
TOWN OF EAST GREENWICH

***COMPREHENSIVE ANNUAL
FINANCIAL REPORT***

***FOR THE FISCAL YEAR ENDED
JUNE 30, 2010***

***William Sequino
Town Manager***

***Kathleen A. Raposa, CPA
Finance Director***

Prepared by: Finance Department

EAST GREENWICH, RHODE ISLAND

**TOWN OF EAST GREENWICH, RHODE ISLAND
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

TABLE OF CONTENTS

	<u>PAGE</u>
I. INTRODUCTORY SECTION	
<i>LETTER OF TRANSMITTAL</i>	i
<i>ORGANIZATIONAL CHART</i>	vi
<i>LIST OF TOWN OFFICIALS</i>	vii
<i>CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING</i>	viii
 II. FINANCIAL SECTION	
<i>INDEPENDENT AUDITORS' REPORT</i>	1
<i>MANAGEMENT'S DISCUSSION AND ANALYSIS</i>	3
 <i>BASIC FINANCIAL STATEMENTS</i>	
 <u><i>Government Wide Financial Statements</i></u>	
Statement of Net Assets	12
Statement of Activities	13
 <u><i>Fund Financial Statements</i></u>	
Balance Sheet – Governmental Funds	14
Statement of Revenues, Expenditures and Changes in Unreserved Fund Balances - Governmental Funds	15
Reconciliation of the Statement of Revenues, Expenditures and Changes in Unreserved Fund Balances of the Governmental Funds to the Statement of Activities	16
Statement of Net Assets – Proprietary Funds	17
Statement of Revenue, Expenses, and Changes in Fund Net Assets – Proprietary Funds	18
Statement of Cash Flows – Proprietary Funds	19
Statement of Fiduciary Net Assets	20
 <u><i>Notes to the Financial Statements</i></u>	
Required Disclosures and Other Information	21

(Continued)

**TOWN OF EAST GREENWICH, RHODE ISLAND
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

TABLE OF CONTENTS
(continued)

	<u>PAGE</u>
REQUIRED SUPPLEMENTARY INFORMATION (RSI)	
Budgetary Comparison Schedule – General Fund Schedule of Revenues – Non-GAAP Budgetary Basis	51
Budgetary Comparison Schedule – General Fund Schedule of Expenditures – Non-GAAP Budgetary Basis	52
Budgetary Comparison Schedule – School Unrestricted Fund Schedule of Revenues – Non-GAAP Budgetary Basis	55
Budgetary Comparison Schedule – School Unrestricted Fund Schedule of Expenditures – Non-GAAP Budgetary Basis	56
Notes to Required Supplementary Information	57
Pension Plan – Schedule of Funding Progress	58
 <u>Supplementary Information</u>	
Budgetary Comparison Schedule – General Fund Schedule of Revenues, and Expenditures – Non-GAAP Budgetary Basis	59
Budgetary Comparison Schedule – School Unrestricted Fund Statement of Revenues, Expenditures – Non-GAAP Budgetary Basis	60
Combining Balance Sheet – Non-Major Governmental Funds	61
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds	62
Combining Balance Sheet – Non-Major Governmental Funds – Special Revenue Funds – Town	63
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds – Special Revenue Funds – Town	65
Combining Balance Sheet – Non-Major Governmental Funds – Special Revenue Project Funds – Town	67
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds – Special Revenue Project Funds – Town	69
Combining Balance Sheet – Non-Major Governmental Funds – Special Revenue Funds – School Restricted	71
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds – Special Revenue Funds – School Restricted	74
Combining Balance Sheet – Non-Major Governmental Funds – Capital Project Funds	77
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds – Capital Project Funds	78
Combining Balance Sheet – Non-Major Governmental Funds – Town Permanent Funds	79
Combining Statement of Revenues, Expenses and Changes in Net Assets – Non-Major Governmental Funds – Town Permanent Funds	80
Combining Statement of Changes in Assets and Liabilities – Fiduciary Funds	81
Combining Statement of Changes in Assets and Liabilities – Fiduciary Funds- Pupil Activity Funds	82

(Continued)

**TOWN OF EAST GREENWICH, RHODE ISLAND
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

TABLE OF CONTENTS
(continued)

	<u>PAGE</u>
III. STATISTICAL SECTION	
Tax Collectors Annual Report	83
Net Assets by Component	84
Changes in Net Assets	85
Fund Balances, Governmental Funds	87
Changes in Fund Balances - Governmental Funds	88
Assessed and Estimated Actual Value of Taxable Property	89
Property Tax rates	90
Principal Taxpayers	91
Property Tax Levies and Collections	92
Ratio of Net General Bond Debt to Assessed Value	93
Computation of Legal Debt Margin	94
Ratio of Annual Debt Service Expenditures for Bond	
General Bonded Debt to Total General Expenditures	95
Principal Employers	96
Public Schools Miscellaneous Statistics	97
Town of East Greenwich Miscellaneous Statistics	98
Full-time Equivalent Town Government Employees by Function	99
Capital Asset Statistics By Function	100
Operating Indicators By Function	101
Demographic And Economic Statistics	102
Ratio of General Bonded Debt Outstanding	103
 IV. SINGLE AUDIT SECTION	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	104
Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	106
Schedule of Expenditures of Federal Awards	108
Schedule of Findings and Questioned Costs	109
Notes to Schedule of Expenditures of Federal Awards	112

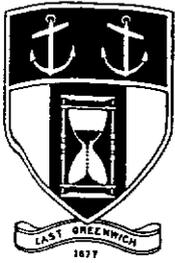
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INTRODUCTORY SECTION

This Section Contains the Following Subsections:

Letter of Transmittal
Organizational Chart
List of Town Officials
Certificate of Achievement for Excellence in Financial Reporting



Town of East Greenwich

125 Main Street
P.O. Box 111
East Greenwich, RI 02818-0111

Town Council
886-8665

Town Manager
886-8665
Fax: 886-8623

Town Clerk
886-8606
Fax: 886-8625

Canvassers
886-8603

Probate
886-8607

Finance
886-8610
886-8612

Human Services
886-8669

Tax Assessor
886-8614

Municipal Court
886-3212

Planning
886-8645
Fax: 886-8657

111 Peirce Street
Offices

Police
884-2244
886-8640
Fax: 886-8653

Public Works
886-8618
Fax: 886-8652

Building Official
886-8618

Recreation
1127 Frenchtown Rd.
886-8626

TDD
401-886-8606

November 20, 2010

Honorable Town Manager and Members of the Town Council
Town of East Greenwich, Rhode Island

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the Town of East Greenwich for the fiscal year ended June 30, 2010.

This report consists of management's representations concerning the finances of the Town of East Greenwich. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Town of East Greenwich has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the Town of East Greenwich's financial statements in conformity with GAAP. Because the cost of internal control should not outweigh the benefits, the Town of East Greenwich's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Town of East Greenwich's financial statements have been audited by Parmelee Poirier & Associates, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of East Greenwich for the Fiscal year ended June 30, 2010, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluation of the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Town of East Greenwich's financial statements for the fiscal year ended June 30, 2010, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of a Management Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in

conjunction with it. The Town of East Greenwich's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The Town of East Greenwich was originally owned by the Pequot Indians and was acquired by King Charles in 1644. The General Assembly incorporated the Town in 1677. Geographically the 16 square miles of East Greenwich is located in the center of the state. The town is bounded on the East by Narragansett Bay and four hills roll up from the coast to the West Greenwich town line.

The downtown area of East Greenwich was initially settled to support the surrounding farming area. As the town grew, so did the commercial center. The protected cove brought trade ships from the far corners of the world and gave safe harbor to local fisherman. As East Greenwich grew as a trade center, so did the needs for goods and services. Industry flourished with manufactures of textiles, machinery and shipbuilding. The Town of East Greenwich is proud of its heritage and it's designation as a National Historic District.

The Town of East Greenwich operates under a Home Rule Charter adopted in 1972 providing for a council-manager form of government. The council-manager form of government is the system of local government that combines political leadership of elected officials in the form of a governing body, with strong managerial experience of an appointed local government manager. The council-manager form of government establishes a representative system where power is concentrated in the elected council and where the council hires a professionally trained manager to oversee the delivery of public services.

The Town of East Greenwich provides a full range of educational and municipal services, including public safety protection; construction and maintenance of streets and other infrastructure; collection of garbage and rubbish through a contracted private vendor; sewer services; activities for the senior citizens and recreational activities and cultural events. Fire protection is provided by an independent Fire District funded by a separate Fire District Tax.

The annual budget serves as the foundation of the Town of East Greenwich's financial planning and control. All departments of the Town of East Greenwich are required to submit requests for appropriation to the Town Manager. The manager uses these requests as the starting point for developing a proposed budget. The manager then presents this proposed budget to the council for review. The Town Council and the School Committee are required to hold public hearings on the proposed budgets and then are required to adopt a final budget. The appropriated budget is prepared by function and department. Budget to actual comparisons are provided in this report, the only governmental fund for which an appropriated annual budget has been adopted.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Town of East Greenwich operates.

Local Economy: The Town of East Greenwich is an affluent, growing, suburban community on the border of a metropolitan area in central Rhode Island. The town is located about fifteen minutes south of the City of Providence. It is primarily a single-family residential community with the highest median family income in the state. July 2008 reported a population of 13,648, which was up 5.4% from the 2000 census and ranked 26th of the thirty nine municipalities in the state. The most recent labor statistics indicates the unemployment rate for East Greenwich at an average of approximately 10.9% as of June 2010, compared to the state with a rate of 11.6.

Approximately 86% of the town's assessed valuation is comprised of residential property. About 14% of the assessed valuation is commercial property. According to 2010 data, the median family income of the Town of East Greenwich was \$79,691 compared to the state's average of \$55,701. The median family income in East Greenwich's ranks 1st among Rhode Island cities and towns. The per capita income also ranks 1st in the state.

Commercial activity is supported by providing parking, improving traffic circulation, providing space for expansion, providing a good mix of retail uses and by retaining town government functions and cultural activities in the downtown area. Commercial development falls into various types, such as, offices, storage facilities, retail, small village and commercial strip developments. The Town of East Greenwich is concerned with the quality of development at the gateways into the town. The town feels that the entrances into the town establish the character of the town through the visitor's eyes.

Industrial development provides significant tax revenues. Thus, industrial development is encouraged. The town tries not to compete with surrounding areas, but to encourage development of new activities, support existing industries and support industrial activities in neighboring industrial parks. The town feels that it is very important for the industrial activities to perform at the highest quality possible.

Long Term Financial Planning: The Town Council has continued to support Capital Improvements and Projects. The fiscal year 2010-2011 budget includes appropriations for the following projects: paving and statistical revaluation. The town uses tax dollars to pay for these capital improvements. The town has completed a brand new police station. The town is also in the process of completing a new community center, new soccer and baseball fields and a new middle school.

Cash Management Policies and Practices: Cash temporarily idle during the year is invested in money market funds and government securities. The average yield on the investments is approximately .5% for fiscal year 2010. Investment income includes appreciation in the value of the investments. Increases in the value during the current year, however, do not necessarily represent trends that will continue. A report is provided to the Town Council on a monthly basis. The monthly report includes values and interest rates.

Risk Management: The Town of East Greenwich is exposed to a variety of potential losses and has established a risk management strategy that attempts to minimize the losses and the carrying cost of insurance. The primary technique used for risk financing is the purchase of insurance

coverage from commercial insurers. The expected portion of uninsured losses is not expected to be significant when considered in relation to the overall financial position of the town.

Pension and Other Post Employment Benefits: All employees of the town are provided pension benefits through the Town's participation in the State of Rhode Island Municipal Employees Retirement System (MERS). Each year, an independent actuary is engaged to calculate the annual contribution that the town must make to MERS to ensure that the plan will be able to fully meet its obligations to retired employees. As a matter of policy, the town fully funds each year's annual required contribution as determined by the actuary. As a result of the funding policy, the town has one group that is fully funded and currently requires no contribution on the part of the town. The remaining groups with unfunded amounts are systematically being funded as part of the annual required contribution calculated by the actuary.

The Town of East Greenwich also provides post retirement health care benefits to certain employees who have participated in the early retirement plan or have fulfilled the retirement requirements of their respective contracts. As of the end of the current fiscal year, there were thirty-eight retired employees receiving these benefits, which are financed on a pay as you go basis. The Governmental Accounting Standards Board (GASB) recently promulgated Statement 43 and 45. These statements require public sector entities to report the future costs of these non-pension benefits.

Additional information on the Town of East Greenwich's post employment benefits and pension arrangements can be found in Note 16 to the financial statements.

Economic Conditions: Some of the major industries located within the Town of East Greenwich are Health Care and Social Assistance, Professional and Technical Services, Manufacturing and Wholesale and Retail Trade and Accommodations and Food Services. These industries make up almost 70 % of the workforce.

The median family income has remained stable over that past few years. The median home price has slightly declined over the past few years. The economic factors over the past five to ten years for the Town of East Greenwich have shown above average wealth and income levels. According to the 2000 census the median family income was \$90,221 for the Town of East Greenwich compared to \$42,090 for the State of Rhode Island. The Town of East Greenwich ranks first in the state for highest median family income and per capita income. Unemployment in East Greenwich has increased over the past ten years to 10.9% but is lower than the state unemployment rate of 11.6%. The largest increase in unemployment for the town occurred in 2008 when the rate jumped from 4.6% to 7.5%.

The Town of East Greenwich has recently taken out bonds and notes to build a new police station, senior/community center, built a new Middle School and performed repairs and maintenance on the other existing schools. The Town of East Greenwich is below the 3% debt limit by 45 million dollars. All other capital items are financed through the general funds capital budget appropriated on an annual basis.

The Town of East Greenwich was very conservative in spending and trying to raise revenues during the fiscal year 2010. The State of Rhode Island gave no state aid for fiscal year 2010 and during budget workshops for 2011 the Town of East Greenwich had to make appropriate budget cuts. The Town's budget decreased by 5.43% for fiscal year 2011. The initiative was to minimize the tax rate increase.

Comprehensive Annual Financial Report: The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial reporting to the Town of East Greenwich for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2009. This is the first year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

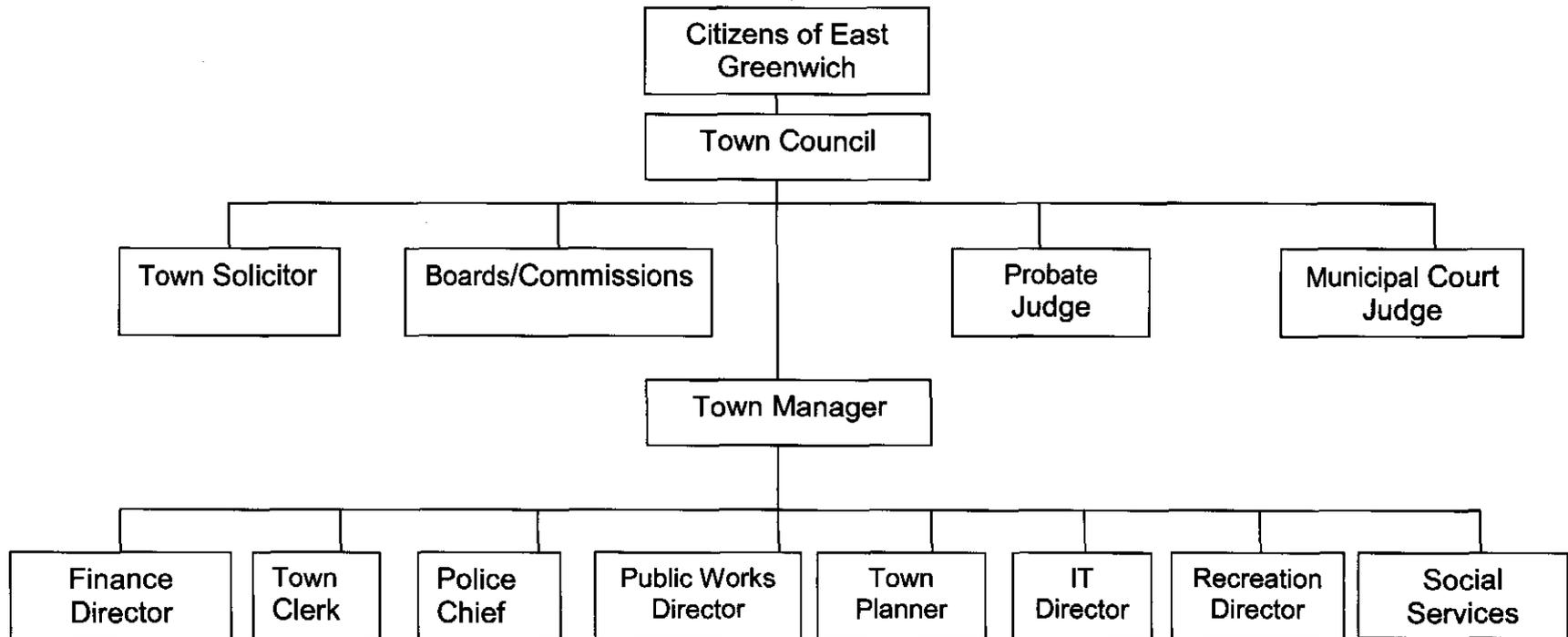
Acknowledgements: The preparation of the Comprehensive Annual Financial Report would not have been possible without the efficient and dedicated services of the entire Finance Department. I would also like to express my appreciation to all members of the various other town department's who assisted and contributed to the preparation of this report. Credit also must be given to the Town Manager and the Town Council for their unfailing support for maintaining the highest standards of professionalism in the management of the Town of East Greenwich and its finances.

Respectfully submitted,



Kathleen A. Raposa, CPA
Finance Director

TOWN OF EAST GREENWICH
MUNICIPAL ORGANIZATION CHART



TOWN OF EAST GREENWICH, RHODE ISLAND

as of June 30, 2010

TOWN COUNCIL

Michael B. Isaacs - President
Henry V. Boezi - Vice President
Richard P. Buonaiuto
Michael S. Kiernan
Mark I. Schwager

TOWN MANAGER

William Sequino, Jr.

FINANCE DIRECTOR

Kathleen A. Raposa, CPA

Certificate of Achievement for Excellence in Financial Reporting

Presented to

**Town of East Greenwich
Rhode Island**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

FINANCIAL SECTION

This Section Contains the Following Subsections:

Independent Auditor's Report
Management's Discussion and Analysis
Basic Financial Statements
Required Supplementary Information
Supplementary Information

INDEPENDENT AUDITORS' REPORT

The Honorable President and
Members of the Town Council
Town of East Greenwich
East Greenwich, Rhode Island

We have audited the accompanying financial statements of the governmental activities, the business type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of East Greenwich, Rhode Island (Town) as of and for the year ended June 30, 2010, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of East Greenwich, Rhode Island's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "**Government Auditing Standards**" issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, business type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the Town of East Greenwich, Rhode Island as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 20, 2010 on our consideration of the Town of East Greenwich, Rhode Island's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 11 and 51 through 58 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's financial statements as a whole. The introductory section, combining and individual non-major fund financial statements and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual non-major fund financial statements and the 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.


Parmelee, Poirier & Associates, LLP
November 20, 2010

Management's Discussion and Analysis

TOWN OF EAST GREENWICH, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2010
(Un-audited)

Our discussion and analysis of the Town of East Greenwich, Rhode Island's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2010. Please read it in conjunction with the Letter of Transmittal and the Town's financial statements that follow this section.

Financial Highlights

- ❖ The Town's net assets increased by \$3,629,783 as a result of this year's current operations. However, prior period adjustments increased the net assets by an additional \$88,315, making the total increase \$3,718,098. On a government-wide basis the assets of the Town of East Greenwich exceeded its liabilities at the close of the most recent fiscal year by \$54,507,562. Net assets of business activities increased by \$2,198,756 or 10.15% with an additional prior period adjustment increase of \$88,315, while net assets of Governmental Activities increased by \$1,431,027, or 4.9%.
- ❖ The Town's Government-wide (governmental and business activities) operating expenses were \$53,573,069 a 1.4% increase from the prior year, while revenues collected were \$57,202,852 a 1.2% increase. The increase in operating expenses was mainly due to an increase in interest expense on long-term debt. The increase in revenue was from additional revenue in realty transfer fees, recording fees and building permits. There were non-budgeted revenue sources from the NEIT pilot and financing sources from a premium on BANS. The revenues for the business like activities decreased due to a larger sewer project being completed and billed in the prior year.
- ❖ As of the close of the fiscal year, the Town's governmental funds reported combined ending fund balances of \$27,608,841. Over 92% of this amount, \$25,474,365 is unreserved and undesignated and available for use within the Town's designation and fiscal policies.
- ❖ At the end of the current fiscal year, the general fund unreserved fund balance was \$4,445,470, or 10.0% of the total general fund expenditures for the fiscal year. The general fund's current fiscal year revenues and transfers exceeded expenditures and transfers by \$1,555,498. On a budgetary basis revenues and transfers exceeded expenditures and transfers by \$1,558,532.

