School - Refunding	6/1/2002	3.0/5.0	10/15/2014	\$ 5,695,077	\$ 1,021,161	\$ (431,889)	\$ -	\$ -	\$ 589,272
School	6/15/2003	2.5/5.0	6/15/2023	5,000,000	3,278,000	(238,000)	-	-	3,040,000
School	8/15/2004	3.0/4.75	8/15/2024	5,000,000	3,780,000	(212,000)	-	-	3,568,000
School	1/15/2006	3.75/5.0	1/15/2026	2,500,000	1,965,000	(105,000)	-	-	1,860,000
School - Refunding	4/30/2008	3.5/4.2	8/1/2017	9,740,114	5,691,678	(1,137,670)	-	-	4,554,008
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	8,666,566	(444,444)	-	-	8,222,122
School - RIHEBC	6/15/2013	3.52	5/15/2033					4,295,000	4,295,000
Drainage - Refunding	6/1/2002	3.0/5.0	10/15/2014	281,525	50,479	(21,350)	-	-	29,129
Drainage	6/15/2003	2.5/5.0	6/15/2023	1,000,000	655,600	(47,600)	-	-	608,000
Drainage	8/15/2004	3.0/4.75	8/15/2024	1,000,000	756,000	(42,400)	-	-	713,600
Drainage - Refunding	4/30/2008	3.5/4.2	8/1/2017	685,646	469,972	(70,449)	-	-	399,523
Fire - Refunding	4/30/2008	3.5/4.2	8/1/2017	424,435	279,178	(45,355)	-	-	233,823
Open Space - Refunding	4/30/2008	3.5/4.2	8/1/2017	870,396	578,987	(92,051)	-	-	486,936
Open Space - Refunding	5/26/2011	3.0/5.0	1/15/2022	2,085,827	2,078,057	(73,611)	-	-	2,004,446
City Buildings - Refunding	5/26/2011	3.0/5.0	1/15/2022	1,266,653	1,264,454	(20,833)	-	-	1,243,621
Library - Refunding	4/30/2008	3.5/4.2	8/1/2017	2,546,610	1,675,075	(272,135)	-	-	1,402,940
Recreation	6/15/2003	2.5/5.0	6/15/2023	3,000,000	1,966,800	(142,800)	-	-	1,824,000
Recreation	4/30/2008	3.5/4.2	8/1/2017	870,396	578,987	(92,051)	-	-	486,936
Recreation - refunding	5/26/2011	3.0/5.0	1/15/2022	1,830,556	1,812,963	(166,667)	-	-	1,646,296
Public Safety	6/15/2003	2.5/5.0	6/15/2023	2,000,000	775,600	(167,600)	-	-	608,000
Public Safety	8/15/2004	3.0/4.75	8/15/2024	5,500,000	4,158,000	(233,200)	-	-	3,924,800
Transportation - Refunding	4/30/2008	3.5/4.2	8/1/2017	1,004,699	665,171	(106,723)	-	-	558,448
Senior Center - Refunding	6/1/2002	3.0/5.0	10/15/2014	235,573	42,240	(17,864)	-	-	24,376
Animal Shelter - refunding	5/26/2011	3.0/5.0	1/15/2022	610,184	604,320	(55,556)	-	-	548,764
<b>Total Governmental Funds Bonds Payable</b>				<b>\$ 69,981,171</b>	<b>\$ 50,934,288</b>	<b>\$ (4,237,248)</b>	<b>\$ -</b>	<b>\$ 4,295,000</b>	<b>\$ 50,992,040</b>

*(CONTINUED)*

**CITY OF WARWICK, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

**7. LONG-TERM LIABILITIES (CONTINUED)**

**(b) Schedule of Bonds and Loans Payable (Continued)**

	Date of Issue	Interest Rate	Maturity Date	Authorized and Issued	Outstanding Principal June 30, 2012	Maturities During Year	Refunding During Fiscal 12/13	New Issues	Outstanding June 30, 2013
<b>Enterprise Funds</b>									
<b>Bonds Payable</b>									
<b>WATER</b>									
Water-Refunding	6/1/2002	3.0/5.0	10/15/2014	\$ 985,358	\$ 176,680	\$ (74,725)	\$ -	\$ -	\$ 101,955
Water	6/15/2003	2.5/5.0	6/15/2023	1,500,000	983,400	(71,400)	-	-	912,000
Water-Refunding	4/30/2008	3.5/4.2	8/1/2017	45,714	25,000	(5,179)	-	-	19,821
Water-Refunding	5/26/2011	3.0/5.0	1/15/2022	319,171	319,171	-	-	-	319,171
<b>Total Water Bonds Payable</b>				<b>2,850,243</b>	<b>1,504,251</b>	<b>(151,304)</b>	<b>-</b>	<b>-</b>	<b>1,352,947</b>
<b>SEWER</b>									
Sewer-Refunding	6/1/2002	3.0/5.0	10/15/2014	582,467	104,440	(44,172)	-	-	60,268
Sewer	6/15/2003	2.5/5.0	6/15/2023	1,000,000	655,600	(47,600)	-	-	608,000
Sewer	8/15/2004	3.0/4.75	8/15/2024	1,000,000	756,000	(42,400)	-	-	713,600
Sewer	1/15/2006	3.75/5.0	1/15/2026	15,000,000	11,790,000	(620,000)	-	-	11,170,000
Sewer-Refunding	4/30/2008	3.5/4.2	8/1/2017	3,066,990	1,900,952	(338,387)	-	-	1,562,565
Sewer-Refunding	5/26/2011	3.0/5.0	1/15/2022	2,164,129	2,149,469	(138,889)	-	-	2,010,580
<b>Total Sewer Bonds Payable</b>				<b>22,813,586</b>	<b>17,356,461</b>	<b>(1,231,448)</b>	<b>-</b>	<b>-</b>	<b>16,125,013</b>
<b>TOTAL BONDS PAYABLE</b>				<b>\$ 25,663,829</b>	<b>\$ 18,860,712</b>	<b>\$ (1,382,752)</b>	<b># \$ -</b>	<b>\$ -</b>	<b>\$ 17,477,960</b>
<b>Loans Payable</b>									
PLUS SRF - 1ST	3/12/1992	3.16	9/1/2013	\$ 3,500,000	\$ 350,000	\$ (175,000)	\$ -	\$ -	\$ 175,000
PLUS SRF - 2ND	3/1/1993	3.11	9/1/2015	3,100,000	808,000	(191,250)	-	-	616,750
PLUS SRF - 3RD	12/28/1995	2.82	9/1/2016	3,996,000	999,000	(199,800)	-	-	799,200
PLUS SRF - 4TH	4/1/1997	2.97	9/1/2016	10,000,000	2,631,579	(526,316)	-	-	2,105,263
PLUS SRF - 5TH	6/26/1998	2.57	9/1/2019	10,200,000	4,662,310	(522,806)	-	-	4,139,504
PLUS SRF - 6TH	8/25/1999	2.84	9/1/2019	14,750,000	7,475,939	(845,621)	-	-	6,630,318
PLUS SRF - 7TH	12/19/2000	2.9	9/1/2020	20,232,323	10,540,718	(1,041,736)	-	-	9,498,982
PLUS SRF - 8TH	4/25/2002	1.25	9/1/2022	12,000,000	7,460,847	(582,764)	-	-	6,878,083
PLUS SRF - 9TH	10/24/2002	1	9/1/2022	20,000,000	12,706,097	(1,017,522)	-	-	11,688,575
PLUS SRF - 10TH	11/13/2003	1.34	9/1/2024	20,000,000	13,793,000	(942,000)	-	-	12,851,000
PLUS SRF - 11TH	12/30/2004	1.4	9/1/2025	20,000,000	14,706,000	(930,000)	-	-	13,776,000
PLUS SRF - 12TH	12/15/2005	1.41	9/1/2026	5,000,000	3,750,000	(250,000)	-	-	3,500,000
PLUS SRF - 13TH	12/21/2006	1.27	9/1/2027	9,500,000	7,600,000	(475,000)	-	-	7,125,000
PLUS SRF - 14TH	12/12/2007	1.685/2.145	9/1/2026	6,942,000	5,901,000	(347,000)	-	-	5,554,000
PLUS SRF - 15TH	10/6/2009	1.26/3.35	9/1/2029	1,169,026	1,052,785	(58,120)	-	-	994,665
Sewer Conduit	4/30/2008	4.85	3/1/2008	4,000,000	3,465,000	(150,000)	-	-	3,315,000
Sewer Conduit	6/26/2012	3.29	8/1/2022	2,400,000	2,400,000	(1,000)	-	-	2,399,000
<b>TOTAL LOANS PAYABLE</b>				<b>\$ 166,789,349</b>	<b>\$ 100,302,275</b>	<b>\$ (8,255,935)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 92,046,340</b>

*(CONTINUED)*

CITY OF WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**7. LONG-TERM LIABILITIES (CONTINUED)**

**(c) Debt Maturity**

Debt service requirements at June 30, 2013 was as follows:

**GOVERNMENTAL ACTIVITIES**

**General Obligation Debt**

<u>Year Ended</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 4,742,606	\$ 1,694,890	\$ 6,437,496
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
Total	<u>\$ 50,992,040</u>	<u>\$ 10,033,473</u>	<u>\$ 61,025,513</u>

**BUSINESS-TYPE ACTIVITIES**

**General Obligation Debt**

<u>Year Ended</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 1,462,394	\$ 719,232	\$ 2,181,626
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
Total	<u>\$ 17,477,960</u>	<u>\$ 4,812,783</u>	<u>\$ 22,290,743</u>

(CONTINUED)

CITY OF WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

**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 in 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 \$1,015,000 to retire the debts in 2027. These restricted funds are shown as restricted fund balance within the debt service fund.

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

<b>\$3,908,000 Revenue Bond</b>			<b>\$4,212,000 Revenue Bond</b>		
Year Ended	Required Sinking	Actual Sinking	Year Ended	Required Sinking	Actual Sinking
<u>June 30,</u>	<u>Fund Deposits</u>	<u>Fund Deposits</u>	<u>June 30,</u>	<u>Fund Deposits</u>	<u>Fund Deposits</u>
	<u>Principal</u>			<u>Principal</u>	
2012	\$ 244,250	\$ 244,250	2012	\$ 263,250	\$ 263,250
2013	244,250	244,250	2013	263,250	263,250
2014	244,250		2014	263,250	
2015	244,250		2015	263,250	
2016	244,250		2016	263,250	
2017	244,250		2017	263,250	
2018	244,250		2018	263,250	
2019	244,250		2019	263,250	
2020	244,250		2020	263,250	
2021	244,250		2021	263,250	
2022	244,250		2022	263,250	
2023	244,250		2023	263,250	
2024	244,250		2024	263,250	
2025	244,250		2025	263,250	
2026	244,250		2026	263,250	
2027	244,250		2027	263,250	
<b>TOTAL</b>	<b>\$ 3,908,000</b>	<b>\$ 488,500</b>	<b>TOTAL</b>	<b>\$ 4,212,000</b>	<b>\$ 526,500</b>

(CONTINUED)

**CITY OF WARWICK, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

**7. LONG-TERM LIABILITIES (CONTINUED)**

**(d) Loans Payable**

The City of Warwick has entered into seventeen 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, 2013:

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%	March 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

\*-SRF/Stimulus Loan – Shown net of \$178,601 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, 2013, loans payable of \$92,046,340 are reflected in the sewer fund. A due from the Rhode Island Clean Water Protection Finance Agency of \$92,249 is shown for that portion of the loans which has not been advanced as of June 30, 2013. The City is responsible to draw down and to repay the full amount of the loan.

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

Fiscal Year Ending June 30,	Principal	Interest
2014	\$ 8,620,185	\$ 2,104,027
2015	8,620,898	1,888,643
2016	8,795,167	1,670,548
2017	8,760,336	1,450,710
2018	8,215,886	1,241,397
2019-2023	35,932,408	3,394,686
2024-2028	12,629,603	694,392
2029-2030	471,857	7,963
	<u>\$ 92,046,340</u>	<u>\$ 12,452,366</u>

(CONTINUED)

**CITY OF WARWICK, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

**7. LONG-TERM LIABILITIES (CONTINUED)**

**(d) Loans Payable (Continued)**

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, 2013. 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 and June 26, 2012 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 requirements relating to outstanding bond and loan obligations consist of the following:

<u>Year Ended</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 10,082,579	\$ 2,823,259	\$ 12,905,838
2015	10,124,118	2,551,751	12,675,869
2016	10,274,916	2,275,431	12,550,347
2017	10,301,857	1,993,681	12,295,538
2018	9,719,759	1,719,682	11,439,441
2019-2023	42,599,211	4,918,264	47,517,475
2024-2028	15,950,003	975,118	16,925,121
2029-2030	471,857	7,963	479,820
Total	<u>\$ 109,524,300</u>	<u>\$ 17,265,149</u>	<u>\$ 126,789,449</u>

*(CONTINUED)*

CITY OF WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

**7. LONG-TERM LIABILITIES (CONTINUED)**

**(f) Bonds Authorized but Unissued**

Bonds authorized but unissued at June 30, 2013 was as follows:

Purpose	Statutory Authorization	Authorized But Unissued Debt
Incinerator Purposes	P.L. Ch. 33-1966	\$ 1,900,000
Energy Conservation	P.L. Ch. 65-1980	600,000
Sewer Improvements	P.L. Ch. 223-1994	417,677
Open Space	P.L. Ch. 77-2000	175,000
Open Space	P.L. Ch. 125/479-2006	2,000,000
Recreation	P.L. Ch. 77-2000	500,000
Parks and Recreation	P.L. Ch. 74/147-2006	3,500,000
Drainage	P.L. Ch. 78-2002	3,000,000
Building Repairs	P.L. Ch. 426/527-2006	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 lease consists of two leases for various vehicles and equipment. The City may purchase 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.

Obligation of Governmental Activities under capital leases at June 30, 2013 was as follows:

<b>Fiscal Year Ended June 30,</b>	<b>Lease Payment Required</b>
2014	\$ 359,832
2015	359,832
2016	359,832
Future Minimum Rental Commitments	<u>1,079,496</u>
Interest Portion of Payments	40,164
Principal Portion of Payments	<u>\$ 1,039,332</u>

**8. OPERATING LEASES**

The School Department entered into an operating lease for equipment in 2013. The operating lease is for 36 months and started on July 1, 2012. Rental expenditures relating to the operating lease were approximately \$1,590 in fiscal year 2013.

*(CONTINUED)*

CITY OF WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

**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 on behalf of another fund or may simply be the result of pooling financial resources to maximize investment income. The composition of interfund balances at June 30, 2013 is as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
<b>General Fund</b>	\$ 13,816,904	\$ 18,357,052
<b>School Unrestricted Fund</b>	12,954,071	-
<b>Non Governmental Funds:</b>		
Special Detail Fund	82,445	
City Clerk Restricted Fund	891,276	
Emergency Operations City	926,581	
Warwick Public Library Restricted Fund		17,895
Community Benefit Fund		245
Sewer Connection Grants		3,798
Excess Hotel Tax Fund		87,064
Mooring Fee Reserve Fund	20,137	
Senior Center Gift Shop		649
JAG Grant		5,969
Drug Seizure Fund	33,681	
State Asset Forfeiture Fund	4,858	
Community Development Block Grant IDEA		24,377
IDEA Pre-School		999,180
IDEA Pre-School Targeted	251	28,744
Title I		377,465
Title II		173,503
E2T2 Training Consortium ARRA	44	
Title III		10,334
Perkins Voc Odd Year		106,831
Fresh Fruit/Veg Program		12,818
Homeless Odd Year		13,336
Big Yellow Bus	1,610	
Smart Arts	220	
Scott Tech Donations	2,434	
Esther Tech Donations		1,496
Mary Maini Memorial Fund	50	
City/town Contribution Sports	4,990	
Injury fund	853	
Emergency Repairs - Tech	1,407	
Champlin Aldrich/Gorton	3,306	
Champlin Comp	148	
Feinstein	58,762	
Rhode Island Foundation	1,959	
Harris Foundation	2,096	
Verizon Thinkfinity	5,000	

(CONTINUED)

CITY OF WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

**9. INTERFUND RECEIVABLES AND PAYABLES (CONTINUED)**

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Walmart	67	
Dorothy Rich Association	651	
Media Labs at Rhodes	1,908	
RIPIN	2,234	
Reading Excellence	83	
Soc Skills for Life-Vets	113	
Alt Learn Program	30	
City-Town Center	660	
Cedar Hill Library Books	212	
PTO Donation	35,332	
C.A.S.I.T Italian Program	872	
Race to the Top		36,465
School Lunch		13,321
The Jason Fund		1,600
VSA Arts		1,000
CTE Odd Year	123,749	
Art Talks Sherman	750	
2000 Open Space Bond Fund		30
2006 School Bond Fund		3,375
2002 Drainage Bond Fund		490,351
2002 Public Safety Bond Fund		6,376
2006 City Buildings Bond Fund	133,994	
Capital Leases		1,436,543
<b>Total Non Governmental Funds</b>	<u>2,342,763</u>	<u>3,852,765</u>
<b>Major Enterprise Funds:</b>		
Sewer Fund	481,195	8,090,262
Sewer Assessment Fund		413,836
Water Fund		3,795,126
<b>Total Major Enterprise Funds</b>	<u>481,195</u>	<u>12,299,224</u>
<b>Non-Major Enterprise Funds:</b>		
Emergency Operations Enterprise Fund		7,617
On-Site Revolving Loan Fund	3,228	
Sewer Infrastructure Replacement Fund		27,477
Sewer Renewal & Replacement Fund	2,128,066	
Water Renewal & Replacement Fund	750,000	
Water Restricted Emergency Fund	250,000	
Water Infrastructure Replacement Fund	2,000,000	
<b>Total Non-Major Enterprise Funds</b>	<u>5,131,294</u>	<u>35,094</u>
<b>Internal Service Funds:</b>		
Workers Compensation Fund	45,000	
Internal Service City		227,092
<b>Total Internal Service Funds</b>	<u>45,000</u>	<u>227,092</u>
<b>TOTALS</b>	<u>\$ 34,771,227</u>	<u>\$ 34,771,227</u>

(CONTINUED)

CITY OF WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**10. FUND EQUITY BALANCE**

(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, 2013 Nonspendable Fund Balance consisted of the following:

**MAJOR GOVERNMENTAL FUNDS:**

**General Fund:**

Prepaid Expenditures \$ 214,650

At June 30, 2013 Restricted Fund Balance consisted of the following:

**MAJOR GOVERNMENTAL FUNDS:**

**School Unrestricted Fund:**

Education \$ 119,775

**NONMAJOR GOVERNMENTAL FUNDS:**

**Special Revenue Funds:**

Public Safety \$ 39,693  
Maintenance of historical records 887,181  
Emergency operations FEMA 920,312  
Library Operations 161,544  
Open space acquisition 257,147  
Sewer Connections assistance 37,187  
State hotel tax exceeding current year tourism expenditures 207,120  
Waterfront safety 177,902  
Pilgrim Senior Center 35,508  
Drug related property seizures 163,137  
Entitlement Community program of U.S. Housing 170,871  
CDBG Seed program 92,944  
Education 407,448  
3,557,994

**Capital Project Funds:**

Open Space acquisition 362,060  
School capital improvements 3,614,839  
Capital improvements to municipal facilities 133,987  
4,110,886

**Debt Service Fund** 1,015,000

**Total NonMajor Governmental Funds** \$ 8,683,880

(CONTINUED)

CITY OF WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

**10. FUND EQUITY BALANCE (CONTINUED)**

(a) *Fund Balances (Continued)*

At June 30, 2013 Committed Fund Balance consisted of the following:

**MAJOR GOVERNMENTAL FUNDS:**

**General Fund:**

Education	\$ 4,076,648
Encumbrances	612,630
<b>Total Major Governmental Funds</b>	<b><u>\$ 4,689,278</u></b>

At June 30, 2013 Assigned Fund Balance consisted of the following:

**MAJOR GOVERNMENTAL FUNDS:**

**General Fund:**

Education Programs	\$ 35,685
<b>Total Major Governmental Funds</b>	<b><u>\$ 35,685</u></b>

(b) *Fund Deficits*

The following funds had fund deficits at June 30, 2013:

**MAJOR GOVERNMENTAL FUNDS:**

**Non-major Governmental funds:**

Capital Leases	\$ 1,425,201
<b>Total Fund Deficits</b>	<b><u>\$ 1,425,201</u></b>

(c) *Operating Deficits*

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

The following individual funds had operating deficits for the year ending June 30, 2013, but still maintained positive fund balances:

**Major Governmental Funds:**

School Unrestricted Fund	\$ 127,259
<b>Total Major Governmental Funds</b>	<b><u>\$ 127,259</u></b>

(CONTINUED)

CITY OF WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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**10. FUND EQUITY BALANCE (CONTINUED)**

(c) *Operating Deficits (Continued)*

**Non-Major Governmental Funds:**

**Special Revenue Funds:**

Special Detail Fund	\$ 86,643
Warwick Public Library Fund	4,705
Community Benefit Fund	244
Sewer Connection Grant	14,846
Excess Hotel Tax Fund	86,424
Drug Seizure Fund	31,207
CDBG Fund	276,969
Big Yellow Bus	520
Arts Dalmation	318
Emergency Repairs Tech	9,838
Harris Foundation	10,090
Cedar Hill Library Books	807
C.A.S.I.T Italian Program	379
Capital Project Generator Fund	390

**Capital Project Funds:**

2002 Public Safety Bond Fund	6,375
Capital Leases	1,436,293
<b>Total deficits Non-Major Governemental Funds</b>	<u><u>\$ 1,966,048</u></u>

**Non-Major Business-Type Activities:**

Sewer Infrastructure Replacement Fund	\$ 58,878
Water Restricted Emergency Fund	11,896
Water Infrastructure Replacement Fund	94,163
<b>Total deficits Non-Major Business-Type Funds</b>	<u><u>\$ 164,937</u></u>

(CONTINUED)

CITY OF WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**11. INTERFUND TRANSFERS**

The principal purpose of interfund transfers is to provide a financing source to various funds that may not have the ability to cover all costs with revenue generated by the fund. The composition of interfund transfers for the year ended June 30, 2013 is as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
<b>Major Funds:</b>		
General Fund:	\$ 428,955	\$ 124,487,576
School Unrestricted Fund	117,440,042	1,137,150
Debt Service fund	6,841,230	-
Sewer Fund	5,114,325	5,228
Sewer Assessment Fund	-	4,946,552
Water Fund	69,900	
<b>Non-major Funds:</b>		
Enterprise Funds	71,784	261,707
Special Revenue Funds	1,147,617	1,011,489
Capital project funds	742,224	6,375
<b>Totals</b>	<u>\$ 131,856,077</u>	<u>\$ 131,856,077</u>

(CONTINUED)

CITY OF WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**12. DEFINED BENEFIT PENSION PLANS**

**(a) City Employees' Pension Plan**

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 6 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 Employees' Pension Plan.

As of July 1, 2012 employee membership data related to the pension plan was as follows:

Active Members	365
Retirees and beneficiaries	348
Terminated vested investments	16
Non-vested terminated members	2
	<u>731</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 attained age 65 and have reached their fifth anniversary of participation may retire. The normal monthly retirement benefit is equal to 2.50% of 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 total 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 attainment of age 55 with at least 6 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 for months in excess of sixty. If the sum of the retired member's years of age plus service is at least equal to 80, there is no reduction for early commencement. The provision for late retirement is continued employment beyond normal retirement. The retirement benefit for late retirement is the same as the normal retirement benefit formula determined as of the member's actual retirement date.

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

*(CONTINUED)*

**12. DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**(a) City Employees' Pension Plan (Continued)**

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 of 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).

Funding Policy – Non-elected plan members contribute 8% of their annual base compensation and longevity compensation and elected plan members contribute 8% of their annual base compensation plus \$20 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.

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 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 cost, which approximates fair value; Securities traded on national or international exchange are valued at the last reported sales price at current exchange rates.

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(CONTINUED)

**CITY OF WARWICK, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

**12. DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**(a) City Employees' Pension Plan (Continued)**

Annual Pension Cost and Net Pension Obligation

The City's annual pension cost and net pension obligation to the City Employees' Pension Plan for the current year are as follows:

Annual Required Contribution	\$	5,193,131
Annual Pension Cost		<u>5,193,131</u>
Contributions Made		<u>(5,193,131)</u>
Increase (Decrease) in net pension obligation		-
Net pension obligation, beginning of year		-
Net pension obligation, end of year	\$	<u><u>-</u></u>

Payment of this item is in transit at year-end and therefore accrued in the entity wide financial statements.

The City's annual contribution to the plan was determined as part of the July 1, 2012 actuarial valuation, which utilized the Entry Age Normal Cost Method. The City's annual contribution to the plan is actuarially determined and is based upon a funding policy which provides for the payment of the normal cost with interest plus an amount which will amortize the unfunded actuarial accrued liability. Increases or decreases in the actuarial accrued liability attributable to plan changes, changes in assumptions or methods, or experience gains or losses are amortized as a level percentage of pay over a 20 year period from the date they are determined. The amortization period remaining on the unfunded actuarial liability at July 1, 2010 was 17 years on a closed basis. The actuarial assumptions included a) 7.5% investment rate of return (net of investment expenses) and b) projected salary increases of 4%, which includes a 2.75% price inflation adjustment and a 1.25% general increase. This valuation did not include COLA increases. The assumptions did not include post-retirement health insurance benefit increases, which are funded by the City on a pay-as-you-go basis. Assets used for the purpose of determining the contribution level are equal to the fair market value of assets adjusted to recognize the difference between actual investment return and expected return over a five year period at 20% per year.

FISCAL YEAR ENDING	ANNUAL PENSION COST (APC)	PERCENTAGE OF (ARC) CONTRIBUTED	NET PENSION OBLIGATION
6/30/2011	\$ 4,132,177	100%	-
6/30/2012	\$ 5,013,957	100%	-
6/30/2013	\$ 5,193,131	100%	-

(CONTINUED)

CITY OF WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

**12. DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**(a) City Employees' Pension Plan (Continued)**

Funded Status and Funding Progress

As of July 1, 2012, the most recent actuarial valuation date, the plan was 69.5% funded. The actuarial accrued liability for benefits was \$130,992,110 and the actuarial value of assets was \$91,055,537, resulting in an unfunded actuarial accrued liability (UAAL) of \$39,936,573. The covered payroll (annual payroll of active employees covered by the plan) was \$18,615,925 and the ratio of the UAAL to covered payroll was 214.5%.