Overview of the Financial Statements

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

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

In addition to the basic financial statements, this report also contains required supplementary information and supplementary information.

The Town's basic financial statements and supplementary financial information provide information about all of the Town's activities. They provide both a short-term and a long-term view of the Town's financial health as well as information about activities for which the Town acts solely as a trustee for the benefit of those outside of the Town's government.

TOWN OF EAST GREENWICH, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2010
(Un-audited)

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

Government-wide financial statements (Continued)

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

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

Both of the government-wide financial statements distinguish functions of the Town, which are supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The Town's governmental activities include general government and administration, public safety, development services, cultural and recreational services. The Town's business activities consist of the East Greenwich Sewer Department.

The government wide financial statements are reported on pages 12 through 13.

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

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

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

The Town maintains governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, School Special Revenue Unrestricted Fund, and the School Bond 52m Capital Fund, which are considered to be major funds. Data from the other funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in the supplementary information section of this report.

TOWN OF EAST GREENWICH, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2010
(Un-audited)

The basic governmental fund financial statements can be found on pages 14 through 15.

Proprietary Funds - The Town's proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town has one enterprise fund, the East Greenwich Sewer Department, which accounts for the Town's sewer system.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the East Greenwich Sewer Department since it is considered to be a major fund of the Town.

The basic proprietary fund financial statements are presented on pages 17 through 19.

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

The fiduciary fund financial statements can be found on page 20.

Notes to 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 are presented on pages 21 through 50.

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information pertinent to the Town's operations.

Required Supplementary information is presented on pages 51 through 58.

The combining statements and supplementary information referred to earlier in connection with non-major governmental funds, and proprietary funds are presented on pages 59 through 82.

Government-wide Financial Analysis

Analysis of the Town of East Greenwich's Net Assets

As noted earlier, over time net assets may serve as a useful indicator of a government's financial position, and an important determinant of its ability to finance services in the future. For the Town of East Greenwich, governmental activities assets exceeded liabilities by \$30,567,744 as of June 30, 2010. This reflects an increase of \$1,431,027 from this current year's activity. The Business Type Activities had an increase of \$2,198,756 from this current year's activity and a prior period adjustment in the amount of \$88,315. See page 3 **Financial Highlights** above for a further explanation.

TOWN OF EAST GREENWICH, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2010
(Un-audited)

Analysis of the Town of East Greenwich's Net Assets (Continued)

Listed below is a comparison of the current and prior fiscal years.

TOWN OF EAST GREENWICH, RHODE ISLAND
Net Assets

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
ASSETS						
Current and other assets	\$ 36,574,665	\$ 27,364,272	\$ 18,783,432	\$ 11,328,878	\$ 55,358,097	\$ 38,693,150
Capital assets	59,994,101	41,450,618	38,441,154	38,590,015	98,435,255	80,040,633
Total assets	<u>96,568,766</u>	<u>68,814,890</u>	<u>57,224,586</u>	<u>49,918,893</u>	<u>153,793,352</u>	<u>118,733,783</u>
LIABILITIES						
Other liabilities	7,327,791	4,349,677	2,446,193	1,401,255	9,773,984	5,750,932
Long-term liabilities	58,673,231	35,328,496	30,838,575	26,864,891	89,511,806	62,193,387
Total liabilities	<u>66,001,022</u>	<u>39,678,173</u>	<u>33,284,768</u>	<u>28,266,146</u>	<u>99,285,790</u>	<u>67,944,319</u>
NET ASSETS						
Invested in capital assets, net of related debt	19,176,359	20,744,380	7,621,215	11,732,800	26,797,574	32,477,180
Unrestricted	11,391,385	8,392,337	16,318,603	9,919,947	27,709,988	18,312,284
Total net assets	<u>\$ 30,567,744</u>	<u>\$ 29,136,717</u>	<u>\$ 23,939,818</u>	<u>\$ 21,652,747</u>	<u>\$ 54,507,562</u>	<u>\$ 50,789,464</u>

The largest portion of the Town's net assets, \$26,797,574, consists of its investments in capital assets such as land, buildings and improvements, motor vehicles, furniture and equipment and infrastructure, less any debt used to acquire these assets, which is still outstanding. The Town uses these capital assets to provide services to its citizens. Consequently, these assets are not available for future spending. Although the Town'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 are unlikely to be used to liquidate these liabilities.

Analysis of the Town of East Greenwich's Operations

The following analysis provides a summary of the Town's operations for the year ended June 30, 2010. The Town first implemented GASB Statement 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments for the fiscal year June 30, 2003. Therefore, comparative data is now available and is presented in the following schedules. Governmental activities increased the Town's net assets by \$1,431,027 for the current period, which is a increase of 4.9% in the Town's governmental net assets, while business-type activities increased the Town's net assets by \$2,198,756, accounting for 10.15% increase in business-type net assets, (before accounting for a prior period adjustment of \$88,315). Overall the Town's net assets increased by \$3,629,783 which is a 7.14% increase over the prior year's net assets, before accounting for the prior period adjustment of \$88,315.

TOWN OF EAST GREENWICH, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2010
(Un-audited)

Analysis of the Town of East Greenwich's Operations

The net change in fund balance for the fiscal year ended June 30, 2010 was an increase of \$6,093,517 for the Town's governmental fund types. In the statement of activities, expenses for capital items are not recorded as expenses but shown on the balance sheet, which resulted in an increase of \$18,543,483 net of depreciation to our net assets; also revenues from the increase in deferred revenues are not recorded as revenues in the fund financial statements, but in the statement of activities this resulted in an increase of \$272,317. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets, which increased net assets by \$10,940,000. The Town received bond and bond anticipation note proceeds in the governmental funds of \$33,000,000, but in the government-wide financial statements this increases long-term debt, which decreased fund revenues. See Note 8 and 9 in the notes to the financial statements and page 16 of the financial statements for a more detailed explanation of changes in net assets.

The following page presents the Changes in Net Assets for the current year's activity.

TOWN OF EAST GREENWICH, RHODE ISLAND
Changes in net assets

	Governmental		Business-Type		Total	
	Activities		Activities			
	2010	2009	2010	2009	2010	2009
Revenues						
Program revenues						
Charges for services	\$ 2,605,410	\$ 2,951,822	\$ 4,401,777	\$ 6,170,324	\$ 7,007,187	\$ 9,122,146
Operating grants and contributions	2,062,325	2,876,410	-	-	2,062,325	2,876,410
Capital grants and contributions	293,588	516,318	-	-	293,588	516,318
General revenues						
Property taxes, levied for general purposes	41,833,892	39,648,780	-	-	41,833,892	39,648,780
State revenue sharing	4,878,085	3,676,307	-	-	4,878,085	3,676,307
Unrestricted investment earnings	89,386	94,635	553,883	472,065	643,269	566,700
Miscellaneous	484,506	171,179	-	-	484,506	171,179
Gain (loss) on sale of assets	-	(64,575)	-	-	-	(64,575)
Total revenues	<u>52,247,192</u>	<u>49,870,876</u>	<u>4,955,660</u>	<u>6,642,389</u>	<u>57,202,852</u>	<u>56,513,265</u>
Expenses						
General government	5,359,120	5,250,131	-	-	5,359,120	5,250,131
Public safety	3,937,506	3,719,021	-	-	3,937,506	3,719,021
Public works	4,305,209	4,264,987	-	-	4,305,209	4,264,987
Parks and recreation	607,466	598,106	-	-	607,466	598,106
Public and social services	1,153,802	1,187,259	-	-	1,153,802	1,187,259
Education	34,270,489	35,045,679	-	-	34,270,489	35,045,679
Interest on long-term debt	1,182,573	679,380	-	-	1,182,573	679,380
Sewer	-	-	2,756,904	2,077,958	2,756,904	2,077,958
Total expenses	<u>50,816,165</u>	<u>50,744,563</u>	<u>2,756,904</u>	<u>2,077,958</u>	<u>53,573,069</u>	<u>52,822,521</u>
Increase (decrease) in net assets	<u>\$ 1,431,027</u>	<u>\$ (873,687)</u>	<u>\$ 2,198,756</u>	<u>\$ 4,564,431</u>	<u>\$ 3,629,783</u>	<u>\$ 3,690,744</u>

Financial Analysis of the Town of East Greenwich's Funds

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

TOWN OF EAST GREENWICH, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2010
(Un-audited)

At the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of 27,608,841. Approximately 92% of the total amount, or \$25,474,365, constituted unreserved and undesignated fund balances. The remainder of the fund balance is reserved or designated for future commitments.

TOWN OF EAST GREENWICH, RHODE ISLAND
Fund Balance Reserves and Designations

	General Fund	School Unrestricted Fund	School Bond 52m Capital Fund	Non-Major Governmental Funds	Total Governmental Funds
Reserve for:					
Reserved by trust agreements	\$ -	\$ -	\$ -	\$ 218,586	\$ 218,586
Reserved for contingency	210,000	-	-	-	210,000
Reserved for healthcare	-	225,372	-	-	225,372
Reserved for inventory	-	-	-	5,303	5,303
Reserved for prepaids	29,077	314,355	-	-	343,432
Unreserved: designated for:					
Designated for capital reserve vehicles	595,145	-	-	-	595,145
Designated for other improvements	436,638	100,000	-	-	536,638
Unreserved, reported in:					
General Fund	4,445,470	-	-	-	4,445,470
Unreserved, reported in non-major funds:					
Capital Projects	-	-	16,700,799	1,843,824	18,544,623
Special revenue funds	-	777,524	-	1,706,748	2,484,272
Total fund balances	\$ 5,716,330	\$ 1,417,251	\$ 16,700,799	\$ 3,774,461	\$ 27,608,841

Proprietary Funds - The Town of East Greenwich's proprietary fund statements provide the same type of information as presented in the government-wide financial statements, but in more detail.

Unrestricted net assets of the proprietary funds are \$16,318,603. The growth in total net assets amounted to \$2,287,071 including a prior period adjustment of \$88,315. This change resulted from approximately 2 million of new assessments.

General Fund Budgetary Highlights

Revenues:

Revenues on a budgetary basis were \$745,266 over budget, due to the following:

General Property Taxes – were over budget by a total of \$465,036. Current year taxes were under budget by \$(556,652); however, this was offset by collection of prior years' taxes being over budget by \$ 613,853, and the NEIT PILOT property tax revenue was not budgeted and thus was over budget by \$407,835.

State Aid – was under budget by \$(97,407) due to decreased funding by the state after the Town's budget was finalized. A portion of the last quarterly payment for the Motor Vehicle Phase Out was eliminated in the amount of \$(172,163). Additionally, school housing aid and meals tax amounts were over budget by \$70,539.

TOWN OF EAST GREENWICH, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2010
(Un-audited)

General Fund Budgetary Highlights (Continued)

Licenses, permits and usage fees – were over budget by \$213,829, due mainly to increased realty transfer and land recording fees, increased building permits and increased police detail revenue.

General Revenues -- were over budget by \$133,534 mainly due to municipal court increases in revenue by \$57,094 and other revenue increased by \$ 74,918.

Other financing sources:

BAN premium proceeds -- were over budget by \$ 304,127, as this was not budgeted.

Expenditures:

Expenditures on a budgetary basis were under budget by a total of \$491,157, due to the following:

Administration – was under budget primarily due to favorable employee benefit expense costs of \$137,007.

Capital Improvements – were under budget by \$270,960 due to capital items not purchased in the current year.

Police Department -- was under budget due to savings in salaries of \$83,036.

Department of Public Works -- was under budget by \$ 62,006 due to savings in outside services.

The Town of East Greenwich's Capital Assets

The Town of East Greenwich's investment in capital assets for its governmental and business-type activities amounts to \$98,435,255 net of accumulated depreciation at June 30, 2010. Included are land, building and improvements, construction in progress, motor vehicles, furniture and equipment and infrastructure. Additional information on the Town of East Greenwich's capital assets is located in Note 7 of the notes to the financial statements. The following page presents the Capital Assets after the current year's activity.

TOWN OF EAST GREENWICH, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2010
(Un-audited)

TOWN OF EAST GREENWICH, RHODE ISLAND
Capital Assets (Net of Accumulated Depreciation)

	June 30, 2010			June 30, 2009		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Land	\$ 1,723,703	\$ 15,372	\$ 1,739,075	\$ 1,723,703	\$ 15,372	\$ 1,739,075
Construction in progress	27,154,034	711,759	27,865,793	7,090,543	13,070,895	20,161,438
Infrastructure	8,451,478	-	8,451,478	9,539,566	-	9,539,566
Land improvements	2,218,900	-	2,218,900	1,610,185	-	1,610,185
Buildings and improvements	18,306,624	13,589,759	31,896,383	18,820,739	14,013,634	32,834,373
Motor vehicles	1,083,394	25,144	1,108,538	1,317,527	29,761	1,347,288
Office furniture and equipment	64,836	21,200	86,036	91,493	23,850	115,343
Machinery and equipment	991,132	-	991,132	1,256,862	-	1,256,862
Sewer lines	-	24,077,920	24,077,920	-	11,436,503	11,436,503
	<u>\$ 59,994,101</u>	<u>\$ 38,441,154</u>	<u>\$ 98,435,255</u>	<u>\$ 41,450,618</u>	<u>\$ 38,590,015</u>	<u>\$ 80,040,633</u>

The total increase in the Town's investment in capital assets for the current fiscal year was about 18.7% in terms of net book value. Significant expenditures were made for the installation of sewer lines, sewer drainage, improvements to school buildings, a new senior/community center and the beginning of construction for a new middle school. In addition, the Town acquired HVAC for the Town Clerk's Vault, Microfiche Machine, public works equipment and rebuilt the South Road Bridge. Depreciation charges for the year totaled \$3,411,389 (\$2,464,022 on governmental assets and \$947,367 on the assets of the business-type activities). Additional information on the Town's capital assets can be found in Note 7 of the notes to the financial statements.

The Town of East Greenwich's Debt Administration

At the end of the current fiscal year, the Town of East Greenwich's Governmental Activities and Business Activities had a total bonded debt of \$28,240,000. Of this amount, 100% comprises bonded debt backed by the full faith and credit of the government.

The following is a summary of the Town's long-term debt.

TOWN OF EAST GREENWICH, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2010
(Un-audited)

TOWN OF EAST GREENWICH, RHODE ISLAND
General Obligation Bonds and Notes Payable

	June 30, 2010			June 30, 2009		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
General Obligation Bonds	\$ 22,440,000	\$ 5,800,000	\$ 28,240,000	\$ 24,380,000	\$ 6,000,000	\$ 30,380,000
Notes Payable	33,000,000	25,019,939	58,019,939	9,000,000	20,857,215	29,857,215
	<u>\$ 55,440,000</u>	<u>\$ 30,819,939</u>	<u>\$ 86,259,939</u>	<u>\$ 33,380,000</u>	<u>\$ 26,857,215</u>	<u>\$ 60,237,215</u>

The Town issued \$2,462,252 in September 2009 and \$3,000,000 in June 2010 of Rhode Island Clean Water Bonds. In February 2010, the Town issued a Bond Anticipation Note in the amount of \$33,000,000 for the "School Bond 52m Capital Fund" project.

Additional information on the Town's long-term debt can be found in Note 12 of the notes to the financial statements.

The Town's general obligation bond rating as assigned by Moody's Investors Service in 2009 is Aa1 and AA+ by Standard and Poor's. The State of Rhode Island imposes a limit of 3 percent of the fair value of all taxable Town property on the general obligation debt that a municipality can issue. The Town of East Greenwich's limit is \$74,021,451 at year-end. The Town's outstanding general obligation bonded debt is \$28,240,000 at year-end, which is \$45,781,451 under the State imposed limitation.

Economic Factors and Next Year's Budgets and Rates

The Town of East Greenwich's total general fund budget for fiscal year 2010 amounts to \$44,753,750 which reflects an increase of \$824,918 over the fiscal 2009 budget of \$45,578,668. Of the Town's 2010 budget of \$44,753,750, 66.7% is budgeted for educational purposes and 33.3% is budgeted for general government.

The Town's tax rate for fiscal 2010 is \$17.25 per thousand, with 33.3% allocated for general government and 66.7% allocated for education. For fiscal 2009, the Town's tax rate was \$16.64 per thousand, with 35% allocated for general government and 65% allocated for education.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town of East Greenwich's finances for all of the Town of East Greenwich's citizens, taxpayers, customers, investors and creditors. This financial report seeks to demonstrate the Town's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Town of East Greenwich, Finance Director's Office, P.O. Box 111, East Greenwich, RI 02818; Attention: Mrs. Kathleen Raposa, Finance Director.



Kathleen Raposa, CPA
Finance Director

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements

TOWN OF EAST GREENWICH, RHODE ISLAND
Statement of Net Assets
June 30, 2010

	<u>Primary Government</u>			<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>East Greenwich Land Trust</u>
ASSETS				
Cash and cash equivalents	\$ 31,553,145	\$ 4,743	\$ 31,557,888	\$ -
Investments	35,982	-	35,982	-
Accounts receivable:				
Accounts receivable net	1,983,005	1,707,459	3,690,464	-
Due from other governments	2,068,110	-	2,068,110	-
Other receivables	85,092	5,113,978	5,199,070	147,656
Inventory at cost	5,303	-	5,303	-
Other assets	844,028	253,853	1,097,881	-
Capital assets:				
Property, plant and equipment - net	31,116,364	37,714,023	68,830,387	-
Construction in progress	27,154,034	711,759	27,865,793	-
Assets not being depreciated	1,723,703	15,372	1,739,075	5,018,500
Total capital assets	<u>59,994,101</u>	<u>38,441,154</u>	<u>98,435,255</u>	<u>5,018,500</u>
Other assets				
Long-term sewer assessment receivable	-	11,703,399	11,703,399	-
TOTAL ASSETS	<u>96,568,766</u>	<u>57,224,586</u>	<u>153,793,352</u>	<u>5,166,156</u>
LIABILITIES				
Accounts payable and accrued expenses	9,038,462	199,049	9,237,511	-
Internal balances	(1,809,396)	1,809,396	-	-
Deferred revenue	98,725	437,748	536,473	-
Long-term liabilities				
Due within one year	35,734,063	1,749,541	37,483,604	-
Due in more than one year	22,939,168	29,089,034	52,028,202	-
Total liabilities	<u>66,001,022</u>	<u>33,284,768</u>	<u>99,285,790</u>	<u>-</u>
NET ASSETS				
Invested in capital assets, net of related debt	19,176,359	7,621,215	26,797,574	5,018,500
Unrestricted	11,391,385	16,318,603	27,709,988	147,656
Total net assets	<u>\$ 30,567,744</u>	<u>\$ 23,939,818</u>	<u>\$ 54,507,562</u>	<u>\$ 5,166,156</u>

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

TOWN OF EAST GREENWICH, RHODE ISLAND
Statement of Activities
For the Year Ended June 30, 2010