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

**(b) Police Pension II Plan**

Plan Description - The City of Warwick's Police Pension II 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. 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.

As of July 1, 2011, employees' membership data related to the pension plan was as follows:

Active Members	158
Retirees and beneficiaries	143
Non-vested terminated members	0
	<u>301</u>

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 20<sup>th</sup> and 25<sup>th</sup> years, and annual increases of 3 percent between the 26<sup>th</sup> and 30<sup>th</sup> years. For pension purposes, annual salary includes regular, longevity, and holiday pay.

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

A member who is unable to perform active duty as a result of a 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 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 years of service will receive a lump sum payment of accumulated contributions without interest. For termination after the completion of ten years of service but prior to eligibility for retirement, the employee is eligible for a deferred benefit equal to 2-1/2 percent of annual salary at termination, multiplied by the number of full years of service, payable on the 20<sup>th</sup> anniversary of employment.

(CONTINUED)

CITY OF WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**12. DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**(b) Police Pension II Plan (Continued)**

The plan provides death benefits to a participant's spouse and dependents that 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 this percentage to 67.5%. For a 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 earlier 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 GASB 27 requirements as it includes a 20, 25, 30-year amortization of the unfunded actuarial liability as a level percentage of payroll. Administrative costs are net against investment return in the actuarial valuation.

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

Annual Pension Cost and Net Pension Obligation

The City's annual pension cost and net pension obligation to the Police II Pension Plan for the current year are as follows:

Annual Required Contribution	\$ 3,460,237
Interest on ARC	29,029
Adjustments to ARC	(31,015)
Annual Pension Cost	3,458,251
Contributions Made	(3,165,799)
Other Adjustments	
Increase (Decrease) in net pension obligation	292,452
Net Pension obligation, beginning of year	362,860
Net Pension obligation, end of year	\$ 655,312

*(CONTINUED)*

CITY OF WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

**12. DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**(b) Police Pension II Plan (Continued)**

The City's annual contribution to the plan was determined as part of the July 1, 2011 actuarial valuation using the Entry Age Normal Cost method and is based upon a funding policy which provides for the payment of the normal cost with interest plus a 20, 25, 30-year amortization of the unfunded actuarial accrued liability as of July 1, 1989 as a level percentage of pay plus 25-year amortizations of changes in the unfunded actuarial accrued liability attributable to plan amendments, changes in actuarial methods or assumptions, and actuarial experience gains or losses as a level percentage of payroll. This funding policy is based on the City's pension ordinance. The City has funded 100% of the Annual Required Contribution as stated in the City's pension ordinance. The funding policy does not comply with GASB No. 27 that requires the annual required contribution be determined using an amortization period not in excess of 30 years. GASB Statement No. 27 also required amortization payments in a closed plan, such as this one, either be based on a level-payment approach or reflect the expected decrease in future payroll for the closed active group. The above annual required contribution was computed using a 30-year level payment amount as required by GASB. The amortization period remaining on the unfunded actuarial accrued liability at July 1, 2011 was 28 years on a closed basis. The actuarial assumptions included a) 7.50% investment rate of return (net of investment and administrative expenses), and b) projected salary increases of 4.25% per year, which includes a 2.75% price inflation assumption and a 1.50% additional general increase. And c) cost-of-living increases indexed in accordance with the base salary increases provided to active employees. The assumptions did not include post-retirement health insurance benefit increases, which are funded by the City on a pay-as-you-go basis. Assets used for the purpose of determining the contribution level are equal to the fair market value of assets adjusted to recognize the difference between actual investment return and expected return over a five-year period at 20% per year.

FISCAL YEAR ENDING	ANNUAL PENSION COST (APC)	AMOUNT CONTRIBUTED	PERCENTAGE OF (ARC) CONTRIBUTED	NET PENSION OBLIGATION
6/30/2011	\$ 2,830,148	\$ 2,651,567	94%	\$ 178,582
6/30/2012	\$ 2,934,946	\$ 2,750,667	94%	\$ 362,860
6/30/2013	\$ 3,458,251	\$ 3,165,799	92%	\$ 655,312

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the plan was 86.5% funded. The actuarial accrued liability for benefits was \$162,563,786, and the actuarial value of the assets was \$140,644,601, resulting in an unfunded actuarial accrued liability (UAAL) of \$21,919,185. The covered payroll (annual payroll of active employees covered by the plan) was \$11,082,010, and the ratio of the UAAL to covered payroll was 197.79%.

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

(CONTINUED)

CITY OF WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**12. DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**(c) Police Pension I and Fire Pension Plan**

Plan Description - The City of Warwick's Police Pension I and Fire Pension Plan covers all City police officers who 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. 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 Employee's Pension Plan.

As of July 1, 2011, employees' membership data related to the pension plan was as follows:

	<u>Police</u>	<u>Fire</u>
Active Members	1	64
Retirees and beneficiaries	109	281
	<u>110</u>	<u>345</u>

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

Benefit Provisions – Firefighters – Participating firefighters in the plan who have completed twenty years of service are eligible for retirement. The normal retirement benefit for fire department participants is 50 percent of highest annual salary plus 1% of salary for each year of service in excess of 20 years (maximum 10). 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 3% 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 incapacitated, is eligible for disability retirement. The service related disability benefit for disabilities involving heart, lung, cancer or other Social Security disabilities is 66-2/3 percent of 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 salary. The other service related and non-service related disability benefit is equal to 50% of highest 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 completion of ten years of service but prior to eligibility for retirement, the employee is eligible for a deferred benefit equal to 2-1/2 percent of highest annual salary, multiplied by the number of full years of service, payable on the 20<sup>th</sup> anniversary of employment.

The plan provides death benefits to a participant's spouse and dependents that 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 this percentage to 67.5%. The non-service related death benefit is 30% of the deceased member's highest annual salary, payable to the surviving spouse until death or earlier remarriage. 10% of the deceased member's highest annual salary is payable to each surviving child until the age of 18 (or for life if such child is permanently disabled prior to the member's death). The maximum family death benefit is 75% of the deceased's highest annual salary for service related to deaths and 50% of highest annual salary for non-service related deaths. 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.

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CITY OF WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**12. DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**(c) Police Pension I and Fire Pension Plan (Continued)**

Benefit Provisions – 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 GASB 27 requirements as it includes a 40-year amortization of the unfunded actuarial liability as a level percentage of payroll. Administrative costs are net against investment return in the actuarial valuation.

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 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 cost, which approximates fair value. Securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates.

Annual Pension Cost and Net Pension Obligation

The City's annual pension cost and net pension obligation to the Police I and Fire Pension Plan for the current year are as follows:

Annual Required Contribution	\$ 21,122,807
Interest on ARC	3,277,939
Adjustments to ARC	(3,502,241)
Annual Pension Cost	20,898,505
Contributions Made	(14,276,545)
Increase (Decrease) in net pension obligation	6,621,960
Net Pension obligation, beginning of year	40,974,233
Net Pension obligation, end of year	<u>\$ 47,596,193</u>

(CONTINUED)

**CITY OF WARWICK, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

**12. DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**(c) Police Pension I and Fire Pension Plan (Continued)**

Annual Pension Cost and Net Pension Obligation (Continued)

The City's annual contribution to the plan was determined as part of the July 1, 2011 actuarial valuation using the Entry Age Normal Actuarial Cost method and is based upon a funding policy which provides for the payment of the normal cost plus an amount which will amortize the July 1, 1995 unfunded actuarial accrued liability as a level percentage of payroll over a 40 year period ending June 30, 2035 plus 20-year amortization of experience gains or losses, method changes, assumption changes or plan changes since July 1, 1995 as a level percentage of payroll. This funding policy is based on the City's pension ordinance. The City has funded 100% of the Annual Required Contribution as stated in the City's pension ordinance. The funding policy does not comply with GASB No. 27 that requires the annual required contribution be determined using an amortization period not in excess of 30 years. GASB Statement No. 27 also required amortization payments in a closed plan, such as this one, either be based on a level-payment approach or reflect the expected decrease in future payroll for the closed active group. The above annual required contribution was computed using a 30-year level payment amount as required by GASB. The amortization period remaining on the unfunded actuarial accrued liability at July 1, 1995 was 22 years on a closed basis. The actuarial assumptions included a) 7.5% investment rate of return (net of investment and administrative expenses), and b) projected salary increases of 4.25% per year, which includes a 2.75% price inflation assumption and a 1.50% additional general increase, c) cost-of-living increases indexed in accordance with the base salary increases provided to active employees. The assumptions did not include post-retirement health insurance benefit increases, which are funded by the City on a pay-as-you-go basis. Assets used for the purposes of determining the contribution level are equal to the fair market value of assets, adjusted to recognize the difference between actual investment return and expected return over a five-year period at 20% per year.

<u>FISCAL YEAR ENDING</u>	<u>ANNUAL PENSION COST (APC)</u>	<u>AMOUNT CONTRIBUTED</u>	<u>PERCENTAGE OF (ARC) CONTRIBUTED</u>	<u>NET PENSION OBLIGATION</u>
6/30/2011	\$ 19,866,440	\$ 12,984,590	65.4%	\$ 34,567,974
6/30/2012	\$ 19,910,232	\$ 13,503,973	67.8%	\$ 40,974,233
6/30/2013	\$ 20,898,505	\$ 14,276,545	68.3%	\$ 47,596,193

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the plan was 22.3% funded. The actuarial accrued liability for benefits was \$311,707,868, and the actuarial value of the assets was \$69,580,218, resulting in an unfunded actuarial accrued liability (UAAL) of \$242,127,650. The covered payroll (annual payroll of active employees covered by the plan) was \$5,604,595, and the ratio of the UAAL (funding excess) to cover payroll was 4,320.2%

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

(CONTINUED)

CITY OF WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**12. DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**(d) Fire Pension II Plan**

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, 2011 employees' membership date related to the pension plan was as follows:

Active Members	138
Retirees and beneficiaries	5
	<u>143</u>

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

Benefit Provision – 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 average salary for each year of service in excess of 20 up to 25, plus 3% for each year of service from 25 to 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 disabilities is 66 2/3% of the member's average salary reduced for each dollar of earned income in excess of the salary the member would earn as an active employee, to a minimum of 50% of salary. The benefit for other service related and non-service related disabilities is 50% of the member's average salary.

The plan provides death benefits to a member's spouse and dependents for those members who die 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 this percentage to 67.5%. The non-service related death benefit is 30% of the deceased member's average salary, payable to the surviving spouse until death or earlier remarriage. 10% of the deceased member's average salary is payable to each surviving child until the age of 18 (or for life if such child is permanently disabled prior to the member's death). The maximum family death benefit is 75% of the deceased's average salary for service related deaths and 50% of average salary for non-service related deaths. 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 completion of 10 years of creditable service will receive a lump sum payment of his or her accumulated contributions without interest.

*(CONTINUED)*

CITY OF WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

**12. DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**(d) Fire Pension II Plan (Continued)**

Funding Policy – Active plan members contribute a percentage of their covered earnings (regular, holiday and longevity) equal to 1/3 of the actuarially determined contribution rate. The City is required to contribute 2/3 of the actuarially determined contribution rate. Administrative costs are net against investment return in the actuarial valuation. For fiscal year 2010-2011, employees were required to contribute 12.33% and the city was required to contribute 24.67% of covered earnings. Fire II is 78% funded.

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 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 cost, which approximates fair value. Securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates.

The City's annual pension cost and net pension obligation to the Fire II Pension Plan for the current year are as follows:

Annual Required Contribution	\$ 2,647,136
Annual Pension Cost	2,647,136
Contributions Made	(2,647,136)
Increase (Decrease) in net pension obligation	-
Net Pension obligation, beginning of year	-
Net Pension obligation, end of year	\$ -

The City's annual contribution to the plan was determined as part of the July 1, 2011 actuarial valuation using the Entry Age Normal Actuarial Cost method and is equal to the sum of the following a) normal cost with interest and b) the sum of the 20-year amortizations of any changes in the unfunded actuarial accrued liability after May 29, 1992 attributable to plan amendments, actuarial methods or assumption changes or experience gains or losses as a level percentage of pay. These amounts are amortized with annual percentage increases equal to the base pay increase assumption. The actuarial assumptions included a) 7.5% investment rate of return (net of investment and administrative expenses), and b) projected salary increases of 4.25%, which includes a 2.75% price inflation assumption and a 1.50% additional general increase, c) cost-of-living increases indexed in accordance with the base salary increases provided to active employees. The assumptions did not include post-retirement health insurance benefit increases, which are funded by the City on a pay-as-you-go basis. Assets used for the purpose of determining the contribution level are equal to the fair market value of the assets, adjusted to recognize the difference between actual investment return and expected return over a five-year period at 20% per year.

FISCAL YEAR ENDING	ANNUAL PENSION COST (APC)	PERCENTAGE OF (ARC) CONTRIBUTED	NET PENSION OBLIGATION
6/30/2011	\$ 1,852,264	100%	\$ -
6/30/2012	\$ 1,998,729	100%	\$ -
6/30/2013	\$ 2,647,136	100%	\$ -

*(CONTINUED)*

**12. DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**(d) Fire Pension II Plan (Continued)**

Funded Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the plan was 78% funded. The actuarial accrued liability for benefits was \$31,782,763, and the actuarial value of the assets was \$24,781,826, resulting in an unfunded actuarial accrued liability (UAAL) of \$7,000,937. The covered payroll (annual payroll of active employees covered by the plan) was \$9,354,240, and the ratio of the UAAL (funding excess) to cover payroll was 74.84%.

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

**(e) Teacher's Pension Plan – Employees' Retirement System (ERS)**

Effective July 1, 2012, 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 funding policy is outlined in RIGL sections 16-16-22 and 36-10-2 (which can be amended by the Rhode Island General Assembly). Active plan members must contribute 3.75% of his/her compensation. The School Department and the State are collectively required to contribute at an actuarially determined rate expressed as a percentage of total compensation paid to the active membership. The employer contribution is split and paid 40% by the State and 60% by the school district with the exception of teachers who work in federally funded programs where 100% is paid by the school district and reimbursed by the federal government. For fiscal 2013, the total employer rate 19.29% (7.88% State share and 11.41% local share). The State share of the employer contribution rate includes the total cost of prior contribution deferrals which was .28% for fiscal 2013.

12. **DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**(e) Teacher's Pension Plan – Employees' Retirement System (ERS)(Continued)**

**Funding Policy (Continued)**

The School contributed approximately \$9,288,000, \$10,950,000 and 10,325,000 during the fiscal years 2013, 2012 and 2011, 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, 2013 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 rates for female teachers in a GRS table projected with Scale AA 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 4% 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 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 benefit.
- (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 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, 2012 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, Rhode Island or on-line at [www.ersri.org](http://www.ersri.org).

CITY OF WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**12. DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**(f) Warwick Public Schools Employees' Pension Plan**

*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. 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 covered 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 of July 1, 2013, employee membership data related to the pension plan is as follows:

Active Members	370
Terminated/Inactive/Disabled	21
Retirees and beneficiaries	82
	<u>473</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.

Funding Policy

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

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.

*(CONTINUED)*

CITY OF WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**12. DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**(f) Warwick Public Schools Employees' Pension Plan (Continued)**

Summary of Significant Accounting Policies (Continued)

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

Annual Pension Cost and Net Pension Obligation

The school's annual pension cost and net pension obligation to the Plan for the current year are as follows:

Annual Required Contribution	\$ 1,270,858
Interest on ARC	(36,670)
Adjustments to ARC	39,454
Annual Pension Cost	1,273,642
Contributions Made	(2,544,709)
Increase (Decrease) in net pension obligation	(1,271,067)
Net Pension obligation, beginning of year	(523,858)
Net Pension obligation, end of year	\$ (1,794,925)

The net pension obligation noted above represents a net pension obligation asset at June 30, 2012 and is recorded in the government-wide statement of net assets. This net pension obligation asset is netted against the net pension benefit obligations of the City's Police & Fire Pension I and the Police Pension II due to the fact that all three are related to pension plans administered by the City.

The school's annual contribution to the plan was determined as part of the July 1, 2012 actuarial valuation.

The actuarially determined contribution was calculated using the frozen initial liability cost method. Under this method, the annual cost is equal to the normal cost, plus amortization of unfunded accrued liabilities over a fixed period of years, selected with the minimum (10 years) and maximum (5 to 30 years) periods. The actuarial assumptions included a) 7% investment rate of return and b) projected salary increases of 3% c) no assumed cost-of-living increases. The assumptions did not include post-retirement health insurance benefit increases, which are funded by the Schools on a pay-as-you-go basis. Assets used for purposes of determining the contribution are equal to the current book value of the plan assets reported by Aetna, and the market value of assets reported by USI Securities, Inc., plus accrued contributions.

FISCAL YEAR ENDING	ANNUAL PENSION COST (APC)	ANNUAL AMOUNT CONTRIBUTED	PERCENTAGE OF (ARC) CONTRIBUTED	NET PENSION OBLIGATION
6/30/2011	\$ 1,717,116	\$ 1,616,913	94.2%	\$ 611,996
6/30/2012	\$ 1,409,097	\$ 2,544,951	180.6%	\$ (523,858)
6/30/2013	\$ 1,273,642	\$ 2,544,709	199.8%	\$ (1,794,925)

The School has an unfunded actuarial accrued liability which is disclosed in the schedule of funding progress.

(CONTINUED)

**12. DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**(f) Warwick Public Schools Employees' Pension Plan (Continued)**

Funded Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the plan was 82.43% funded. The actuarial accrued liability for benefits was \$38,122,681, and the actuarial value of the assets was \$31,423,797, resulting in an unfunded actuarial accrued liability (UAAL) of \$6,698,884. The covered payroll (annual payroll of active employees covered by the plan) was \$14,097,285, and the ratio of the UAAL to covered payroll was 47.52%.

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

**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 \$3,230,000 and \$646,000, respectively, during the fiscal year ended June 30, 2013.

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, 2013 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](http://www.ersri.org).

(CONTINUED)

**CITY OF WARWICK, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

**14. OTHER POST EMPLOYMENT BENEFIT OBLIGATIONS (OPEB)**

**A. Other Post-Employment Benefits – City**

*Plan Description*

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

*Funding Policy*

Contribution requirements are negotiated between the City and the respective unions. The City is required to contribute the cost of medical/drug and dental benefits, less the amount of any applicable co-payments in effect at the time of retirement. For the year ended June 30, 2013, 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, 2013, the City contributed \$7,191,700 (estimated) to the plan.

At July 1, 2011, membership consisted of:	<u>City, Police, Fire</u>
Active Employees:	729
Retired	713
Total	<u><u>1,442</u></u>

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	-	\$ 229,348,997	\$ 229,348,977	-	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

Actuarial Methods and Assumptions

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

Valuation Date:	July 1, 2011
Actuarial Cost Method:	Projected unit credit cost method
Asset Valuation Method:	Plan is currently unfunded
Payroll Growth Rate:	3.20%
Amortization Method:	30 years
Remaining Amortization Period:	29 years

*(CONTINUED)*

CITY OF WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

**14. OTHER POST EMPLOYMENT BENEFIT OBLIGATIONS (OPEB) (CONTINUED)**

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

Annual OPEB Cost and Net OPEB Obligation: Below are the required OPEB obligation presentations per GASB 45 for the period ending June 30, 2013:

Annual Required Contribution	\$ 22,929,800
Interest in OPEB	2,533,388
Adjustments to ARC	(3,591,526)
Annual OPEB Cost	<u>21,871,662</u>
Contributions Made	(7,191,700)
Increase in net OPEB obligation	<u>14,679,962</u>
OPEB obligation, beginning of year	63,334,707
OPEB obligation, end of year	<u><u>\$ 78,014,669</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 covers 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 years to 30 years depending on their date of hire. Other district employees are required to reach age 62 and have 25 years of service. Teaching employees contribute 20 to 60% for coverage depending on their date of hire. Other employees will contribute 20% for coverage. Spouses of teaching employees are not covered by the plan. Spouses of other district employees will contribute 20% for coverage. Surviving beneficiaries continue to receive access to the districts medical coverage through COBRA after the death of the retired employee. Survivors are required to pay the full costs of benefits.

*Funding Policy*

Contribution requirements are negotiated between the City and 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, 2013, 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, 2012, the Warwick School Department contributed \$2,637,067 (estimated) for its employees.

At July 1, 2011, membership consisted of:	<u>City</u>
Active Employees:	1,380
Retired	276
Total	<u><u>1,656</u></u>

*(CONTINUED)*

CITY OF WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

**14. OTHER POST EMPLOYMENT BENEFIT OBLIGATIONS (OPEB) (CONTINUED)**

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

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)	Estimated Covered Payroll (c)	UAAAL as a Percentage of Covered Payroll ((b-a)/c)
2009	-	\$ 41,643,649	\$ 41,643,649	-	\$93,823,003	44%
2010	-	\$ 42,722,906	\$ 42,722,906	-	\$95,699,463	45%
2011	-	\$ 37,833,649	\$ 37,833,649	-	\$97,613,452	39%
2012	-	\$ 39,359,679	\$ 39,359,679	-	\$99,565,721	40%

Actuarial Methods and Assumptions

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

Valuation Date:	July 1, 2011
Actuarial Cost Method:	Projected unit credit cost method
Asset Valuation Method:	Plan is currently unfunded
Payroll Growth Rate:	3.20%
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, 2013:

Annual Required Contribution	\$ 3,841,948
Interest in OPEB	448,550
Adjustments to ARC	(635,898)
Annual OPEB Cost	<u>3,654,600</u>
Contributions Made	(2,637,067)
Increase in net OPEB obligation	1,017,533
OPEB obligation, beginning of year	11,213,739
OPEB obligation, end of year	<u><u>\$ 12,231,272</u></u>

*(CONTINUED)*

**CITY OF WARWICK, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

**15. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES AND COMMITMENTS**

*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, 2013, 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 respect to these cases, if any, will be immaterial.

*Commitments*

The City of Warwick had several outstanding construction projects as of June 30, 2013. These projects are evidenced by contractual commitments with contractors and include:

CONTRACT	SPENT TO DATE	COMMITMENT REMAINING	FUNDING SOURCE(S)
BAYSIDE/LONGMEADOW DESIGN	\$ 617,651	\$ 203,788	SRF CAPITAL CONTRACTS
BAYSIDE/LONGMEADOW INSPECTION	287,140	98,170	SRF CAPITAL CONTRACTS
BAYSIDE/LONGMEADOW CONSTRUCTION	2,907,040	-	SRF CAPITAL CONTRACTS
NW GORTONS POND	162,188	22,639	SRF CAPITAL CONTRACTS
GOVERNOR FRANCIS III DESIGN	110,736	44,194	SRF CAPITAL CONTRACTS
AWT PHASE II - SUPPLEMENTAL GEOTECH	23,029	20,171	SRF CAPITAL CONTRACTS
AWT PHASE II - FACILITIES PLAN	285,659	13,309	SRF CAPITAL CONTRACTS
AWT II PHOSPHOROUS REMOVAL UPGRADE	645,823	18,177	SRF CAPITAL CONTRACTS
Grand Totals	<u>\$ 5,039,266</u>	<u>\$ 420,448</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 disallowances, if any, would be immaterial.

**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 statements.

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**CITY OF WARWICK, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

**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. Warwick 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 a maximum amount of insurance purchased, minus the City's deductible amounts. The Trust provides this insurance coverage through a pooled, self-insurance mechanism which includes reinsurance purchased by the Trust to protect against large, catastrophic claims above the losses the Trust retains internally for payment from the pooled contributions of its members.

There have been no significant reductions in insurance coverage during the year ended June 30, 2013 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:

	<b>Beginning Fiscal Year Liability</b>	<b>Curent Year Claims and Changes in Estimate</b>	<b>Claims Payments</b>	<b>Balance Fiscal Year End</b>
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

For its employer health insurance coverage, School Department has chosen to participate in the Health Benefits Project provided by the WB Community Health, an independent, non-profit organization. The School Department is also self-insured for 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 estimated 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, 2012. The City's employee dental plan is provided by Blue Cross on a fully insured basis. Prior to July 1, 2012, the City was self-insured with participation in WB Community Health.

An analysis of claims activity is presented below:

	<b>Net Position Balance June 30, 2012</b>	<b>Claims and Expenses Including IBNR</b>	<b>Plan Deposits</b>	<b>Net Position Balance at June 30, 2013</b>
School	\$ 3,885,428	\$ 21,260,486	\$ 20,959,420	\$ 3,584,362
City	\$ 529,210	\$ 19,442,226	\$ 20,974,942	\$ 2,061,926

*(CONTINUED)*

CITY OF WARWICK, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013**

**18. RESTATEMENT**

The net positions of the Governmental and Business-Type Activities have been restated as of June 30, 2012 to reflect the implementation of GASB Statement #65 – *Items Previously Reported as Assets and Liabilities*. Implementation of this new Standard resulted in the removal of bond issuance costs as an asset from the Statement of Net Position (formerly the Statement of Net Assets). Under GASB Statement #65 bond issuance costs, excluding bond insurance costs, are to be recorded as an expense in the year the costs are incurred rather than amortizing those costs over the life of the bond obligation. As a result, the unamortized bond issuance costs as of June 30, 2012 totaling \$637,630 and \$1,563,638 for the Governmental Activities and Business-Type Activities, respectively, have been retroactively removed from the opening net position balance. The following reflects the effect of implementation of GASB Statement #65:

**Governmental Activities:**

Net Position, June 30, 2012 as originally stated.....	\$(33,615,927)
Less write-off of bond issuance costs, net.....	<u>(637,630)</u>
<b>Net Position, June 30, 2012 as restated .....</b>	<b><u>\$(34,253,557)</u></b>

**Business-Type Activities:**

Net Position, June 30, 2012 as originally stated.....	\$86,896,814
Less write-off of bond issuance costs, net.....	<u>(1,563,638)</u>
<b>Net Position, June 30, 2012 as restated .....</b>	<b><u>\$85,333,176</u></b>

**Total Net Position – Government-wide Statement of Net Position:**

Net Position, June 30, 2012 as originally stated.....	\$53,280,887
Less write-off of bond issuance costs, net.....	<u>(2,201,268)</u>
<b>Net Position, June 30, 2012 as restated .....</b>	<b><u>\$51,079,619</u></b>

(CONTINUED)

THE CITY OF  
WARWICK, RHODE ISLAND

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF WARWICK, RHODE ISLAND**

**REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2013**

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This section presents the Schedule of Funding Progress for Pension Plans and OPEB. This schedule is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. This section also presents budgetary comparison schedules for the City's major funds. These schedules are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board.

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**CITY OF WARWICK, RHODE ISLAND**

**SCHEDULE OF FUNDING PROGRESS FOR PENSION PLANS & OPEB  
REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2013  
"UNAUDITED"**

	Actuarial Valuation Date	Actuarial Value of Assets (2)	Actuarial Accrued Liability (AAL) Entry Age	AAL (UAAL) Funding Excess (deficit)	Funded Ratio	Covered Payroll	AAL (UAAL)Funding Excess (deficit) Percentage of Covered Payroll
City Employees Pension Plan	7/1/2002	\$ 55,892,932	\$ 70,980,384	\$ (15,087,452)	78.7%	\$ 15,226,469	-99.09%
	7/1/2004	\$ 64,006,602	\$ 81,587,332	\$ (17,580,730)	78.5%	\$ 17,637,143	-99.68%
	7/1/2006	\$ 74,580,957	\$ 91,638,367	\$ (17,057,410)	81.4%	\$ 18,817,448	-90.65%
	7/1/2008	\$ 81,654,940	\$ 103,090,691	\$ (21,435,751)	79.2%	\$ 20,447,173	-104.83%
	7/1/2010	\$ 87,060,569	\$ 122,721,770	\$ (35,661,201)	70.9%	\$ 20,064,146	-177.74%
	7/1/2012	\$ 91,055,537	\$ 130,992,110	\$ (39,936,573)	69.5%	\$ 18,615,925	-214.53%
Police Pension II Plan	7/1/2001	\$ 100,587,651	\$ 80,075,595	\$ 20,512,056	125.6%	\$ 8,632,360	237.62%
	7/1/2003	\$ 103,576,887	\$ 92,587,566	\$ 10,989,321	111.9%	\$ 10,075,073	109.07%
	7/1/2005	\$ 106,857,258	\$ 104,458,087	\$ 2,399,171	102.3%	\$ 11,134,444	21.55%
	7/1/2007	\$ 125,715,755	\$ 119,787,569	\$ 5,928,186	104.9%	\$ 11,676,883	50.77%
	7/1/2009	\$ 137,152,325	\$ 139,554,358	\$ (2,402,033)	98.3%	\$ 13,099,942	-18.34%
	7/1/2011	\$ 140,644,601	\$ 162,563,786	\$ (21,919,185)	86.5%	\$ 11,082,010	-197.79%
Police & Fire Pension I	7/1/2001	\$ 84,640,208	\$ 227,132,526	\$ (142,492,318)	37.3%	\$ 8,547,361	-1667.09%
	7/1/2003	\$ 79,979,592	\$ 243,776,577	\$ (163,796,985)	32.8%	\$ 8,334,166	-1965.37%
	7/1/2005	\$ 71,984,600	\$ 266,825,982	\$ (194,841,382)	27.0%	\$ 8,621,197	-2260.03%
	7/1/2007	\$ 75,998,043	\$ 279,252,361	\$ (203,254,318)	27.2%	\$ 7,594,897	-2676.20%
	7/1/2009	\$ 76,142,283	\$ 286,514,010	\$ (210,371,727)	26.6%	\$ 7,606,876	-2765.55%
	7/1/2011	\$ 69,580,218	\$ 311,707,868	\$ (242,127,650)	22.3%	\$ 5,604,595	-4320.16%
Fire Pension II Plan (3)	7/1/2001	\$ 3,542,276	\$ 2,590,979	\$ 951,297	136.7%	\$ 2,378,573	39.99%
	7/1/2003	\$ 5,090,980	\$ 4,637,225	\$ 453,755	109.8%	\$ 3,615,066	12.55%
	7/1/2005	\$ 7,571,670	\$ 8,774,481	\$ (1,202,811)	86.3%	\$ 5,697,543	-21.11%
	7/1/2007	\$ 12,695,030	\$ 13,093,095	\$ (398,065)	97.0%	\$ 6,843,161	-5.82%
	7/1/2009	\$ 18,265,170	\$ 20,678,480	\$ (2,413,310)	88.3%	\$ 8,816,280	-27.37%
	7/1/2011	\$ 24,781,826	\$ 31,782,763	\$ (7,000,937)	78.0%	\$ 9,354,240	-74.84%
School Employees Pension Plan	7/1/2008	\$ 33,594,082	\$ 39,704,426	\$ (6,110,344)	84.6%	\$ 14,832,271	-41.20%
	7/1/2009	\$ 29,656,481	\$ 40,496,285	\$ (10,839,804)	73.2%	\$ 14,482,687	-74.85%
	7/1/2010	\$ 32,317,581	\$ 42,039,713	\$ (9,722,132)	76.9%	\$ 14,772,043	-65.81%
	7/1/2011	\$ 35,062,863	\$ 41,507,432	\$ (6,444,569)	84.5%	\$ 13,759,954	-46.84%
	7/1/2012	\$ 31,423,797	\$ 38,122,681	\$ (6,698,884)	82.4%	\$ 14,097,285	-47.52%
	7/1/2013	\$ 32,134,910	\$ 38,839,961	\$ (6,705,051)	82.7%	\$ 13,335,646	-50.28%
Other Post Employee Benefits	6/30/2008	\$ -	\$ 251,736,786	\$ (251,736,786)	0.0%	N/A	N/A
	6/30/2009	\$ -	\$ 257,751,982	\$ (257,751,982)	0.0%	N/A	N/A
	6/30/2010	\$ -	\$ 270,992,626	\$ (270,992,626)	0.0%	N/A	N/A
	6/30/2011	\$ -	\$ 283,220,644	\$ (283,220,644)	0.0%	N/A	N/A
	6/30/2012	\$ -	\$ 261,427,061	\$ (261,427,061)	0.0%	N/A	N/A
	6/30/2013	\$ -	\$ 285,396,150	\$ (285,396,150)	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 biennial basis for all pension plans except for the School employee Pension Plan and the OPEB plan which have annual valuations.
- (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 effectively 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.

CITY OF WARWICK, RHODE ISLAND

**Budgetary Comparison Schedule for the General Fund**  
**Schedule of Revenues and Expenditures (Non GAAP Budgetary Basis)**  
**Budget and Actual**  
**Year Ended June 30, 2013**  
**(Unaudited)**

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance
<b>General property taxes</b>	\$ 215,956,533	\$ 215,150,533	\$ 216,054,096	\$ 903,563
<b>Intergovernmental</b>				
Telephone tax	930,500	930,500	1,041,829	111,329
Aid to school buildings	1,109,799	1,109,799	996,956	(112,843)
Connecticut tax	1,150,596	1,150,596	1,295,610	145,014
GPA reimbursements	-	-	3,406	3,406
Motor vehicle tax phase-out	1,156,532	1,156,532	1,276,473	119,941
Departmental grant income	1,979,871	2,319,871	3,206,899	887,028
Total	6,327,298	6,667,298	7,821,173	1,153,875
<b>Licenses and fees</b>				
Licenses - police/miscellaneous	347,300	347,300	353,324	6,024
Municipal fees	1,625,000	1,625,000	1,979,383	354,383
Building permits	730,000	730,000	686,258	(43,742)
Advertising and zoning fees	20,000	20,000	26,564	6,564
Recreational fees	825,000	825,000	863,891	38,891
Parking violations and fines	157,000	157,000	220,534	63,534
Departmental processing/program fees	340,800	340,800	239,381	(101,419)
Total	4,045,100	4,045,100	4,369,335	324,235
<b>Other revenues</b>				
Tax titles	49,000	49,000	258,934	209,934
Interest on taxes	1,005,000	1,005,000	1,682,473	677,473
Interest on investments/capital projects	5,275	5,275	(38,780)	(44,055)
Housing authority	115,000	115,000	136,979	21,979
Airport parking tax	500,000	500,000	500,000	-
Airport miscellaneous income	600,000	600,000	875,327	275,327
Airport surcharge	1,100,000	1,100,000	1,206,966	106,966
Airport EDC	778,000	778,000	774,029	(3,971)
Municipal court	252,000	252,000	269,380	17,380
Hotel tax	1,480,560	1,480,560	1,668,112	187,552
Meals tax	2,238,212	2,238,212	2,338,168	99,956
Pilot Program - Johnson & Wales	-	-	40,000	40,000
School back charge - lease purchase/tipping fee	15,000	15,000	18,815	3,815
School RIHEBC Debt Reimbursement	556,056	556,056	556,056	-
Enterprise fund back charges	1,921,187	1,921,187	2,172,716	251,529
Other	2,652,228	2,652,228	2,511,807	(140,421)
Total	13,267,518	13,267,518	14,970,982	1,703,464
<b>Total revenues</b>	239,596,449	239,130,449	243,215,586	4,085,137
<b>Other financing sources</b>				
Transfers from other funds	-	-	6,375	6,375
Appropriation of fund balance	-	806,000	806,000	-
Appropriation of fund balance - Education Reserve	-	2,872,057	2,872,057	-
Rescue service fees	2,200,000	2,200,000	2,221,758	21,758
Transfers-In from School	37,596,006	37,596,006	37,665,387	69,381
Total	39,796,006	43,474,063	43,571,577	97,514
<b>Total Revenues and other financing sources</b>	\$ 279,392,455	\$ 282,604,512	\$ 286,787,163	\$ 4,182,651

(CONTINUED)

**CITY OF WARWICK, RHODE ISLAND**

**Budgetary Comparison Schedule for the General Fund**  
**Schedule of Revenues and Expenditures (Non GAAP Budgetary Basis)**  
**Budget and Actual**  
**Year Ended June 30, 2013**  
**(Unaudited)**

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance
<b>Executive and administrative</b>				
Executive department	\$ 401,218	\$ 401,218	\$ 391,624	\$ (9,594)
Legal department	381,100	321,100	262,499	(58,601)
City clerk	366,026	366,026	314,493	(51,533)
Probate court	83,759	83,759	91,905	8,146
Municipal court	120,398	120,398	66,629	(53,769)
Personnel department	275,550	275,550	265,376	(10,174)
Total	1,628,051	1,568,051	1,392,526	(175,525)
<b>Legislative and citizens representation</b>				
Legislative department	207,731	177,731	165,567	(12,164)
Board of canvassers	356,006	256,006	238,457	(17,549)
Total	563,737	433,737	404,024	(29,713)
<b>Financial management</b>				
Financial administration	396,884	396,884	432,381	35,497
Purchasing	196,517	196,517	190,407	(6,110)
Treasury	268,011	268,011	262,312	(5,699)
City collection	417,456	417,456	286,335	(131,121)
Management information services	864,077	864,077	876,604	12,527
City assessment	989,795	860,795	975,724	114,929
Board of assessment review	15,150	15,150	3,639	(11,511)
Total	3,147,890	3,018,890	3,027,402	8,512
<b>Public safety department</b>				
Animal shelter	193,548	193,548	181,089	(12,459)
Police department	17,111,709	16,986,709	16,838,622	(148,087)
Fire department	21,005,010	21,675,010	21,787,213	112,203
Organized crime/drug enforcement task force	23,600	23,600	22,475	(1,125)
Building inspection and minimum housing	763,634	763,634	749,641	(13,993)
Emergency management	159,042	379,042	622,383	243,341
Alcohol and highway safety enforcement	92,150	92,150	111,068	18,918
Police grants	58,500	58,500	54,027	(4,473)
Board of public safety	48,828	48,828	42,142	(6,686)
Total	39,456,021	40,221,021	40,408,660	187,639
<b>Social services</b>				
Parks and recreation	341,928	340,428	293,580	(46,848)
William Thayer Memorial Ice Rink	859,083	799,583	768,104	(31,479)
McDermott swimming pool	518,276	478,276	422,726	(55,550)
Total	1,719,287	1,618,287	1,484,410	(133,877)
<b>Public Library</b>				
	2,582,687	2,582,687	2,455,784	(126,903)
<b>Human services</b>				
Human services administration	512,604	512,604	487,410	(25,194)
Senior center	491,217	491,217	435,386	(55,831)
Senior transportation	281,681	281,681	254,244	(27,437)
Total	1,285,502	1,285,502	1,177,040	(108,462)
<b>Planning department</b>				
	424,612	424,612	414,596	(10,016)

(CONTINUED)

CITY OF WARWICK, RHODE ISLAND

**Budgetary Comparison Schedule for the General Fund**  
**Schedule of Revenues and Expenditures (Non GAAP Budgetary Basis)**  
**Budget and Actual**  
**Year Ended June 30, 2013**  
**(Unaudited)**

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance
<b>Community development</b>	284,483	284,483	274,023	(10,460)
<b>Tourism, culture and development</b>	647,113	647,113	595,748	(51,365)
<b>Public works department</b>				
Administrative division	106,489	106,489	101,163	(5,326)
Highway division	4,147,432	4,054,932	3,917,566	(137,366)
Sanitation division	2,176,825	2,095,825	2,016,871	(78,954)
Automotive division	2,724,157	2,646,657	2,316,884	(329,773)
City building maintenance division	1,243,844	1,215,844	1,187,383	(28,461)
Engineering division	1,457,422	1,387,422	1,289,823	(97,599)
Recycling	70,000	70,000	64,998	(5,002)
Field maintenance	793,049	763,049	681,546	(81,503)
Total	12,719,218	12,340,218	11,576,234	(763,984)
<b>Sewer review board</b>	2,150	2,150	1,772	(378)
<b>Employee benefits, special and capital</b>	51,748,831	52,203,831	53,272,213	1,068,382
<b>Total expenditures</b>	116,209,582	116,630,582	116,484,432	(146,150)
<b>Other financing uses</b>				
Operating transfer to debt service fund	6,942,235	6,861,235	6,841,230	(20,005)
Operating transfer to school unrestricted fund	156,240,638	159,112,695	155,105,428	(4,007,267)
Total	163,182,873	165,973,930	161,946,658	(4,027,272)
<b>Total expenditures and other financing uses</b>	\$ 279,392,455	\$ 282,604,512	\$ 278,431,090	\$ (4,173,422)

(CONTINUED)

CITY OF WARWICK, RHODE ISLAND

**Budgetary Comparison Schedule for the School General Fund  
 Schedule of Revenues and Expenditures (Non GAAP Budgetary Basis)  
 Budget and Actual  
 Year Ended June 30, 2013  
 (Unaudited)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget Positive (Negative)</u>
<b>Revenues:</b>				
State and Federal School Aid	\$ 34,761,006	\$ 34,761,006	\$ 34,573,405	\$ (187,601)
Other school miscellaneous revenue	2,835,000	2,835,000	3,178,074	343,074
Appropriation from the City	118,644,632	118,644,632	118,644,632	-
Re-appropriation of fund balance - transfer from City		2,872,057	2,872,057	-
<b>Total revenues</b>	<u>156,240,638</u>	<u>159,112,695</u>	<u>159,268,168</u>	<u>155,473</u>
<b>Expenditures:</b>				
Education	156,240,638	159,112,695	155,318,780	(3,793,915)
<b>Total expenditures</b>	<u>156,240,638</u>	<u>159,112,695</u>	<u>155,318,780</u>	<u>(3,793,915)</u>
<b>Excess of revenues over expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,949,388</u>	<u>\$ 3,949,388</u>

(CONCLUDED)

CITY OF WARWICK, RHODE ISLAND**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2013**

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**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 8<sup>th</sup>. Should the City council take no formal action on or prior to such day, the budget as submitted by the Mayor, shall be deemed to have been finally adopted by the City Council. The School Unrestricted Fund is subject to an annual operating budget provisionally approved by the School Committee, forwarded to the Mayor, for his review and possible amendment, with final adoption by the City Council. The annual operating budgets; appropriation amounts are supported by revenue estimates and take into account the elimination of accumulated deficits and the re-appropriation of accumulated surpluses to the extent necessary. The City's General Fund and School Unrestricted Fund annual operating budgets are in conformance with the legally enacted budgetary basis, which is not in conformance with accounting principles generally accepted in the United States of America. The accompanying budgetary comparison schedules are reflected on the budgetary basis. The difference between the budgetary basis and the accounting principles generally accepted in the United States of America basis is explained below.

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

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

(CONTINUED)

CITY OF WARWICK, RHODE ISLAND**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2013****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, 2013:

	<u>General Fund</u>	<u>School Unrestricted Fund</u>
<b>Revenue and Other Financing Sources</b>		
Actual Amounts (budgetary basis)	\$ 286,787,163	\$ 159,268,168
Difference - budget to GAAP		
The appropriated fund balance is a budgetary revenue but is not a current year revenue for financial reporting purposes.	(3,678,057)	
For budgetary purposes the School Department recognized the entire City appropriation as revenue. However, per City Charter the surplus reverts back to the City.		(4,076,647)
Related transfer to other funds for financial reporting purposes.	(38,549,273)	
Fund back charges are budgetary revenue, but are reflected as a reduction of expenditures for financial reporting purposes.	(2,172,716)	
Rescue Service Fund revenue net of transfer to General Fund reported as revenue for GAAP purposes not included in Budget Basis revenues.	1,246,164	
Transfer to other funds are reflected as reductions of revenue for budgetary purposes, but are reflected as revenues for financial reporting purposes.	20,382	
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.		6,223,212
<b>Total revenues and other financing sources as reported in the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds.</b>	<u>\$ 243,653,663</u>	<u>\$ 161,414,733</u>

(CONTINUED)

CITY OF WARWICK, RHODE ISLANDNOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2013**BUDGETARY DATA AND BUDGETARY COMPLIANCE (CONTINUED)***(b) Budgetary to GAAP Basis Reconciliation (Continued)*

	<u>General Fund</u>	<u>School Unrestricted Fund</u>
<b><u>Expenditures and Other Financing Uses</u></b>		
Actual amounts (budgetary basis)	\$ 278,431,090	\$ 155,318,780
Differences -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.	(284,868)	
Transfer to School Department is reported at gross amount for budget purposes but is reported net of School revenue for GAAP.	(37,665,386)	
Transfer from other funds is a budgetary revenue, but is reported net of the related transfer to other funds for financial reporting purposes.	(883,887)	
Fund back charges are budgetary revenues, but are reflected as a reduction of expenditures for financial reporting purposes.	(2,172,716)	
Rescue Service Fund expenditures recorded as a component of the General Fund for GAAP purposes not part of the budgetary basis expenditures.	1,246,164	
Transfer to other funds are reflected as reductions of revenue for budgetary purposes, but are reflected as revenue for financial reporting purposes.	20,382	
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.		6,223,212
<b><i>Total expenditures and other financing sources as reported in the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds.</i></b>	<u>\$ 238,690,779</u>	<u>\$ 161,541,992</u>

*(CONCLUDED)*

THE CITY OF  
WARWICK, RHODE ISLAND

OTHER SUPPLEMENTARY INFORMATION

**COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2013**

	<u>Special Revenue City</u>	<u>Special Revenue School</u>	<u>Capital Project Fund</u>	<u>Debt Service Fund</u>	<u>Total All NonMajor Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,433,443	\$ 62,604	\$ 5,146,427	\$ -	\$ 6,642,474
Restricted Cash	-		-	1,015,000	1,015,000
Other receivables	3,654,766	9,282	-	-	3,664,048
Due from federal and state governments	3,228,468	2,276,915	493,003	-	5,998,386
Due from other funds	1,958,978	249,791	133,994	-	2,342,763
Other assets	-	178,400	-	-	178,400
<b>Total assets</b>	<u>\$ 10,275,655</u>	<u>\$ 2,776,992</u>	<u>\$ 5,773,424</u>	<u>\$ 1,015,000</u>	<u>\$ 19,841,071</u>
<b>LIABILITIES</b>					
Accounts payable and accrued expenditures	\$ 372,677	\$ 593,451	\$ 1,100,742	\$ -	\$ 2,066,870
Due to federal and state governments	116		-	-	116
Due to other funds	139,997	1,776,093	1,936,675	-	3,852,765
Unearned revenue	6,612,319	-	50,322	-	6,662,641
<b>Total liabilities</b>	<u>7,125,109</u>	<u>2,369,544</u>	<u>3,087,739</u>	<u>-</u>	<u>12,582,392</u>
<b>FUND BALANCES</b>					
Non-Spendable	-	-	-	-	-
Restricted	3,150,546	407,448	4,110,886	1,015,000	8,683,880
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	(1,425,201)	-	(1,425,201)
<b>Total fund balances</b>	<u>3,150,546</u>	<u>407,448</u>	<u>2,685,685</u>	<u>1,015,000</u>	<u>7,258,679</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 10,275,655</u>	<u>\$ 2,776,992</u>	<u>\$ 5,773,424</u>	<u>\$ 1,015,000</u>	<u>\$ 19,841,071</u>

The notes to financial statements are an integral part of this statement

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
NON-MAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2013**

	Special Revenue City	Special Revenue School	Capital Project Fund	Debt Service Fund	Total All NonMajor Governmental Funds
<b>REVENUES</b>					
Intergovernmental revenue	\$ 1,887,478	\$ 7,921,020	\$ 1,445,845	\$ -	\$ 11,254,343
Charges for Service	1,992,518	881,096	-	-	2,873,614
Investment Income	2,355	-	-	-	2,355
Contributions and private grants	135,292	387,118	-	-	522,410
Other revenue	289,297	6,318	-	-	295,615
<b>Total revenues</b>	<b>4,306,940</b>	<b>9,195,552</b>	<b>1,445,845</b>	<b>-</b>	<b>14,948,337</b>
<b>EXPENDITURES</b>					
Executive and administration	53,130	-	-	-	53,130
Public Safety	1,868,679	-	836,212	-	2,704,891
Recreation	-	-	36,622	-	36,622
Public libraries	171,309	-	-	-	171,309
Social services	20,830	-	-	-	20,830
Planning and economic development	1,616,161	-	-	-	1,616,161
Public Works	122,359	-	2,110,383	-	2,232,742
Education	-	9,490,247	3,950,568	-	13,440,815
Cafeteria operations	-	-	-	-	-
Debt service					
Principal	-	-	-	4,570,722	4,570,722
Interest and other costs	-	-	29,159	1,763,008	1,792,167
<b>Total expenditures</b>	<b>3,852,468</b>	<b>9,490,247</b>	<b>6,962,944</b>	<b>6,333,730</b>	<b>26,639,389</b>
<b>Excess of revenues over expenditures before transfer</b>	<b>454,472</b>	<b>(294,695)</b>	<b>(5,517,099)</b>	<b>(6,333,730)</b>	<b>(11,691,052)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Bond proceeds	-	-	4,353,015	-	4,353,015
Transfer from other funds	566,522	581,095	742,224	6,841,230	8,731,071
Transfer to other funds	(1,011,489)	-	(6,375)	-	(1,017,864)
<b>Total Other Financing Sources (uses)</b>	<b>(444,967)</b>	<b>581,095</b>	<b>5,088,864</b>	<b>6,841,230</b>	<b>12,066,222</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>9,505</b>	<b>286,400</b>	<b>(428,235)</b>	<b>507,500</b>	<b>375,170</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>3,141,041</b>	<b>121,048</b>	<b>3,113,920</b>	<b>507,500</b>	<b>6,883,509</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 3,150,546</b>	<b>\$ 407,448</b>	<b>\$ 2,685,685</b>	<b>\$ 1,015,000</b>	<b>\$ 7,258,679</b>

The notes to financial statements are an integral part of this statement

**CITY OF WARWICK, RHODE ISLAND**

**NON-MAJOR GOVERNMENTAL FUNDS**

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**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.