	Program revenues				Net (Expense) Revenue and Changes in Net Assets			Component Unit East Greenwich Land Trust
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-type Activities		
Functions/Programs								
Primary government								
Governmental activities:								
Legislative, judicial and general administrative	\$ 4,339,118	\$ 599,011	\$ -	\$ 276,176	\$ (3,463,931)		\$ (3,463,931)	
Financial administration	499,059	-	-	-	(499,059)		(499,059)	
Information technology	329,333	-	-	-	(329,333)		(329,333)	
Public safety	3,937,506	402,727	524,963	17,412	(2,992,404)		(2,992,404)	
Public works	4,305,209	579,712	2,657	-	(3,722,840)		(3,722,840)	
Public health and welfare	457,285	50,007	208,867	-	(198,411)		(198,411)	
Parks and recreation	607,466	128,079	5,749	-	(473,638)		(473,638)	
Town planner	191,610	344,517	-	-	152,907		152,907	
Senior and human services	229,342	-	-	-	(229,342)		(229,342)	
Education	34,270,489	501,357	1,320,089	-	(32,449,043)		(32,449,043)	
Library	467,175	-	-	-	(467,175)		(467,175)	
Interest on long-term debt	1,182,573	-	-	-	(1,182,573)		(1,182,573)	
Total governmental activities	<u>50,816,165</u>	<u>2,605,410</u>	<u>2,062,325</u>	<u>293,588</u>	<u>(45,854,842)</u>		<u>(45,854,842)</u>	
Business-type activities:								
Sewer fund	2,756,904	4,401,777	-	-	-	\$ 1,644,873	1,644,873	
Total business-type activities	<u>2,756,904</u>	<u>4,401,777</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,644,873</u>	<u>1,644,873</u>	
Total primary government	<u>\$ 53,573,069</u>	<u>\$ 7,007,187</u>	<u>\$ 2,062,325</u>	<u>\$ 293,588</u>	<u>(45,854,842)</u>	<u>1,644,873</u>	<u>(44,209,969)</u>	
Component unit:								
East Greenwich Land Trust	\$ 24,773	-	\$ 34,864	\$ -				\$ 10,091
Total Component unit:	<u>\$ 24,773</u>	<u>\$ -</u>	<u>\$ 34,864</u>	<u>\$ -</u>				<u>\$ 10,091</u>
General revenues:								
General property tax					41,833,892	-	41,833,892	-
State revenue sharing					4,878,085	-	4,878,085	-
Unrestricted investment earnings					89,386	553,883	643,269	-
Miscellaneous					484,506	-	484,506	-
Total general revenues					<u>47,285,869</u>	<u>553,883</u>	<u>47,839,752</u>	<u>10,091</u>
Change in net assets					<u>1,431,027</u>	<u>2,198,756</u>	<u>3,629,783</u>	<u>10,091</u>
Net assets - beginning					<u>29,136,717</u>	<u>21,652,747</u>	<u>50,789,464</u>	<u>5,156,065</u>
Prior period adjustment (Note 13)					-	88,315	88,315	-
Net assets - beginning (restated)					<u>29,136,717</u>	<u>21,741,062</u>	<u>50,877,779</u>	<u>5,156,065</u>
Net assets - ending					<u>\$ 30,567,744</u>	<u>\$ 23,939,818</u>	<u>\$ 54,507,562</u>	<u>\$ 5,166,156</u>

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

Fund Financial Statements

TOWN OF EAST GREENWICH, RHODE ISLAND
Balance Sheet
Governmental Funds
June 30, 2010

	<u>General Fund</u>	<u>School Unrestricted Fund</u>	<u>School Bond 52m Capital Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 29,899,383	\$ -	\$ -	\$ 1,653,762	\$ 31,553,145
Investments	-	-	-	35,982	35,982
Accounts receivable:					
Property taxes, less allowance for doubtful accounts of \$57,000	1,983,005	-	-	-	1,983,005
Intergovernmental	540,802	341,433	-	1,185,875	2,068,110
Other	-	-	-	85,092	85,092
Internal balances	12,328,583	3,115,730	20,459,997	2,524,293	38,428,603
Inventory	-	-	-	5,303	5,303
Deposits with institutions	-	225,372	-	-	225,372
Prepays	29,077	314,355	-	-	343,432
TOTAL ASSETS	<u>\$ 44,780,850</u>	<u>\$ 3,996,890</u>	<u>\$ 20,459,997</u>	<u>\$ 5,490,307</u>	<u>\$ 74,728,044</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued expenses	\$ 1,047,210	\$ 2,579,639	\$ 3,759,198	\$ 694,242	\$ 8,080,289
Internal balances	36,039,766	-	-	922,879	36,962,645
Deferred revenue	1,977,544	-	-	98,725	2,076,269
Total liabilities	<u>39,064,520</u>	<u>2,579,639</u>	<u>3,759,198</u>	<u>1,715,846</u>	<u>47,119,203</u>
Fund balances:					
Reserve for:					
Reserved by trust agreements	-	-	-	218,586	218,586
Reserved for contingency	210,000	-	-	-	210,000
Reserved for healthcare	-	225,372	-	-	225,372
Reserved for inventory	-	-	-	5,303	5,303
Reserved for prepaids	29,077	314,355	-	-	343,432
Unreserved: designated for:					
Designated for capital reserve vehicles	595,145	-	-	-	595,145
Designated for other improvements	436,638	100,000	-	-	536,638
Unreserved, reported in:					
General fund	4,445,470	-	-	-	4,445,470
Unreserved, reported in non-major funds:					
Capital project funds	-	-	16,700,799	1,843,824	18,544,623
Special revenue funds	-	777,524	-	1,706,748	2,484,272
Total fund balances	<u>5,716,330</u>	<u>1,417,251</u>	<u>16,700,799</u>	<u>3,774,461</u>	<u>27,608,841</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 44,780,850</u>	<u>\$ 3,996,890</u>	<u>\$ 20,459,997</u>	<u>\$ 5,490,307</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. (see note 8)	59,994,101
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. (see note 8)	1,638,033
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. (see note 8)	(58,673,231)
Net assets of governmental activities	<u>\$ 30,567,744</u>

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

TOWN OF EAST GREENWICH, RHODE ISLAND
Statement of Revenues, Expenditures
and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2010

	<u>General Fund</u>	<u>School Unrestricted Fund</u>	<u>School Bond 52m Capital Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues					
General property tax	\$ 41,561,575	\$ -	\$ -	\$ -	\$ 41,561,575
Intergovernmental and departmental revenues	2,009,871	3,153,888	-	1,996,039	7,159,798
License and permits	1,233,467	-	-	-	1,233,467
Fines and interest on late payments	164,840	-	-	-	164,840
Interest on investments	85,434	-	-	3,952	89,386
Other revenues	443,829	-	-	1,002,314	1,446,143
Total revenues	<u>45,499,016</u>	<u>3,153,888</u>	<u>-</u>	<u>3,002,305</u>	<u>51,655,209</u>
Expenditures					
Legislative, judicial and general administrative	3,002,019	-	-	-	3,002,019
Financial administration	499,059	-	-	-	499,059
Information technology	329,333	-	-	-	329,333
Public safety	2,836,035	-	-	770,812	3,606,847
Public works	2,793,583	-	-	-	2,793,583
Public health and welfare	95,423	-	-	361,862	457,285
Parks and recreation	557,343	-	-	-	557,343
Town planner	191,610	-	-	-	191,610
Senior and human services	229,342	-	-	-	229,342
Education	-	32,239,256	-	1,521,288	33,760,544
Library	467,175	-	-	-	467,175
Financing costs	4,600	-	-	-	4,600
Capital outlay	453,215	-	15,238,908	5,280,411	20,972,534
Long-term obligations:					
Principal	1,940,000	-	9,000,000	-	10,940,000
Interest	1,054,545	-	-	-	1,054,545
Total expenditures	<u>14,453,282</u>	<u>32,239,256</u>	<u>24,238,908</u>	<u>7,934,373</u>	<u>78,865,819</u>
Excess of revenues over (under) expenditures before other financing sources (uses)	<u>31,045,734</u>	<u>(29,085,368)</u>	<u>(24,238,908)</u>	<u>(4,932,068)</u>	<u>(27,210,610)</u>
Other financing sources (uses)					
Issuance of debt	-	-	33,000,000	-	33,000,000
BAN premium proceeds	304,127	-	-	-	304,127
Transfers from other funds	17,982	29,812,345	-	202,588	30,032,915
Transfers to other funds	(29,812,345)	(30,000)	-	(190,570)	(30,032,915)
Total other financing sources (uses)	<u>(29,490,236)</u>	<u>29,782,345</u>	<u>33,000,000</u>	<u>12,018</u>	<u>33,304,127</u>
Net changes in fund balances	1,555,498	696,977	8,761,092	(4,920,050)	6,093,517
Fund balances - beginning	<u>4,160,832</u>	<u>720,274</u>	<u>7,939,707</u>	<u>8,694,511</u>	<u>21,515,324</u>
Fund balances - ending	<u>\$ 5,716,330</u>	<u>\$ 1,417,251</u>	<u>\$ 16,700,799</u>	<u>\$ 3,774,461</u>	<u>\$ 27,608,841</u>

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

TOWN OF EAST GREENWICH, RHODE ISLAND
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2010

Net change in fund balances - total governmental funds \$ 6,093,517

Amounts reported for governmental activities in the statement of activities are different from the amounts reported as fund expenditures because:

Governmental funds reported capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceed depreciation, loss on disposal of equipment and adjustments in the current period.

Capital outlay	20,972,534	
Education capital outlay	161,710	
Depreciation expense	(2,464,022)	
Adjustments	(52,796)	
Loss on disposal of equipment	(73,943)	18,543,483

Property taxes that are not collected in the current period and do not represent current financial resources are deferred in the fund financial statements, however they are recognized as revenues in the statement of activities. 272,317

Amortization of bond issuance costs and premiums in the current period do not represent current financial resources, however they are recognized as expenditures and revenues in the statement of activities. (5,527)

Some expenditures reported in the governmental funds that require the use of current financial resources are not reported as expenditures in the statement of activities. (128,028)

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the full accrual basis, expenses and liabilities are recorded regardless of when financial resources are available.

Principal payments made on long-term debt	10,940,000	
Issuance of debt	(33,000,000)	
Decrease in capital leases	33,333	
Net decrease in compensated absences	8,523	
Net increase in the other post employment benefit obligation	(1,326,591)	(23,344,735)

Change in net assets of governmental activities \$ 1,431,027

Please see Note 9 for a more detailed explanation of the differences between the Government-Wide Financial Statements and the Fund Financial Statements

TOWN OF EAST GREENWICH, RHODE ISLAND
Statement of Net Assets
Proprietary Funds
June 30, 2010

	Sewer Fund
ASSETS	
Current assets	
Cash and cash equivalents	\$ 4,743
Accounts receivable	
User fees, net of \$50,000 allowance for doubtful accounts	1,143,225
Construction loans receivable	5,113,978
Assessments, current portion	564,234
Total current assets	6,826,180
Non-current assets	
Deferred charges, net of amortization	253,853
Long-term sewer assessment receivable	11,703,399
Net capital assets	38,441,154
Total non-current assets	50,398,406
TOTAL ASSETS	57,224,586
LIABILITIES	
Current liabilities	
Accounts payable and accrued expenses	199,049
Internal balances	1,809,396
Current portion of long-term debt	1,749,541
Total current liabilities	3,757,986
Non-current liabilities	
Notes and bonds payable	29,070,398
Accrued compensated absences	18,636
Deferred revenues	437,748
Total non-current liabilities	29,526,782
TOTAL LIABILITIES	33,284,768
Net Assets	
Invested in capital assets, net of related debt	7,621,215
Unrestricted	16,318,603
Total net assets	\$ 23,939,818

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

TOWN OF EAST GREENWICH, RHODE ISLAND
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2010

	Sewer Fund
Operating revenues	
Usage sales and fees	\$ 1,882,511
Sewer assessments	2,519,239
Other income	27
Total operating revenues	4,401,777
Operating expenses	
Salaries and benefits	445,693
Materials and supplies	15,515
Construction	95,398
Contract services	167,160
Repairs and maintenance	32,329
Utilities	199,187
Administrative expenses	58,501
Depreciation and amortization	965,451
Total operating expenses	1,979,234
Operating income	2,422,543
Non-operating revenues (expenses)	
Investment income	11
Assessment interest income	553,872
Sewer bond interest expense	(777,670)
Total non-operating (expenses)	(223,787)
Change in net assets	2,198,756
Total net assets - beginning	21,652,747
Prior period adjustment (Note 13)	88,315
Total net assets - beginning (restated)	21,741,062
Total net assets - ending	\$ 23,939,818

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

TOWN OF EAST GREENWICH, RHODE ISLAND
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2010

	Sewer Fund
Cash flows from operating activities	
Cash received from customers and providing services	\$ 2,649,720
Cash payments to suppliers for goods and services	(546,898)
Cash payments to employees for services	(434,733)
Net cash provided by (used for) operating activities	1,668,089
Cash flows from non-capital financing activities	
Interfund loans	586,797
Net cash provided by non-capital financing activities	586,797
Cash flows from capital and related financing activities	
Principal paid on bonds & notes	(1,499,527)
Additions to capital assets	(798,506)
Interest paid on long term debt	(777,670)
Bond issuance costs	(81,329)
Proceeds received from bonds/notes	5,462,252
Construction receivables	(5,113,978)
Net cash (used for) capital and related financing activities	(2,808,758)
Cash flows from investing activities	
Interest income	553,883
Net cash provided by investing activities	553,883
Net increase (decrease) in cash and cash equivalents	11
Cash and cash equivalents at beginning of year	4,732
Cash and cash equivalents at end of year	\$ 4,743
Reconciliation of operating income to net cash provided by operating activities	
Operating income (Loss)	\$ 2,422,543
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	965,451
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(2,189,805)
Increase (decrease) in accounts payable and accrued expenses	21,192
Increase (decrease) in compensated absences	10,960
Increase (decrease) in deferred revenues	437,748
Total adjustments	(754,454)
Net cash provided by operating activities	\$ 1,668,089

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

TOWN OF EAST GREENWICH, RHODE ISLAND
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2010

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 239,932
Internal balances	195,782
Total Assets	<u>435,714</u>
LIABILITIES	
Deposits held in custody for others	435,714
Total Liabilities	<u>\$ 435,714</u>

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

Notes to Financial Statements

TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1 - REPORTING ENTITY

In accordance with the requirements of Statement No. 14 of the Governmental Accounting Standards Board, *The Financial Reporting Entity*, the accompanying basic financial statements present the Town of East Greenwich, Rhode Island (the primary government). The activities discussed below are included in the Town's reporting entity because of the significance of their operational or financial relationships with the Town.

The Town complies with generally accepted accounting principles (GAAP). Generally accepted accounting principles (GAAP) includes 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. Proprietary funds also apply the same principles. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of these notes.

Primary Government

The Town of East Greenwich is a municipal corporation governed by a Town Council/Town Manager form of government with an elected five member Town Council.

The Town of East Greenwich was incorporated in 1677. The Town operates under a Home Rule Charter, adopted in 1972. All legislative powers of the town, except such powers as are reserved by the state law or vested in the financial Town Meeting by the Charter and by-laws enacted by the Town Council, are vested in the Town Council by the Charter, including the ordering of any tax, making appropriations and transacting of any other business pertaining to the financial affairs of the Town.

This report includes all of the funds and account groups of the Town of East Greenwich. The reporting entity for the town consists of (a) the primary government, (b) organizations for which the primary government is financially accountable and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable.

In evaluating the inclusion of 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. 14. Under GASB Statement No. 14, the financial reporting entity includes both the primary government, which is the Town of East Greenwich and all of its component units. Component units are legally separate entities that meet any one of the following three tests:

Test 1 - the primary government appoints the voting majority of the board of the potential component unit and

- * Is able to impose its will on the potential component unit and/or
- * Is in a relationship of financial benefit or burden with the potential component unit;

Test 2 - the potential component unit is fiscally dependent upon the primary government; or

Test 3 - the financial statements would be misleading if data from the potential component unit was not included.

The following entities were considered for classification as component units for fiscal year 2010:

- * East Greenwich School Department
- * East Greenwich Land Trust (the Trust)

TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1 - REPORTING ENTITY (CONTINUED)

Although the East Greenwich School Department meets certain criteria of the tests listed above, this entity is not deemed to have separate legal status apart from the Town. As a result, the financial data of these entities have been included as Special Revenue Funds within the Town's financial statements.

The East Greenwich Land Trust (the Trust) has been presented as a component unit of the Town in the government-wide financial statements. An appointed Board of Trustees governs the Trust. The purpose of the Trust is to promote preservation of the environment and character of the Town, to preserve suitable open spaces for recreation, for the conservation of forestry and wildlife, to promote responsible development of real estate and sound conservational practices, to protect environmentally sensitive or threatened existing and /or future fresh-water well fields, aquifer recharge area, wetlands and to promote public access and views of harbors, ponds, marshes, farmland and forests situated in the Town. Upon termination or dissolution of the Trust, title to all remaining funds, land and land rights will vest with the Town. The Trust is included in the Town's reporting entity because of the significance of the operational and financial relationships with the Town. The Trust does not issue separate financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Recently Issued Accounting Standards

The Town has adopted or will be adopting as of its effective date the following new accounting pronouncement.

- GASB Statement No. 51 - Accounting and Financial Reporting for Intangible Assets, effective for the Town's fiscal year ending June 30, 2010.
- GASB Statement No. 53 - Accounting and Financial Reporting for Derivative Instruments, effective for the Town's fiscal year ending June 30, 2010.
- GASB Statement No. 54 - Fund Balance Reporting and Governmental Fund Type Definitions, effective for the Town's fiscal year ending June 30, 2011 (will be adopted).
- GASB Statement No. 58 - Accounting and Financial Reporting for Chapter 9 Bankruptcies, effective for the Town's fiscal year ending June 30, 2010.

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

BASIS OF PRESENTATION

Government-Wide Financial Statements

The statement of net assets and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds and component units that are fiduciary in nature. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, receivables and payables.

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, liabilities, fund equity, revenues and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Town or if it meets the following criteria:

TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- (a) Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total (assets, liabilities, and so forth) for all funds of that category or type (that is, total governmental or total enterprise funds), and
- (b) Total assets, liabilities, 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.

In addition to funds that meet the major fund criteria, any other governmental or enterprise fund that the government's officials believe is particularly important to financial statement users (for example, because of public interest or consistency) may be reported as a major fund. The funds of the financial reporting entity are described below:

GOVERNMENTAL FUND TYPES

These are the funds through which most governmental functions are typically financed. The funds included in this category are as follows:

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

Special Unrestricted Fund – is the primary operating fund of the School Department and is always classified as a major fund. It is used to account for all School activities except those that are legally or administratively required to be accounted for in other funds.

Special Revenue Funds – are used to account for the proceeds of specific revenue sources (other than expendable trust, or major capital projects) that are legally restricted to expenditures for specified purposes.

Capital Projects Funds - are used to account for resources restricted for the acquisition or construction of specific capital projects or items (other than those financed by Proprietary or Trust funds).

Permanent Funds – are used to account for assets held by the Town pursuant to a trust agreement. The principal portion of this fund must remain intact, but the earnings may be used to achieve the objectives of the fund.

PROPRIETARY FUND TYPES

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.

FIDUCIARY FUND TYPES

These funds use the accrual basis of accounting to account for assets held by the Town as a trustee or agent for individuals, private organizations, and other units of governments. These funds are not included in government-wide statements.

TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Agency Funds – are used to account for assets held by the Town in a purely custodial capacity. Since agency funds are custodial in nature (i.e. assets equal liabilities), they do not involve the measurement of results of operations.

BASIS OF ACCOUNTING

Measurement Focus

On the government-wide Statement of Net Assets 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.

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

- (a) All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period. The Town considers property taxes as available if they are collected within 60 days after year end.
- (b) All proprietary funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of net income, financial position and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.
- (c) Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

Basis of Accounting

In the government-wide Statement of Net Assets 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, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds and agency funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available". Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or 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, fiduciary 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.

All proprietary funds, fiduciary 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.

TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

All Governmental Fund Types are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e. both measurable and available. Available means collectible within the current period or soon enough thereafter, (generally defined as 60 days after the close of the fiscal year) to be used to pay liabilities of the current period.

Licenses and permits, charges for services, fines, forfeits, and miscellaneous revenue are recorded as revenues when received in cash. Those revenues susceptible to accrual are property taxes and investment earnings. Fines and permits are not susceptible to accrual because generally they are not measurable until received in cash. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except expenditures for debt service and other long-term obligations, which are recognized when paid.

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

Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, the Propriety Fund Types consider all highly liquid investments with a maturity date of three months or less when purchased to be cash equivalents.

Investments

Investments are stated at fair value in accordance with GASB No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

For purposes of the statements of cash flows, all highly liquid investments with a maturity of three months or less when purchased (e.g. short-term commercial paper) are considered to be cash equivalents.