**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.

(CONTINUED)

CITY OF WARWICK, RHODE ISLAND

**NON-MAJOR GOVERNMENTAL FUNDS**

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**SPECIAL REVENUE FUNDS (CONTINUED):**

**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	Harris Foundation
IDEA Pre-School	Verizon Thinkfinity
IDEA Pre-School Targeted	Walmart
Title I	Dorothy Rich Association
Title II	Media Labs at Rhodes
E2T2 Training Consortium	RIPIN
Title III	Reading Excellence
Perkins Voc Even Year	Soc Skills for Life-Vets
Perkins Voc Odd Year	Alt Learn Program
Homeless Even Year	City-Town Center
Homeless Odd Year	Cedar Hill Library Books
Fresh Fruit/Veg Program	PTO Donation
Skills USA	C.A.S.I.T Italian Program
Big Yellow Bus	Race to the Top
Arts Dalmation	School Food Service
Smart Arts	James Manson Memorial
Scott Tech Donations	The Jason Fund
Esther Chester Donations	VSA Arts
Mary Maini Memorial Fund	Lowe's
City/Town Contribution Sports	Champlin
Injury Fund	RISCA Steam Power
Emergency Repairs - Tech	CTE Odd Year
Champlin Adrich/Gorton	Art Talks Sherman
Champlin Comp	CVS
Feinstein	One Capital Project Generator
Rhode Island Foundation	

**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**

G-1

**COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2013**

	SPECIAL REVENUE FUNDS				
	Special Detail Fund	City Clerk Restricted Fund	Emergency Operations City	Warwick Public Library Restricted Fund	Open Space Land Dedication
<b>ASSETS</b>					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 207,139	\$ 257,147
Other receivables	366,868	-	-	-	-
Due from federal and state governments	-	-	-	-	-
Due from other funds	82,445	891,276	926,581	-	-
<b>Total Assets</b>	<b>\$ 449,313</b>	<b>\$ 891,276</b>	<b>\$ 926,581</b>	<b>\$ 207,139</b>	<b>\$ 257,147</b>
<b>LIABILITIES</b>					
Accounts Payable and accrued expenditures	\$ 42,752	\$ 4,095	\$ 6,269	\$ 27,700	\$ -
Due to federal and state governments	-	-	-	-	-
Due to other funds	-	-	-	17,895	-
Unearned revenues	366,868	-	-	-	-
<b>Total liabilities</b>	<b>409,620</b>	<b>4,095</b>	<b>6,269</b>	<b>45,595</b>	<b>-</b>
<b>FUND BALANCE</b>					
Nonspendable	-	-	-	-	-
Restricted	39,693	887,181	920,312	161,544	257,147
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>Total Fund Balances</b>	<b>39,693</b>	<b>887,181</b>	<b>920,312</b>	<b>161,544</b>	<b>257,147</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 449,313</b>	<b>\$ 891,276</b>	<b>\$ 926,581</b>	<b>\$ 207,139</b>	<b>\$ 257,147</b>

(CONTINUED)

CITY OF WARWICK, RHODE ISLAND

G-1

**COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2013**

	SPECIAL REVENUE FUNDS				
	Community Benefit Fund	Sewer Connection Grants	Excess Hotel Tax Fund	Mooring Fee Reserve Fund	Senior Center Gift Shop
<b>ASSETS</b>					
Cash and cash equivalents	\$ 245	\$ 41,785	\$ 294,184	\$ 157,765	\$ 38,718
Other receivables	-	-	-	-	-
Due from federal and state governments	-	-	-	-	-
Due from other funds	-	-	-	20,137	-
<b>Total Assets</b>	<b>\$ 245</b>	<b>\$ 41,785</b>	<b>\$ 294,184</b>	<b>\$ 177,902</b>	<b>\$ 38,718</b>
<b>LIABILITIES</b>					
Accounts Payable and accrued expenditures	\$ -	\$ 800	\$ -	\$ -	\$ 2,561
Due to federal and state governments	-	-	-	-	-
Due to other funds	245	3,798	87,064	-	649
Unearned revenues	-	-	-	-	-
<b>Total liabilities</b>	<b>245</b>	<b>4,598</b>	<b>87,064</b>	<b>-</b>	<b>3,210</b>
<b>FUND BALANCE</b>					
Nonspendable	-	-	-	-	-
Restricted	-	37,187	207,120	177,902	35,508
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>Total Fund Balances</b>	<b>-</b>	<b>37,187</b>	<b>207,120</b>	<b>177,902</b>	<b>35,508</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 245</b>	<b>\$ 41,785</b>	<b>\$ 294,184</b>	<b>\$ 177,902</b>	<b>\$ 38,718</b>

(CONTINUED)

CITY OF WARWICK, RHODE ISLAND

**COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2013**

	SPECIAL REVENUE FUNDS			
	JAG Grant	Drug Seizure Fund	State Asset Forfeiture Fund	Community Development Block Grant
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 153,898	\$ 18,632	\$ 170,986
Other receivables	-	-	-	3,073,995
Due from federal and state governments	6,344	-	-	818,687
Due from other funds	-	33,681	4,858	-
<b>Total Assets</b>	<b>\$ 6,344</b>	<b>\$ 187,579</b>	<b>\$ 23,490</b>	<b>\$ 4,063,668</b>
<b>LIABILITIES</b>				
Accounts Payable and accrued expenditures	\$ 375	\$ 47,932	\$ -	\$ 170,323
Due to federal and state governments	-	-	-	116
Due to other funds	5,969	-	-	24,377
Unearned revenues	-	-	-	3,697,981
<b>Total liabilities</b>	<b>6,344</b>	<b>47,932</b>	<b>-</b>	<b>3,892,797</b>
<b>FUND BALANCE</b>				
Nonspendable	-	-	-	-
Restricted	-	139,647	23,490	170,871
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<b>Total Fund Balances</b>	<b>-</b>	<b>139,647</b>	<b>23,490</b>	<b>170,871</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 6,344</b>	<b>\$ 187,579</b>	<b>\$ 23,490</b>	<b>\$ 4,063,668</b>

(CONTINUED)

CITY OF WARWICK, RHODE ISLAND

G-1

**COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2013**

	<b>Lead Reduction Program</b>	<b>Home Improvement Loan Escrow Account</b>	<b>Disaster Recovery Program</b>	<b>Special Revenue Funds-City Totals</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 92,944	\$ -	\$ 1,433,443
Other receivables	213,903	-	-	3,654,766
Due from federal and state governments	-	-	2,403,437	3,228,468
Due from other funds	-	-	-	1,958,978
<b>Total Assets</b>	<b>\$ 213,903</b>	<b>\$ 92,944</b>	<b>\$ 2,403,437</b>	<b>\$ 10,275,655</b>
<b>LIABILITIES</b>				
Accounts Payable and accrued expenditures	\$ -	\$ -	\$ 69,870	\$ 372,677
Due to federal and state governments	-	-	-	116
Due to other funds	-	-	-	139,997
Unearned revenues	213,903	-	2,333,567	6,612,319
<b>Total liabilities</b>	<b>213,903</b>	<b>-</b>	<b>2,403,437</b>	<b>7,125,109</b>
<b>FUND BALANCE</b>				
Nonspendable	-	-	-	-
Restricted	-	92,944	-	3,150,546
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<b>Total Fund Balances</b>	<b>-</b>	<b>92,944</b>	<b>-</b>	<b>3,150,546</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 213,903</b>	<b>\$ 92,944</b>	<b>\$ 2,403,437</b>	<b>\$ 10,275,655</b>

(CONCLUDED)

**CITY OF WARWICK, RHODE ISLAND**

G-2

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
NON-MAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2013**

	<b>SPECIAL REVENUE FUNDS</b>				
	<b>Special Detail Fund</b>	<b>City Clerk Restricted Fund</b>	<b>Emergency Operations City</b>	<b>Warwick Public Library Restricted Fund</b>	<b>Open Space Land Dedication</b>
<b>REVENUES:</b>					
Intergovernmental	\$ -	\$ -	\$ 562,962	\$ 6,507	\$ -
Charges for services	1,833,143	-	-	-	-
Investment Income	-	-	-	397	518
Contributions and private grants	-	-	-	135,292	-
Other revenue	-	118,990	4,057	24,408	-
<b>Total Revenues</b>	<b>1,833,143</b>	<b>118,990</b>	<b>567,019</b>	<b>166,604</b>	<b>518</b>
<b>EXPENDITURES:</b>					
Executive and administration	-	53,130	-	-	-
Public Safety	1,584,511	-	47,384	-	-
Recreation	-	-	-	-	-
Public libraries	-	-	-	171,309	-
Social services	-	-	-	-	-
Planning and economic development	-	-	-	-	-
Public works	-	-	122,359	-	-
<b>Total expenditures</b>	<b>1,584,511</b>	<b>53,130</b>	<b>169,743</b>	<b>171,309</b>	<b>-</b>
<b>Excess of revenues under expenditures before transfers</b>	<b>248,632</b>	<b>65,860</b>	<b>397,276</b>	<b>(4,705)</b>	<b>518</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	-	-	-	-	-
Transfers Out	(335,275)	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(335,275)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(86,643)</b>	<b>65,860</b>	<b>397,276</b>	<b>(4,705)</b>	<b>518</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>126,336</b>	<b>821,321</b>	<b>523,036</b>	<b>166,249</b>	<b>256,629</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 39,693</b>	<b>\$ 887,181</b>	<b>\$ 920,312</b>	<b>\$ 161,544</b>	<b>\$ 257,147</b>

(CONTINUED)

**CITY OF WARWICK, RHODE ISLAND**

G-2

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
NON-MAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2013**

	<b>SPECIAL REVENUE FUNDS</b>				
	<b>Community Benefit Fund</b>	<b>Sewer Connection Grants</b>	<b>Excess Hotel Tax Fund</b>	<b>Mooring Fee Reserve Fund</b>	<b>Senior Center Gift Shop</b>
<b>REVENUES:</b>					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	19,450
Investment Income	-	105	640	292	79
Contributions and private grants	-	-	-	-	-
Other revenue	-	-	-	-	1,917
<b>Total Revenues</b>	<b>-</b>	<b>105</b>	<b>640</b>	<b>292</b>	<b>21,446</b>
<b>EXPENDITURES:</b>					
Executive and administration	-	-	-	-	-
Public Safety	-	-	-	-	-
Recreation	-	-	-	-	-
Public libraries	-	-	-	-	-
Social services	-	-	-	-	20,830
Planning and economic development	-	20,000	-	-	-
Public works	-	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>20,000</b>	<b>-</b>	<b>-</b>	<b>20,830</b>
<b>Excess of revenues under expenditures before transfers</b>	<b>-</b>	<b>(19,895)</b>	<b>640</b>	<b>292</b>	<b>616</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	-	5,049	-	20,137	-
Transfers Out	(244)	-	(87,064)	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(244)</b>	<b>5,049</b>	<b>(87,064)</b>	<b>20,137</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(244)</b>	<b>(14,846)</b>	<b>(86,424)</b>	<b>20,429</b>	<b>616</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>244</b>	<b>52,033</b>	<b>293,544</b>	<b>157,473</b>	<b>34,892</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ -</b>	<b>\$ 37,187</b>	<b>\$ 207,120</b>	<b>\$ 177,902</b>	<b>\$ 35,508</b>

(CONTINUED)

**CITY OF WARWICK, RHODE ISLAND**

G-2

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
NON-MAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2013**

	<b>SPECIAL REVENUE FUNDS</b>			
	<b>JAG Grant</b>	<b>Drug Seizure Fund</b>	<b>State Asset Forfeiture Fund</b>	<b>Community Development Block Grant</b>
<b>REVENUES:</b>				
Intergovernmental	\$ 124,896	\$ 80,384	\$ 10,774	\$ 800,435
Charges for services	-	-	-	139,925
Investment Income	-	297	27	-
Contributions and private grants	-	-	-	-
Other revenue	-	-	-	139,925
<b>Total Revenues</b>	<b>124,896</b>	<b>80,681</b>	<b>10,801</b>	<b>1,080,285</b>
<b>EXPENDITURES:</b>				
Executive and administration	-	-	-	-
Public Safety	124,896	111,888	-	-
Recreation	-	-	-	-
Public libraries	-	-	-	-
Social services	-	-	-	-
Planning and economic development	-	-	-	905,360
Public works	-	-	-	-
<b>Total expenditures</b>	<b>124,896</b>	<b>111,888</b>	<b>-</b>	<b>905,360</b>
<b>Excess of revenues under expenditures before transfers</b>	<b>-</b>	<b>(31,207)</b>	<b>10,801</b>	<b>174,925</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	(451,894)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(451,894)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>(31,207)</b>	<b>10,801</b>	<b>(276,969)</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>-</b>	<b>170,854</b>	<b>12,689</b>	<b>447,840</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ -</b>	<b>\$ 139,647</b>	<b>\$ 23,490</b>	<b>\$ 170,871</b>

(CONTINUED)

**CITY OF WARWICK, RHODE ISLAND**

G-2

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
NON-MAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2013**

	SPECIAL REVENUE FUNDS			
	Lead Reduction Program	Home Improvement Loan Escrow Account	Disaster Recovery Program	Special Revenue Funds-City Totals
<b>REVENUES:</b>				
Intergovernmental	\$ -	\$ -	\$ 301,520	\$ 1,887,478
Charges for services	-	-	-	1,992,518
Investment Income	-	-	-	2,355
Contributions and private grants	-	-	-	135,292
Other revenue	-	-	-	289,297
<b>Total Revenues</b>	<u>-</u>	<u>-</u>	<u>301,520</u>	<u>4,306,940</u>
<b>EXPENDITURES:</b>				
Executive and administration	-	-	-	53,130
Public Safety	-	-	-	1,868,679
Recreation	-	-	-	-
Public libraries	-	-	-	171,309
Social services	-	-	-	20,830
Planning and economic development	-	526,293	164,508	1,616,161
Public works	-	-	-	122,359
<b>Total expenditures</b>	<u>-</u>	<u>526,293</u>	<u>164,508</u>	<u>3,852,468</u>
<b>Excess of revenues under expenditures before transfers</b>	<u>-</u>	<u>(526,293)</u>	<u>137,012</u>	<u>454,472</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	541,336	-	566,522
Transfers Out	-	-	(137,012)	(1,011,489)
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>541,336</u>	<u>(137,012)</u>	<u>(444,967)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>-</u>	<u>15,043</u>	<u>-</u>	<u>9,505</u>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>-</u>	<u>77,901</u>	<u>-</u>	<u>3,141,041</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ 92,944</u>	<u>\$ -</u>	<u>\$ 3,150,546</u>

(CONCLUDED)

**CITY OF WARWICK, RHODE ISLAND**

H-1

**COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2013**

**SCHOOL SPECIAL REVENUE FUNDS**

	IDEA	IDEA Pre-School	IDEA Pre-School Targeted	Title I	Title II	E2T2 TRAINING CONSORTIUM ARRA
<b>ASSETS</b>						
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from federal & state governments	1,177,173	40,645	-	448,334	225,830	-
Other receivables	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
Due from City	-	-	251	-	-	44
<b>Total assets</b>	<b>\$ 1,177,173</b>	<b>\$ 40,645</b>	<b>\$ 251</b>	<b>\$ 448,334</b>	<b>\$ 225,830</b>	<b>\$ 44</b>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ 129	\$ -	\$ -
Accrued liabilities	177,993	11,901	-	70,740	52,327	-
Due to the City	999,180	28,744	-	377,465	173,503	-
<b>Total liabilities</b>	<b>1,177,173</b>	<b>40,645</b>	<b>-</b>	<b>448,334</b>	<b>225,830</b>	<b>-</b>
<b>FUND BALANCES</b>						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	251	-	-	44
Committed	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>Total fund balance</b>	<b>-</b>	<b>-</b>	<b>251</b>	<b>-</b>	<b>-</b>	<b>44</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,177,173</b>	<b>\$ 40,645</b>	<b>\$ 251</b>	<b>\$ 448,334</b>	<b>\$ 225,830</b>	<b>\$ 44</b>

(CONTINUED)

**CITY OF WARWICK, RHODE ISLAND**

H-1

**COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2013**

**SCHOOL SPECIAL REVENUE FUNDS**

	Title III	Perkins Voc Even Year	Perkins Voc Odd Year	Homeless Even Year	Homeless Odd Year	Fresh Fruit/Veg Program
<b>ASSETS</b>						
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from federal & state governments	12,787	-	160,093	-	14,208	12,818
Other receivables	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
Due from City	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 12,787</b>	<b>\$ -</b>	<b>\$ 160,093</b>	<b>\$ -</b>	<b>\$ 14,208</b>	<b>\$ 12,818</b>
<b>LIABILITIES</b>						
Accounts payable	\$ 2,453	\$ -	\$ 32,541	\$ -	\$ -	\$ -
Accrued liabilities	-	-	20,721	-	872	-
Due to the City	10,334	-	106,831	-	13,336	12,818
<b>Total liabilities</b>	<b>12,787</b>	<b>-</b>	<b>160,093</b>	<b>-</b>	<b>14,208</b>	<b>12,818</b>
<b>FUND BALANCES</b>						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>Total fund balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 12,787</b>	<b>\$ -</b>	<b>\$ 160,093</b>	<b>\$ -</b>	<b>\$ 14,208</b>	<b>\$ 12,818</b>

(CONTINUED)

**CITY OF WARWICK, RHODE ISLAND**

H-1

**COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2013**

**SCHOOL SPECIAL REVENUE FUNDS**

	Skills USA	Big Yellow Bus	Arts Dalmation	Smart Arts	Scott Tech Donations	Esther Chester Donations
<b>ASSETS</b>						
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from federal & state governments	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-
Other assets	-	-	-	-	-	178,400
Due from City	-	1,610	-	220	2,434	-
<b>Total assets</b>	<b>\$ -</b>	<b>\$ 1,610</b>	<b>\$ -</b>	<b>\$ 220</b>	<b>\$ 2,434</b>	<b>\$ 178,400</b>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-	-	-
Due to the City	-	-	-	-	-	1,496
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,496</b>
<b>FUND BALANCES</b>						
Nonspendable	-	-	-	-	-	-
Restricted	-	1,610	-	220	2,434	176,904
Committed	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>Total fund balance</b>	<b>-</b>	<b>1,610</b>	<b>-</b>	<b>220</b>	<b>2,434</b>	<b>176,904</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ -</b>	<b>\$ 1,610</b>	<b>\$ -</b>	<b>\$ 220</b>	<b>\$ 2,434</b>	<b>\$ 178,400</b>

(CONTINUED)

**CITY OF WARWICK, RHODE ISLAND**

H-1

**COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2013**

**SCHOOL SPECIAL REVENUE FUNDS**

	Mary Maini Memorial Fund	City/Town Contribution Sports	Injury Fund	Emergency Repairs - Tech	Champlin Aldrich/Gorton	Champlin Comp
<b>ASSETS</b>						
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from federal & state governments	-	-	-	21,000	-	-
Other receivables	-	-	1,568	-	-	-
Other assets	-	-	-	-	-	-
Due from City	50	4,990	853	1,407	3,306	148
<b>Total assets</b>	<b>\$ 50</b>	<b>\$ 4,990</b>	<b>\$ 2,421</b>	<b>\$ 22,407</b>	<b>\$ 3,306</b>	<b>\$ 148</b>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ -	\$ 2,193	\$ 4,800	\$ -	\$ -
Accrued liabilities	-	-	-	-	-	-
Due to the City	-	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>2,193</b>	<b>4,800</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>						
Nonspendable	-	-	-	-	-	-
Restricted	50	4,990	228	17,607	3,306	148
Committed	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>Total fund balance</b>	<b>50</b>	<b>4,990</b>	<b>228</b>	<b>17,607</b>	<b>3,306</b>	<b>148</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 50</b>	<b>\$ 4,990</b>	<b>\$ 2,421</b>	<b>\$ 22,407</b>	<b>\$ 3,306</b>	<b>\$ 148</b>

(CONTINUED)

**CITY OF WARWICK, RHODE ISLAND**

H-1

**COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2013**

	SCHOOL SPECIAL REVENUE FUNDS					
	Feinstein	Rhode Island Foundation	Harris Foundation	Verizon Thinkfinity	Walmart	Dorothy Rich Association
<b>ASSETS</b>						
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from federal & state governments	-	-	-	-	-	-
Other receivables	1,000	-	-	-	-	-
Other assets	-	-	-	-	-	-
Due from City	58,762	1,959	2,096	5,000	67	651
<b>Total assets</b>	<b>\$ 59,762</b>	<b>\$ 1,959</b>	<b>\$ 2,096</b>	<b>\$ 5,000</b>	<b>\$ 67</b>	<b>\$ 651</b>
<b>LIABILITIES</b>						
Accounts payable	\$ 1,700	\$ -	\$ 2,096	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-	-	-
Due to the City	-	-	-	-	-	-
<b>Total liabilities</b>	<b>1,700</b>	<b>-</b>	<b>2,096</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>						
Nonspendable	-	-	-	-	-	-
Restricted	58,062	1,959	-	5,000	67	651
Committed	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>Total fund balance</b>	<b>58,062</b>	<b>1,959</b>	<b>-</b>	<b>5,000</b>	<b>67</b>	<b>651</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 59,762</b>	<b>\$ 1,959</b>	<b>\$ 2,096</b>	<b>\$ 5,000</b>	<b>\$ 67</b>	<b>\$ 651</b>

(CONTINUED)

**CITY OF WARWICK, RHODE ISLAND**

**COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2013**

**SCHOOL SPECIAL REVENUE FUNDS**

	Media Labs at Wickes	RIPIN	Reading Excellance	Soc Skills for Life-Vets	Alt Learn Program	City- Town Center
<b>ASSETS</b>						
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from federal & state governments	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
Due from City	1,908	2,234	83	113	30	660
<b>Total assets</b>	<b>\$ 1,908</b>	<b>\$ 2,234</b>	<b>\$ 83</b>	<b>\$ 113</b>	<b>\$ 30</b>	<b>\$ 660</b>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-	-	-
Due to the City	-	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>						
Nonspendable	-	-	-	-	-	-
Restricted	1,908	2,234	83	113	30	660
Committed	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>Total fund balance</b>	<b>1,908</b>	<b>2,234</b>	<b>83</b>	<b>113</b>	<b>30</b>	<b>660</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,908</b>	<b>\$ 2,234</b>	<b>\$ 83</b>	<b>\$ 113</b>	<b>\$ 30</b>	<b>\$ 660</b>

(CONTINUED)

**CITY OF WARWICK, RHODE ISLAND**

H-1

**COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2013**

**SCHOOL SPECIAL REVENUE FUNDS**

	Cedar Hill Library Books	PTO Donations	C.A.S.I.T. Italian Program	Race to the Top	School Lunch Fund	James Manson Memorial Fund
<b>ASSETS</b>						
Cash	\$ -	\$ -	\$ -	\$ -	\$ 62,604	\$ -
Due from federal & state governments	-	-	-	56,398	107,629	-
Other receivables	-	-	-	-	4,114	-
Other assets	-	-	-	-	-	-
Due from City	212	35,332	872	-	-	-
<b>Total assets</b>	<b>\$ 212</b>	<b>\$ 35,332</b>	<b>\$ 872</b>	<b>\$ 56,398</b>	<b>\$ 174,347</b>	<b>\$ -</b>
<b>LIABILITIES</b>						
Accounts payable	\$ 170	\$ 31,554	\$ -	\$ 6,400	\$ 158,649	\$ -
Accrued liabilities	-	-	-	13,533	2,377	-
Due to the City	-	-	-	36,465	13,321	-
<b>Total liabilities</b>	<b>170</b>	<b>31,554</b>	<b>-</b>	<b>56,398</b>	<b>174,347</b>	<b>-</b>
<b>FUND BALANCES</b>						
Nonspendable	-	-	-	-	-	-
Restricted	42	3,778	872	-	-	-
Committed	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>Total fund balance</b>	<b>42</b>	<b>3,778</b>	<b>872</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 212</b>	<b>\$ 35,332</b>	<b>\$ 872</b>	<b>\$ 56,398</b>	<b>\$ 174,347</b>	<b>\$ -</b>

(CONTINUED)

**CITY OF WARWICK, RHODE ISLAND**

**COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2013**

	<b>SCHOOL SPECIAL REVENUE FUNDS</b>				
	The Jason Fund	VSA Arts	Lowe's	Champlin	RISCA Steam Power
<b>ASSETS</b>					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Due from federal & state governments	-	-	-	-	-
Other receivables	1,600	1,000	-	-	-
Other assets	-	-	-	-	-
Due from City	-	-	-	-	-
<b>Total assets</b>	<u>\$ 1,600</u>	<u>\$ 1,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-	-
Due to the City	1,600	1,000	-	-	-
<b>Total liabilities</b>	<u>1,600</u>	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>Total fund balance</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 1,600</u>	<u>\$ 1,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(CONTINUED)

**CITY OF WARWICK, RHODE ISLAND**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2013**

SCHOOL SPECIAL REVENUE FUNDS					
	CTE Odd YR	Art Talks Sherman	CVS	Capital Project Generator Fund	Total Special Revenue Funds
<b>ASSETS</b>					
Cash	\$ -	\$ -	\$ -		\$ 62,604
Due from federal & state governments	-	-	-	-	2,276,915
Other receivables	-	-	-	-	9,282
Other assets	-	-	-	-	178,400
Due from City	123,749	750	-	-	249,791
<b>Total assets</b>	<b>\$ 123,749</b>	<b>\$ 750</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,776,992</b>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ 302	\$ -	\$ -	\$ 242,987
Accrued liabilities	-	-	-	-	350,464
Due to the City	-	-	-	-	1,776,093
<b>Total liabilities</b>	<b>-</b>	<b>302</b>	<b>-</b>	<b>-</b>	<b>2,369,544</b>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	-
Restricted	123,749	448	-	-	407,448
Committed	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>Total fund balance</b>	<b>123,749</b>	<b>448</b>	<b>-</b>	<b>-</b>	<b>407,448</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 123,749</b>	<b>\$ 750</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,776,992</b>

(CONCLUDED)

CITY OF WARWICK, RHODE ISLAND

H-2

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
NON-MAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2013**

SCHOOL SPECIAL REVENUE FUNDS						
	IDEA	IDEA Pre-School	IDEA Pre-School Targeted	Title I	Title II	E2T2 TRAINING CONSORTIUM ARRA
<b>REVENUES:</b>						
Intergovernmental	\$ 3,262,284	\$ 107,288	\$ -	\$ 1,211,548	\$ 586,640	\$ -
Contributions and private grants	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Total revenues</b>	<u>3,262,284</u>	<u>107,288</u>	<u>-</u>	<u>1,211,548</u>	<u>586,640</u>	<u>-</u>
<b>EXPENDITURES:</b>						
Salaries	2,260,507	72,649	-	844,322	398,449	-
Employee benefits	946,859	33,507	-	338,210	164,368	-
Purchases services	-	-	-	-	13,350	-
Other purchased services	-	-	-	1,119	497	-
Supplies and materials	-	-	-	5,606	-	-
Capital equipment and property	-	-	-	-	-	-
Miscellaneous	-	-	-	1,693	-	-
Indirect costs	54,918	1,132	-	20,598	9,976	-
<b>Total expenditures</b>	<u>3,262,284</u>	<u>107,288</u>	<u>-</u>	<u>1,211,548</u>	<u>586,640</u>	<u>-</u>
<b>Excess (deficiency) of revenues over (under) expenditures before other financing Sources and Uses</b>	-	-	-	-	-	-
<b>Other financing sources (uses):</b>						
Transfer in from other funds	-	-	-	-	-	-
<b>Net change in fund balances</b>	-	-	-	-	-	-
<b>Fund balances - beginning of year</b>	-	-	251	-	-	44
<b>Fund balances - end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 251</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44</u>

(Continued)

**CITY OF WARWICK, RHODE ISLAND**

H-2

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
NON-MAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2013**

**SCHOOL SPECIAL REVENUE FUNDS**

	<b>Title III</b>	<b>Perkins Voc Even Year</b>	<b>Perkins Voc Odd Year</b>	<b>Homeless Even Year</b>	<b>Homeless Odd Year</b>	<b>Fresh Fruit/Veg Program</b>
<b>REVENUES:</b>						
Intergovernmental	\$ 21,139	\$ 10,141	\$ 249,028	\$ 3,427	\$ 21,057	\$ 58,925
Contributions and private grants	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Total revenues</b>	<b>21,139</b>	<b>10,141</b>	<b>249,028</b>	<b>3,427</b>	<b>21,057</b>	<b>58,925</b>
<b>EXPENDITURES:</b>						
Salaries	3,234	125	114,656	676	9,855	-
Employee benefits	268	34	38,495	51	754	-
Purchases services	800	-	22,214	2,700	9,000	-
Other purchased services	5,068	329	-	-	566	51,236
Supplies and materials	8,090	-	10,067	-	487	2,232
Capital equipment and property	-	9,653	56,815	-	-	-
Miscellaneous	3,320	-	3,447	-	37	-
Indirect costs	359	-	3,334	-	358	5,457
<b>Total expenditures</b>	<b>21,139</b>	<b>10,141</b>	<b>249,028</b>	<b>3,427</b>	<b>21,057</b>	<b>58,925</b>
<b>Excess (deficiency) of revenues over (under) expenditures before other financing Sources and Uses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other financing sources (uses):</b>						
Transfer in from other funds	-	-	-	-	-	-
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances - beginning of year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances - end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

(Continued)

**CITY OF WARWICK, RHODE ISLAND**

H-2

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
NON-MAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2013**

**SCHOOL SPECIAL REVENUE FUNDS**

	<b>Skills USA</b>	<b>Big Yellow Bus</b>	<b>Arts Dalmation</b>	<b>Smart Arts</b>	<b>Scott Tech Donations</b>	<b>Esther Chester Donations</b>
<b>REVENUES:</b>						
Intergovernmental	\$ 3,500	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions and private grants	-	760	-	400	292	225,900
Charges for services	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Total revenues</b>	<b>3,500</b>	<b>760</b>	<b>-</b>	<b>400</b>	<b>292</b>	<b>225,900</b>
<b>EXPENDITURES:</b>						
Salaries	-	-	-	-	-	-
Employee benefits	-	-	-	-	-	-
Purchases services	-	680	-	-	-	-
Other purchased services	-	600	318	360	-	-
Supplies and materials	-	-	-	-	-	-
Capital equipment and property	-	-	-	-	-	62,950
Miscellaneous	3,500	-	-	-	-	-
Indirect costs	-	-	-	-	-	-
<b>Total expenditures</b>	<b>3,500</b>	<b>1,280</b>	<b>318</b>	<b>360</b>	<b>-</b>	<b>62,950</b>
<b>Excess (deficiency) of revenues over (under) expenditures before other financing Sources and Uses</b>	<b>-</b>	<b>(520)</b>	<b>(318)</b>	<b>40</b>	<b>292</b>	<b>162,950</b>
<b>Other financing sources (uses):</b>						
Transfer in from other funds	-	-	-	-	-	-
<b>Net change in fund balances</b>	<b>-</b>	<b>(520)</b>	<b>(318)</b>	<b>40</b>	<b>292</b>	<b>162,950</b>
<b>Fund balances - beginning of year</b>	<b>-</b>	<b>2,130</b>	<b>318</b>	<b>180</b>	<b>2,142</b>	<b>13,954</b>
<b>Fund balances - end of year</b>	<b>\$ -</b>	<b>\$ 1,610</b>	<b>\$ -</b>	<b>\$ 220</b>	<b>\$ 2,434</b>	<b>\$ 176,904</b>

(Continued)

**CITY OF WARWICK, RHODE ISLAND**

H-2

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
NON-MAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2013**

SCHOOL SPECIAL REVENUE FUNDS						
	Mary Maini Memorial Fund	City/Town Contribution Sports	Injury Fund	Emergency Repairs - Tech	Champlin Aldrich/Gorton	Champlin Comp.
<b>REVENUES:</b>						
Intergovernmental	\$ -	\$ -	\$ -	\$ 21,000	\$ -	\$ -
Contributions and private grants	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Other	-	-	4,718	-	-	-
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>4,718</b>	<b>21,000</b>	<b>-</b>	<b>-</b>
<b>EXPENDITURES:</b>						
Salaries	-	-	-	-	-	-
Employee benefits	-	-	-	-	-	-
Purchases services	-	-	4,718	-	-	-
Other purchased services	-	-	-	21,000	-	-
Supplies and materials	(10)	-	-	-	-	-
Capital equipment and property	-	-	-	9,838	-	-
Miscellaneous	-	-	-	-	-	-
Indirect costs	-	-	-	-	-	-
<b>Total expenditures</b>	<b>(10)</b>	<b>-</b>	<b>4,718</b>	<b>30,838</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures before other financing Sources and Uses</b>	<b>10</b>	<b>-</b>	<b>-</b>	<b>(9,838)</b>	<b>-</b>	<b>-</b>
<b>Other financing sources (uses):</b>						
Transfer in from other funds	-	-	-	-	-	-
<b>Net change in fund balances</b>	<b>10</b>	<b>-</b>	<b>-</b>	<b>(9,838)</b>	<b>-</b>	<b>-</b>
<b>Fund balances - beginning of year</b>	<b>40</b>	<b>4,990</b>	<b>228</b>	<b>27,445</b>	<b>3,306</b>	<b>148</b>
<b>Fund balances - end of year</b>	<b>\$ 50</b>	<b>\$ 4,990</b>	<b>\$ 228</b>	<b>\$ 17,607</b>	<b>\$ 3,306</b>	<b>\$ 148</b>

(Continued)

CITY OF WARWICK, RHODE ISLAND

H-2

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
NON-MAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2013**

SCHOOL SPECIAL REVENUE FUNDS

	<u>Feinstein</u>	<u>Rhode Island Foundation</u>	<u>Harris Foundation</u>	<u>Verizon Thinkfinity</u>	<u>Walmart</u>	<u>Dorothy Rich Association</u>
<b>REVENUES:</b>						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions and private grants	25,847	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Total revenues</b>	<u>25,847</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES:</b>						
Salaries	-	-	-	-	-	-
Employee benefits	-	-	-	-	-	-
Purchases services	1,993	-	-	-	-	-
Other purchased services	-	-	-	-	-	-
Supplies and materials	2,563	-	10,090	-	-	-
Capital equipment and property	-	-	-	-	-	-
Miscellaneous	3,809	-	-	-	-	-
Indirect costs	-	-	-	-	-	-
<b>Total expenditures</b>	<u>8,365</u>	<u>-</u>	<u>10,090</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (deficiency) of revenues over (under) expenditures before other financing Sources and Uses</b>	17,482	-	(10,090)	-	-	-
<b>Other financing sources (uses):</b>						
Transfer in from other funds	-	-	-	-	-	-
<b>Net change in fund balances</b>	17,482	-	(10,090)	-	-	-
<b>Fund balances - beginning of year</b>	<u>40,580</u>	<u>1,959</u>	<u>10,090</u>	<u>5,000</u>	<u>67</u>	<u>651</u>
<b>Fund balances - end of year</b>	<u>\$ 58,062</u>	<u>\$ 1,959</u>	<u>\$ -</u>	<u>\$ 5,000</u>	<u>\$ 67</u>	<u>\$ 651</u>

(Continued)

CITY OF WARWICK, RHODE ISLAND

H-2

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
NON-MAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2013**

SCHOOL SPECIAL REVENUE FUNDS

	Media Labs at Wickes	RIPIN	Reading Excellance	Soc Skills for Life-Vets	Alt Learn Program	City- Town Center
<b>REVENUES:</b>						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions and private grants	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES:</b>						
Salaries	-	-	-	-	-	-
Employee benefits	-	-	-	-	-	-
Purchases services	-	-	-	-	-	-
Other purchased services	-	-	-	-	-	-
Supplies and materials	-	-	-	-	-	-
Capital equipment and property	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Indirect costs	-	-	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (deficiency) of revenues over (under) expenditures before other financing Sources and Uses</b>	-	-	-	-	-	-
<b>Other financing sources (uses):</b>						
Transfer in from other funds	-	-	-	-	-	-
<b>Net change in fund balances</b>	-	-	-	-	-	-
<b>Fund balances - beginning of year</b>	<u>1,908</u>	<u>2,234</u>	<u>83</u>	<u>113</u>	<u>30</u>	<u>660</u>
<b>Fund balances - end of year</b>	<u>\$ 1,908</u>	<u>\$ 2,234</u>	<u>\$ 83</u>	<u>\$ 113</u>	<u>\$ 30</u>	<u>\$ 660</u>

(Continued)

CITY OF WARWICK, RHODE ISLAND

H-2

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
NON-MAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2013**

SCHOOL SPECIAL REVENUE FUNDS						
	Cedar Hill Library Books	PTO Donations	C.A.S.I.T. Italian Program	Race to the Top	School Lunch Fund	James Manson Memorial Fund
<b>REVENUES:</b>						
Intergovernmental	\$ -	\$ -	\$ -	\$ 882,283	\$ 1,359,011	\$ -
Contributions and private grants	355	55,549	2,000	-	-	-
Charges for services	-	-	-	-	881,096	-
Other	-	-	-	-	-	-
<b>Total revenues</b>	<u>355</u>	<u>55,549</u>	<u>2,000</u>	<u>882,283</u>	<u>2,240,107</u>	<u>-</u>
<b>EXPENDITURES:</b>						
Salaries	-	2,430	-	263,469	353,005	-
Employee benefits	-	180	-	94,707	46,752	-
Purchases services	-	-	500	416,062	2,393,838	-
Other purchased services	-	-	776	96,588	-	-
Supplies and materials	1,162	309	1,103	433	478	2
Capital equipment and property	-	48,857	-	9,078	26,684	-
Miscellaneous	-	-	-	1,946	445	-
Indirect costs	-	-	-	-	-	-
<b>Total expenditures</b>	<u>1,162</u>	<u>51,776</u>	<u>2,379</u>	<u>882,283</u>	<u>2,821,202</u>	<u>2</u>
<b>Excess (deficiency) of revenues over (under) expenditures before other financing Sources and Uses</b>	<b>(807)</b>	<b>3,773</b>	<b>(379)</b>	<b>-</b>	<b>(581,095)</b>	<b>(2)</b>
<b>Other financing sources (uses):</b>						
Transfer in from other funds	-	-	-	-	581,095	-
<b>Net change in fund balances</b>	<b>(807)</b>	<b>3,773</b>	<b>(379)</b>	<b>-</b>	<b>-</b>	<b>(2)</b>
<b>Fund balances - beginning of year</b>	<u>849</u>	<u>5</u>	<u>1,251</u>	<u>-</u>	<u>-</u>	<u>2</u>
<b>Fund balances - end of year</b>	<u>\$ 42</u>	<u>\$ 3,778</u>	<u>\$ 872</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

**CITY OF WARWICK, RHODE ISLAND**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
NON-MAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2013**

**SCHOOL SPECIAL REVENUE FUNDS**

	<b>The Jason Fund</b>	<b>VSA Arts</b>	<b>Lowe's</b>	<b>Champlin</b>	<b>RISCA Steam Power</b>
<b>REVENUES:</b>					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions and private grants	-	2,000	2,485	64,580	5,000
Charges for services	-	-	-	-	-
Other	1,600	-	-	-	-
<b>Total revenues</b>	<b>1,600</b>	<b>2,000</b>	<b>2,485</b>	<b>64,580</b>	<b>5,000</b>
<b>EXPENDITURES:</b>					
Salaries	-	929	-	-	-
Employee benefits	-	71	-	-	-
Purchases services	1,600	-	-	-	-
Other purchased services	-	-	-	-	5,000
Supplies and materials	-	1,000	490	-	-
Capital equipment and property	-	-	1,995	64,580	-
Miscellaneous	-	-	-	-	-
Indirect costs	-	-	-	-	-
<b>Total expenditures</b>	<b>1,600</b>	<b>2,000</b>	<b>2,485</b>	<b>64,580</b>	<b>5,000</b>
<b>Excess (deficiency) of revenues over (under) expenditures before other financing Sources and Uses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other financing sources (uses):</b>					
Transfer in from other funds	-	-	-	-	-
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances - beginning of year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances - end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

(Continued)

**CITY OF WARWICK, RHODE ISLAND**

H-2

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
NON-MAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2013**

SCHOOL SPECIAL REVENUE FUNDS					
	CTE Odd Yr	Art Talks Sherman	CVS	Capital Project Generator Fund	Total Special Revenue Funds
<b>REVENUES:</b>					
Intergovernmental	\$ 123,749	\$ -	\$ -	\$ -	\$ 7,921,020
Contributions and private grants	-	750	1,200	-	387,118
Charges for services	-	-	-	-	881,096
Other	-	-	-	-	6,318
<b>Total revenues</b>	<b>123,749</b>	<b>750</b>	<b>1,200</b>	<b>-</b>	<b>9,195,552</b>
<b>EXPENDITURES:</b>					
Salaries	-	-	-	-	4,324,306
Employee benefits	-	-	-	-	1,664,256
Purchases services	-	-	-	-	2,867,455
Other purchased services	-	-	-	-	183,457
Supplies and materials	-	302	1,200	-	45,604
Capital equipment and property	-	-	-	390	290,840
Miscellaneous	-	-	-	-	18,197
Indirect costs	-	-	-	-	96,132
<b>Total expenditures</b>	<b>-</b>	<b>302</b>	<b>1,200</b>	<b>390</b>	<b>9,490,247</b>
<b>Excess (deficiency) of revenues over (under) expenditures before other financing Sources and Uses</b>	<b>123,749</b>	<b>448</b>	<b>-</b>	<b>(390)</b>	<b>(294,695)</b>
<b>Other financing sources (uses):</b>					
Transfer in from other funds	-	-	-	-	581,095
<b>Net change in fund balances</b>	<b>123,749</b>	<b>448</b>	<b>-</b>	<b>(390)</b>	<b>286,400</b>
<b>Fund balances - beginning of year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>390</b>	<b>121,048</b>
<b>Fund balances - end of year</b>	<b>\$ 123,749</b>	<b>\$ 448</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 407,448</b>

(Concluded)

**CITY OF WARWICK, RHODE ISLAND**  
**NON-MAJOR GOVERNMENTAL FUNDS**

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**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.

**2000 Recreation Bond Fund** – to account for capital improvements related to recreation.

**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

I - 1

**COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUND  
JUNE 30, 2013**

	<b>2000 Open Space Bond Fund</b>	<b>2000 Recreation Bond Fund</b>	<b>2006 School Bond Fund</b>	<b>2002 Drainage Bond Fund</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 362,090	\$ -	\$ 4,716,297	\$ -
Due from federal and state governments	-	-	-	490,351
Due from other Funds	-	-	-	-
<b>Total assets</b>	<b>\$ 362,090</b>	<b>\$ -</b>	<b>\$ 4,716,297</b>	<b>\$ 490,351</b>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ 1,098,083	\$ -
Due to other funds	30	-	3,375	490,351
Unearned Revenue	-	-	-	-
<b>Total liabilities</b>	<b>30</b>	<b>-</b>	<b>1,101,458</b>	<b>490,351</b>
<b>FUND BALANCE</b>				
Nonspendable	-	-	-	-
Restricted	362,060	-	3,614,839	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<b>Total fund balance</b>	<b>362,060</b>	<b>-</b>	<b>3,614,839</b>	<b>-</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 362,090</b>	<b>\$ -</b>	<b>\$ 4,716,297</b>	<b>\$ 490,351</b>

(CONTINUED)

CITY OF WARWICK, RHODE ISLAND

I - 1

COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUND  
JUNE 30, 2013

	<u>2002 Public Safety Bond Fund</u>	<u>2006 City Buildings Bond Fund</u>	<u>Capital Leases</u>	<u>Total Capital Projects Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 6,376	\$ 50,322	\$ 11,342	\$ 5,146,427
Due from federal and state governments	-	2,652	-	493,003
Due from other Funds	-	133,994	-	133,994
<b>Total assets</b>	<u>\$ 6,376</u>	<u>\$ 186,968</u>	<u>\$ 11,342</u>	<u>\$ 5,773,424</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 2,659	\$ -	\$ 1,100,742
Due to other funds	6,376	-	1,436,543	1,936,675
Unearned Revenue	-	50,322	-	50,322
<b>Total liabilities</b>	<u>6,376</u>	<u>52,981</u>	<u>1,436,543</u>	<u>3,087,739</u>
<b>FUND BALANCE</b>				
Nonspendable	-	-	-	-
Restricted	-	133,987	-	4,110,886
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	(1,425,201)	(1,425,201)
<b>Total fund balance</b>	<u>-</u>	<u>133,987</u>	<u>(1,425,201)</u>	<u>2,685,685</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 6,376</u>	<u>\$ 186,968</u>	<u>\$ 11,342</u>	<u>\$ 5,773,424</u>

(CONCLUDED)

CITY OF WARWICK, RHODE ISLAND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
NON-MAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUND  
YEAR ENDED JUNE 30, 2013**

	<b>2000 Open Space Bond Fund</b>	<b>2000 Recreation Bond Fund</b>	<b>2006 School Bond Fund</b>	<b>2002 Drainage Bond Fund</b>
<b>REVENUES:</b>				
Intergovernmental	\$ 36,622	\$ -	\$ -	\$ 712,801
<b>Total revenues</b>	<u>36,622</u>	<u>-</u>	<u>-</u>	<u>712,801</u>
<b>EXPENDITURES:</b>				
Public Safety	-	-	-	-
Recreation	36,622	-	-	-
Public Works	-	-	-	826,298
Education	-	-	3,950,568	-
Debt issuance costs	-	-	29,159	-
<b>Total expenditures</b>	<u>36,622</u>	<u>-</u>	<u>3,979,727</u>	<u>826,298</u>
<b>Excess of revenues over expenditures before transfers</b>	<u>-</u>	<u>-</u>	<u>(3,979,727)</u>	<u>(113,497)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond proceeds	-	-	4,353,015	-
Transfers In	-	427,897	-	314,077
Transfers Out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>427,897</u>	<u>4,353,015</u>	<u>314,077</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>-</u>	<u>427,897</u>	<u>373,288</u>	<u>200,580</u>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>362,060</u>	<u>(427,897)</u>	<u>3,241,551</u>	<u>(200,580)</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 362,060</u>	<u>\$ -</u>	<u>\$ 3,614,839</u>	<u>\$ -</u>

(CONTINUED)

CITY OF WARWICK, RHODE ISLAND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
NON-MAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUND  
YEAR ENDED JUNE 30, 2013**

	<u>2002 Public Safety Bond Fund</u>	<u>2006 City Buildings Bond Fund</u>	<u>Capital Leases</u>	<u>Totals Capital Projects Funds</u>
<b>REVENUES:</b>				
Intergovernmental	\$ -	\$ 96,422	\$ 600,000	\$ 1,445,845
<b>Total revenues</b>	<u>-</u>	<u>96,422</u>	<u>600,000</u>	<u>1,445,845</u>
<b>EXPENDITURES:</b>				
Public Safety	-	-	836,212	836,212
Recreation	-	-	-	36,622
Public Works	-	83,754	1,200,331	2,110,383
Education	-	-	-	3,950,568
Debt issuance costs	-	-	-	29,159
<b>Total expenditures</b>	<u>-</u>	<u>83,754</u>	<u>2,036,543</u>	<u>6,962,944</u>
<b>Excess of revenues over expenditures before transfers</b>	<u>-</u>	<u>12,668</u>	<u>(1,436,543)</u>	<u>(5,517,099)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond proceeds	-	-	-	4,353,015
Transfers In	-	-	250	742,224
Transfers Out	(6,375)	-	-	(6,375)
<b>Total Other Financing Sources (Uses)</b>	<u>(6,375)</u>	<u>-</u>	<u>250</u>	<u>5,088,864</u>
<b>NET CHANGE IN FUND BALANCE</b>	(6,375)	12,668	(1,436,293)	(428,235)
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>6,375</u>	<u>121,319</u>	<u>11,092</u>	<u>3,113,920</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ 133,987</u>	<u>\$ (1,425,201)</u>	<u>\$ 2,685,685</u>

(CONCLUDED)

CITY OF WARWICK, RHODE ISLAND

**NON-MAJOR ENTERPRISE FUNDS**

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**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 ENTERPRISE FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2013**

	<b>Emergency Operations Enterprise Fund</b>	<b>On-Site Revolving Loan Fund</b>	<b>Sewer Infrastructure Replacement Fund</b>	<b>Sewer Renewal &amp; Replacement Fund</b>	<b>Water Renewal &amp; Replacement Fund</b>	<b>Water Restricted Emergency Fund</b>	<b>Water Infrastructure Replacement Fund</b>	<b>Total All Non-major Enterprise Funds</b>
<b>ASSETS:</b>								
<i>Current Assets:</i>								
Cash and cash equivalents	\$ -	\$ -	\$ 123,658	\$ 647,189	\$ 40,971	\$ 68,087	\$ 636,404	\$ 1,516,309
Other receivables	-	11,574	-	-	-	-	-	11,574
Due from federal and state government	7,617	-	-	-	-	-	-	7,617
Due from other funds	-	3,228	-	2,128,066	750,000	250,000	2,000,000	5,131,294
<b>TOTAL ASSETS</b>	<b>7,617</b>	<b>14,802</b>	<b>123,658</b>	<b>2,775,255</b>	<b>790,971</b>	<b>318,087</b>	<b>2,636,404</b>	<b>6,666,794</b>
<b>LIABILITIES:</b>								
<i>Current Liabilities</i>								
Accounts payable and accrued expenditures	-	-	3,018	34,321	-	-	69,900	107,239
Due to other funds	7,617	-	27,477	-	-	-	-	35,094
<b>TOTAL LIABILITIES</b>	<b>7,617</b>	<b>-</b>	<b>30,495</b>	<b>34,321</b>	<b>-</b>	<b>-</b>	<b>69,900</b>	<b>142,333</b>
<b>NET POSITION:</b>								
Unrestricted	-	14,802	93,163	2,740,934	790,971	318,087	2,566,504	6,524,461
<b>TOTAL NET POSITION</b>	<b>\$ -</b>	<b>\$ 14,802</b>	<b>\$ 93,163</b>	<b>\$ 2,740,934</b>	<b>\$ 790,971</b>	<b>\$ 318,087</b>	<b>\$ 2,566,504</b>	<b>\$ 6,524,461</b>

**CITY OF WARWICK, RHODE ISLAND**

**NON-MAJOR ENTERPRISE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
YEAR ENDED JUNE 30, 2013**

	<b>Emergency Operations Enterprise Fund</b>	<b>On-Site Revolving Loan Fund</b>	<b>Sewer Infrastructure Replacement Fund</b>	<b>Sewer Renewal &amp; Replacement Fund</b>	<b>Water Renewal &amp; Replacement Fund</b>	<b>Water Restricted Emergency Fund</b>	<b>Water Infrastructure Replacement Fund</b>	<b>Total All Non-major Enterprise Funds</b>
<b>OPERATING REVENUES:</b>								
Intergovernmental revenues	\$ 42,183	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 42,183
Other revenues	-	-	11,586	109,835	-	-	-	121,421
<b>Total operating revenues</b>	<u>42,183</u>	<u>-</u>	<u>11,586</u>	<u>109,835</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>163,604</u>
<b>OPERATING EXPENSES:</b>								
Materials and supplies	-	-	26,752	66,686	-	12,057	25,595	131,090
Miscellaneous	-	2,000	-	-	-	-	-	2,000
<b>Total operating expenses</b>	<u>-</u>	<u>2,000</u>	<u>26,752</u>	<u>66,686</u>	<u>-</u>	<u>12,057</u>	<u>25,595</u>	<u>133,090</u>
<b>OPERATING INCOME (LOSS)</b>	<u>42,183</u>	<u>(2,000)</u>	<u>(15,166)</u>	<u>43,149</u>	<u>-</u>	<u>(12,057)</u>	<u>(25,595)</u>	<u>30,514</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>								
Interest Income	-	3,543	308	1,448	83	161	1,332	6,875
<b>Total non-operating revenues</b>	<u>-</u>	<u>3,543</u>	<u>308</u>	<u>1,448</u>	<u>83</u>	<u>161</u>	<u>1,332</u>	<u>6,875</u>
<b>Income (Loss) Before Transfers</b>	<u>42,183</u>	<u>1,543</u>	<u>(14,858)</u>	<u>44,597</u>	<u>83</u>	<u>(11,896)</u>	<u>(24,263)</u>	<u>37,389</u>
<b>TRANSFERS:</b>								
Operating Transfer In	56,556	5,228	-	10,000	-	-	-	71,784
Operating Transfers (Out)	(98,739)	(5,048)	(44,020)	(44,000)	-	-	(69,900)	(261,707)
<b>Total Transfers</b>	<u>(42,183)</u>	<u>180</u>	<u>(44,020)</u>	<u>(34,000)</u>	<u>-</u>	<u>-</u>	<u>(69,900)</u>	<u>(189,923)</u>
<b>CHANGE IN NET POSITION</b>	<u>-</u>	<u>1,723</u>	<u>(58,878)</u>	<u>10,597</u>	<u>83</u>	<u>(11,896)</u>	<u>(94,163)</u>	<u>(152,534)</u>
<b>NET POSITION - BEGINNING OF YEAR</b>	<u>-</u>	<u>13,079</u>	<u>152,041</u>	<u>2,730,337</u>	<u>790,888</u>	<u>329,983</u>	<u>2,660,667</u>	<u>6,676,995</u>
<b>NET POSITION - END OF YEAR</b>	<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>

CITY OF WARWICK, RHODE ISLAND

NON-MAJOR ENTERPRISE FUNDS  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2013

	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
<b>Cash flows from operating activities:</b>								
Cash received from customers	\$ 3,173,190	\$ 1,505	\$ 11,586	\$ -	\$ -	\$ -	\$ -	\$ 3,186,281
Cash payments to suppliers for goods and services	(89,169)	(2,000)	(28,793)	(36,100)	-	(16,650)	44,305	(128,407)
Other operating revenues	42,183	-	-	109,835	-	-	-	152,018
<b>Net cash provided (used) by operating activities</b>	<u>3,126,204</u>	<u>(495)</u>	<u>(17,207)</u>	<u>73,735</u>	<u>-</u>	<u>(16,650)</u>	<u>44,305</u>	<u>3,209,892</u>
<b>Cash flows from non-capital financing activities:</b>								
Interfund loans	(3,084,021)	(3,228)	30,477	(115,295)	-	-	-	(3,172,067)
Operating transfers from other funds	56,556	5,228	-	10,000	-	-	-	71,784
Operating transfer to other funds	(98,739)	(5,048)	(44,020)	(44,000)	-	-	(69,900)	(261,707)
<b>Net cash (used) by non-capital financing activities</b>	<u>(3,126,204)</u>	<u>(3,048)</u>	<u>(13,543)</u>	<u>(149,295)</u>	<u>-</u>	<u>-</u>	<u>(69,900)</u>	<u>(3,361,990)</u>
<b>Cash flows from investing activities:</b>								
Interest and dividends in investment	-	3,543	308	1,448	83	161	1,332	6,875
<b>Net cash provided by investing activities</b>	<u>-</u>	<u>3,543</u>	<u>308</u>	<u>1,448</u>	<u>83</u>	<u>161</u>	<u>1,332</u>	<u>6,875</u>
<b>Net increase (decrease) in cash and cash equivalents (including restricted cash and equivalents)</b>	<u>-</u>	<u>-</u>	<u>(30,442)</u>	<u>(74,112)</u>	<u>83</u>	<u>(16,489)</u>	<u>(24,263)</u>	<u>(145,223)</u>
<b>Cash and cash equivalents at beginning of year (including restricted cash and equivalents)</b>			154,100	721,301	40,888	84,576	660,667	1,661,532
<b>Cash and cash equivalents at end of year (including restricted cash and equivalents)</b>	<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>