Receivables

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 and intergovernmental grants and aid. Business-type activities report service fees as its major receivables.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as property taxes and grants and other similar intergovernmental revenues since they are usually both measurable and available. Non-exchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. 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.

Prepaid items

Prepaid items are accounted for under the allocation method whereby a prepaid asset is established at the date of payment and subsequently amortized over the accounting periods expected to benefit from the initial payment.

Inventories

Inventories of supplies (except gasoline and postage) are considered to be expenditures at the time of purchase. Inventories of gasoline and postage are recorded at cost on a first in first out basis and maintained on a periodic system and are recorded as expenditures when consumed.

(Continued)

TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Property, Plant and Equipment

The accounting treatment over property, plant and equipment (fixed 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 Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets, which are recorded at their estimated fair value at the date of donation. The capitalization threshold is any individual item with a total cost greater than \$10,000.

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

<u>Description</u>	<u>Years</u>
Buildings, Infrastructure & Improvements	10-100
Motor vehicles	5-10
Machinery and equipment	5-30
Sewer mains	75-100

Fund Financial Statements

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

Equity Classifications

Government-Wide Statements

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

- (a) Invested 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 assets - Consists of net assets 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 assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the government-wide statements.

TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance Transactions

The reappropriation of prior year's unexpended balances for certain accounts in the General Fund is reported as a transfer of fund balance in the current year.

Property Taxes

The Town is permitted by state law to levy property taxes. Taxes are recognized as revenue when they are collected. Taxes are levied each July on (a) 100% of the full and fair value of real and tangible personal property owned within the Town on the previous December 31; and, (b) the value, as determined by the Rhode Island Vehicle Valuation Commission, of vehicles registered within the Town the previous calendar year, prorated for the actual number of days so registered, reduced by the amount exempt under the Motor Vehicle Phase-Out Program. Taxes levied during July are payable in quarterly installments on September 1, December 1, March 1 and June 1, or on September 1, if paid in one payment. Unpaid property taxes at June 30, 2010, include delinquent installments of the current and prior years. The Town does not record interest earned on delinquent taxes until payment is received.

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

The municipality holds an annual tax sale in May or June. This tax sale includes all property with a delinquent balance as of the December 1 quarterly installment for the prior year. Subsequent to the tax sale, recorder's deeds are placed on sold properties.

Deferred Revenues

Deferred revenues represent funds received in advance of being owed or receivables, which will be collected and included in revenues of future fiscal years. In the General Fund, deferred revenues relate to property tax receivables, which were received prior to June 30th, plus delinquent balances less "amounts due" as of the balance sheet date and received within sixty days thereafter.

Vacation, Sick Leave, and Other Compensated Absences

Unused vacation leave is paid upon an employee's termination. Sick leave not taken is paid only to municipal workers up to 30 days and for police department employees the greater of 300 days of total accumulated sick leave at 50%, upon retirement. School department employees are paid compensated absences based on various employee agreements. Compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts not expected to be liquidated with expendable available resources are reported as long-term debt in the government-wide financial statements. Long-term debt and other obligations financed by the proprietary funds are reported as liabilities in the appropriate funds. For Proprietary Fund Types accrued compensated absences are recorded as a liability within those funds using the full accrual basis.

Short-Term Interfund Receivable/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "internal balances" on the balance sheet.

Advances to Other Funds

Noncurrent portions of long-term interfund loan receivables are reported as advances and are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriations.

TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Uses 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 disclosure 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.

Budgetary Process

In accordance with the East Greenwich Home Rule Charter, the Town has formally established budgetary accounting control for its General Fund and the School Unrestricted Fund, which is a Special Revenue Fund. The General Fund is subject to an annual operating budget that is prepared by the administration of the Town Manager and submitted to the Town Council for approval. The General Fund budget is then presented at the Financial Town meeting to the Citizens of the Town for their approval. The School Unrestricted Fund is subject to an annual operating budget approved by the School Committee and adopted in total by the Town Council as part of General Fund budget. The annual operating budgets' appropriated 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 General Fund and Special Revenue - School Unrestricted Fund's annual operating budgets are prepared on the budgetary basis of accounting which is not in conformity with Generally Accepted Accounting Principles. The budget to actual presentation in required supplementary information is reflected on the budgetary basis. The only Special Revenue fund that has a legally enacted budget is the School Unrestricted Fund. Therefore, the budget and actual figures presented for Special Revenue Funds in the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual only include this fund.

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 Town Manager with the Director of Finance's certification as to General Fund surplus to meet such appropriations and with Town Council's approval and approval of the citizens at a Financial Town meeting. There were no additional supplemental appropriations for the year ended June 30, 2010. Amendments to the operating budgets that do not result in additional appropriations may be made within departments by means of a transfer.

NOTE 3 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Legal Debt Margin

The Town's legal debt margin as set forth by State Statute is limited to three percent of total assessed value, which approximates \$74,021,451 based on the December 31, 2008 assessment. As of June 30, 2010 the Town's debt is under the debt limit by \$45,781,451.

In addition to the bonding authority granted under §45-12-2 of the RI General Laws, the Town of East Greenwich can authorize bond issues pursuant to a special act of the RI General Assembly. Bond issues authorized by a special act of the General Assembly are normally not subject to any legal debt limit, but are subject to financial constraints such as the Town's ability and willingness to service the bonded debt. See page 94 in the statistical section for computation of the legal debt margin.

**TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 4 - FUND EQUITY

The fund equity balances have been classified to reflect the limitations and restrictions placed on the respective funds as follows:

A. Reserves - Reservations of fund balance at June 30, 2010 were as follows:

General Fund:	
Reserved for contingency	\$ 210,000
Reserved for prepaid expenses	<u>29,077</u>
Total	<u>\$ 239,077</u>

School Unrestricted Fund:	
Reserve for prepaids	\$314,355
Reserved for healthcare deposits	<u>225,372</u>
Total	<u>\$539,727</u>

Non-Major Governmental Funds:	
Reserved by trust agreements	\$ 218,586
Reserved for inventory	<u>5,303</u>
Total	<u>\$ 223,889</u>

B. Designations - Designations of fund balance at June 30, 2010 were as follows:

General Fund:	
Designated for capital reserve vehicles	\$ 595,145
Designated for other improvements	<u>436,638</u>
Total	<u>\$ 1,031,783</u>

School Unrestricted Fund:	
Designated for other improvements	<u>\$100,000</u>

C. Deficits - Deficits of fund equity balances at June 30, 2010 were as follows:

Non-Major Governmental Funds:	
School Lunch Fund	\$ 149,073
King Street Project	\$ 1,826
Revaluation Fund	\$ 6,817
Byrne Grant	\$ 10,516
Police Station Fund	\$ 28,827

NOTE 5 - CASH AND INVESTMENTS

Deposits: The Town maintains deposits in various financial institutions that are carried at cost except for those amounts which are carried as petty cash. The carrying amount of deposits is separately displayed on the balance sheet as "Cash and cash equivalents".

Investments: Investment of all idle funds is made through national banks or trust companies, providing that the financial conditions and integrity of the institution or institutions are verifiable and can be monitored. The investment of funds must be in direct obligations of the United States Government and "money market instruments" rated "A" or better. Investments in any one institution cannot exceed five (5) percent of that institutions capital and surplus as set forth in the institutions most recent audited financial statements. All investments are made as would be done by prudent men of discretion and intelligence in such matters who are seeking a reasonable income and preservation of their capital.

**TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 5 - CASH AND INVESTMENTS (CONTINUED)

Interest Rate Risk: The Town limits its exposure to fair value losses arising from changes in interest rates by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and investing operating funds primarily in shorter-term securities, money market funds, or similar investment pools.

Concentrations: The Town policy is to maintain a diversified portfolio to minimize the risk of loss resulting from over concentration of assets in a specific maturity.

Custodial Credit Risk

Deposits: This is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2010, \$ -0- of the Town's balance of \$31,797,820 was uninsured and uncollateralized.

Investments: This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

Cash and investments of the Town consist of the following at June 30, 2010

Cash and cash equivalents	
Deposits with financial institutions	\$ 31,797,820
Investments	
Permanent funds	
Corporate stocks	35,982
Total permanent fund investments	<u>35,982</u>
Total cash and investments	<u>\$ 31,833,802</u>

Cash and investments are classified in the accompanying financial statements as follows:

Statement of net assets	
Cash and cash equivalents	\$ 31,557,888
Investments	35,982
	<u>31,593,870</u>
Fiduciary funds	
Cash and cash equivalents	239,932
	<u>239,932</u>
Total cash and investments	<u>\$ 31,833,802</u>

TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 5 - 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 town does not have any investments that are subject to interest rate risk for the fiscal year ended June 30, 2010. If applicable, information about the exposure of the Town's debt type investments to this risk is reported using the segment time distribution model.

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 Town did not have any debt type investments that were exposed to credit risk as defined by GASB 40 as of June 30, 2010.

NOTE 6 - PROPERTY TAXES

The Town is responsible for assessing, collecting, and distributing property taxes in accordance with enabling state legislation. The Town does not use the modified accrual basis (60 day rule) for reporting its revenue from property taxes. Rather, the Town uses the cash method which reports revenue as taxes are paid. This method is not according to Generally Accepted Accounting Principals (GAAP). However, the total effect on the Funds Statement is insignificant. Therefore, there is no modification to the auditor's opinion on these Financial Statements.

All property taxes for fund statement purposes are recognized in compliance with NCGA Interpretation-3 (Revenue Recognition - Property Taxes), which states that such revenue is recorded when it becomes measurable and available. Available means due, or past due and receivable within the current period and collected no longer than 60 days after the close of the current period. The Town uses the allowance method for bad debts. Under this method, the Town has reserved the sum of \$57,000.00.

Current tax collections for the Town were approximately 96.70% of the total July 2009 tax levy.

NOTE 7 - INFORMATION ABOUT CAPITAL ASSETS

The Town defines capital assets as assets with an individual cost of more than \$10,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost (for certain assets acquired prior to 1960). The following schedule list prior year balances and current year activity for all Governmental Fund fixed asset transactions.

TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 7 - INFORMATION ABOUT CAPITAL ASSETS (CONTINUED)

Capital asset activity for the fiscal year ended June 30, 2010 was as follows:

	Primary Government				Ending Balance
	Beginning Balance	Increases	Decreases	Adjustments	
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 1,723,703	\$ -	\$ -	\$ -	\$ 1,723,703
Construction in progress	7,090,543	20,076,596	-	(13,105)	27,154,034
Total capital assets not being depreciated	<u>8,814,246</u>	<u>20,076,596</u>	<u>-</u>	<u>(13,105)</u>	<u>28,877,737</u>
Other capital assets:					
Infrastructure	36,472,762	-	-	-	36,472,762
Buildings and improvements	27,072,272	269,239	-	13,105	27,354,616
Land improvements	2,084,115	714,116	-	-	2,798,231
Office furniture and equipment	281,873	-	(13,968)	(6,741)	261,164
Motor vehicles	2,175,431	-	(155,825)	-	2,019,606
Machinery and equipment	2,871,685	74,293	(31,476)	6,741	2,921,243
Total other capital assets at historical cost	<u>70,958,138</u>	<u>1,057,648</u>	<u>(201,269)</u>	<u>13,105</u>	<u>71,827,622</u>
Less accumulated depreciation for:					
Infrastructure	26,933,196	1,088,088	-	-	28,021,284
Buildings and improvements	8,251,533	767,622	-	28,837	9,047,992
Land improvements	473,930	105,401	-	-	579,331
Office furniture and equipment	190,380	25,646	(13,968)	(5,730)	196,328
Motor vehicles	857,904	164,263	(89,374)	3,419	936,212
Machinery and equipment	1,614,823	313,002	(23,984)	26,270	1,930,111
Total accumulated depreciation	<u>38,321,766</u>	<u>2,464,022</u>	<u>(127,326)</u>	<u>52,796</u>	<u>40,711,258</u>
Governmental activities capital assets, net	<u>\$ 41,450,618</u>	<u>\$ 18,670,222</u>	<u>\$ (73,943)</u>	<u>\$ (52,796)</u>	<u>\$ 59,994,101</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
Legislative, judicial and general administrative	\$ 26,698
Public safety	330,659
Public works	1,384,887
Parks and recreation	50,123
Education	671,655
Total governmental activities depreciation expense	<u>\$ 2,464,022</u>

**TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 7 - INFORMATION ABOUT CAPITAL ASSETS (CONTINUED)

Capital asset activity for the fiscal year ended June 30, 2010 was as follows:

	Primary Government				Ending Balance
	Beginning Balance	Increases	Decreases	Adjustments	
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 15,372	\$ -	\$ -	-	\$ 15,372
Construction in progress	13,070,895	773,770	-	(13,132,906)	711,759
Total capital assets not being depreciated	<u>13,086,267</u>	<u>773,770</u>	<u>-</u>	<u>(13,132,906)</u>	<u>727,131</u>
Other capital assets:					
Sewer facility	20,796,176	24,736	-	-	\$ 20,820,912
Equipment and fixtures	331,615	-	-	-	331,615
Motor vehicles	174,072	-	-	-	174,072
Sewer lines	14,213,857	-	-	13,132,906	27,346,763
Total other capital assets at historical cost	<u>35,515,720</u>	<u>24,736</u>	<u>-</u>	<u>13,132,906</u>	<u>48,673,362</u>
Less accumulated depreciation for:					
Sewer facility	6,782,542	448,611	-	-	7,231,153
Equipment and fixtures	307,765	2,650	-	-	310,415
Motor vehicles	144,311	4,617	-	-	148,928
Sewer lines	2,777,354	491,489	-	-	3,268,843
Total accumulated depreciation	<u>10,011,972</u>	<u>947,367</u>	<u>-</u>	<u>-</u>	<u>10,959,339</u>
Business-type activities capital assets, net	<u>\$ 38,590,015</u>	<u>\$ (148,861)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,441,154</u>

Depreciation expense was charged to functions as follows:

Business-type activities:	
Sewer Fund	\$ 947,367
Total business-type activities depreciation expense	<u>\$ 947,367</u>

TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 8 - DIFFERENCES BETWEEN GOVERNMENTAL FUNDS BALANCE SHEET AND THE STATEMENT OF NET ASSETS

"Total fund balances" of the Towns' governmental funds \$27,608,841 differs from "net assets" of governmental activities \$30,567,744 reported in the statement of net assets. This difference primarily results from the long-term economic focus of the statement of net assets 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 Assets			
	Total Governmental Funds	Long-term Assets/ Liabilities (1)	Reclassifications and Eliminations	Statement Net Assets Totals
Assets				
Cash and cash equivalents	\$ 31,553,145	\$ -	\$ -	\$ 31,553,145
Investments	35,982	-	-	35,982
Receivables:				
Property taxes, net	1,983,005	-	-	1,983,005
Intergovernmental	2,068,110	-	-	2,068,110
Other	85,092	-	-	85,092
Internal balances	38,428,603	-	(38,428,603)	-
Inventory	5,303	-	-	5,303
Other assets	568,804	275,224	-	844,028
Property, plant and equipment - net	-	58,270,398	-	58,270,398
Assets not being depreciated	-	1,723,703	-	1,723,703
Total assets	\$ 74,728,044	\$ 60,269,325	\$ (38,428,603)	\$ 96,568,766
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued expenses	\$ 8,080,289	\$ 614,735	\$ 343,438	\$ 9,038,462
Internal balances	36,962,645	-	(38,772,041)	(1,809,396)
Deferred revenue	2,076,269	(1,977,544)	-	98,725
Long-term liabilities				
Due within one year	-	35,734,063	-	35,734,063
Due in more than one year	-	22,939,168	-	22,939,168
Total liabilities	47,119,203	57,310,422	(38,428,603)	66,001,022
Fund Balances/Net Assets				
Total fund balances/net assets	27,608,841	2,958,903	-	30,567,744
Total liabilities and fund balances/net assets	\$ 74,728,044	\$ 60,269,325	\$ (38,428,603)	\$ 96,568,766

(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 assets includes those capital assets among the assets of the Town as a whole.

Cost of capital assets	\$ 100,705,359
Accumulated depreciation	(40,711,258)
	\$ 59,994,101

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

Adjustment of deferred revenue	\$ 1,977,544
Accrued interest	(300,676)
Bond premiums	(314,059)
Bond issuance costs	275,224
	\$ 1,638,033

Long-term liabilities applicable to the Towns' 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 assets.

Bonds payable	\$ (55,440,000)
Capital leases payable	-
Accrued compensated absences	(920,313)
Net other post employment benefit obligation	(2,312,918)
	\$ (58,673,231)

TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 9 - DIFFERENCES BETWEEN GOVERNMENTAL FUND OPERATING STATEMENTS AND THE STATEMENT OF ACTIVITIES

The "net change in the fund balances" for governmental funds \$6,093,517 differs from the "change in net assets" for governmental activities \$1,431,027 reported in the statement of activities. The differences arise primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

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

	Total Governmental Funds	Long-term Revenues/ Expenses (1)	Capital- related Items (2)	Long-term Debt Transactions (3)	Statement of Activities Totals
Revenues					
General property tax	\$ 41,561,575	\$ 272,317	\$ -	\$ -	\$ 41,833,892
Intergovernmental and departmental revenues	7,159,798	-	-	-	7,159,798
License and permits	1,233,467	-	-	-	1,233,467
Fines and interest on late payments	164,840	-	-	-	164,840
Interest on investments	89,386	-	-	-	89,386
Other revenues	1,446,143	15,539	-	-	1,461,682
Total revenues	51,655,209	287,856	-	-	51,943,065
Expenditures					
Current:					
Legislative, judicial and general administrative	3,002,019	21,066	26,698	1,284,735	4,334,518
Financial administration	499,059	-	-	-	499,059
Information technology	329,333	-	-	-	329,333
Public safety	3,606,847	-	330,659	-	3,937,506
Public works	2,793,583	-	1,511,626	-	4,305,209
Public health and welfare	457,285	-	-	-	457,285
Parks and recreation	557,343	-	50,123	-	607,466
Town planner	191,610	-	-	-	191,610
Senior and human services	229,342	-	-	-	229,342
Education	33,760,544	-	509,945	-	34,270,489
Library	467,175	-	-	-	467,175
Financing costs	4,600	-	-	-	4,600
Capital outlay	20,972,534	-	(20,972,534)	-	-
Long-term obligations:					
Principal	10,940,000	-	-	(10,940,000)	-
Interest	1,054,545	128,028	-	-	1,182,573
Total expenditures	78,865,819	149,094	(18,543,483)	(9,655,265)	50,816,165
Other financing sources (uses)					
Issuance of debt	33,000,000	-	-	(33,000,000)	-
BAN premium proceeds	304,127	-	-	-	304,127
Transfers from other funds	30,032,915	-	-	-	30,032,915
Transfers to other funds	(30,032,915)	-	-	-	(30,032,915)
Total other financing sources (uses)	33,304,127	-	-	(33,000,000)	304,127
Net change for the year	\$ 6,093,517	\$ 138,762	\$ 18,543,483	\$ (23,344,735)	\$ 1,431,027

TOWN OF EAST GREENWICH, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2010

NOTE 9 - DIFFERENCES BETWEEN GOVERNMENTAL FUND OPERATING STATEMENTS AND THE STATEMENT OF ACTIVITIES (CONTINUED)

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

	Deferred revenue property tax	\$ 272,317
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Interest expense in the statement of activities differs from the amount reported in the governmental funds for two reasons. Accrued interest was reduced on the calculation for bonds payable and bond issuance costs and premiums are reported as expenditures in governmental funds while in the government-wide financial statements they are capitalized and amortized over the life of the bond.

	Accrued interest	\$ (128,028)
	Amortization bond issuance costs	(21,066)
	Amortization bond premium costs	15,539
	Total expenditure adjustment	<u>\$ (133,555)</u>

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

	Capital outlay	\$ 20,972,534
	Education capital outlay	161,710
	Depreciation expense	(2,464,022)
	Adjustments	(52,796)
	Difference	<u>\$ 18,617,426</u>

When a loss is realized for the disposal of capital assets the loss is not recognized on the governmental funds and is only recorded on the statement of activities.

	Loss on disposal of equipment	\$ 73,943
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(3) Repayment of bond principal is reported as an expenditure in the governmental funds and, thus, has the effect of reducing fund balance because current financial resources have been used. For the town as a whole, however, the principal payments reduce the liabilities in the statement of net assets and do not result in an expense in the statement of activities.