(CONTINUED)

CITY OF WARWICK, RHODE ISLAND

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**NON-MAJOR ENTERPRISE FUNDS  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2013**

	<b>Emergency Operations Enterprise Fund</b>	<b>On-Site Revolving Loan Fund</b>	<b>Sewer Infrastructure Replacement Fund</b>	<b>Sewer Renewal &amp; Replacement Fund</b>	<b>Water Renewal &amp; Replacement Fund</b>	<b>Water Restricted Emergency Fund</b>	<b>Water Infrastructure Replacement Fund</b>	<b>Total All Non-major Enterprise Funds</b>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>								
<b>Operating income(loss)</b>	\$ 42,183	\$ (2,000)	\$ (15,166)	\$ 43,149	\$ -	\$ (12,057)	\$ (25,595)	\$ 30,514
<b>Adjustments to reconcile operating income to Net Cash provided (used) by operating activities</b>								
Depreciation and amortization								
<b>Changes in assets and liabilities:</b>								
(Increase) decrease in other receivable	3,173,190	1,505	-	-	-	-	-	3,174,695
(Increase) decrease in accrued interest receivable			-	-	-	-	-	-
Increase (decrease) in accounts payable and accrued expense	(89,169)		(2,041)	30,586	-	(4,593)	69,900	4,683
<b>Total adjustments</b>								
<b>Net cash provided (used) by operating activities</b>	\$ 3,126,204	\$ (495)	\$ (17,207)	\$ 73,735	\$ -	\$ (16,650)	\$ 44,305	\$ 3,209,892

(CONCLUDED)

CITY OF WARWICK, RHODE ISLAND

**TRUST FUNDS**

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**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, 2013**

	<b>Police and Fire Pension I</b>	<b>Police II Pension</b>	<b>Fire Pension II</b>	<b>City Employees Pension</b>	<b>Other School Department Employees</b>	<b>Total</b>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 1,446,076	\$ 1,580,250	\$ 1,199,670	\$ 1,579,855	\$ 2,672,055	\$ 8,477,906
<b>Investments, at fair value:</b>						-
Equity Pool	7,341,108	17,522,086	3,880,501	11,316,039	-	40,059,734
Equity small cap funds	9,182,416	23,247,672	4,699,948	14,938,574	-	52,068,610
Fixed income pool	23,143,751	54,182,473	12,470,918	34,787,594	5,534,375	130,119,111
Index funds	12,985,158	31,484,388	6,773,029	20,178,922	-	71,421,497
Multi asset manager funds	9,378,589	21,473,668	4,797,725	13,446,688	-	49,096,670
International equity funds	2,567,793	5,412,046	1,502,813	3,422,209	-	12,904,861
Mutual funds	-	-	-	-	23,928,480	23,928,480
<b>Total investments</b>	<b>64,598,815</b>	<b>153,322,333</b>	<b>34,124,934</b>	<b>98,090,026</b>	<b>29,462,855</b>	<b>379,598,963</b>
Receivables:						
Accrued interest receivable	41	48	44	43	-	176
Total receivables	41	48	44	43	-	176
<b>TOTAL ASSETS</b>	<b>66,044,932</b>	<b>154,902,631</b>	<b>35,324,648</b>	<b>99,669,924</b>	<b>32,134,910</b>	<b>388,077,045</b>
<b>LIABILITIES</b>						
Accounts payable and accrued expenses	52,972	115,742	18,684	77,167	-	264,565
<b>Total liabilities</b>	<b>52,972</b>	<b>115,742</b>	<b>18,684</b>	<b>77,167</b>	<b>-</b>	<b>264,565</b>
<b>NET POSITION</b>						
Held in trust for pension benefits	\$ 65,991,960	\$ 154,786,889	\$ 35,305,964	\$ 99,592,757	\$ 32,134,910	\$ 387,812,480

The notes to financial statements are an integral part of this statement

CITY OF WARWICK, RHODE ISLAND

**COMBINING STATEMENT OF CHANGES IN NET POSITION  
PENSION TRUST FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013**

	<b>Police and Fire Pension I</b>	<b>Police II Pension</b>	<b>Fire Pension II</b>	<b>City Employees Pension</b>	<b>Other School Department Employees</b>	<b>Total</b>
<b>ADDITIONS:</b>						
Contributions- Employer	\$ 14,276,546	\$ 3,165,799	\$ 2,647,136	\$ 5,193,131	\$ 2,544,709	\$ 27,827,321
Plan members	350,536	1,582,900	1,323,567	1,533,469	726,054	5,516,526
<b>Total contributions</b>	<u>14,627,082</u>	<u>4,748,699</u>	<u>3,970,703</u>	<u>6,726,600</u>	<u>3,270,763</u>	<u>33,343,847</u>
<b>Investment earnings:</b>						
Net appreciation (decrease) in fair value of investments	7,559,432	17,275,015	3,475,661	11,156,041	1,850,896	41,317,045
Interest and dividends	(2,817)	1,097	1,139	(1,958)	636,775	634,236
Less Investment expense	(240,979)	(551,904)	(111,936)	(351,975)	-	(1,256,794)
<b>Net investment earnings</b>	<u>7,315,636</u>	<u>16,724,208</u>	<u>3,364,864</u>	<u>10,802,108</u>	<u>2,487,671</u>	<u>40,694,487</u>
<b>TOTAL ADDITIONS</b>	<u>21,942,718</u>	<u>21,472,907</u>	<u>7,335,567</u>	<u>17,528,708</u>	<u>5,758,434</u>	<u>74,038,334</u>
<b>DEDUCTIONS:</b>						
Benefits paid	19,691,440	7,220,137	278,232	7,793,183	4,973,675	39,956,667
Administrative and other expenses	21,537	16,131	1,969	18,693	73,646	131,976
<b>Total deductions</b>	<u>19,712,977</u>	<u>7,236,268</u>	<u>280,201</u>	<u>7,811,876</u>	<u>5,047,321</u>	<u>40,088,643</u>
<b>CHANGE IN NET POSITION</b>	2,229,741	14,236,639	7,055,366	9,716,832	711,113	33,949,691
<b>NET POSITION - BEGINNING OF YEAR</b>	<u>63,762,219</u>	<u>140,550,250</u>	<u>28,250,598</u>	<u>89,875,925</u>	<u>31,423,797</u>	<u>353,862,789</u>
<b>NET POSITION - END OF YEAR</b>	<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>

The notes to financial statements are an integral part of this statement

**COMBINING STATEMENT OF NET POSITION  
PRIVATE PURPOSE TRUST FUNDS  
JUNE 30, 2013**

	<b>Employee Benefit Trust Fund</b>	<b>Neighbors Helping Neighbors</b>	<b>Jeanette Cram Scholarship Fund</b>	<b>Totals</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 86,327	\$ 10,225	\$ 27,450	\$ 124,002
Accounts receivable	3,910	6,526	-	10,436
Total Assets	<u>90,237</u>	<u>16,751</u>	<u>27,450</u>	<u>134,438</u>
<b>LIABILITIES</b>				
Accounts Payable	100	-	-	100
Total Liabilities	<u>100</u>	<u>-</u>	<u>-</u>	<u>100</u>
<b>NET POSITION</b>				
Net position held in trust for pension benefits and other purposes	<u>\$ 90,137</u>	<u>\$ 16,751</u>	<u>\$ 27,450</u>	<u>\$ 134,338</u>

**CITY OF WARWICK, RHODE ISLAND**

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**COMBINING STATEMENT OF CHANGES IN NET POSITION  
PRIVATE PURPOSE TRUST FUNDS  
YEAR ENDED JUNE 30, 2013**

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	<b>Employee Benefit Trust Fund</b>	<b>Neighbors Helping Neighbors</b>	<b>Jeanette Cram Scholarship Fund</b>	<b>Totals</b>
<b>ADDITIONS</b>				
Payroll deductions	\$ 17,414	\$ 6,426	\$ -	\$ 23,840
Investment Income	165	24	145	334
Other Income	5,325	13,907	-	19,232
<b>Total Additions</b>	<u>22,904</u>	<u>20,357</u>	<u>145</u>	<u>43,406</u>
<b>DEDUCTIONS</b>	<u>16,416</u>	<u>24,700</u>	<u>1,054</u>	<u>42,170</u>
<b>CHANGE IN NET POSITION</b>	6,488	(4,343)	(909)	1,236
<b>NET POSITION - BEGINNING OF YEAR</b>	83,649	21,094	28,359	133,102
<b>NET POSITION - END OF YEAR</b>	<u>\$ 90,137</u>	<u>\$ 16,751</u>	<u>\$ 27,450</u>	<u>\$ 134,338</u>

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The notes to financial statements are an integral part of this statement

CITY OF WARWICK, RHODE ISLAND

**AGENCY FUNDS**

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**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.

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS  
YEAR ENDED JUNE 30, 2013**

	Beginning Balance July 1, 2012	Additions	Deductions	Ending Balance June 30, 2013
<b>TREASURER'S AGENT</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 272,710	\$ 57,749	\$ 52,274	\$ 278,185
Accounts receivable	2,383		2,383	-
<i>Total Assets</i>	<u>\$ 275,093</u>	<u>\$ 57,749</u>	<u>\$ 54,657</u>	<u>\$ 278,185</u>
<b>Liabilities</b>				
Accounts payable and accrued expenditures	\$ 1,385	\$ 95,275	\$ 77,870	\$ 18,790
Deposits held in custody for others	273,708	82,601	96,914	259,395
<i>Total Liabilities</i>	<u>\$ 275,093</u>	<u>\$ 177,876</u>	<u>\$ 174,784</u>	<u>\$ 278,185</u>
<b>FUNDS IN REGISTRY OF PROBATE COURT</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 266,482	\$ 50,528	\$ 256,059	\$ 60,951
<i>Total Assets</i>	<u>\$ 266,482</u>	<u>\$ 50,528</u>	<u>\$ 256,059</u>	<u>\$ 60,951</u>
<b>Liabilities</b>				
Deposits held in custody for others	\$ 266,482	\$ 50,528	\$ 256,059	\$ 60,951
<i>Total Liabilities</i>	<u>\$ 266,482</u>	<u>\$ 50,528</u>	<u>\$ 256,059</u>	<u>\$ 60,951</u>
<b>SEWER LINE AGENCY</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 233,186	\$ 4,842	\$ 6,582	\$ 231,446
Accounts receivable	37,723	58,685	96,408	-
<i>Total Assets</i>	<u>\$ 270,909</u>	<u>\$ 63,527</u>	<u>\$ 102,990</u>	<u>\$ 231,446</u>
<b>Liabilities</b>				
Accounts payable and accrued expenditures	\$ 8,979	\$ 90,136	\$ 93,679	\$ 5,436
Deposit held in custody for others	261,930	51,217	87,137	226,010
<i>Total Liabilities</i>	<u>\$ 270,909</u>	<u>\$ 141,353</u>	<u>\$ 180,816</u>	<u>\$ 231,446</u>
<b>REALTY TAX FUND</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 85,058	\$ 1,335,246	\$ 1,316,498	\$ 103,806
<i>Total Assets</i>	<u>\$ 85,058</u>	<u>\$ 1,335,246</u>	<u>\$ 1,316,498</u>	<u>\$ 103,806</u>
<b>Liabilities</b>				
Accounts payable and accrued expenditures	\$ 46,786	\$ 734,929	\$ 724,262	\$ 57,453
Due to state governments	38,272	600,678	592,597	46,353
<i>Total Liabilities</i>	<u>\$ 85,058</u>	<u>\$ 1,335,607</u>	<u>\$ 1,316,859</u>	<u>\$ 103,806</u>

(CONTINUED)

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS  
YEAR ENDED JUNE 30, 2013**

	Beginning Balance July 1, 2012	Additions	Deductions	Ending Balance June 30, 2013
<b><u>WINMAN STUDENT ACTIVITY FUND</u></b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 24,801	\$ 87,868	\$ 87,494	\$ 25,175
<i>Total Assets</i>	<u>\$ 24,801</u>	<u>\$ 87,868</u>	<u>\$ 87,494</u>	<u>\$ 25,175</u>
<b>Liabilities</b>				
Deposits held in custody for others	\$ 24,801	\$ 87,868	\$ 87,494	\$ 25,175
<i>Total Liabilities</i>	<u>\$ 24,801</u>	<u>\$ 87,868</u>	<u>\$ 87,494</u>	<u>\$ 25,175</u>
<b><u>CAREER CENTER STUDENT ACTIVITY</u></b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 45,499	\$ 100,878	\$ 97,123	\$ 49,254
<i>Total Assets</i>	<u>\$ 45,499</u>	<u>\$ 100,878</u>	<u>\$ 97,123</u>	<u>\$ 49,254</u>
<b>Liabilities</b>				
Deposit held in custody for others	\$ 45,499	\$ 100,878	\$ 97,123	\$ 49,254
<i>Total Liabilities</i>	<u>\$ 45,499</u>	<u>\$ 100,878</u>	<u>\$ 97,123</u>	<u>\$ 49,254</u>
<b><u>PILGRIM STUDENT ACTIVITY</u></b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 97,605	\$ 223,036	\$ 205,807	\$ 114,834
Accounts receivable		105		\$ 105
<i>Total Assets</i>	<u>\$ 97,605</u>	<u>\$ 223,141</u>	<u>\$ 205,807</u>	<u>\$ 114,939</u>
<b>Liabilities</b>				
Deposit held in custody for others	\$ 97,605	\$ 223,141	\$ 205,807	\$ 114,939
<i>Total Liabilities</i>	<u>\$ 97,605</u>	<u>\$ 223,141</u>	<u>\$ 205,807</u>	<u>\$ 114,939</u>
<b><u>GORTON STUDENT ACTIVITY</u></b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 21,634	\$ 74,397	\$ 74,029	\$ 22,002
<i>Total Assets</i>	<u>\$ 21,634</u>	<u>\$ 74,397</u>	<u>\$ 74,029</u>	<u>\$ 22,002</u>
<b>Liabilities</b>				
Deposit held in custody for others	\$ 21,634	\$ 74,397	\$ 74,029	\$ 22,002
<i>Total Liabilities</i>	<u>\$ 21,634</u>	<u>\$ 74,397</u>	<u>\$ 74,029</u>	<u>\$ 22,002</u>

(CONTINUED)

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS  
YEAR ENDED JUNE 30, 2013**

	Beginning Balance July 1, 2012	Additions	Deductions	Ending Balance June 30, 2013
<b><u>TOLL GATE STUDENT ACTIVITY</u></b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 144,550	\$ 152,388	\$ 168,535	\$ 128,403
<i>Total Assets</i>	<u>\$ 144,550</u>	<u>\$ 152,388</u>	<u>\$ 168,535</u>	<u>\$ 128,403</u>
<b>Liabilities</b>				
Deposit held in custody for others	\$ 144,550	\$ 152,388	\$ 168,535	\$ 128,403
<i>Total Liabilities</i>	<u>\$ 144,550</u>	<u>\$ 152,388</u>	<u>\$ 168,535</u>	<u>\$ 128,403</u>
 <b><u>ALDRICH STUDENT ACTIVITY</u></b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 41,395	\$ 56,560	\$ 61,656	\$ 36,299
<i>Total Assets</i>	<u>\$ 41,395</u>	<u>\$ 56,560</u>	<u>\$ 61,656</u>	<u>\$ 36,299</u>
<b>Liabilities</b>				
Deposit held in custody for others	\$ 41,395	\$ 56,560	\$ 61,656	\$ 36,299
<i>Total Liabilities</i>	<u>\$ 41,395</u>	<u>\$ 56,560</u>	<u>\$ 61,656</u>	<u>\$ 36,299</u>
 <b><u>WARWICK VETERANS STUDENT ACTIVITY</u></b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 91,326	\$ 125,411	\$ 104,669	\$ 112,068
<i>Total Assets</i>	<u>\$ 91,326</u>	<u>\$ 125,411</u>	<u>\$ 104,669</u>	<u>\$ 112,068</u>
<b>Liabilities</b>				
Deposit held in custody for others	\$ 91,326	\$ 125,411	\$ 104,669	\$ 112,068
<i>Total Liabilities</i>	<u>\$ 91,326</u>	<u>\$ 125,411</u>	<u>\$ 104,669</u>	<u>\$ 112,068</u>
 <b><u>TOTAL AGENCY FUNDS</u></b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 1,324,246	\$ 2,268,903	\$ 2,430,726	\$ 1,162,423
Accounts receivable	40,106	58,790	98,791	105
<i>Total Assets</i>	<u>\$ 1,364,352</u>	<u>\$ 2,327,693</u>	<u>\$ 2,529,517</u>	<u>\$ 1,162,528</u>
<b>Liabilities</b>				
Accounts payable and accrued expenditures	\$ 57,150	\$ 920,340	\$ 895,811	\$ 81,679
Due to state governments	38,272	600,678	592,597	46,353
Deposit held in custody for others	1,268,930	1,004,989	1,239,423	1,034,496
<i>Total Liabilities</i>	<u>\$ 1,364,352</u>	<u>\$ 2,526,007</u>	<u>\$ 2,727,831</u>	<u>\$ 1,162,528</u>

(CONCLUDED)

THE CITY OF  
WARWICK, RHODE ISLAND

OTHER COMBINING SCHEDULES

**COMBINING BALANCE SHEET**  
**FUNDS WHICH COMPRISE THE CITY'S GENERAL FUND**  
**JUNE 30, 2013**

	General Fund	Rescue Service Fees Fund	Total General Fund
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 11,979,419	\$ 4,380,615	\$ 16,360,034
Accounts Receivable			
Real estate and personal property taxes receivable (net)	9,138,890	-	9,138,890
Due from federal and state governments	4,080,254	-	4,080,254
Other receivables	109,176	3,833,642	3,942,818
Due from other funds	13,816,904		13,816,904
Prepays	214,650		214,650
Other assets	4,229,720	-	4,229,720
<b>Total assets</b>	<u>\$ 43,569,013</u>	<u>\$ 8,214,257</u>	<u>\$ 51,783,270</u>
<b>LIABILITIES:</b>			
Accounts payable and accrued expenditures	\$ 2,595,160	\$ 4,149	\$ 2,599,309
Due to federal and state governments	157,145	-	157,145
Due to other funds	13,568,371	4,788,681	18,357,052
Unearned revenue:			
Taxes collected in advance	835,623	-	835,623
Other	-	3,421,427	3,421,427
Other liabilities	4,377,665	-	4,377,665
<b>Total liabilities</b>	<u>21,533,964</u>	<u>8,214,257</u>	<u>29,748,221</u>
<b>DEFERRED INFLOW OF RESOURCES:</b>			
Unearned tax revenue	<u>5,278,330</u>		<u>5,278,330</u>
<b>FUND BALANCE:</b>			
Non-Spendable	214,650	-	214,650
Restricted	-	-	-
Committed for education	4,076,648	-	4,076,648
Comitted for other	612,630		612,630
Assigned	-	-	-
Unassigned	11,852,791	-	11,852,791
<b>Total fund balances</b>	<u>16,756,719</u>	<u>-</u>	<u>16,756,719</u>
<b>Total liabilities, deferred inflow of resources, and fund balances</b>	<u>\$ 43,569,013</u>	<u>\$ 8,214,257</u>	<u>\$ 51,783,270</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.

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FUNDS WHICH COMPRISE THE CITY'S GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2013**

	General Fund	Rescue Service Fees Fund	Total General Fund
<b>REVENUES:</b>			
General property taxes	\$ 216,054,096	\$ -	\$ 216,054,096
Interest on taxes	1,682,473	-	1,682,473
Intergovernmental revenue	7,512,160	-	7,512,160
Charges for service	4,389,472	3,466,804	7,856,276
Investment income	(38,780)	843	(37,937)
Other revenues	10,157,365	275	10,157,640
<b>Total revenues</b>	<b>239,756,786</b>	<b>3,467,922</b>	<b>243,224,708</b>
<b>EXPENDITURES:</b>			
<i>Current:</i>			
Executive and administrative	4,455,744	-	4,455,744
Public Safety	40,176,760	1,246,164	41,422,924
Recreation	1,479,990	-	1,479,990
Public libraries	2,455,784	-	2,455,784
Social services	1,176,675	-	1,176,675
Planning and economic development	977,464	-	977,464
Public Works	11,462,056	-	11,462,056
Employee benefits, fixed costs and capital	50,772,566	-	50,772,566
<b>Total expenditures</b>	<b>112,957,039</b>	<b>1,246,164</b>	<b>114,203,203</b>
<b>Excess of revenues over (under) expenditures before other financing sources (uses)</b>	<b>126,799,747</b>	<b>2,221,758</b>	<b>129,021,505</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	2,650,713	(2,221,758)	428,955
Transfers out	(124,487,576)		(124,487,576)
<b>Net other financing sources (uses)</b>	<b>(121,836,863)</b>	<b>(2,221,758)</b>	<b>(124,058,621)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>4,962,884</b>	<b>-</b>	<b>4,962,884</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>11,793,835</b>	<b>-</b>	<b>11,793,835</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 16,756,719</b>	<b>\$ -</b>	<b>\$ 16,756,719</b>

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.

CITY OF WARWICK, RHODE ISLAND

**PROPRIETARY FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2013**

	<b>INTERNAL SERVICE FUNDS</b>			
	<b>Workers Compensation Fund</b>	<b>Healthcare Management School Department</b>	<b>Healthcare Management City</b>	<b>Total</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 672,949	\$ -	\$ -	\$ 672,949
Other receivable	37,870	3,647,062	72,805	3,757,737
Due from other funds	45,000	-	-	45,000
Deposits with Agent	-	1,434,300	773,909	2,208,209
Prepaid Insurance	-	-	1,442,304	1,442,304
<i>Total assets</i>	<u>755,819</u>	<u>5,081,362</u>	<u>2,289,018</u>	<u>8,126,199</u>
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	194,783	-	-	194,783
Accrued claims - IBNR	-	1,497,000	-	1,497,000
Due to General Fund	-	-	227,092	227,092
<i>Total liabilities</i>	<u>194,783</u>	<u>1,497,000</u>	<u>227,092</u>	<u>1,918,875</u>
<b>NET POSITION</b>				
Unrestricted	<u>\$ 561,036</u>	<u>\$ 3,584,362</u>	<u>\$ 2,061,926</u>	<u>\$ 6,207,324</u>

CITY OF WARWICK, RHODE ISLAND

**PROPRIETARY FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**YEAR ENDED JUNE 30, 2013**

	<b>INTERNAL SERVICE FUNDS</b>			<b>Total</b>
	<b>Workers Compensation Fund</b>	<b>Healthcare Management School Department</b>	<b>Healthcare Management City</b>	
<b>OPERATING REVENUES:</b>				
Revenues				
Proceeds from reinsurance	\$ -	\$ -	\$ 17,355	\$ 17,355
Worker's compensation	234,222	-	-	234,222
Health Insurance Premiums	-	19,718,928	20,956,270	40,675,198
Dental Insurance Premiums	-	1,240,492	-	1,240,492
<b>Total revenues</b>	<u>234,222</u>	<u>20,959,420</u>	<u>20,973,625</u>	<u>42,167,267</u>
<b>EXPENDITURES:</b>				
Claims - Healthcare	-	19,320,044	19,402,775	38,722,819
Claims - Dental	-	1,004,489	-	1,004,489
Stop loss insurance coverage	-	935,953	-	935,953
Administrative fees	-	-	39,451	39,451
Worker's compensation claims	390,714	-	-	390,714
<b>Total expenditures</b>	<u>390,714</u>	<u>21,260,486</u>	<u>19,442,226</u>	<u>41,093,426</u>
<b>Operating Income (Loss)</b>	<u>(156,492)</u>	<u>(301,066)</u>	<u>1,531,399</u>	<u>1,073,841</u>
<b>NON-OPERATING REVENUES (EXPENSE)</b>				
Interest Income	1,414	-	1,317	2,731
<b>Total non-operating revenue (expense)</b>	<u>1,414</u>	<u>-</u>	<u>1,317</u>	<u>2,731</u>
<b>CHANGE IN NET POSITION</b>	(155,078)	(301,066)	1,532,716	1,076,572
<b>NET POSITION - BEGINNING OF YEAR</b>	<u>716,114</u>	<u>3,885,428</u>	<u>529,210</u>	<u>5,130,752</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 561,036</u>	<u>\$ 3,584,362</u>	<u>\$ 2,061,926</u>	<u>\$ 6,207,324</u>

CITY OF WARWICK, RHODE ISLAND

**PROPRIETARY FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2013**

	<b>SEWER FUNDS</b>			<b>Total</b>
	<b>Sewer Revenue Fund</b>	<b>1994 Sewer Bond Fund</b>	<b>Sewer SRF Bond Fund</b>	
<b>ASSETS</b>				
<i>Current Assets</i>				
Cash and cash equivalents	\$ 3,508,880	\$ 2,846,663	\$ -	\$ 6,355,543
Restricted Cash and cash equivalents	-	-	3,194,263	3,194,263
Accounts receivable, net:				
Sewer use fees	6,517,769	-	-	6,517,769
Accrued interest	-	-	39	39
Due from federal & state government	-	127,543	92,249	219,792
Other receivables	17,126	-	-	17,126
Due from other funds	481,195	-	-	481,195
<b>Total current assets</b>	<u>10,524,970</u>	<u>2,974,206</u>	<u>3,286,551</u>	<u>16,785,727</u>
<i>Noncurrent assets:</i>				
Construction in progress	193,917	460,953	1,438,142	2,093,012
Depreciable capital assets, net	32,901,788	7,082,470	133,941,316	173,925,574
<b>Total Noncurrent assets</b>	<u>33,095,705</u>	<u>7,543,423</u>	<u>135,379,458</u>	<u>176,018,586</u>
<b>TOTAL ASSETS</b>	<u>43,620,675</u>	<u>10,517,629</u>	<u>138,666,009</u>	<u>192,804,313</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Charge on refunding	47,840	-	-	47,840
<b>Total deferred outflows of resources</b>	<u>47,840</u>	<u>-</u>	<u>-</u>	<u>47,840</u>
<b>LIABILITIES</b>				
<i>Current Liabilities</i>				
Accounts payable and accrued expenses	423,878	42,847	2,855	469,580
Accrued interest payable	1,030,399	-	-	1,030,399
Due to other funds	7,451,367	82,575	556,320	8,090,262
Accrued compensated absences	10,992	-	-	10,992
Unearned revenue	-	-	151,963	151,963
Current portion of long term debt	562,455	744,000	8,620,185	9,926,640
<b>Total current liabilities</b>	<u>9,479,091</u>	<u>869,422</u>	<u>9,331,323</u>	<u>19,679,836</u>
<i>Non-current liabilities:</i>				
Accrued compensated absences	154,868	-	-	154,868
Bonds and loans payable	3,230,366	11,856,815	83,426,154	98,513,335
Net other post-employment benefits obligation	1,307,689	-	-	1,307,689
<b>Total Noncurrent liabilities</b>	<u>4,692,923</u>	<u>11,856,815</u>	<u>83,426,154</u>	<u>99,975,892</u>
<b>TOTAL LIABILITIES</b>	<u>14,172,014</u>	<u>12,726,237</u>	<u>92,757,477</u>	<u>119,655,728</u>
<b>NET POSITION:</b>				
Net investment in capital assets	29,350,724	(2,311,049)	42,866,275	69,905,950
Restricted for debt service payments	-	-	3,194,302	3,194,302
Unrestricted	145,777	102,441	(152,045)	96,173
<b>Total net position</b>	<u>\$ 29,496,501</u>	<u>\$ (2,208,608)</u>	<u>\$ 45,908,532</u>	<u>\$ 73,196,425</u>