	Issuance of debt	(33,000,000)
	Principal payments made	10,940,000
	Difference	<u>\$ (22,060,000)</u>

Certain accrued expenditures that do not use current financial resources are not reported in the fund financial statements. However, in the in statement of activities these accrued expenses are recognized and charged to current activities.

	Net increase in the OPEB	\$ (1,326,591)
	Net decrease in compensated absences	8,523
	Net decrease in capital leases	33,333
	Change	<u>\$ (1,284,735)</u>

**TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 10 - CAPITAL LEASES

As of June 30, 2010, future minimum rental commitments under capital leases are as follows:

<u>ENDED JUNE 30,</u>	<u>FISCAL YEAR</u> <u>PAYMENTS</u>
2010	-
<i>Future Minimum Rental Payments</i>	-
<i>Obligation Under Capital Leases</i>	<u>\$ -</u>

The Town paid the remaining balance on the Capital Leases as of year ended June 30, 2010 and entered in to new leases.

NOTE 11 - INTERFUND BALANCES

Inter-fund balances represent loans to various funds for use in operations. These amounts are expected to be repaid at certain future dates. Below are the balances as of June 30, 2010:

	<u>Due from other funds</u>	<u>Due to other funds</u>
General Fund	\$ 12,328,583	\$ 36,039,766
School Bond 52m Capital Fund	20,459,997	
Special Revenue Funds:		
School Unrestricted	3,115,730	-
School Restricted	60,586	547,332
Town Restricted	1,446,399	270,045
Town Projects Fund	<u>230,891</u>	<u>21,212</u>
	4,853,606	838,589
Other Non-major Funds		
Capital Projects Funds	786,417	84,290
Enterprise Funds		
Sewer	-	1,809,396
Fiduciary Funds		
Land Trust	195,782	-
Component Unit		
Land Trust	147,656	-
Totals	<u>\$ 38,772,041</u>	<u>\$ 38,772,041</u>

NOTE 12 - LONG-TERM LIABILITIES

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds may be issued for both general government and proprietary activities and are direct obligations and pledge the full faith and credit of the Town.

Rhode Island general laws cap the amount of each municipality's general obligation bonds that may be outstanding to 3% of its assessed property values. Exceptions apply to bonds financed from non-tax revenues and special exemptions are granted for other purposes as well. The assessed value of the Town's properties at December 31, 2008 was \$2,467,381,714, limiting the amount of non-excepted general obligation bond authority to \$74,021,451. The outstanding bonded debt as of June 30, 2010 was \$28,240,000, which is \$45,781,451 below the maximum level. (See Note 3 page 28 for details.)

TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 12 - LONG TERM LIABILITIES (CONTINUED)

The town reports a long-term liability of the primary government in either governmental type activities or business-type activities.

Long-term liability activity for the fiscal year ended June 30, 2010 was as follows:

	Date of Issuance	Interest Rate	Date of Maturity	Authorized	Outstanding July 1, 2009	Additions	Maturities During Year	Outstanding June 30, 2010	Amounts due within one year	Interest Paid
GOVERNMENTAL ACTIVITIES										
General Obligation Bonds Payable										
School Gym	7/15/1999	4.0-6.0%	7/15/2009	\$ 1,830,000	\$ 180,000	\$ -	\$ 180,000	\$ -	\$ -	\$ 4,140
Open Space Bonds	10/1/2001	4.25-4.7%	10/1/2011	1,000,000	300,000	-	100,000	200,000	100,000	11,625
Open Space / School Improvements	3/15/2004	2.0-4.0%	3/15/2019	9,660,000	6,900,000	-	690,000	6,210,000	690,000	222,525
Police Station	9/1/2007	3.85%	6/15/2017	8,000,000	6,440,000	-	805,000	5,635,000	805,000	247,940
Landfill Reclamation	9/1/2007	3.85%	6/15/2017	1,600,000	1,320,000	-	165,000	1,155,000	165,000	50,820
Town Hall Sidewalk/Step Repair	4/29/2009	2.0-4.0%	4/15/2019	190,000	190,000	-	-	190,000	25,000	5,238
Senior Center/Public Works Offices	4/29/2009	2.0-4.0%	4/15/2019	3,050,000	3,050,000	-	-	3,050,000	335,000	84,722
School Fields - RIHBC	2/25/2009	2.5-4.125%	5/15/2024	6,000,000	6,000,000	-	-	6,000,000	430,000	248,035
Total general obligation bonds payable				31,330,000	24,380,000	-	1,940,000	22,440,000	2,550,000	875,045
Bond Anticipation Notes Payable										
Bond Anticipation Notes	4/29/2009	2.00%	4/28/2010	9,000,000	9,000,000	-	9,000,000	-	-	179,500
Bond Anticipation Notes	2/16/2010	1.50%	2/16/2011	33,000,000	-	33,000,000	-	33,000,000	33,000,000	-
Total bond anticipation notes payable				42,000,000	9,000,000	33,000,000	9,000,000	33,000,000	33,000,000	179,500
Capital Leases Payable										
Capital leases					33,333	-	33,333	-	-	-
Total governmental activities bonds, BANs and leases payable					33,413,333	33,000,000	10,973,333	55,440,000	35,550,000	1,054,545
Accrued expenses										
Compensated absences - Town					916,021	169,024	183,204	901,841	180,368	-
Compensated absences - School Department					12,815	8,220	2,563	18,472	3,694	-
Net other post employment benefit obligation					986,327	1,326,591	-	2,312,918	-	-
Total accrued expenses					1,915,163	1,503,835	185,767	3,233,231	184,063	-
Total long-term liabilities - governmental activities					\$ 35,328,496	\$ 34,503,835	\$ 11,159,100	\$ 58,673,231	\$ 35,734,063	\$ 1,054,545
BUSINESS TYPE ACTIVITIES										
General Obligation Bonds Payable										
Sewer General Obligation Bonds	11/1/2008	4.0-4.2%	6/30/2023	\$ 6,000,000	\$ 6,000,000	\$ -	\$ 200,000	\$ 5,800,000	\$ 330,000	\$ 352,788
Total general obligation bonds payable				6,000,000	6,000,000	-	200,000	5,800,000	330,000	352,788
Notes payable										
Clean Water	8/25/1999	5.09%	9/1/2019	\$ 8,500,000	\$ 4,921,053	\$ -	\$ 447,369	\$ 4,473,684	\$ 447,368	\$ 151,783
Clean Water	10/30/2002	3.90%	9/1/2022	11,100,000	8,658,162	-	525,159	8,133,003	538,136	124,717
Clean Water	12/21/2006	1.27%	9/1/2027	7,600,000	7,278,000	-	327,000	6,951,000	333,000	124,161
Clean Water	9/14/2009	0.41-2.68%	9/1/2029	2,462,252	-	2,462,252	-	2,462,252	101,037	377
Clean Water	6/10/2010	0.61-3.25%	9/1/2031	3,000,000	-	3,000,000	-	3,000,000	-	-
Total Sewer notes payable				32,662,252	20,857,215	5,462,252	1,299,528	25,019,939	1,419,541	401,038
Total business-type activities funds bonds and loans payable					26,857,215	5,462,252	1,499,528	30,819,939	1,749,541	753,826
Accrued expenses										
Compensated absences					7,676	10,960	-	18,636	-	-
Total long-term liabilities - business-type activities					\$ 26,864,891	\$ 5,473,212	\$ 1,499,528	\$ 30,838,575	\$ 1,749,541	\$ 753,826

(Continued)

**TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 12 - LONG TERM LIABILITIES (CONTINUED)

SCHEDULE OF DEBT SERVICE REQUIREMENTS

GOVERNMENTAL ACTIVITIES

<u>Fiscal Year Ended June 30,</u>	<u>Percentage of Maturity</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2011	64.12%	35,550,000	1,264,378	36,814,378
2012	68.72%	2,550,000	690,445	3,240,445
2013	73.14%	2,450,000	606,350	3,056,350
2014	77.56%	2,450,000	527,343	2,977,343
2015	81.98%	2,450,000	445,673	2,895,673
2016	86.40%	2,450,000	362,203	2,812,203
2017	90.82%	2,450,000	272,708	2,722,708
2018	93.49%	1,480,000	183,213	1,663,213
2019	96.16%	1,480,000	131,763	1,611,763
2020-2024	100.00%	2,130,000	249,325	2,379,325
		<u>\$ 55,440,000</u>	<u>\$ 4,733,398</u>	<u>\$ 60,173,398</u>

BUSINESS-TYPE ACTIVITIES

2011	5.68%	1,749,541	669,967	2,419,507
2012	11.42%	1,768,688	696,931	2,465,619
2013	17.57%	1,898,163	670,059	2,568,222
2014	23.81%	1,920,824	626,061	2,546,885
2015	30.05%	1,924,829	580,847	2,505,677
2016	36.38%	1,949,189	535,089	2,484,278
2017	42.78%	1,974,759	488,085	2,462,844
2018	49.28%	2,001,701	439,818	2,441,519
2019	55.87%	2,030,023	390,639	2,420,662
2020-2029	100.00%	13,602,223	1,783,850	15,386,073
		<u>\$ 30,819,939</u>	<u>\$ 6,881,347</u>	<u>\$ 37,701,285</u>

TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 13 - PRIOR PERIOD ADJUSTMENTS

Business-Type Activities – Sewer Assessment Receivables - Prior year sewer assessment receivables are being restated due to a correction of subsequent to year end payments. These corrections will increase prior year net assets by \$88,315.

NOTE 14 - SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

A. Litigation

During the ordinary course of its operations, the Town is a party to various claims, other legal actions and complaints. These various legal actions include disputes in property valuations and torts for which the Town has been named as a defendant. In the opinion of the Town's management and legal counsel, other than the matter stated above they do not anticipate any of them to have a material financial impact or at this time their legal counsel has been unable to assess liability, if any, on the part of the Town.

B. Federally Assisted Programs - Compliance Audits

The Town participates in a number of federally assisted programs. The audits of these programs through the year ended June 30, 2010 were audited in connection with the accompanying financial statements under the Single Audit Concept and the auditor's reports thereon are presented in the Single Audit Report. Management believes that the amounts, if any, of expenditures, which may be disallowed, will not be material to the financial position of the Town.

NOTE 15 - FUND TRANSFERS

Transfers are made to provide revenue for annual expenditures of various funds. Transfers are not expected to be repaid to the originating (source) fund. Listed below is the transfer activity for fiscal year ended June 30, 2010.

<u>Fund / Department</u>	Transfers from other funds	Transfers to other funds
General Fund	\$ 17,982	\$ (29,812,345)
School Unrestricted Fund	29,812,345	(30,000)
Special Revenue Funds	202,588	(190,570)
Totals	<u>\$ 30,032,915</u>	<u>\$ (30,032,915)</u>

(Continued)

TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 16 - RETIREMENT PLANS & POST EMPLOYMENT BENEFITS

A. MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF RHODE ISLAND

The Town of East Greenwich participates in the Municipal Employees' Retirement System of the State of Rhode Island ("System"), an agent multiple employer defined benefit plan. The System includes a normal plan for general employees and both a normal and optional plan for police personnel. All full-time Town and non-certified School Department general employees participate in the System. The Municipal Employee's Retirement System of the State of Rhode Island issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the State of Rhode Island Employee Retirement Board, 40 Fountain Street, Providence, RI 02903.

The payroll for employees covered by the System for the year ended June 30, 2010 was \$8,060,535 and the Town wide payroll was approximately \$23.3 million.

The plan generally provides retirement benefits equal to 2% of a member's final average salary multiplied by the number of years of total service up to a maximum of 75%. Joint and survivor options are available as well as the Service Retirement Allowance (SRA) Plus option that provides for the payment of a larger benefit before the attainment of age sixty-two (62) and a reduced amount thereafter. The reduced amount is equal to the benefit before age sixty-two (62), including cost-of-living increases, minus the member's estimated social security benefit payable at age sixty-two (62). Such benefits are available to members at least age 58 with 10 years of service or after 30 years of service at any age. Police and fire personnel may retire at age 55 if they have 10 years of service or after 25 years of service at any age. An optional cost-of-living provision may be elected for police and fire personnel and general employees. An option may be elected to provide a 20 year service pension with a benefit equal to 2.5% for each year of service up to a maximum of 75% for police and fire personnel. Benefits are based on the average of the highest three consecutive years' earnings, exclusive of overtime. The plan also provides nonservice-connected disability benefits after 5 years of service; service-connected disability pensions with no minimum service requirement; vested benefits after 10 years of service; survivor's benefits; and certain lump sum death benefits.

Funding Policy

The funding policies, as set forth in Rhode Island General Law, Section 36-10-2 and 4521-42 provide for actuarially determined periodic contributions to the plans. The actuarial valuation uses the Entry Age Normal actuarial cost method. Under this method, the employer contribution rate is the sum of (i) the employer normal cost rate, and (ii) a rate that will amortize the unfunded actuarial liability. The valuation is prepared on the projected benefit basis, under which the present value, at the assumed rate of return (currently 8.25 percent), of each participant's expected benefit payable at retirement or death is determined, based on age, service, gender and compensation.

The employer contributions required to support the benefits of the Plan are determined following a level funding approach, and consist of a normal contribution and an accrued liability contribution. The normal contribution is determined using the "entry age normal" method. Under this method, a calculation is made to determine the average uniform and constant percentage rate of employer contribution which, if applied to the compensation of each new participant during the entire period of his anticipated covered service, would be required in addition to the contributions of the participant to meet the cost of all benefits payable on his behalf. The unfunded accrued liability contributions are determined by subtracting the actuarial value of assets from the actuarial accrued liability and amortizing the result over a closed period not to exceed 30 years from June 30, 1999.

(Continued)

**TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 16 - RETIREMENT PLANS & POST EMPLOYMENT BENEFITS

A. MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF RHODE ISLAND (CONTINUED)

MERS General Employee Unit members are required to contribute 7% of their annual covered salary, while Police units are required to contribute 9%. The Town is required to contribute at an actuarially determined rate; the current rate is 0% of annual covered payroll for General Employee Units, 13.09% for Police Units, and 7% for COLA. The contribution requirements of plan members and the Town are established and may be amended by State Statute. The schedule of funding progress shows that plan assets are increasing in relation to the actuarial accrued liability for benefits.

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date June 30,	Actuarial Value of Assets (a)	Actuarial 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)
General Employees						
2006	8,113,412	5,041,994	(3,071,418)	161%	899,674	-341%
2007	8,680,821	4,872,345	(3,808,476)	178%	1,065,758	-357%
2008	9,233,655	5,444,173	(3,789,482)	170%	1,172,412	-323%
2009	*N/A	*N/A	*N/A	*N/A	*N/A	*N/A
2010	*N/A	*N/A	*N/A	*N/A	*N/A	*N/A
Police Employees						
2006	9,829,614	10,510,066	680,452	94%	1,738,795	39%
2007	8,662,445	10,523,945	1,861,500	82%	2,112,367	88%
2008	12,227,676	12,050,993	(176,683)	101%	1,914,960	-9%
2009	*N/A	*N/A	*N/A	*N/A	*N/A	*N/A
2010	*N/A	*N/A	*N/A	*N/A	*N/A	*N/A

*Unavailable at time of report

Actuarial Methods and Assumptions

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

Valuation date	June 30, 2007
Actuarial cost method	Entry Age Actuarial Cost Method
Amortization method	Level Percent of Payroll – Closed 30-yr period
Remaining amortization period	19 Years
Asset valuation method	5 Year Smoothed Market
Actuarial assumptions:	
Investment rate of return	8.25%, Compounded Annually
Projected salary increases	4.50-8.50%, Compounded Annually
Cost-of-living adjustments	3.00% Non-Compounded
Inflation	3.00% Annually

**TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 16 - RETIREMENT PLANS & POST EMPLOYEMENT BENEFITS

A. MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF RHODE ISLAND (CONTINUED)

Annual Pension Cost - For 2010, the Town contributed \$680,852 for MERS. The required contribution was determined as part of the June 30, 2007 actuarial valuation using the entry age normal cost method with frozen initial liability. The actuarial value of MERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period. MERS unfunded actuarial accrued liability is being amortized using the weighted average method over a 30-year period.

Required contributions:

SCHEDULE OF CONTRIBUTIONS FROM THE TOWN

Year Ended June 30,	Police	General	Total Annual Pension Cost	Total Amount Contributed	Total Percentage Contributed
2008	139,460	451,739	591,199	591,199	100%
2009	200,885	482,723	683,608	683,608	100%
2010	179,893	420,959	600,852	600,852	100%

B. EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF RHODE ISLAND

All Town of East Greenwich, Rhode Island certified school personnel participate in the Employees' Retirement System of the State of Rhode Island ("System"), a cost-sharing multiple-employer public employee retirement system. The payroll for employees covered by the System for the year ended June 30, 2010 was \$15,262,724. The Town's total payroll was approximately \$23.3 million.

State Statute establishes the following eligibility and benefit provisions. All Town of East Greenwich, Rhode Island certified school personnel are eligible to participate in the System if they are certified by the Board of Regents, engaged in teaching as principal occupation, and are regularly employed on at least a half time basis. The plan provides a two-tier benefit structure referred to as Schedules A and B.

Schedule A Benefits

Schedule A benefits are available to members who possessed 10 years or more of contributory service on or before July 1, 2005. Schedule A provides unreduced benefits of 1.7% of earnings for each of the first ten years of service; 1.9% for each of the next ten years; 3.0% per year for each of the next fourteen years; and 2% for the 35th year. Joint and survivor options are available as well as the Service Retirement Allowance (SRA) Plus option that provides for the payment of a larger benefit before the attainment of age sixty-two (62) and a reduced amount thereafter. The reduced amount is equal to the benefit before age sixty-two (62), including cost-of-living increases, minus the member's estimated social security benefit payable at age sixty-two (62). The maximum benefit is 80% of final average earnings after 35 years of service. Such benefits are available to members at least age 60 with 10 years of service, or after 28 years at any age. A different benefit formula applies to State correctional officers who may retire at age 50 if they have 20 years of service. Benefits for all employees are based on the average of the highest three consecutive years' earnings, exclusive of overtime.

**TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 16 - RETIREMENT PLANS & POST EMPLOYEMENT BENEFITS (CONTINUED)

B. EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF RHODE ISLAND (CONTINUED)

On the third January after retirement, a cost-of-living increase of 3% (compounded annually) is provided independent of actual changes in the consumer price index. The plan also provides nonservice-connected disability benefits after five years of service; service-connected disability pensions with no minimum service requirement; vested benefits after ten years of service; survivor's benefits for service-connected death; and certain lump sum death benefits.

Schedule B Benefits

Schedule B benefits are provided to members who had less than 10 years of contributory service on or before July 1, 2005. For Schedule B members, the plan provides unreduced benefits of 1.6% of earnings for each of the first ten years of service; 1.8% for each of the next ten years; 2.0% per year for years 21 through 25 inclusive; 2.25% per year for years 26 through 30 inclusive; 2.50% per year for years 31 through 37 inclusive and 2.25% for the 38th year. Only single life, and joint and survivor options are available. The maximum benefit is 75% of his or her average highest three (3) years of compensation after 38 years of service. Such benefits are available to members at least age 65 with 10 years of service, or after 29 years of service and age 59. Actuarially reduced retirement is available at age 55 and 20 years of service, the benefit is reduced actuarially for each month that the age of the member is less than sixty-five (65) years.

On the month following the third anniversary date of the retirement, and on the month following the anniversary date of each succeeding year, a cost-of-living increase of 3% (compounded annually) or the percentage of increase in the Consumer Price Index for all Urban Consumers (CPI-U) as published by the United States Department of Labor Statistics, determined as of September 30 of the prior calendar year, whichever is less is provided for Schedule B members.

Funding Policy

Rhode Island general laws set the contribution rates for participating State employees at 9.5% of salary. Annual contributions by both employers and the State on behalf of those employees are determined by actuaries and assessed as percentage of participants' payroll. The Town was required to contribute 11.25%, 11.89%, and 13.04%, for all full-time employees for fiscal years 2010, 2009, and 2008, respectively. The required contributions include (a) normal costs; (b) payments to amortize the unfunded frozen actuarial accrued liability as of June 30, 1999 over 30 years; and (c) interest on the unfunded frozen actuarial liability. Normal cost is determined using the entry age normal cost method with frozen initial liability. Both employers and employees contribute 1% of the first \$9,600 of salary for survivor benefits. A variety of significant actuarial assumptions are used and these assumptions are summarized below:

Mortality – 1994 Group Annuity Mortality Tables.

Investment return – 8.25 percent, compounded annually.

Salary increase - Salaries will increase at a rate of 4.5-13.25 percent, compounded annually.

Retirement age - Teachers are assumed to retire at the later of age 60 with 10 years of service credit or any age with at least 28 years service credit.

Cost of living adjustments – Schedule A - 3.0 percent compounded annually for members eligible at 9/30/09, 2.5 percent compounded annually for members not eligible at 9/30/09. Schedule B – 2.5 percent compounded

(Continued)

**TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 16 - RETIREMENT PLANS & POST EMPLOYEMENT BENEFITS (CONTINUED)

B. EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF RHODE ISLAND (CONTINUED)

As prescribed by Rhode Island general law, the State pays the entire portion of the annual required contribution attributable to the costs of contributions deferred by the State in prior years plus 40% of contributions assessed to employers on payroll not reimbursable through Federal programs. This resulted in contribution rates paid by the State on behalf of the School Department of 8.18% of non-federally reimbursable payrolls totaling \$1,248,490 for the fiscal year ended June 30, 2010. The School Department does not have any investments or related party investment with the State Plan.

The amounts contributed to the plan are as follows:³

<u>Fiscal Years Ending</u>	<u>Annual Required Pension Cost</u>	<u>Percentage Contributed</u>
June 30, 2008	\$ 2,040,861	100%
June 30, 2009	\$ 1,637,537	100%
June 30, 2010	\$ 1,676,045	100%

In accordance with GASB 27, "Accounting for Pensions by State and Local Governmental Employers," the Town has determined that there are no assets or liabilities relating to the funding requirements of the plan.

Trend information showing the System's progress in accumulating sufficient assets to pay benefits when due is presented in the State of Rhode Island's Employee Retirement System's June 30, 2009 annual financial report, which may be obtained from the administrative offices of the State of Rhode Island Retirement Board, 40 Fountain Street, Providence, Rhode Island. This report is the most recent report available from the State who administers the Plan.

C. POST RETIREMENT BENEFITS

Plan Description

In addition to the pension benefits described above, the Town provides post employment health care benefits in accordance with Town contracts through a single-employer, defined postretirement health insurance program. These benefits are for continued full family or individual health care for the employee groups as described below. Retiree medical coverage is only to age 65, while dental continues post-65.

Groups Covered

The Town of East Greenwich can be separated under six groups of employees, each covered under a separate contract with the Town. The groups are:

- Police Department
- National Education Association of RI (NEARI)
- Department of Public Works (DPW)
- School
- Other groups including Non-Union, Town Council, Department Heads, and Non-Police Union (Other)

**TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 16 - RETIREMENT PLANS & POST EMPLOYMENT BENEFITS (CONTINUED)

C. POST RETIREMENT BENEFITS (CONTINUED)

Membership

At July 1, 2009, membership consisted of:

Eligible Active Members	116
Retired Members and Spouses	<u>32</u>
Total	148

Funding Policy

The Town pays for the other post-employment benefits on a pay-as-you-go basis. Currently 38 retirees meet these eligibility requirements. The Town reimburses 100% of the amount of medical and hospitalization costs incurred by the retirees and their dependents, which amounted to \$207,852 for the fiscal year ended June 30, 2009 (latest available).

Annual OPEB Cost and net OPEB Obligation

The following chart projects the Actuarial Required Contribution ("ARC"), Pay-As-you-Go, Annual OPEB cost and the Net OPEB Obligation for the next 5 years under an unfunded (pay-as-you-go) scenario.

Actuarial Actuarial Valuation Date <u>July 1,</u>	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)
2008	N/A	\$10,504,613	\$(10,504,613)	N/A	\$5,624,739	186.8%
2009	N/A	13,840,762	(13,840,762)	N/A	20,291,634	68.2%

Funding Status and Funding Progress

Currently, post employment benefits are paid for on a pay-as-you-go basis (an unfunded scenario). The Town's pay-as-you-go cost for fiscal 2010 is projected to be \$1,722,663. The normal cost for fiscal 2009 under the unfunded scenario with a 4.25% discount rate is \$610,539. The normal cost for fiscal 2010 under the unfunded scenario was not available.

The Town has not yet set aside any money to pre-fund the post employment benefits. Therefore, there is a large unfunded actuarial accrued liability for benefits already earned by employees and retirees.

**TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 16 - RETIREMENT PLANS & POST EMPLOYEMENT BENEFITS (CONTINUED)

C. POST RETIREMENT BENEFITS (CONTINUED)

Actuarial Methods and Assumptions

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

Valuation Date:	July 1, 2008
Actuarial Cost Method:	Projected Unit Credit Funding Method
Asset Valuation Method:	Plan is currently unfunded
Amortization Method:	Level dollar thirty year open amortization basis
Remaining Amortization Period	30 Years
Health Care Trend Rate:	8.50% per year graded off 0.50% per year to an ultimate rate of 4.50% per year.

Annual OPEB Cost and Net OPEB Obligation: Below are the required OPEB obligation presentations per GASB 45 for the period ending June 30, 2010.

	2010	2009
Annual required contribution	\$ 1,743,839	\$ 1,262,545
Interest on OPEB	52,638	-
Adjustment to annual required contribution	<u>(73,814)</u>	<u>-</u>
Annual OPEB cost	1,722,663	1,262,545
Allocations for implicit Rate Subsidy	(219,444)	-
*Contributions made	(428,826)	(276,218)
**Adjustment at beginning of year	<u>252,198</u>	<u>-</u>
Increase (decrease) in net pension obligation	<u>1,326,591</u>	<u>986,327</u>
Net OPEB beginning of year	986,327	-
Net OPEB obligation end of year	<u>\$ 2,312,918</u>	<u>\$ 986,327</u>
Percentage of the annual postemployment benefit cost contributed	<u>24.89%</u>	<u>21.88%</u>

*Assumes pay-as-you-go funding

** The adjustment at the beginning of the year is to reconcile for actual benefit payments made in 2009 for the Town. The adjustment also includes the OPEB for the School for 2009

(Continued)

**TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 17 - JOINTLY GOVERNED ORGANIZATION

The Town of East Greenwich, in conjunction with seven other member communities, participates in a joint venture entitled the Community Development Consortium (Consortium) formed for the management of the Small Cities Community Development Programs (CDBG). The Consortium develops annual applications for the individual members, manages the awarded grants and reports the expenditures to the State. Each member community's grant application includes an administrative subsidy set aside to fund the Consortium. No member community has an obligation, entitlement, or residual interest in the unexpended administrative subsidy or liability for programs carried out for the other members. The Town of East Greenwich has been designated as the host community where the Consortium offices are situated.

NOTE 18 - RELATED PARTIES

The Town reviews its records on an annual basis to determine if any related party transactions exist that would represent a conflict of interest with parties related to its officers and department heads. No such transactions were noted in the fiscal year ended June 30, 2010.

NOTE 19 - RISK MANAGEMENT

Self-insurance:

The School Department participates in a multi-employer cost reimbursement healthcare self-insurance risk pool managed by West Bay Community Health (WBCH). The School Department pays WBCH monthly premiums based upon "working rates" that are periodically adjusted to reflect changes in actual costs. Funds on deposit with WBCH are made available to pay claims, claim reserves and administrative costs. As of June 30, 2010, the reported premiums exceeded expenditures on deposit by \$13,672. Incurred but not reported (IBNR) claims, estimated at \$100,000, reduced the adjusted reserve to \$(86,328).

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for IBNR claims. The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, including retroactive assessments for hospital costs and other settlements occurring after the end of the fiscal year and not determinable at the end of the fiscal year. An excess coverage insurance policy covers individual claims exceeding \$125,000.

Changes in the deposit balances for the past two years are as follows:

	Year ended June 30, 2010	Year ended June 30, 2009
Beginning cumulative surplus(deficit)	\$ (78,967)	\$ 442,334
Premium deposits	3,668,817	3,350,087
Incurred claims (excluding IBNR)	(3,340,718)	(3,645,518)
Surplus Reimbursement	-	-
Administrative fees	(235,460)	(225,880)
Ending cash deposit balance	13,672	(78,967)
Estimated IBNR (two month estimate)	(100,000)	(475,400)
Net adjusted reserve	<u>\$ (86,328)</u>	<u>\$ (554,367)</u>

(Continued)

TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 19 - RISK MANAGEMENT (CONTINUED)

Self-insurance: (continued)

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors or omissions; injuries to employees; and natural disasters for which the Town carries commercial insurance. Settled claims resulting from these risks have not exceeded the Town's coverage in any of the past three fiscal years and there have been no significant reductions in insurance coverage from the prior year.

NOTE 20 - CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

Pending or threatened lawsuits against municipal governments arise in the ordinary course of operations. Generally, in the opinion of the administration, the ultimate resolution of any legal actions will not result in a material loss to the Town. However, at June 30, 2010, there are several claims against the Town for which the Town's legal counsel is unable to determine the likelihood of an unfavorable outcome or the amount or range of potential loss.

NOTE 21 – LANDFILL CLOSURE COSTS

GASBS 49 — *Accounting and Financial Reporting for Pollution Remediation Obligations*, addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of *existing* pollution by participating in pollution remediation activities such as site assessments and cleanups.

The outlay is capitalizable as outlays to prepare for use property acquired with suspected pollution that was expected to be remediated. Accordingly, the town capitalizes remediation outlays as incurred and does not record a pollution remediation liability or expense. For the fiscal year ended June 30, 2010, \$76,821 was capitalized for remediation activities.

The substantial completion of the feasibility study in 2007 is a measurement benchmark requiring the Town to accrue all components of the pollution remediation liability. As of June 30, 2009, the cleanup project was substantially complete. For the Fiscal Year 2010, this project is complete and is included in the fixed asset schedule rather than construction in progress.

(Continued)

TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 22 – STATE FISCAL STABILIZATION FUNDS

State education aid to school districts was reduced for fiscal years 2009 and 2010 as part of a State budget crisis. To offset this reduction, an equal amount of State Fiscal Stabilization Funds (SFSF) were allocated to each school district. The fiscal impact to school district operations aid was intended to be neutral. These Stabilization Funds were part of the American Recovery and Reinvestment Act of 2009 (ARRA) and under guidance provided by Rhode Island General Law R.I.G.L. 45-12-22.2. School Departments were required to account for Stabilization Funds in a separate restricted fund, however for financial statement purposes districts are required to include expenditures covered by the Stabilization Funds as part of the School Unrestricted (General) Fund. For fiscal year 2010, the East Greenwich School Department was awarded and received \$98,572 in Stabilization Funds.

NOTE 23 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 20, 2010, the date the financial statements were available to be issued. As a result of this review no material subsequent events were noted.

REQUIRED SUPPLEMENTARY INFORMATION

**REQUIRED SUPPLEMENTARY INFORMATION
TOWN OF EAST GREENWICH, RHODE ISLAND
Budgetary Comparison Schedule - General Fund
Schedule of Revenues - Non-GAAP Budgetary Basis
For the Fiscal Year Ended June 30, 2010**

	<u>Original Budget Revenues</u>	<u>Revised Budget Revenues</u>	<u>Actual Revenues</u>	<u>Variance</u>
General property tax				
Taxes - current	\$ 40,696,539	\$ 40,696,539	\$ 40,139,887	\$ (556,652)
Taxes - prior year	400,000	400,000	1,013,853	613,853
NEIT PILOT	-	-	407,835	407,835
Total general property taxes	<u>41,096,539</u>	<u>41,096,539</u>	<u>41,561,575</u>	<u>465,036</u>
General revenue				
Grants and departmental revenue	15,396	15,396	16,918	1,522
Municipal court	25,300	25,300	82,394	57,094
School revenue	355,000	-	-	-
Other revenue	269,599	269,599	344,517	74,918
Total general revenue	<u>665,295</u>	<u>310,295</u>	<u>443,829</u>	<u>133,534</u>
State aid				
School housing aid	250,000	250,000	285,674	35,674
State aid to education	1,844,171	-	-	-
Telephone tax	113,688	113,688	125,913	12,225
Pilot	8,008	8,008	-	(8,008)
Motor vehicle phase out	1,345,582	1,345,582	1,173,419	(172,163)
Meals tax	390,000	390,000	424,865	34,865
Total state aid	<u>3,951,449</u>	<u>2,107,278</u>	<u>2,009,871</u>	<u>(97,407)</u>
Licenses, permits and usage fees				
Town clerk department	412,750	412,750	516,617	103,867
Department of public works	505,500	505,500	579,712	74,212
Police department	101,388	101,388	137,138	35,750
Total licenses, permits and usage fees	<u>1,019,638</u>	<u>1,019,638</u>	<u>1,233,467</u>	<u>213,829</u>
Fines and interest on late payments	140,000	140,000	164,840	24,840
Interest on investments	80,000	80,000	85,434	5,434
Total revenues	<u>46,952,921</u>	<u>44,753,750</u>	<u>45,499,016</u>	<u>745,266</u>
Other financing sources				
BAN premium proceeds	-	-	304,127	304,127
Transfer in - vehicle replacement fund	-	-	-	-
Transfer in - special revenue funds	-	-	17,982	17,982
Total other financing sources	<u>-</u>	<u>-</u>	<u>322,109</u>	<u>322,109</u>
Total revenue and other financing sources	<u>\$ 46,952,921</u>	<u>\$ 44,753,750</u>	<u>\$ 45,821,125</u>	<u>\$ 1,067,375</u>

(Continued)

**REQUIRED SUPPLEMENTARY INFORMATION
TOWN OF EAST GREENWICH, RHODE ISLAND
Budgetary Comparison Schedule - General Fund
Schedule of Expenditures - Non-GAAP Budgetary Basis
For the Fiscal Year Ended June 30, 2010**

	Original Budgeted Expenditures	Revised Budgeted Expenditures	Actual Expenditures	Variance
Administration				
Town council				
Salaries	\$ 9,300	\$ 9,300	\$ 9,300	\$ -
Total town council	<u>9,300</u>	<u>9,300</u>	<u>9,300</u>	<u>-</u>
Town manager				
Salaries and wages	167,900	167,900	169,882	(1,982)
Outside services	16,290	16,290	17,272	(982)
Supplies	5,250	5,250	2,297	2,953
Total town manager	<u>189,440</u>	<u>189,440</u>	<u>189,451</u>	<u>(11)</u>
Town clerks				
Salaries and wages	247,299	247,299	248,553	(1,254)
Outside services	13,075	13,075	9,057	4,018
Supplies	6,900	6,900	3,506	3,394
Total town clerks	<u>267,274</u>	<u>267,274</u>	<u>261,116</u>	<u>6,158</u>
Town solicitor				
Outside services	157,500	157,500	161,215	(3,715)
Total town solicitor	<u>157,500</u>	<u>157,500</u>	<u>161,215</u>	<u>(3,715)</u>
Municipal court and judges				
Salaries	40,163	40,163	40,901	(738)
Outside services	2,200	2,200	3,551	(1,351)
Total municipal court and judges	<u>42,363</u>	<u>42,363</u>	<u>44,452</u>	<u>(2,089)</u>
Board of canvassers				
Salaries and wages	5,900	5,900	696	5,204
Outside services	6,400	6,400	1,699	4,701
Supplies	2,500	2,500	252	2,248
Total board of canvassers	<u>14,800</u>	<u>14,800</u>	<u>2,647</u>	<u>12,153</u>
Employee benefits				
Outside services	2,186,777	2,186,777	2,049,770	137,007
Total employee benefits	<u>2,186,777</u>	<u>2,186,777</u>	<u>2,049,770</u>	<u>137,007</u>
Insurance				
Outside services	292,665	292,665	269,380	23,285
Total insurance	<u>292,665</u>	<u>292,665</u>	<u>269,380</u>	<u>23,285</u>
Contingency fund				
Outside services	25,000	25,000	14,688	10,312
Total contingency fund	<u>25,000</u>	<u>25,000</u>	<u>14,688</u>	<u>10,312</u>
Total Administration	<u>3,185,119</u>	<u>3,185,119</u>	<u>3,002,019</u>	<u>183,100</u>

(Continued)

REQUIRED SUPPLEMENTARY INFORMATION
TOWN OF EAST GREENWICH, RHODE ISLAND
Budgetary Comparison Schedule - General Fund
Schedule of Expenditures - Non-GAAP Budgetary Basis
For the Fiscal Year Ended June 30, 2010
(Continued)

	Original Budgeted Expenditures	Revised Budgeted Expenditures	Actual Expenditures	Variance
Finance department				
Salaries	411,856	411,856	407,444	4,412
Outside services	52,175	52,175	54,256	(2,081)
Supplies	10,800	10,800	7,443	3,357
Equipment	500	500	142	358
Communications	32,000	32,000	29,774	2,226
Total finance department	<u>507,331</u>	<u>507,331</u>	<u>499,059</u>	<u>8,272</u>
Information technology				
Salaries	64,118	64,118	64,357	(239)
Outside services	88,600	88,600	74,835	13,765
Supplies	9,400	9,400	13,596	(4,196)
Equipment	39,100	39,100	46,537	(7,437)
Communications	80,000	80,000	130,008	(50,008)
Total information technology	<u>281,218</u>	<u>281,218</u>	<u>329,333</u>	<u>(48,115)</u>
Police department				
Salaries and wages	2,504,102	2,504,102	2,421,066	83,036
Police overtime	268,728	268,728	274,379	(5,651)
Outside services	8,545	8,545	5,906	2,639
Supplies	134,391	134,391	123,793	10,598
Equipment	8,000	8,000	7,857	143
Communications	3,450	3,450	3,034	416
Total police department	<u>2,927,216</u>	<u>2,927,216</u>	<u>2,836,035</u>	<u>91,181</u>
Public works administration				
Salaries and wages	1,214,099	1,214,099	1,212,444	1,655
Outside services	542,809	542,809	589,287	(46,478)
Supplies and expense	295,125	295,125	277,375	17,750
Collection refuse	800,981	800,981	714,287	86,694
Equipment	2,575	2,575	190	2,385
Total public works administration	<u>2,855,589</u>	<u>2,855,589</u>	<u>2,793,583</u>	<u>62,006</u>
Recreation department				
Salaries and wages	133,870	133,870	133,906	(36)
Outside services	40,675	40,675	33,470	7,205
Supplies	11,040	11,040	12,844	(1,804)
Equipment	3,000	3,000	2,940	60
Total recreation department	<u>188,585</u>	<u>188,585</u>	<u>183,160</u>	<u>5,425</u>
Parks & grounds				
Salaries and wages	277,797	277,797	288,968	(11,171)
Outside services	47,505	47,505	34,960	12,545
Supplies	65,070	65,070	46,618	18,452
Equipment	4,000	4,000	3,637	363
Total recreation department	<u>394,372</u>	<u>394,372</u>	<u>374,183</u>	<u>20,189</u>
Teen center				
Salaries and wages	2,500	2,500	5,000	(2,500)
Supplies and equipment	6,500	6,500	1,306	5,194
Total teen center	<u>9,000</u>	<u>9,000</u>	<u>6,306</u>	<u>2,694</u>

(Continued)

REQUIRED SUPPLEMENTARY INFORMATION
TOWN OF EAST GREENWICH, RHODE ISLAND
Budgetary Comparison Schedule - General Fund
Schedule of Expenditures - Non-GAAP Budgetary Basis
For the Fiscal Year Ended June 30, 2010
(Continued)