CITY OF WARWICK, RHODE ISLAND

**PROPRIETARY FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**YEAR ENDED JUNE 30, 2013**

	<b>SEWER FUNDS</b>			<b>Total</b>
	<b>Sewer Revenue Fund</b>	<b>1994 Sewer Bond Fund</b>	<b>Sewer SRF Bond Fund</b>	
<b>OPERATING REVENUES:</b>				
Assessments and user fees	\$ 15,605,090	\$ -	\$ -	\$ 15,605,090
Other revenues	478,212	9,087	126,680	613,979
<b>Total Operating Revenues</b>	<u>16,083,302</u>	<u>9,087</u>	<u>126,680</u>	<u>16,219,069</u>
<b>OPERATING EXPENSES:</b>				
Contract Services	148,516	153,122	-	301,638
Salaries and benefits	3,067,886	-	-	3,067,886
Materials and supplies	601,389	-	-	601,389
Depreciation and amortization	1,601,061	204,448	3,810,786	5,616,295
Operations	2,051,770	-	160,116	2,211,886
<b>Total Operating Expenses</b>	<u>7,470,622</u>	<u>357,570</u>	<u>3,970,902</u>	<u>11,799,094</u>
<b>OPERATING INCOME (LOSS)</b>	<u>8,612,680</u>	<u>(348,483)</u>	<u>(3,844,222)</u>	<u>4,419,975</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Interest income	3,315	5,328	306	8,949
Interest expense	(2,929,040)	-	-	(2,929,040)
Capital contributions	-	363,809	(13,870)	349,939
Loss on Disposal of assets	(612)	(59)	-	(671)
<b>Net Non-operating Revenues (Expenses)</b>	<u>(2,926,337)</u>	<u>369,078</u>	<u>(13,564)</u>	<u>(2,570,823)</u>
<b>Income (Loss) before transfers</b>	5,686,343	20,595	(3,857,786)	1,849,152
<b>TRANSFERS:</b>				
Transfers in	5,066,755	2,410,813	8,255,649	15,733,217
Transfers out	(8,965,649)	(5,228)	(1,653,243)	(10,624,120)
<b>Total Transfers</b>	<u>(3,898,894)</u>	<u>2,405,585</u>	<u>6,602,406</u>	<u>5,109,097</u>
<b>CHANGE IN NET POSITION</b>	1,787,449	2,426,180	2,744,620	6,958,249
<b>NET POSITION - BEGINNING OF YEAR (AS RESTATED)</b>	<u>27,709,052</u>	<u>(4,634,788)</u>	<u>43,163,912</u>	<u>66,238,176</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 29,496,501</u>	<u>\$ (2,208,608)</u>	<u>\$ 45,908,532</u>	<u>\$ 73,196,425</u>

**CITY OF WARWICK, RHODE ISLAND**

**SCHEDULE OF TAX COLLECTIONS  
JUNE 30, 2013**

Assessment of	Balance Uncollected July 1, 2012	Current Year Assessment	Additions & Adjustments	Tax Titles	Authorized Abatements	Amounts to Be Collected	Current Year Collections	Balance Uncollected June 30, 2013
2012	\$ -	\$ 220,812,354	\$ 146,985	\$ (309,910)	\$ (2,362,313)	\$ 218,287,116	\$ 210,640,865	\$ 7,646,251
2011	5,676,233		253,171	131	(738,816)	5,190,719	2,882,077	2,308,642
2010	982,832		114,757	549	(422,498)	675,640	117,004	558,636
2009	588,354		31,105	(103)	(382,377)	236,979	(17,658)	254,637
2008	557,921		32,453		(362,784)	227,590	(42,647)	270,237
2007	677,667		6,828		(516,686)	167,809	(215,066)	382,875
2006	468,326		2,762		(127,490)	343,598	2,671	340,927
2005	342,487		1,367			343,854	2,118	341,736
2004	337,161		1,047			338,208	2,852	335,356
2003	270,520		266			270,786	1,160	269,626
2002	262,421		884			263,305	794	262,511
2001	293,617		(358)			293,259	3,057	290,202
2000	373,398		(317)			373,081	2,223	370,858
1999	1,390,835					1,390,835	2,098	1,388,737
1998	1,395,203					1,395,203	24	1,395,179
1997	395,948					395,948		395,948
1996	433,608					433,608		433,608
1995	399,493					399,493		399,493
1994	436,768					436,768	161	436,607
1993	468,774					468,774	128	468,646
1992	662,709					662,709		662,709
1991	765,385					765,385		765,385
<b>Totals</b>	<b>\$ 17,179,660</b>	<b>\$ 220,812,354</b>	<b>\$ 590,950</b>	<b>\$ (309,333)</b>	<b>\$ (4,912,964)</b>	<b>\$ 233,360,667</b>	<b>\$ 213,381,861</b>	<b>19,978,806</b>

Less allowance (10,839,916)  
Tax receivables, net \$ 9,138,890

**Schedule of most recent property net assessed property value by category as of December 31, 2011**

	Valuations	Levy
Real property	\$ 8,669,029,190	\$ 180,590,647
Motor vehicles (excise)	827,934,952	28,578,991
Other personal property	503,931,303	18,284,059
<b>Total real and personal property</b>	<u>10,000,895,445</u>	<u>227,453,697</u>
Less:		
Hold harmless, City/State		
M/V Phaseout, & Circuit Break	178,494,733	6,641,343
<b>Net assessed value</b>	<u>\$ 9,822,400,712</u>	<u>\$ 220,812,354</u>

**Reconciliation of current year property tax revenue:**

Current year collections	\$ 213,381,861
Adjustments/refunds in transit	(99,426)
Revenue received 60 days subsequent to fiscal year ended June 30, 2013	3,860,560
Prior year revenue 60 days subsequent to prior year ended June 30, 2012	(1,088,899)
<b>Current year property tax revenue</b>	<u>\$ 216,054,096</u>

**CITY OF WARWICK, RHODE ISLAND**

**ANALYSIS OF PRIOR YEARS TAX COLLECTIONS  
JUNE 30, 2013**

<b>Tax Years</b>	<b>Collections (refunds netted)</b>	<b>Less Prior Year 60 Day Collections</b>	<b>For Refunds and Redemptions in Transit</b>	<b>60 Day Collections (net of refunds)</b>	<b>Net Total</b>
2012	\$ 210,640,865	\$ -	\$ (332,512)	\$ 3,340,097	\$ 213,648,450
2011	2,882,077	(1,023,363)	310,676	507,284	2,676,674
2010	117,004	(47,534)	(33,793)	(3,605)	32,072
2009	(17,658)	(6,002)	(26,971)	3,314	(47,317)
2008	(42,647)	(5,639)	(25,389)	3,061	(70,614)
2007	(215,066)	(2,404)	(3,873)	2,111	(219,232)
2006	2,671	(832)	12,435	2,323	16,597
2005	2,118	(888)	-	2,783	4,013
2004	2,852	(1,236)	-	1,471	3,087
2003	1,160	(109)	-	624	1,675
2002	794	(139)	-	342	997
2001	3,057	(67)	-	500	3,490
2000	2,223	(686)	-	255	1,792
1999	2,098	-	-	-	2,098
1998	24	-	-	-	24
1997	-	-	-	-	-
1996	-	-	-	-	-
1995	-	-	-	-	-
1994	161	-	-	-	161
1993	128	-	-	-	128
	<b>\$ 213,381,861</b>	<b>\$ (1,088,899)</b>	<b>\$ (99,427)</b>	<b>\$ 3,860,560</b>	<b>\$ 216,054,095</b>
<b>Total Tax Collection</b>					<b>\$ 216,054,095</b>

**\$ 2,405,645**  
**Prior Year Collections**

THE CITY OF  
WARWICK, RHODE ISLAND

STATISTICAL SECTION

## **Statistical Section**

This part of the City's comprehensive annual financial report presents information to supplement and provide multi-year trend information to enable readers to gain a better understanding of the City's financial health.

Financial Trends: Schedules 1 through 5 contain trend information to help the reader understand changes in financial performance over time.

Revenue capacity: Schedules 6 through 8 contain information to help the reader assess the factors affecting the City's ability to generate its property taxes.

Debt capacity: Schedules 9 through 12 contain information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic information: Schedules 13 through 15 contain demographic information to help the reader understand the environment in which the City's financial activities take place.

Operating information: Schedules 16 contain information about the City's operations and resources.

**CITY OF WARWICK, RHODE ISLAND**  
**NET ASSETS BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
**(Accrual Basis of Accounting)**  
**(Unaudited)**

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Governmental Activities</b>										
Invested in capital assets, net of related debt	\$76,707,132	\$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
Restricted	4,330,187	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
Unrestricted	8,106,875	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)
<b>Total Governmental Activities Net Assets</b>	<b>89,144,194</b>	<b>84,909,022</b>	<b>75,664,142</b>	<b>63,623,975</b>	<b>42,459,916</b>	<b>20,225,264</b>	<b>3,313,113</b>	<b>(18,132,863)</b>	<b>(33,615,927)</b>	<b>(47,036,065)</b>
<b>Business-type Activities</b>										
Invested in capital assets, net of related debt	61,877,678	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
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
Unrestricted	(691,907)	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
<b>Total Business-type Activities Net Assets</b>	<b>61,185,771</b>	<b>63,111,488</b>	<b>65,002,681</b>	<b>65,972,005</b>	<b>67,477,617</b>	<b>70,701,585</b>	<b>75,935,971</b>	<b>79,576,934</b>	<b>86,896,814</b>	<b>93,949,036</b>
<b>Primary Government</b>										
Invested in capital assets, net of related debt	138,584,810	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
Restricted	4,330,187	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
Unrestricted	7,414,968	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)
<b>Total Primary Government Net Assets</b>	<b>\$150,329,965</b>	<b>\$148,020,510</b>	<b>\$140,666,823</b>	<b>\$129,595,980</b>	<b>\$109,937,533</b>	<b>\$90,926,849</b>	<b>\$79,249,084</b>	<b>\$61,444,071</b>	<b>\$53,280,887</b>	<b>\$46,912,971</b>

Source: City of Warwick Comprehensive Annual Financial Report

CITY OF WARWICK, RHODE ISLAND  
CHANGE IN NET ASSETS  
LAST TEN FISCAL YEARS  
(Accrual Basis of Accounting)  
(Unaudited)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Expenses:</b>										
<b>Governmental Activities:</b>										
Executive & Administration	\$7,243,204	\$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
Public Safety	57,810,035	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
Recreation	3,396,139	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
Public Libraries	4,908,468	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
Social Services	2,817,879	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
Planning & E/D	2,778,799	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
Public Works	19,709,308	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
Education	146,855,093	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
Cafeteria Operations	2,658,550	2,800,341	2,916,762	2,841,531	2,908,848	3,005,016	2,647,559	-	-	-
Interest on Long Term Debt	3,222,417	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
<b>Total Governmental Activities Expenses:</b>	<b>251,399,892</b>	<b>259,652,038</b>	<b>278,408,972</b>	<b>296,416,142</b>	<b>315,240,079</b>	<b>312,790,182</b>	<b>311,349,608</b>	<b>314,685,176</b>	<b>311,554,861</b>	<b>315,629,163</b>
<b>Business-type activities:</b>										
Sewer	9,847,286	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
Sewer Assessment	-	-	-	-	-	-	-	-	-	-
Water	7,537,358	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
Non Major Enterprise Funds	360,938	433,085	-	-	-	-	-	-	-	-
<b>Total Business-type Activities Expenses:</b>	<b>17,745,582</b>	<b>18,850,247</b>	<b>20,910,691</b>	<b>21,737,266</b>	<b>23,912,779</b>	<b>24,862,246</b>	<b>25,186,939</b>	<b>34,913,563</b>	<b>24,823,615</b>	<b>24,978,013</b>
<b>Total Primary Government Expenses:</b>	<b>\$269,145,474</b>	<b>\$278,502,285</b>	<b>\$299,319,663</b>	<b>\$318,153,408</b>	<b>\$339,152,858</b>	<b>\$337,652,428</b>	<b>\$336,536,547</b>	<b>\$349,598,739</b>	<b>\$336,378,476</b>	<b>\$340,607,176</b>

**CITY OF WARWICK, RHODE ISLAND**  
**CHANGE IN NET ASSETS**  
**LAST TEN FISCAL YEARS**  
**(Accrual Basis of Accounting)**  
**(Unaudited)**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Program Revenues:</b>										
<b>Governmental Activities:</b>										
Charges for Services:										
Executive & Administration	\$3,663,100	\$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
Public Safety	5,004,575	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
Recreation	485,560	722,964	806,442	792,374	828,017	900,225	894,380	957,604	962,086	932,052
Public Libraries	45,480	45,629	68,389	36,325	47,159	40,736	37,070	32,495	33,369	33,597
Social Services	99,752	91,821	80,482	79,007	100,956	126,658	139,649	135,116	137,727	113,106
Planning & E/D	1,338,976	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
Public Works	468,147	473,820	335,980	350,139	299,049	332,001	364,942	356,417	325,721	211,458
Education	1,330,313	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
Cafeteria Operations	1,655,212	1,728,102	1,774,566	1,751,231	1,542,363	1,368,341	1,045,893	-	-	-
Operating Grants/Contributions	50,716,742	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
Capital Grants/Contributions	5,250	32,337	700,043	1,442,541	3,600,000	-	-	1,066,557	152,292	1,409,223
<b>Total Governmental Activities Program Revenues:</b>	<b>64,813,107</b>	<b>67,896,167</b>	<b>71,485,927</b>	<b>74,628,408</b>	<b>76,252,290</b>	<b>68,385,049</b>	<b>71,432,145</b>	<b>69,536,039</b>	<b>68,508,693</b>	<b>70,632,620</b>
<b>Business-type Activities:</b>										
Charges for Services:										
Sewer	4,789,483	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
Sewer Assessment	5,259,468	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
Water	9,397,493	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
Non-major Enterprise Funds	389,022	571,662	-	-	-	-	-	-	-	-
Operating Grants/Contributions	-	-	9,511	121,916	39,153	-	-	-	-	42,183
Capital Grants/Contributions	-	-	-	-	326,620	1,238,170	541,403	2,694,761	3,073,848	349,939
<b>Total Business-type Activities Program Revenues:</b>	<b>19,835,466</b>	<b>20,548,777</b>	<b>21,930,823</b>	<b>22,008,926</b>	<b>24,848,788</b>	<b>28,005,233</b>	<b>30,368,265</b>	<b>32,429,723</b>	<b>32,127,598</b>	<b>33,506,104</b>
<b>Total Primary Government Program Revenues:</b>	<b>\$84,648,573</b>	<b>\$88,444,944</b>	<b>\$93,416,750</b>	<b>\$96,637,334</b>	<b>\$101,101,078</b>	<b>\$96,390,282</b>	<b>\$101,800,410</b>	<b>\$101,965,762</b>	<b>\$100,636,291</b>	<b>\$104,138,724</b>
<b>Net (Expense) Revenue</b>										
<b>Governmental Activities</b>	(\$186,586,785)	(\$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)
<b>Business-type Activities</b>	2,089,884	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
<b>Total Primary Government Net Expense</b>	<b>(\$184,496,901)</b>	<b>(\$190,057,341)</b>	<b>(\$205,902,913)</b>	<b>(\$221,516,074)</b>	<b>(\$238,051,780)</b>	<b>(\$241,262,146)</b>	<b>(\$234,736,137)</b>	<b>(\$247,632,977)</b>	<b>(\$235,742,185)</b>	<b>(\$236,468,452)</b>

**CITY OF WARWICK, RHODE ISLAND**  
**CHANGE IN NET ASSETS**  
**LAST TEN FISCAL YEARS**  
**(Accrual Basis of Accounting)**  
**(Unaudited)**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>General Revenues and Other Changes in Net Assets</b>										
<b>Governmental Activities</b>										
Property Taxes	\$161,663,212	\$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
Interest on Property Taxes	223,682	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
State Aid & In Lieu of Tax	18,110,616	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
Investment Earnings	1,479,305	1,778,330	1,196,230	1,456,165	950,750	156,876	59,581	2,319	(21,741)	(32,851)
Tax Titles	73,383	47,530	61,804	7,823	33,212	20,334	155,168	97,308	78,373	258,929
Insurance Proceeds							496,997	39,914		96,463
Miscellaneous	5,004,306	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
Transfers				150,000	50,000	100,000	-	-	17,727	(42,522)
<b>Total Governmental Activities:</b>	<b>186,554,504</b>	<b>187,382,462</b>	<b>197,733,492</b>	<b>209,569,676</b>	<b>217,831,197</b>	<b>222,802,579</b>	<b>223,005,312</b>	<b>219,827,712</b>	<b>227,563,104</b>	<b>232,214,035</b>
<b>Business-type Activities</b>										
Investment Earnings	104,987	227,187	871,061	847,664	619,603	180,981	34,442	20,424	8,917	19,175
Insurance Proceeds								6,104,379	24,707	26,072
Transfers				(150,000)	(50,000)	(100,000)		-	(17,727)	42,522
<b>Total Business-type Activities:</b>	<b>104,987</b>	<b>227,187</b>	<b>871,061</b>	<b>697,664</b>	<b>569,603</b>	<b>80,981</b>	<b>34,442</b>	<b>6,124,803</b>	<b>15,897</b>	<b>87,769</b>
<b>Total Primary Government:</b>	<b>\$186,659,491</b>	<b>\$187,609,649</b>	<b>\$198,604,553</b>	<b>\$210,267,340</b>	<b>\$218,400,800</b>	<b>\$222,883,560</b>	<b>\$223,039,754</b>	<b>\$225,952,515</b>	<b>\$227,579,001</b>	<b>\$232,301,804</b>
<b>Change in Net Assets</b>										
<b>Governmental Activities</b>	<b>(\$32,281)</b>	<b>(\$4,373,409)</b>	<b>(\$9,189,553)</b>	<b>(\$12,218,058)</b>	<b>(\$21,156,592)</b>	<b>(\$21,602,554)</b>	<b>(\$16,912,151)</b>	<b>(\$25,321,425)</b>	<b>(\$15,483,064)</b>	<b>(\$12,782,508)</b>
<b>Business-type Activities</b>	<b>2,194,871</b>	<b>1,925,717</b>	<b>1,891,193</b>	<b>969,324</b>	<b>1,505,612</b>	<b>3,223,968</b>	<b>5,215,768</b>	<b>3,640,963</b>	<b>7,319,880</b>	<b>8,615,860</b>
<b>Total Primary Government:</b>	<b>\$2,162,590</b>	<b>(\$2,447,692)</b>	<b>(\$7,298,360)</b>	<b>(\$11,248,734)</b>	<b>(\$19,650,980)</b>	<b>(\$18,378,586)</b>	<b>(\$11,696,383)</b>	<b>(\$21,680,462)</b>	<b>(\$8,163,184)</b>	<b>(\$4,166,648)</b>

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									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Reserved	3,796,141	4,807,974	4,882,583	1,717,250	3,961,677	3,225,420	7,945,894	-	-	-
Non-Spendable								216,869	217,244	214,650
Restricted								-	-	-
Committed								2,401,774	3,322,613	4,689,278
Assigned								-	-	-
Unreserved/Unassigned:	12,341,007	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
Total General Fund	<u>16,137,148</u>	<u>16,652,471</u>	<u>18,279,164</u>	<u>14,456,995</u>	<u>11,861,304</u>	<u>9,142,143</u>	<u>14,808,460</u>	<u>8,600,361</u>	<u>11,793,835</u>	<u>16,756,719</u>
All Other Governmental Funds										
Reserved	4,877,255	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
Committed										
Assigned								46,950	40,656	35,685
Unassigned/Unassigned in:										
Special Revenue Funds	1,593,814	1,872,634	2,129,260	1,529,175	(585,186)	653,589	2,565,535	(13)		
Capital Project Funds	(1,905,179)	5,758,721	(2,664,466)	1,984,818	1,344,428	383,425	2,420,408	(888,044)	(628,477)	(1,425,201)
Total All Other Governmental Funds	<u>4,565,890</u>	<u>11,314,472</u>	<u>5,327,472</u>	<u>5,621,171</u>	<u>1,867,042</u>	<u>2,786,303</u>	<u>6,457,261</u>	<u>8,745,957</u>	<u>7,166,228</u>	<u>7,414,139</u>
Total All Other Governmental Funds	<u>20,703,038</u>	<u>27,966,943</u>	<u>23,606,636</u>	<u>20,078,166</u>	<u>13,728,346</u>	<u>11,928,446</u>	<u>21,265,721</u>	<u>17,346,318</u>	<u>18,960,063</u>	<u>24,170,858</u>

Source: City of Warwick Comprehensive Annual Financial Report

Note: GASB54 was implemented in 2011. Fund balance classifications were adjusted accordingly.

**CITY OF WARWICK, RHODE ISLAND**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(Modified Accrual Basis of Accounting)**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Revenues</b>										
General Property Taxes	161,966,558	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
Interest On Taxes	1,270,919	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
Intergovernmental Revenue	64,893,052	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
State Contribution to Pension Plan	3,808,127	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
Charges for Services	12,502,945	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
Investment Income	205,510	625,983	1,178,496	1,435,007	934,228	152,401	58,314	2,093	1,474	(35,582)
Contributions and Private Grants	39,641	89,228	166,177	532,283	181,631	187,375	139,515	106,860	164,652	522,410
Other Revenue	7,404,245	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
<b>Total Revenues</b>	<b>252,090,997</b>	<b>254,409,938</b>	<b>268,186,562</b>	<b>283,272,467</b>	<b>292,673,324</b>	<b>289,552,483</b>	<b>296,499,029</b>	<b>287,179,170</b>	<b>293,771,554</b>	<b>302,147,736</b>
<b>Expenditures</b>										
Executive and Administration	4,814,023	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
Public Safety	37,019,975	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
Recreation	4,548,564	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
Public Libraries	2,828,316	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
Social Services	2,134,076	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
Planning and Economic Development	2,423,356	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
Public Works	13,140,675	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
Employee Benefits, Fixed Costs, & Capital	28,664,462	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
Education	145,227,159	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
Cafeteria Operations*	2,658,550	2,800,341	2,916,762	2,841,531	2,908,848	3,005,016	2,647,559	-	-	-
State Contribution to Pension Plan	3,808,127	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
Other	-	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-	-
Debt Service-Principal	5,988,683	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
Debt Service-Interest	3,085,831	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
Bond Issuance Costs/Paying Agent Fees	-	-	-	-	-	-	-	200,420	1,500	30,659
<b>Total Expenditures</b>	<b>256,341,797</b>	<b>261,824,397</b>	<b>274,661,581</b>	<b>292,773,178</b>	<b>298,994,386</b>	<b>291,239,128</b>	<b>290,807,754</b>	<b>296,847,025</b>	<b>292,175,536</b>	<b>301,247,434</b>
<b>Excess of Revenues Over (Under) Expenditures</b>										
Before Other Financing Sources (Uses)	(4,250,800)	(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

CITY OF WARWICK, RHODE ISLAND  
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
 LAST TEN FISCAL YEARS  
 (Modified Accrual Basis of Accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Other Financing Sources (Uses)										
Transfers From Other Funds	108,633,349	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
Transfers To Other Funds	(109,055,549)	(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)
Proceeds From Bonds	-	11,500,000	2,500,000	-	201,926	-	3,908,000	6,047,524	-	4,353,015
Proceeds From Capital Lease	1,116,000	3,504,725	-	6,203,000	-	-	-	-	-	-
<i>Total Other Financing Sources (Uses)</i>	693,800	14,678,364	2,129,011	5,972,241	(21,291)	(113,255)	3,646,000	6,047,524	17,727	4,310,493
Net Change in Fund Balances	(3,557,000)	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
Debt Service As A Percentage of Noncapital Expenditures	3.70%	3.44%	3.59%	3.27%	3.49%	3.01%	3.20%	2.79%	2.42%	2.16%

\* 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**

<b>Real Property</b>						
Fiscal Year	Residential	Commercial	Less Tax-Exempt Property	Total Taxable Assessed Value	Estimated Actual Value	Tax Rate Res/Comm
2004	3,111,897,200	1,307,742,200	48,449,100	4,371,190,300	5,828,253,733	\$27.83 / \$37.11
2005	6,220,219,600	2,076,887,200	70,960,000	8,226,146,800	13,710,244,667	\$14.81/ \$22.22
2006	6,241,260,800	2,098,104,400	69,168,000	8,270,197,200	15,036,722,182	\$15.46/ \$23.18
2007	6,281,527,400	2,129,669,100	67,760,000	8,343,436,500	8,343,436,500	\$15.95/ \$23.93
2008	8,079,072,500	3,212,249,600	66,586,000	11,224,736,100	12,755,381,932	\$12.75/ \$19.13
2009	8,082,766,300	3,188,308,100	94,720,900	11,176,353,500	14,619,167,430	\$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	7,342,221,439	\$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

<b>Personal Property</b>						
<b>Tangible</b>						
Fiscal Year	Tangible Personal Property	Less Tax-Exempt Property	Total Tangible Taxable Assessed Value	Estimated Actual Value	Tax Rate Tangible/ Inventory	
2004	522,734,110	8,000	522,726,110	522,726,110	\$37.82/ \$15.92	
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	