	Original Budgeted Expenditures	Revised Budgeted Expenditures	Actual Expenditures	Variance
Town planner				
Salaries and wages	181,283	181,283	182,899	(1,616)
Outside services	9,900	9,900	7,944	1,956
Supplies	3,975	3,975	767	3,208
Equipment	500	500	-	500
Total town planner	<u>195,658</u>	<u>195,658</u>	<u>191,610</u>	<u>4,048</u>
Senior and human services				
Salaries and wages	194,715	194,715	187,561	7,154
Outside services	7,350	7,350	7,350	-
Supplies	1,100	1,100	732	368
Communications	4,900	4,900	4,787	113
Community services	35,000	35,000	28,525	6,475
Total senior and human services	<u>243,065</u>	<u>243,065</u>	<u>228,955</u>	<u>14,110</u>
Grants and contributions				
Contributions	97,590	97,590	89,117	8,473
Total grants and contributions	<u>97,590</u>	<u>97,590</u>	<u>89,117</u>	<u>8,473</u>
East Greenwich Land Trust				
Insurance	2,000	2,000	-	2,000
Payment in lieu of taxes	6,300	6,300	387	5,913
Building maintenance	5,000	5,000	-	5,000
Boesch farm rehabilitation	35,000	35,000	-	35,000
Total East Greenwich Land Trust	<u>48,300</u>	<u>48,300</u>	<u>387</u>	<u>47,913</u>
Library				
Town contributions	467,175	467,175	467,175	-
Total library	<u>467,175</u>	<u>467,175</u>	<u>467,175</u>	<u>-</u>
Capital improvements				
Capital outlays	721,141	721,141	450,181	270,960
Total capital improvements	<u>721,141</u>	<u>721,141</u>	<u>450,181</u>	<u>270,960</u>
Total expenditures	<u>12,121,359</u>	<u>12,121,359</u>	<u>11,451,103</u>	<u>670,256</u>
Other financing uses				
Debt service				
Principal	1,940,000	1,940,000	1,940,000	-
Interest	875,046	875,046	1,054,545	(179,499)
Financing costs	5,000	5,000	4,600	400
Total debt service	<u>2,820,046</u>	<u>2,820,046</u>	<u>2,999,145</u>	<u>(179,099)</u>
Other financing uses				
Transfers to other funds	-	-	-	-
Education department appropriation	32,011,516	29,812,345	29,812,345	-
Total other financing uses	<u>32,011,516</u>	<u>29,812,345</u>	<u>29,812,345</u>	<u>-</u>
Total expenditures and other financing uses	<u>\$ 46,952,921</u>	<u>\$ 44,753,750</u>	<u>\$ 44,262,593</u>	<u>\$ 491,157</u>

(Continued)

**REQUIRED SUPPLEMENTARY INFORMATION
 EAST GREENWICH SCHOOL DEPARTMENT
 Budgetary Comparison Schedule - School Unrestricted Fund
 Schedule of Revenues - Non-GAAP Budgetary Basis
 For the Fiscal Year Ended June 30, 2010**

	<u>Original Budgeted Revenues</u>	<u>Revised Budgeted Revenues</u>	<u>Actual Revenues</u>	<u>Variance</u>
Revenues				
Hanaford fund revenue	\$ 20,000	\$ 20,000	\$ 30,644	\$ 10,644
Tuition revenue	60,000	60,000	114,600	54,600
Medicaid revenue	275,000	275,000	340,132	65,132
Total revenues	<u>355,000</u>	<u>355,000</u>	<u>485,376</u>	<u>130,376</u>
State and federal aid and transfers				
State aid to education	1,844,171	1,844,171	1,321,450	(522,721)
Total state and federal aid and transfers	<u>1,844,171</u>	<u>1,844,171</u>	<u>1,321,450</u>	<u>(522,721)</u>
Transfer from other funds				
Town appropriation	29,812,345	29,812,345	29,812,345	-
Total transfers from other funds	<u>29,812,345</u>	<u>29,812,345</u>	<u>29,812,345</u>	<u>-</u>
Total revenue and other financing sources	<u>\$ 32,011,516</u>	<u>\$ 32,011,516</u>	<u>\$ 31,619,171</u>	<u>\$ (392,345)</u>

(Continued)

REQUIRED SUPPLEMENTARY INFORMATION
EAST GREENWICH SCHOOL DEPARTMENT
Budgetary Comparison Schedule - School Unrestricted Fund
Schedule of Expenditures - Non-GAAP Budgetary Basis
Fiscal Year Ended June 30, 2010

	Original Budgeted Expenditures	Revised Budgeted Expenditures	Actual Expenditures	Variance
Expenditures				
Kindergarten	\$ 432,236	\$ 432,236	\$ 389,624	\$ 42,612
Detention subs	5,383	5,383	4,415	968
General Instruction - 1st Grade	688,766	688,766	825,728	(136,962)
General Instruction - 2nd Grade	838,790	838,790	753,012	85,778
General Instruction - 3rd Grade	830,800	830,800	825,900	4,900
General Instruction - 4th Grade	620,408	620,408	761,770	(141,362)
General Instruction - 5th Grade	820,081	820,081	532,899	287,182
General Instruction - 6th Grade	751,531	751,531	637,447	114,084
Schoolwide	1,687,676	1,687,676	1,903,855	(216,179)
Vocational tuition	100,000	100,000	135,939	(35,939)
Physical education	584,268	584,268	569,663	14,605
English	1,114,622	1,114,622	1,087,957	26,665
Reading	288,984	288,984	280,731	8,253
Social studies	1,025,928	1,025,928	909,871	116,057
Science	1,224,783	1,224,783	1,153,454	71,329
Mathematics	1,148,953	1,148,953	1,010,674	138,279
Foreign language	945,705	945,705	849,194	96,511
Business education	211,649	211,649	200,188	11,461
Technology education	377,033	377,033	392,967	(15,934)
Family & consumer science	88,540	88,540	78,055	10,485
Art	403,473	403,473	407,175	(3,702)
Music	230,391	230,391	221,971	8,420
Staff development	72,295	72,295	57,288	15,007
Curriculum development	55,000	55,000	38,031	16,969
School library	624,711	624,711	598,377	26,334
Limited english proficiency	86,828	86,828	81,440	5,388
Support services	-	-	647	(647)
Resource program	3,064,932	3,064,932	2,632,982	431,950
Self-contained program	1,305,379	1,305,379	1,529,576	(224,197)
Speech & Language	1,735	1,735	1,215	520
Out of district tuition	873,765	873,765	672,402	201,363
Tuition - homebound service	15,000	15,000	11,864	3,136
Preschool	533,669	533,669	562,344	(28,675)
Support services	507,140	507,140	493,737	13,403
Psychological services	275,036	275,036	254,202	20,834
Social work services	132,423	132,423	121,937	10,486
SE adaptive physical education	85,891	85,891	85,524	367
Gifted	-	-	3,467	(3,467)
Guidance services	648,642	648,642	655,073	(6,431)
Sophomore expo/senior project	63,166	63,166	68,777	(5,611)
Health services	531,287	531,287	509,553	21,734
Health services - system wide	4,900	4,900	4,678	222
Operation of plant	2,345,940	2,345,940	2,370,294	(24,354)
Maintenance of plant	833,360	833,360	792,044	41,316
Pupil transportation	1,513,660	1,513,660	1,488,515	25,145
Athletics	465,364	465,364	473,258	(7,894)
Other student activities	92,067	92,067	67,029	25,038
System wide management	416,412	416,412	376,418	39,994
Council on arts	15,700	15,700	14,386	1,314
School management	1,780,674	1,780,674	1,651,725	128,949
Fiscal services	295,912	295,912	304,581	(8,669)
Technical support services	482,954	482,954	451,779	31,175
Student mentoring	60,928	60,928	65,390	(4,462)
Employee services	20,000	20,000	12,210	7,790
Other commitments	223,912	223,912	298,301	(74,389)
School committee	162,834	162,834	194,507	(31,673)
Employee benefits	-	-	16,154	(16,154)
Total expenditures	<u>32,011,516</u>	<u>32,011,516</u>	<u>30,892,194</u>	<u>1,119,322</u>
Transfer to other funds				
School lunch fund	-	-	30,000	(30,000)
Total transfers to other funds	<u>-</u>	<u>-</u>	<u>30,000</u>	<u>(30,000)</u>
Total expenditures and transfers	<u>\$ 32,011,516</u>	<u>\$ 32,011,516</u>	<u>\$ 30,922,194</u>	<u>\$ 1,089,322</u>

(Continued)

**TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY TO GAAP BASIS RECONCILIATION

The following reconciliation summarizes the differences for the Town's General Fund between budgetary and GAAP basis accounting principles for the year ended June 30, 2010:

Excess of revenues and other sources over expenditures and other uses (Non-GAAP Budgetary Basis).....	\$1,558,532
Prior year encumbrances expensed in the current year	<u>(3,034)</u>
Excess of revenues and other sources over expenditures and other uses (GAAP).....	<u>\$1,555,498</u>

The following reconciliation summarizes the differences for the School's General Fund between budgetary and GAAP basis accounting principles for the year ended June 30, 2010:

Excess of revenues and other sources over expenditures and other uses (Non-GAAP Budgetary Basis).....	\$696,977
Adjustments.....	<u> -</u>
Excess of revenues and other sources over expenditures and other uses (GAAP).....	<u>\$696,977</u>

The adjustments necessary to reconcile actual revenues reported on a budgetary basis to actual revenues reported in accordance with generally accepted accounting principles are as follows:

	<u>Revenues and Transfers</u>	<u>Expenditures and Transfers</u>
General Fund:		
Schedule of Revenues and Expenditures (Non-GAAP Budgetary Basis) Budget and Actual	\$45,821,125	\$44,262,593
Plus: Prior year encumbrances expensed in the current year	<u> -</u>	<u>3,034</u>
Statement of Revenues, Expenditures, and Changes in Fund Balance	<u>\$45,821,125</u>	<u>\$44,265,627</u>

A reconciliation of the School's Operating Fund revenues and expenditures and other financing sources (uses) is presented below:

	<u>Revenues and Transfers</u>	<u>Expenditures and Transfers</u>
School Unrestricted Fund:		
Schedule of Revenues, Expenditures and Other Financing Sources (Non-GAAP Budgetary Basis) Budget and Actual	\$31,619,171	\$30,922,194
Adjustment for pension contribution made by State of Rhode Island on behalf of employees	1,248,490	1,248,490
Stabilization Stimulus reported in School Unrestricted Fund	<u>98,572</u>	<u>98,572</u>
Statement of Revenues, Expenditures, and Changes in Fund Balances	<u>\$32,966,233</u>	<u>\$32,269,256</u>

(Continued)

TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
(UNAUDITED)

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date June 30,	Actuarial Value of Assets (a)	Actuarial 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)
General Employees						
2007	8,113,412	5,041,994	(3,071,418)	161%	899,674	-341%
2008	8,680,821	4,872,345	(3,808,476)	178%	1,065,758	-357%
2009	9,233,655	5,444,173	(3,789,482)	170%	1,172,412	-323%
2010	*N/A	*N/A	*N/A	*N/A	*N/A	*N/A
Police Employees						
2007	9,829,614	10,510,066	680,452	94%	1,738,795	39%
2008	8,662,445	10,523,945	1,861,500	82%	2,112,367	88%
2009	12,227,676	12,050,993	(176,683)	101%	1,914,960	-9%
2010	*N/A	*N/A	*N/A	*N/A	*N/A	*N/A

* Unavailable at the time of the report

SCHEDULE OF CONTRIBUTIONS FROM THE TOWN

Year Ended June 30,	Police	General	Total Annual Pension Cost	Total Amount Contributed	Total Percentage Contributed
2008	139,460	451,739	591,199	591,199	100%
2009	200,885	482,723	683,608	683,608	100%
2010	179,893	420,959	600,852	600,852	100%

NOTES TO SCHEDULES

Additional information as of the latest actuarial valuation follows:

Valuation date	June 30, 2007
Actuarial cost method	Entry Age Actuarial Cost Method
Amortization method	Level Percent of Payroll – Closed 30-yr period
Remaining amortization period	19 Years
Asset valuation method	5 Year Smoothed Market
Actuarial assumptions:	
Investment rate of return	8.25%, Compounded Annually
Projected salary increases	4.50-8.50%, Compounded Annually
Cost-of-living adjustments	3.00% Non-Compounded
Inflation	3.00% Annually

SUPPLEMENTARY INFORMATION

SUPPLEMENTARY INFORMATION
TOWN OF EAST GREENWICH, RHODE ISLAND
Budgetary Comparison Schedule - General Fund
Schedule of Revenues and Expenditures - Non-GAAP Budgetary Basis
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues				
General property tax	\$ 41,096,539	\$ 41,096,539	\$ 41,561,575	\$ 465,036
General revenue	665,295	310,295	443,829	133,534
State aid	3,951,449	2,107,278	2,009,871	(97,407)
License and permits	1,019,638	1,019,638	1,233,467	213,829
Fines and interest on late payments	140,000	140,000	164,840	24,840
Interest on investments	80,000	80,000	85,434	5,434
Total Revenues	<u>46,952,921</u>	<u>44,753,750</u>	<u>45,499,016</u>	<u>745,266</u>
Expenditures				
Administration	3,185,119	3,185,119	3,002,019	183,100
Finance	507,331	507,331	499,059	8,272
Information technology	281,218	281,218	329,333	(48,115)
Public safety	2,927,216	2,927,216	2,836,035	91,181
Public works	2,855,589	2,855,589	2,793,583	62,006
Recreation	582,957	582,957	557,343	25,614
Teen center	9,000	9,000	6,306	2,694
Town planner	195,658	195,658	191,610	4,048
Senior and human services	243,065	243,065	228,955	14,110
Grants and contributions	97,590	97,590	89,117	8,473
East Greenwich Land Trust	48,300	48,300	387	47,913
Library	467,175	467,175	467,175	-
Capital improvements	721,141	721,141	450,181	270,960
Debt service:				
Principal	1,940,000	1,940,000	1,940,000	-
Interest	875,046	875,046	1,054,545	(179,499)
Financing costs	5,000	5,000	4,600	400
Total expenditures	<u>14,941,405</u>	<u>14,941,405</u>	<u>14,450,248</u>	<u>491,157</u>
Excess of revenues over expenditures before operating transfers	<u>32,011,516</u>	<u>29,812,345</u>	<u>31,048,768</u>	<u>1,236,423</u>
Operating transfers				
BAN premium proceeds	-	-	304,127	304,127
Transfers from other funds	-	-	17,982	17,982
Transfers to other funds	(32,011,516)	(29,812,345)	(29,812,345)	-
Total operating transfers	<u>(32,011,516)</u>	<u>(29,812,345)</u>	<u>(29,490,236)</u>	<u>322,109</u>
Excess of revenues over (under) expenditures and operating transfers	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,558,532</u>	<u>\$ 1,558,532</u>

SUPPLEMENTARY INFORMATION
EAST GREENWICH SCHOOL DEPARTMENT
Budgetary Comparison Schedule - School Unrestricted Fund
Schedule of Revenues and Expenditures - Non-GAAP Budgetary Basis
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues				
Other revenue	\$ 355,000	\$ 355,000	\$ 485,376	\$ 130,376
State aid	1,844,171	1,844,171	1,321,450	(522,721)
Total Revenues	<u>2,199,171</u>	<u>2,199,171</u>	<u>1,806,826</u>	<u>(392,345)</u>
Expenditures				
Operating	32,011,516	32,011,516	30,892,194	1,119,322
Total Expenditures	<u>32,011,516</u>	<u>32,011,516</u>	<u>30,892,194</u>	<u>1,119,322</u>
Excess of Revenues Over (Under) Expenditures Before Other Financing Sources	<u>(29,812,345)</u>	<u>(29,812,345)</u>	<u>(29,085,368)</u>	<u>726,977</u>
Other Financing Sources				
Education department appropriation	29,812,345	29,812,345	29,812,345	-
Transfer to school lunch fund	-	-	(30,000)	(30,000)
Total Other Financing Sources	<u>29,812,345</u>	<u>29,812,345</u>	<u>29,782,345</u>	<u>(30,000)</u>
Excess Revenues and Other Sources Over (Under) Expenditures and Other Sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 696,977</u>	<u>\$ 696,977</u>

SUPPLEMENTARY INFORMATION
TOWN OF EAST GREENWICH, RHODE ISLAND
Combining Balance Sheet - Non-Major Governmental Funds
June 30, 2010

	<u>Town Special Revenue Funds</u>	<u>Town Special Revenue Projects Fund</u>	<u>School Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Town Permanent Funds</u>	<u>Total Non-Major Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 114,092	\$ -	\$ 95,570	\$ 1,261,496	\$ 182,604	\$ 1,653,762
Investments	-	-	-	-	35,982	35,982
Internal balances	1,446,399	230,891	60,586	786,417	-	2,524,293
Due from other governments	455,766	10,696	719,413	-	-	1,185,875
Other receivables	85,092	-	-	-	-	85,092
Inventories	-	-	5,303	-	-	5,303
TOTAL ASSETS	<u>\$ 2,101,349</u>	<u>\$ 241,587</u>	<u>\$ 880,872</u>	<u>\$ 2,047,913</u>	<u>\$ 218,586</u>	<u>\$ 5,490,307</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable and accrued expenses	\$ 255,349	\$ 7,297	\$ 311,797	\$ 119,799	\$ -	\$ 694,242
Internal balances	270,045	21,212	547,332	84,290	-	922,879
Deferred revenue	801	-	97,924	-	-	98,725
Total liabilities	<u>526,195</u>	<u>28,509</u>	<u>957,053</u>	<u>204,089</u>	<u>-</u>	<u>1,715,846</u>
Fund balances						
Reserved for inventory	-	-	5,303	-	-	5,303
Reserved by trust agreements	-	-	-	-	218,586	218,586
Unreserved, reported in:						
Special revenue funds	1,575,154	213,078	(81,484)	-	-	1,706,748
Capital projects funds	-	-	-	1,843,824	-	1,843,824
Total fund balances (deficits)	<u>1,575,154</u>	<u>213,078</u>	<u>(76,181)</u>	<u>1,843,824</u>	<u>218,586</u>	<u>3,774,461</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,101,349</u>	<u>\$ 241,587</u>	<u>\$ 880,872</u>	<u>\$ 2,047,913</u>	<u>\$ 218,586</u>	<u>\$ 5,490,307</u>

SUPPLEMENTARY INFORMATION
TOWN OF EAST GREENWICH, RHODE ISLAND
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2010

	Town Special Revenue Funds	Town Special Revenue Projects Fund	School Special Revenue Funds	Capital Projects Funds	Town Permanent Funds	Total Non-Major Governmental Funds
Revenues						
Intergovernmental revenue	\$ 681,855	\$ 11,411	\$ 1,026,597	\$ 276,176	\$ -	\$ 1,996,039
Earnings on investments	654	-	-	-	3,298	3,952
Other revenue	449,505	51,452	501,357	-	-	1,002,314
Total revenues	<u>1,132,014</u>	<u>62,863</u>	<u>1,527,954</u>	<u>276,176</u>	<u>3,298</u>	<u>3,002,305</u>
Expenditures						
Public safety	748,832	21,980	-	-	-	770,812
Public health and welfare	316,082	45,780	-	-	-	361,862
Education	-	-	1,521,288	-	-	1,521,288
Capital outlay	3,075	-	-	5,277,336	-	5,280,411
Total expenditures	<u>1,067,989</u>	<u>67,760</u>	<u>1,521,288</u>	<u>5,277,336</u>	<u>-</u>	<u>7,934,373</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	64,025	(4,897)	6,666	(5,001,160)	3,298	(4,932,068)
Other financing sources (uses)						
Transfers from other funds	(17,412)	-	30,000	190,000	-	202,588
Transfers to other funds	-	-	(570)	(190,000)	-	(190,570)
Total other financing sources (uses)	<u>(17,412)</u>	<u>-</u>	<u>29,430</u>	<u>-</u>	<u>-</u>	<u>12,018</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>46,613</u>	<u>(4,897)</u>	<u>36,096</u>	<u>(5,001,160)</u>	<u>3,298</u>	<u>(4,920,050)</u>
Fund balances - beginning	1,528,541	217,975	(112,277)	6,844,984	215,288	8,694,511
Fund balances - ending	<u>\$ 1,575,154</u>	<u>\$ 213,078</u>	<u>\$ (76,181)</u>	<u>\$ 1,843,824</u>	<u>\$ 218,586</u>	<u>\$ 3,774,461</u>

SUPPLEMENTARY INFORMATION
TOWN OF EAST GREENWICH, RHODE ISLAND
Town Special Revenue Funds
Combining Balance Sheet - Non-Major Governmental Funds
June 30, 2010