Notes:

(1) Fiscal 2008 reflects the results of a full revaluation and fiscal 2011 reflects the most recent statistical revaluation

Source: Tax Assessor's Official Tax Certification List

**CITY OF WARWICK, RHODE ISLAND**  
**ASSESSED VALUE & ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**

Fiscal Year	Personal Property					Estimated Actual Value	Tax Rate Motor Vehicles
	Motor Vehicles	Less Tax-Exempt Property	Less M/V Phaseout	Total Motor Vehicle Taxable Assessed Value	Motor Vehicle		
2004	657,795,263	17,751,203	269,352,802	370,691,258	370,691,258	\$34.60	
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	

Fiscal Year	Total All		Ratio
	Assessed Value	Estimated Actual Value	
2004	5,264,607,668	6,721,671,101	78.32%
2005	9,174,248,933	14,658,346,800	62.59%
2006	9,309,454,344	16,075,979,326	57.91%
2007	9,418,548,439	9,418,548,439	100.00%
2008	12,289,169,896	13,819,815,728	88.92%
2009	12,045,686,805	15,488,500,735	77.77%
2010	12,041,078,681	12,041,078,681	100.00%
2011	9,846,427,518	8,157,716,587	120.70%
2012	9,967,339,108	9,967,339,108	100.00%
2013	9,822,400,712	9,822,400,712	100.00%

Notes:

- (1) Fiscal 2008 reflects the results of a full revaluation and fiscal 2011 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>
2004	Real Estate Residential 27.83	2009	Real Estate Residential 13.41
	Real Estate Commercial 37.11		Real Estate Commercial 20.12
	Tangible Personal Property 37.82		Tangible Personal Property 26.82
	Manufacturers' Machinery 15.92		Manufacturers' Machinery -
	Motor Vehicles 34.60		Motor Vehicles 34.60
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

Source: City of Warwick Tax Assessor - Official Tax Certification List

**CITY OF WARWICK, RHODE ISLAND  
PRINCIPAL TAXPAYERS  
June 30, 2013  
(Unaudited)**

<b>Taxpayer</b>	<b>Taxable Assessed Value*</b>	<b>Rank</b>	<b>Percentage of Total Taxable Assessed Value</b>
Narragansett Electric Co.	114,499,960	1	1.17%
GLL Rhode Island Mall LP	56,383,300	2	0.57%
CAR WAR LLC	51,289,900	3	0.52%
Metropolitan Life Insurance Co	47,718,360	4	0.49%
Warwick Mall LLC	39,223,000	5	0.40%
DDRTC Warwick Center LLC	35,742,000	6	0.36%
Aimco Warwick LLC	35,396,400	7	0.36%
Warwick Associates	32,284,400	8	0.33%
Cowesett Hills Apartments LLC	31,393,100	9	0.32%
Target Corporation	26,702,600	10	0.27%
	470,633,020		4.79%
 Total Assessed Value FY13	 9,822,400,712		

**Source: City of Warwick Tax Assessor**  
Information from 2004 was unavailable

**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
2004	162,075,109	203,256	162,278,365	160,736,584	99.2%	1,267,148	162,003,732	99.8%
2005	161,867,391	(767,738)	161,099,653	160,009,037	98.9%	754,037	160,763,074	99.8%
2006	171,526,009	(1,435,118)	170,090,892	168,617,003	98.3%	1,062,276	169,679,279	99.8%
2007	178,109,831	(626,845)	177,482,986	175,814,548	98.7%	1,358,203	177,172,751	99.8%
2008	187,228,328	(2,153,282)	185,075,046	183,684,242	98.1%	1,010,849	184,695,091	99.8%
2009	195,989,706	(1,398,340)	194,591,366	192,642,378	98.3%	1,690,000	194,332,378	99.9%
2010	204,173,334	(1,834,721)	202,338,613	200,662,928	98.3%	1,427,451	202,090,379	99.9%
2011	208,897,991	(3,326,352)	205,571,639	203,384,663	97.4%	1,701,249	205,085,912	99.8%
2012	216,867,072	(2,298,394)	214,568,678	210,300,217	97.0%	2,676,675	212,976,892	99.3%
2013	220,812,354	(2,336,714)	218,475,640	213,648,450	96.8%	-	213,648,450	97.8%

**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			
2004	65,171,217	2,816,000	15,173,783	104,515,674	15,000,000	-	187,676,674	9.21%	\$2,156.24
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

\* Excludes cumulative RIHEBC Bond principal repayments in the amount of \$1,015,000 which were paid to US Bank Sinking Fund Account.

Source: City of Warwick Finance Department - Comprehensive Annual Financial Reports

**CITY OF WARWICK, RHODE ISLAND**  
**RATIOS OF GENERAL BONDED DEBT OUTSTANDING**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**

Fiscal Year	General Obligation Bonds	Less; Amounts Reimbursed By State	Net Bonded Debt	Percentage of Estimated Actual Taxable Value Of Property	Per Capita
2004	65,171,217	1,388,508	63,782,709	0.72%	\$732.81
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

\* Excludes cumulative RIHEBC Bond principal repayments in the amount of \$507,500 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**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt Limit	157,938,230	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
Total Net Debt Applicable To Limit	65,171,217	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
Legal Debt Margin	92,767,013	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
Total Net Debt Applicable To The Limit As A Percentage of Debt Limit	41.26%	26.29%	25.13%	23.12%	16.51%	15.73%	15.46%	18.59%	17.03%	17.30%

<b>Legal Debt Margin Calculation for Fiscal Year 2013</b>	
Assessed Value:	9,822,400,712
Debt Limit (3% of total assessed value)	294,672,021
Debt Applicable to limit:	
General Obligation Bonds-Governmental	50,992,040
Legal Debt Margin	243,679,981

Source: City of Warwick Finance Department

**THE CITY OF WARWICK  
PLEGGED-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%

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

Debt Service only includes Principal and Interest related to Sewer Revenue Bonds.

Principal Payments on Revenue Bonds began in fiscal 2007

Debt Payments relating to Sewer General Obligation Debt has not been included.

Sewer Charges and Other includes Interest Income and Transfer from Sewer Assessment.

Sewer Charges and Other does not include capital asset transfer from Emergency Operations

Operating Expenses do not include Depreciation, Debt Principal/Interest Expense, or Loss on Disposal of Assets.

\* SRF/Stimulus Loan-Shown Net of \$178,601.10 Principal Forgiveness

**Source: City of Warwick Finance Department**

**THE CITY OF WARWICK  
 DEMOGRAPHIC AND ECONOMIC STATISTICS  
 LAST TEN FISCAL YEARS  
 (Unaudited)**

Fiscal Year	Population	Personal Income	Median Family Income	Per Capita Personal Income	School Enrollment	Unemployment Rate
2004	87,039	2,037,582,990	\$56,225	\$23,410	12,003	5.50%
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%

**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, 2013  
(Unaudited)**

Employer	Employees	Rank	Percentage of Total City Employment
Met Life	3200	1	6.85%
Kent Hospital / Acute Rehab	2301	2	4.92%
J Arthur Trudeau Memorial	1839	3	3.93%
United Parcel Service, Inc	1000	4	2.14%
Community College of RI	700	5	1.50%
Bentley Providence	600	6	1.28%
Kenney Manufacturing	550	7	1.18%
Interstate Electrical	500	8	1.07%
Trudeau Memorial Center	500	9	1.07%
Sears	430	10	0.92%

**Source: R.I. Economic Development Corporation-May 2012  
R.I. Department of Labor and Training-Total Employment Statistics**

(Historical data for nine years prior was unavailable)

**CITY OF WARWICK  
FULL TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION  
LAST TEN FISCAL YEARS  
(Unaudited)**

<b>Function</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
<b>Municipal Administration</b>	87	86	86	87	91	95	95	95	92	90
<b>Public Safety</b>										
<b>Police Civilians</b>	77	75	75	77	77	74	79	79	81	84
<b>Officers</b>	163	164	163	163	163	180	178	178	178	178
<b>Fire Civilians</b>	12	11	11	11	12	12	12	12	12	12
<b>Firefighters/Officers</b>	220	209	209	209	217	218	218	218	214	213
<b>Municipal</b>	16	16	16	17	17	18	18	17	16	16
<b>Social Services</b>	22	22	22	22	23	27	25	29	30	31
<b>Library/Recreation</b>	67	67	67	66	67	72	72	73	88	88
<b>Developmental Resources</b>	16	16	16	17	19	20	21	20	20	17
<b>Public Works</b>										
<b>Administration</b>	3	3	3	3	4	4	5	5	5	6
<b>Maintenance/Automotive</b>	38	39	39	39	42	46	46	42	27	27
<b>Engineering</b>	4	4	4	4	4	7	7	7	7	6
<b>Sanitation/Recycling</b>	23	23	24	24	24	25	25	27	28	27
<b>Highway</b>	61	62	61	61	62	64	65	64	64	64
<b>Water</b>	35	35	35	35	35	37	37	37	38	38
<b>Sewer</b>	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)**

<b>Function</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>Legislative and Executive</b>										
Number of Resolutions	198	186	194	212	201	222	214	158	122	134
Number of Ordinances	48	48	72	62	37	47	38	32	21	22
Number of Meetings	22	22	22	22	22	22	22	22	29	27
<b>Board of Elections</b>										
Number of Registered Voters	56,734	49,306	52,017	56,555	58,122	59,928	61,133	60,239	60,315	62,059
<b>Purchasing</b>										
Number of bid contracts	383	377	323	378	312	301	317	329	301	327
Number of purchase orders issued	5,568	5,015	5,086	4,818	3,855	3,152	3,374	3,549	3,665	3,673
<b>Building Department</b>										
Number of permits issued	5,464	5,000	5,774	5,388	5,468	4,152	5,210	4,709	4,521	4,553
Permit Value	83,989,758	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
<b>Public Safety</b>										
Calls for Service	86,187	80,565	79,026	96,124	89,145	78,136	90,509	93,796	84,669	87,044
Arrests	3,907	3,804	3,061	1,993	3,970	3,559	3,290	3,284	3,325	3,165
Accidents	6,001	6,093	5,510	5,217	4,838	4,929	4,653	4,607	4,374	4,368
Parking Violations	16,528	13,490	13,933	14,853	15,520	12,455	10,973	12,477	12,085	12,085
EMS Responses	10,278	10,719	10,314	9,554	10,785	10,411	9,953	10,932	9,637	11,084
<b>Highway and Sanitation</b>										
Miles of Streets-Local Paved	395	395	395	395	400	398	398	398	400	400
Miles of Streets-State Paved	69	69	69	69	70	68	68	68	70	70
Miles of Streets-Private Paved	19	19	19	19	20	19	19	19	20	20
Refuse Collected (Annual Tonnage)	31,787	31,376	30,700	29,607	29,622	25,897	27,050	24,747	23,797	25,305
Recyclables Collected (Annual Tonnage)	10,746	10,734	11,252	11,146	10,981	9,372	8,939	8,801	8,940	10,476
<b>Public Skating Admissions-Thayer Arena</b>										
McDermott Pool Monthly Passes	6,197	5,568	6,660	4,568	7,651	6,193	6,137	6,578	6,940	6,313
	533	575	844	1,070	1,068	953	1,082	1,225	1,119	944
<b>Library</b>										
Registered Borrowers	43,524	44,187	45,045	42,623	40,921	40,169	45,451	40,827	39,336	38,121
Print Materials	207,955	204,746	217,429	218,009	211,267	194,376	185,293	180,516	166,323	176,576
Non-Print	9,857	9,862	10,083	13,329	14,731	15,861	11,920	22,827	13,168	14,751
Circulation	415,406	461,922	426,635	372,530	367,197	386,078	445,656	494,773	521,543	523,382
Programs	781	685	877	877	863	894	864	841	574	709
Program Attendance	13,055	10,809	12,202	17,017	14,883	13,061	15,013	14,942	11,119	11,826
<b>Water</b>										
Total Connections	26,300	26,850	27,100	26,993	27,102	27,109	27,132	26,657	26,827	26,967
New Connections	200	550	250	56	42	34	25	14	42	188
Water Main Breaks	101	116	134	117	31	29	28	47	21	21
Average Daily Consumption (Gallons)	8.3M	6.57M	6.74M	7.768M	7.51M	6.314M	5.554M	5.513M	6.248M	6.248M
<b>Wastewater</b>										
Average Daily Sewer Treatment (Gallons)	4.486M	5.073M	5.326M	5.315M	4.76M	5.13M	4.82M	5.41M	4.71M	4.8M
Accounts Billed	n/a	14,313	16,844	18,007	18,696	19,769	20,133	20,532	20,999	21,544

Source: Various City Departments

**THE CITY OF WARWICK  
CAPITAL ASSET STATISTICS BY FUNCTION  
LAST TEN FISCAL YEARS  
(Unaudited)**

<b>Function</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>General Government</b>										
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
<b>Public Safety</b>										
Police Stations	1	1	1	1	1	1	1	1	1	1
Fire Stations	9	9	9	9	9	9	9	9	9	9
<b>Highway</b>										
Streets (miles)	483	483	483	483	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
<b>Library</b>										
Main	1	1	1	1	1	1	1	1	1	1
Branches	3	3	3	3	3	3	3	3	3	3
<b>Recreation</b>										
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
<b>Water/Wastewater</b>										
Fire Hydrants	1,769	1,769	1,769	1,769	1,769	1,769	1,772	1,772	1,772	1,772
Max Daily Capacity (Gallons)-Water	12.57M	13.26M	13.3M							
Max Daily Capacity (Gallons)-Sewer	7.7M									
<b>Education</b>										
Elementary Schools	20	20	20	20	20	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**  
(Historical data for ten years prior was unavailable)

THE CITY OF  
WARWICK, RHODE ISLAND

SINGLE AUDIT SECTION

**CITY OF WARWICK, RHODE ISLAND**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2013**

<b>Federal Grantor Pass-Through Grantor Program title</b>	<b>Federal CFDA Number</b>		<b>Pass-Through Grantor's Number</b>	<b>Expenditures</b>
<b>U.S. Department of Agriculture</b>				
<b>Passed through State of RI Department of Education</b>				
National School Lunch Program	10.555	**	N/A	\$ 1,259,351
School Breakfast Program	10.553		N/A	190,828
Fresh Fruit and Vegetable Program	10.582		2725-17602-030	58,925
<b>Total U.S. Department of Agriculture</b>				<u>1,509,104</u>
<b>U.S. Department of Housing and Urban Development</b>				
<b>Direct Program</b>				
Community Development Block Grant/Entitlements Grant	14.218		Various	1,658,775
<b>Total U.S. Department of Housing and Urban Development</b>				<u>1,658,775</u>
<b>U.S. Department of Justice</b>				
<b>Direct Programs</b>				
National Asset Seizure and Forfeiture Act	16.000		N/A	111,888
FBI Task Force	16.000		N/A	4,059
DEA Reimbursement	16.000		N/A	17,419
DEA/ICE Grant	16.000		N/A	2,373
Public Safety Partnership and Community Policing Grants	16.710		2012-UM-WX0159	57,293
Edward Byrne Memorial Justice Assistance Grant Program	16.738		Various	159,011
Bulletproof Vest Partnership Program	16.607		N/A	59,909
<b>Total U.S. Department of Justice</b>				<u>411,952</u>
<b>U.S. Environmental Protection Agency</b>				
<b>Direct Program:</b>				
Climate Showcase Communities Grant Program	66.041		N/A	83,747
<b>Total U.S. Environmental Protection Agency</b>				<u>83,747</u>
<b>U.S. Department of Education</b>				
<b>Passed through State of RI Department of Education</b>				
Special Education - Grants to States	84.027		2725-13202-301	3,262,284
Special Education - Preschool Grants	84.173		2725-13502-301	107,288
Title I Grants to Local Educational Agencies	84.010		2725-11702-301	1,211,548
Career and Technical Education - Basic Grants to States	84.048		Various	285,540
Education for Homeless Children & Youth	84.196		Various	24,483
English Language State Grants	84.365		2725-16502-301	21,139
Improving Teacher Quality State Grants	84.367		2725-16402-301	586,640
ARRA - State Fiscal Stabilization Fund - Race to the Top Incentive Grants	84.395		Various	882,283
<b>Total U.S. Department of Education</b>				<u>6,381,205</u>

\*\* Includes food commodities with a value of \$125,432

(CONTINUED)

**CITY OF WARWICK, RHODE ISLAND**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2013**

<b>Federal Grantor Pass-Through Grantor Program title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grantor's Number</b>	<b>Expenditures</b>
<b>U.S. Department of Transportation</b>			
<b>Passed through State of RI Department of Transportation</b>			
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	N/A	18,235
Highway Planning and Construction	20.205	N/A	712,801
State and Community Highway Safety	20.600	N/A	34,583
Occupant Protection Incentive Grants	20.602	N/A	<u>12,446</u>
<b>Total U.S. Department of Transportation</b>			<u>778,065</u>
<b>U.S. Department of Homeland Security</b>			
<b>Passed through State of RI Emergency Management Agency</b>			
State Domestic Preparedness Equipment Support Program	97.004	Various	44,024
<b>Direct Programs</b>			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	N/A	3,511,558
Assistance to Firefighters	97.044	Various	1,003,991
Emergency Operations Center	97.052	N/A	49,318
CyberTipline	97.076	N/A	783
Staffing for Adequate Fire and Emergency Response	97.083	EMW-2011-FH-00384	588,414
Interoperable Communications and Training Project	97.124	N/A	<u>42,842</u>
<b>Total U.S. Department of Homeland Security</b>			<u>5,240,930</u>
<b>U.S. Department of Commerce Economic Development Administration</b>			
Economic Adjustment Assistance	11.307	N/A	<u>366,508</u>
<b>Total U.S. Department of Commerce Economic Development Administration</b>			<u>366,508</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 16,430,286</u>

(CONCLUDED)

**CITY OF WARWICK, RHODE ISLAND**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**JUNE 30, 2013**

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**1. GENERAL**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the City of Warwick, Rhode Island. All federal awards received from federal agencies and expended by the City are included on the Schedule of Expenditures of Federal Awards. 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*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basis financial statements. An example is the National School Lunch Program where the schedule of federal expenditures includes \$125,453 for the value of food commodities received. These commodities are not recorded in the basic financial statements.

**2. BASIS OF ACCOUNTING**

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting.

**3. DETERMINATION OF MAJOR PROGRAMS**

The determination of major federal awards programs was based upon the overall level of expenditures for all federal programs for the City of Warwick. As such, the threshold for determining Type A programs are defined as those with program expenditures greater than \$300,000 or 3 percent of total expenditures when the total expenditures are over \$10,000,000. Accordingly, Type A programs were those programs with expenditures greater than \$492,909. For the fiscal year ended, the following programs were considered to be major programs:

IDEA Part B.....*	84.027
IDEA Preschool.....*	84.173
Title I Grants to Local Educational Agencies .....	84.010
ARRA State Fiscal Stabilization Fund – Race to the Top Incentive Grants	84.395
Community Development Block Grants/Entitlement Grants .....	14.218
Staffing for Adequate Fire and Emergency Response .....	97.083
Highway Planning and Construction.....	20.205
Public Safety Partnership and Community Policing Grants.....	16.710
Assistance to Firefighters Grant.....	97.044

\* - These programs are in a cluster and therefore considered one program for compliance requirements.

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

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

We have audited, in accordance with the 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, Rhode Island, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City of Warwick's basic financial statements, and have issued our report thereon dated January 31, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Warwick'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 of Warwick's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Warwick's internal control.

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

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

*Blair P.C.*

Providence, Rhode Island  
January 31, 2014

***INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133***

To 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 City of Warwick, Rhode Island's compliance 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 of Warwick's major federal programs for the year ended June 30, 2013. The City of Warwick's major federal programs are identified in the summary of auditors' 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 federal programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the City of Warwick'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 of Warwick'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 of Warwick's compliance.

**Opinion of Each Major Federal Program**

In our opinion, the City of Warwick 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, 2013.

## Report on Internal Control Over Compliance

Management of the City of Warwick 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, we considered the City of Warwick's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Warwick'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 combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Brian P.C.*

Providence, Rhode Island  
January 31, 2014

**CITY OF WARWICK, RHODE ISLAND**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2013**

**A. SUMMARY OF AUDITOR'S RESULTS**

1. The auditor's report expressed an unmodified opinion on the financial statements of the City of Warwick, Rhode Island.
2. No significant deficiencies relating to the audit of the financial statements are reported in the Auditors' report.
3. No instances of noncompliance material to the financial statements of the City of Warwick were disclosed during the audit.
4. No instances of noncompliance of internal control over compliance with requirements applicable to major federal programs were identified.
5. The auditor's report on compliance for the major federal award program for the City of Warwick, Rhode Island expresses an unmodified opinion.
6. Audit findings relative to the major federal award programs for the City of Warwick, Rhode Island are reported in Part C of this schedule.
7. The programs tested as major programs were:

IDEA Part B.....	*	84.027
IDEA Preschool.....	*	84.173
Title I Grants to Local Educational Agencies .....		84.010
ARRA State Fiscal Stabilization Fund – Race to the Top Incentive Grants		84.395
Community Development Block Grants/Entitlement Grants.....		14.218
Staffing for Adequate Fire and Emergency Response .....		97.083
Highway Planning and Construction.....		20.205
Public Safety Partnership and Community Policing Grants.....		16.710
Assistance to Firefighters Grant .....		97.044

\* - These programs are in a cluster and therefore considered one program for compliance requirements.

8. The threshold for distinguishing Type A and B programs is described in Note 3 to the Schedule of Expenditures of Federal Awards.
9. The City of Warwick did not qualified as a low-risk auditee for the year ended June 30, 2013.

(Continued)

**CITY OF WARWICK, RHODE ISLAND**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2013**

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**B. FINANCIAL STATEMENT FINDINGS**

**CURRENT YEAR FINDINGS:**

None

**PRIOR YEAR FINDINGS:**

**2012-1:** The Warwick Education Department currently does not have policies and procedures for reconciling cash and interfund balances on a periodic basis. We noted that the School Department currently records virtually all transactions utilizing the interfund account rather than recording transactions through the cash account. In addition, we noted that the School Unrestricted General Fund cash account was not being reconciled on a monthly basis. Failure to reconcile the interfund and cash account on a periodic basis (preferably monthly) increases the risk of intentional or unintentional errors and irregularities from incurring and going undetected for extended periods of time which in turn could result in financial statement misstatement.

**STATUS:** Procedures have been implemented to reconcile cash and interfund balances on a periodic basis and are operating properly.

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(Continued)

**CITY OF WARWICK, RHODE ISLAND**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2013**

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**C. FINDINGS AND QUESTIONED COSTS RELATING TO FEDERAL AWARDS**

**CURRENT YEAR FINDINGS:**

None

**PRIOR YEAR FINDINGS:**

**2012-2: IDEA Part B (CFDA # 84.027) Improving Teacher Quality State Grants (CFDA# 84.367)**

**Criteria:** The Warwick School Department may receive direct federal funding as well as federal funding passed through the State of Rhode Island. During our audit we noted instances where payroll records (time and effort reports and/or certifications) supporting cost allocations to federal programs were not being maintained in accordance with the requirements of OMB Circular A-87. The circular requires that payroll costs charged to federally funded programs be supported as follows:

- Salaries and wages for employees working 100% of their time on a single Federal award or cost objective must be supported by periodic certifications. These certifications must be prepared at least semi-annually and must be signed by the employee or supervisory official having first-hand knowledge of the work performed by the employee.
- Salaries and wages for employees working on multiple activities or cost objectives must be supported by (a) personnel activity reports that reflect an after-the-fact distribution of the actual activity of the employee, (b) they must account for the total activity for which an employee is compensated, (c) they must be prepared at least monthly and must coincide with one or more pay periods, and (d) they must be signed by the employee.

**Condition:** The Warwick School Department did not have an adequate policy or procedure requiring employees charged to federally funded programs to maintain time records or complete certifications in accordance with the requirements of OMB Circular A-87. The School Department did not complete the required certifications for those employees working 100% of their time on the IDEA Part B and Improving Teacher Quality State Grants.

**Questioned costs:** The results of our testing identified known questioned costs of approximately \$16,000 for IDEA Part B.

**Recommendation:** We recommend that the management of the Warwick School Department develop and enforce a policy requiring all federally funded employees to maintain time records and certifications in accordance with the provisions of OMB Circular A-87 and that policy include an internal audit function requiring someone independent of the federal program to review time records on a periodic basis for compliance.

(Continued)

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**CITY OF WARWICK, RHODE ISLAND**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2013**

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**C. FINDINGS AND QUESTIONED COSTS RELATING TO FEDERAL AWARDS**

**PRIOR YEAR FINDINGS (CONTINUED):**

**Corrective Action:** The management of the Warwick School Department acknowledges the finding regarding certifications for federally funded programs. Although a procedure is in place to maintain certifications for those employees who are regularly assigned to a federally funded program, there is no formal procedure in place to communicate changes and updates, and no independent validation of the data. Effective immediately, an internal audit procedure will be implemented as follows.

On a quarterly basis, the Financial Grants Manager will validate the certifications on file by cross-referencing the year-to-date payroll records to the certifications on file with the Grants Program Manager. For those employees who are not regularly assigned to a federally funded program but may be assigned on an as-needed basis to a federally funded program (substitutes, for example), a procedure will be implemented to have these employees sign a form when work is performed on a federally funded program, acknowledging that the work was performed. This procedure will be coordinated through the Grants Program Manager, Human Resources and local school personnel.

**STATUS:** The finding was cleared in fiscal 2013 and payroll records (time and effort reports and/or certifications) supporting cost allocations to federal programs are being maintained in accordance with the requirements of OMB Circular A-87.

**2012-3 - Time and Effort Reporting:** As noted in finding 2012-2, during the fiscal year ended June 30, 2012 the Warwick School Department did not comply with the requirements governing maintenance of time and effort reports for employees charged to federal programs. We believe that this noncompliance was the result of a deficiency in internal controls. This deficiency in internal controls over compliance is considered to be a material weakness due to the potential effect that the internal control deficiency could have over compliance with federal laws and regulations regarding allowable costs charged to federal grant programs.

**STATUS:** The finding was cleared in fiscal 2013 and payroll records (time and effort reports and/or certifications) supporting cost allocations to federal programs are being maintained in accordance with the requirements of OMB Circular A-87.

(Concluded)