	Recreation Development Fund	Impact Fees	Courthouse Fund	Community Development	Substance Abuse	EMA Funds	Comprehensive Plan Land Use
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ 50,000	\$ 64,092	\$ -	\$ -	\$ -
Due from other governments	-	-	-	-	5,809	449,957	-
Internal balances	84,116	997,426	127,507	-	41,550	-	10,892
Other receivables	-	-	-	13,580	-	-	-
TOTAL ASSETS	\$ 84,116	\$ 997,426	\$ 177,507	\$ 77,672	\$ 47,359	\$ 449,957	\$ 10,892
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ 9,389	\$ 2,600	\$ 238,427	\$ -
Internal balances	-	-	-	23,883	-	167,833	-
Deferred revenue	-	-	-	801	-	-	-
Total liabilities	-	-	-	34,073	2,600	406,260	-
Fund balances							
Unreserved	84,116	997,426	177,507	43,599	44,759	43,697	10,892
Total fund balances (deficits)	84,116	997,426	177,507	43,599	44,759	43,697	10,892
TOTAL LIABILITIES AND FUND BALANCES	\$ 84,116	\$ 997,426	\$ 177,507	\$ 77,672	\$ 47,359	\$ 449,957	\$ 10,892

(Continued)

SUPPLEMENTARY INFORMATION
TOWN OF EAST GREENWICH, RHODE ISLAND
Town Special Revenue Funds
Combining Balance Sheet - Non-Major Governmental Funds
June 30, 2010
 (Continued)

	Homeland Security Fund	Revaluation Fund	Recreation Activities Fund	Farmer's Market	Police Details	Totals
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 114,092
Due from other governments	-	-	-	-	-	455,766
Internal balances	-	-	180,894	4,014	-	1,446,399
Other receivables	-	-	-	-	71,512	85,092
TOTAL ASSETS	\$ -	\$ -	\$ 180,894	\$ 4,014	\$ 71,512	\$ 2,101,349
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable and accrued expenses	\$ -	\$ -	\$ 4,696	\$ 237	\$ -	\$ 255,349
Internal balances	-	6,817	-	-	71,512	270,045
Deferred revenue	-	-	-	-	-	801
Total liabilities	-	6,817	4,696	237	71,512	526,195
Fund balances						
Unreserved	-	(6,817)	176,198	3,777	-	1,575,154
Total fund balances (deficits)	-	(6,817)	176,198	3,777	-	1,575,154
TOTAL LIABILITIES AND FUND BALANCES	\$ -	\$ -	\$ 180,894	\$ 4,014	\$ 71,512	\$ 2,101,349

(Concluded)

SUPPLEMENTARY INFORMATION
TOWN OF EAST GREENWICH, RHODE ISLAND
Town Special Revenue Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2010

	Recreation Development Fund	Impact Fees	Courthouse Fund	Community Development	Substance Abuse	EMA Funds	Comprehensive Plan Land Use
Revenues							
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ 150,670	\$ 23,236	\$ 490,537	\$ -
Interest on investments	-	-	-	654	-	-	-
Other revenue	-	50,007	-	-	-	-	-
Total revenues	<u>-</u>	<u>50,007</u>	<u>-</u>	<u>151,324</u>	<u>23,236</u>	<u>490,537</u>	<u>-</u>
Expenditures							
Public safety	-	-	16,321	-	20,082	446,840	-
Public health and welfare	-	18,870	-	168,722	-	-	5,375
Capital outlay	-	-	3,075	-	-	-	-
Total expenditures	<u>-</u>	<u>18,870</u>	<u>19,396</u>	<u>168,722</u>	<u>20,082</u>	<u>446,840</u>	<u>5,375</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	-	31,137	(19,396)	(17,398)	3,154	43,697	(5,375)
Other financing sources (uses)							
Operating transfers from (to) other funds	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures	-	31,137	(19,396)	(17,398)	3,154	43,697	(5,375)
Fund balances - beginning	84,116	966,289	196,903	60,997	41,605	-	16,267
Fund balances - ending	<u>\$ 84,116</u>	<u>\$ 997,426</u>	<u>\$ 177,507</u>	<u>\$ 43,599</u>	<u>\$ 44,759</u>	<u>\$ 43,697</u>	<u>\$ 10,892</u>

(Continued)

SUPPLEMENTARY INFORMATION
TOWN OF EAST GREENWICH, RHODE ISLAND
Town Special Revenue Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2010
(Continued)

	Homeland Security	Revaluation Fund	Recreation Activities Fund	Farmer's Market	Police Details	Totals
Revenues						
Intergovernmental revenue	\$ 17,412	\$ -	\$ -	\$ -	\$ -	\$ 681,855
Interest on investments	-	-	-	-	-	654
Other revenue	-	-	128,079	5,830	265,589	449,505
Total revenues	<u>17,412</u>	<u>-</u>	<u>128,079</u>	<u>5,830</u>	<u>265,589</u>	<u>1,132,014</u>
Expenditures						
Public safety	-	-	-	-	265,589	748,832
Public health and welfare	-	6,817	112,157	4,141	-	316,082
Capital outlay	-	-	-	-	-	3,075
Total expenditures	<u>-</u>	<u>6,817</u>	<u>112,157</u>	<u>4,141</u>	<u>265,589</u>	<u>1,067,989</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	17,412	(6,817)	15,922	1,689	-	64,025
Other financing sources (uses)						
Operating transfers from (to) other funds	(17,412)	-	-	-	-	(17,412)
Total other financing sources (uses)	<u>(17,412)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(17,412)</u>
Excess of revenues and other sources over (under) expenditures	-	(6,817)	15,922	1,689	-	46,613
Fund balances - beginning	-	-	160,276	2,088	-	1,528,541
Fund balances - ending	<u>\$ -</u>	<u>\$ (6,817)</u>	<u>\$ 176,198</u>	<u>\$ 3,777</u>	<u>\$ -</u>	<u>\$ 1,575,154</u>

(Concluded)

SUPPLEMENTARY INFORMATION
TOWN OF EAST GREENWICH, RHODE ISLAND
Combining Balance Sheet - Non-Major Governmental Funds
Special Revenue Project Funds - Town
June 30, 2010

	<u>Juvenile Hearing Board</u>	<u>Police Seizures</u>	<u>Main Street Stroll</u>	<u>Tobacco Grant</u>	<u>Affordable Housing</u>	<u>Car Seat</u>	<u>Holiday Basket</u>
ASSETS							
Due from other governments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Internal balances	3,708	9,899	14,266	-	65,199	-	13,446
TOTAL ASSETS	<u>\$ 3,708</u>	<u>\$ 9,899</u>	<u>\$ 14,266</u>	<u>\$ -</u>	<u>\$ 65,199</u>	<u>\$ -</u>	<u>\$ 13,446</u>
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable and accrued expenses	\$ -	\$ -	\$ 300	\$ -	\$ -	\$ -	\$ 1,906
Internal balances	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,906</u>
Fund balances							
Unreserved	3,708	9,899	13,966	-	65,199	-	11,540
Total fund balances (deficits)	<u>3,708</u>	<u>9,899</u>	<u>13,966</u>	<u>-</u>	<u>65,199</u>	<u>-</u>	<u>11,540</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,708</u>	<u>\$ 9,899</u>	<u>\$ 14,266</u>	<u>\$ -</u>	<u>\$ 65,199</u>	<u>\$ -</u>	<u>\$ 13,446</u>

(Continued)

SUPPLEMENTARY INFORMATION
TOWN OF EAST GREENWICH, RHODE ISLAND
Combining Balance Sheet - Non-Major Governmental Funds
Special Revenue Project Funds - Town
June 30, 2010
 (Continued)

	<u>Byrne Grant</u>	<u>BPVests LLEBG</u>	<u>Animal Enforcement</u>	<u>Senior Services</u>	<u>Document Preservation & Technology</u>	<u>Historic Trust Fund</u>	<u>Totals</u>
ASSETS							
Due from other governments	\$ -	\$ 10,696	\$ -	\$ -	\$ -	\$ -	\$ 10,696
Internal balances	-	-	16,640	31,365	50,337	26,031	230,891
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 10,696</u>	<u>\$ 16,640</u>	<u>\$ 31,365</u>	<u>\$ 50,337</u>	<u>\$ 26,031</u>	<u>\$ 241,587</u>
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ 5,091	\$ -	\$ 7,297
Internal balances	10,516	10,696	-	-	-	-	21,212
Total liabilities	<u>10,516</u>	<u>10,696</u>	<u>-</u>	<u>-</u>	<u>5,091</u>	<u>-</u>	<u>28,509</u>
Fund balances							
Unreserved	(10,516)	-	16,640	31,365	45,246	26,031	213,078
Total fund balances (deficits)	<u>(10,516)</u>	<u>-</u>	<u>16,640</u>	<u>31,365</u>	<u>45,246</u>	<u>26,031</u>	<u>213,078</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ 10,696</u>	<u>\$ 16,640</u>	<u>\$ 31,365</u>	<u>\$ 50,337</u>	<u>\$ 26,031</u>	<u>\$ 241,587</u>

(Concluded)

SUPPLEMENTARY INFORMATION
TOWN OF EAST GREENWICH, RHODE ISLAND
Town Special Revenue Projects Fund
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2010

	Juvenile Hearing Board	Police Seizures	Main Street Stroll	Tobacco Grant	Affordable Housing	Car Seat	Holiday Basket
Revenues							
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ 221	\$ -	\$ 494	\$ -
Other revenue	-	-	8,242	-	-	-	9,145
Total revenues	<u>-</u>	<u>-</u>	<u>8,242</u>	<u>221</u>	<u>-</u>	<u>494</u>	<u>9,145</u>
Expenditures							
Public safety	53	-	-	221	-	494	-
Public health and welfare	-	-	6,935	-	-	-	13,433
Total expenditures	<u>53</u>	<u>-</u>	<u>6,935</u>	<u>221</u>	<u>-</u>	<u>494</u>	<u>13,433</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	(53)	-	1,307	-	-	-	(4,288)
Other financing sources (uses)							
Transfers from other funds	-	-	-	-	-	-	-
Transfers to other funds	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(53)	-	1,307	-	-	-	(4,288)
Fund balances - beginning	3,761	9,899	12,659	-	65,199	-	15,828
Fund balances - ending	<u>\$ 3,708</u>	<u>\$ 9,899</u>	<u>\$ 13,966</u>	<u>\$ -</u>	<u>\$ 65,199</u>	<u>\$ -</u>	<u>\$ 11,540</u>

(Continued)

SUPPLEMENTARY INFORMATION
TOWN OF EAST GREENWICH, RHODE ISLAND
Town Special Revenue Projects Fund
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2010
 (Continued)

	Byrne Grant	BPVests LLEBG	Animal Enforcement	Senior Services	Document Preservation & Technology	Historic Trust Fund	Totals
Revenues							
Intergovernmental revenue	\$ -	\$ 10,696	\$ -	\$ -	\$ -	\$ -	\$ 11,411
Other revenue	-	-	2,436	8,101	20,685	2,843	51,452
Total revenues	<u>-</u>	<u>10,696</u>	<u>2,436</u>	<u>8,101</u>	<u>20,685</u>	<u>2,843</u>	<u>62,863</u>
Expenditures							
Public safety	10,516	10,696	-	-	-	-	21,980
Public health and welfare	-	-	-	1,812	23,600	-	45,780
Total expenditures	<u>10,516</u>	<u>10,696</u>	<u>-</u>	<u>1,812</u>	<u>23,600</u>	<u>-</u>	<u>67,760</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	(10,516)	-	2,436	6,289	(2,915)	2,843	(4,897)
Other financing sources (uses)							
Transfers from other funds	-	-	-	-	-	-	-
Transfers to other funds	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(10,516)	-	2,436	6,289	(2,915)	2,843	(4,897)
Fund balances - beginning	-	-	14,204	25,076	48,161	23,188	217,975
Fund balances - ending	<u>\$ (10,516)</u>	<u>\$ -</u>	<u>\$ 16,640</u>	<u>\$ 31,365</u>	<u>\$ 45,246</u>	<u>\$ 26,031</u>	<u>\$ 213,078</u>

(Concluded)

SUPPLEMENTARY INFORMATION
TOWN OF EAST GREENWICH, RHODE ISLAND
School Special Revenue Restricted Funds
Combining Balance Sheet - Non-Major Governmental Funds
June 30, 2010

	<u>Title I</u>	<u>RI Learn & Serve</u>	<u>ARRA IDEA Part B</u>	<u>Computer Fund</u>	<u>IDEA Preschool</u>	<u>Frenchtown Computer Fund</u>
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Internal balances	-	-	-	8,615	-	-
Due from other governments	15,193	4,186	248,759	-	881	-
Inventory	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 15,193</u>	<u>\$ 4,186</u>	<u>\$ 248,759</u>	<u>\$ 8,615</u>	<u>\$ 881</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable and accrued expenses	\$ -	\$ 58	\$ 25,003	\$ -	\$ 534	\$ -
Internal balances	15,193	4,128	223,756	-	347	-
Deferred revenues	-	-	-	-	-	-
Total liabilities	<u>15,193</u>	<u>4,186</u>	<u>248,759</u>	<u>-</u>	<u>881</u>	<u>-</u>
Fund balances						
Reserved	-	-	-	-	-	-
Unreserved	-	-	-	8,615	-	-
Total fund balances (deficit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,615</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 15,193</u>	<u>\$ 4,186</u>	<u>\$ 248,759</u>	<u>\$ 8,615</u>	<u>\$ 881</u>	<u>\$ -</u>

(Continued)

SUPPLEMENTARY INFORMATION
TOWN OF EAST GREENWICH, RHODE ISLAND
School Special Revenue Restricted Funds
Combining Balance Sheet - Non-Major Governmental Funds
June 30, 2010
(Continued)

	<u>School Lunch</u>	<u>Title II</u>	<u>Title IV</u>	<u>IDEA Part B</u>	<u>Strategic Support</u>	<u>ARRA IDEA Preschool</u>
ASSETS						
Cash and cash equivalents	\$ 95,570	\$ -	\$ -	\$ -	\$ -	\$ -
Internal balances	-	-	31	-	38,467	-
Due from other governments	145,123	48,104	-	229,184	-	6,490
Inventory	5,303	-	-	-	-	-
TOTAL ASSETS	<u>\$ 245,996</u>	<u>\$ 48,104</u>	<u>\$ 31</u>	<u>\$ 229,184</u>	<u>\$ 38,467</u>	<u>\$ 6,490</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable and accrued expenses	\$ 271,264	\$ 4,935	\$ 31	\$ 280	\$ -	\$ 536
Internal balances	25,881	43,169	-	228,904	-	5,954
Deferred revenues	97,924	-	-	-	-	-
Total liabilities	<u>395,069</u>	<u>48,104</u>	<u>31</u>	<u>229,184</u>	<u>-</u>	<u>6,490</u>
Fund balances						
Reserved	5,303	-	-	-	-	-
Unreserved	(154,376)	-	-	-	38,467	-
Total fund balances (deficit)	<u>(149,073)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,467</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 245,996</u>	<u>\$ 48,104</u>	<u>\$ 31</u>	<u>\$ 229,184</u>	<u>\$ 38,467</u>	<u>\$ 6,490</u>

(Continued)

SUPPLEMENTARY INFORMATION
TOWN OF EAST GREENWICH, RHODE ISLAND
School Special Revenue Restricted Funds
Combining Balance Sheet - Non-Major Governmental Funds
June 30, 2010
(Continued)

	E-Rate	Perkins	Legislative Tech	Totals
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 95,570
Internal balances	9,271	-	4,202	60,586
Due from other governments	12,337	9,156	-	719,413
Inventory	-	-	-	5,303
TOTAL ASSETS	\$ 21,608	\$ 9,156	\$ 4,202	\$ 880,872
 LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable and accrued expenses	\$ -	\$ 9,156	\$ -	\$ 311,797
Internal balances	-	-	-	547,332
Deferred revenues	-	-	-	97,924
Total liabilities	-	9,156	-	957,053
 Fund balances				
Reserved	-	-	-	5,303
Unreserved	21,608	-	4,202	(81,484)
Total fund balances (deficit)	21,608	-	4,202	(76,181)
TOTAL LIABILITIES AND FUND BALANCES	\$ 21,608	\$ 9,156	\$ 4,202	\$ 880,872

(Concluded)

SUPPLEMENTARY INFORMATION
TOWN OF EAST GREENWICH, RHODE ISLAND
School Special Revenue Restricted Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2010

	<u>Title I</u>	<u>RI Learn & Serve</u>	<u>ARRA IDEA Part B</u>	<u>Computer Fund</u>	<u>IDEA Preschool</u>	<u>Frenchtown Computer Fund</u>
Revenues						
Intergovernmental revenue	\$ 77,577	\$ 4,186	\$ 248,759	\$ -	\$ 13,556	\$ -
Other	-	-	-	-	-	-
Total revenues	<u>77,577</u>	<u>4,186</u>	<u>248,759</u>	<u>-</u>	<u>13,556</u>	<u>-</u>
Expenditures						
Education	77,577	4,186	248,759	-	13,556	-
Total expenditures	<u>77,577</u>	<u>4,186</u>	<u>248,759</u>	<u>-</u>	<u>13,556</u>	<u>-</u>
Excess revenues over (under) expenditures	-	-	-	-	-	-
Other financing sources (uses)						
Transfers from other funds	-	-	-	-	-	-
Transfers to other funds	-	-	-	-	-	(570)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(570)</u>
Excess of revenues and other sources over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(570)</u>
Fund balances - beginning	-	-	-	8,615	-	570
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,615</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

SUPPLEMENTARY INFORMATION
TOWN OF EAST GREENWICH, RHODE ISLAND
School Special Revenue Restricted Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2010
(Continued)

	<u>School Lunch</u>	<u>Title II</u>	<u>Title IV</u>	<u>IDEA Part B</u>	<u>Strategic Support</u>	<u>ARRA IDEA Preschool</u>
Revenues						
Intergovernmental revenue	\$ 89,527	\$ 85,472	\$ 8,032	\$ 483,842	\$ -	\$ 6,490
Other	488,820	-	-	-	200	-
Total revenues	<u>578,347</u>	<u>85,472</u>	<u>8,032</u>	<u>483,842</u>	<u>200</u>	<u>6,490</u>
Expenditures						
Education	569,889	85,472	8,032	483,842	-	6,490
Total expenditures	<u>569,889</u>	<u>85,472</u>	<u>8,032</u>	<u>483,842</u>	<u>-</u>	<u>6,490</u>
Excess revenues over (under) expenditures	8,458	-	-	-	200	-
Other financing sources (uses)						
Transfers from other funds	30,000	-	-	-	-	-
Transfers to other funds	-	-	-	-	-	-
Total other financing sources (uses)	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures	<u>38,458</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>200</u>	<u>-</u>
Fund balances - beginning	<u>(187,531)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,267</u>	<u>-</u>
Fund balances - ending	<u>\$ (149,073)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,467</u>	<u>\$ -</u>

(Continued)

SUPPLEMENTARY INFORMATION
TOWN OF EAST GREENWICH, RHODE ISLAND
School Special Revenue Restricted Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2010
(Continued)

	<u>E-Rate</u>	<u>Perkins</u>	<u>Legislative Tech</u>	<u>Totals</u>
Revenues				
Intergovernmental revenue	\$ -	\$ 9,156	\$ -	\$ 1,026,597
Other	12,337	-	-	501,357
Total revenues	<u>12,337</u>	<u>9,156</u>	<u>-</u>	<u>1,527,954</u>
Expenditures				
Education	14,329	9,156	-	1,521,288
Total expenditures	<u>14,329</u>	<u>9,156</u>	<u>-</u>	<u>1,521,288</u>
Excess revenues over (under) expenditures	(1,992)	-	-	6,666
Other financing sources (uses)				
Transfers from other funds	-	-	-	30,000
Transfers to other funds	-	-	-	(570)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,430</u>
Excess of revenues and other sources over (under) expenditures	<u>(1,992)</u>	<u>-</u>	<u>-</u>	<u>36,096</u>
Fund balances - beginning	23,600	-	4,202	(112,277)
Fund balances - ending	<u>\$ 21,608</u>	<u>\$ -</u>	<u>\$ 4,202</u>	<u>\$ (76,181)</u>

(Concluded)

SUPPLEMENTARY INFORMATION
TOWN OF EAST GREENWICH, RHODE ISLAND
Capital Projects Funds
Combining Balance Sheet - Non-Major Governmental Funds
June 30, 2010

	<u>School Renovations Fund</u>	<u>Police Station Fund</u>	<u>King Street Project Fund</u>	<u>Swift Comm Center/DPW Renovations</u>	<u>Landfill Project Fund</u>	<u>School Fields Fund</u>	<u>Town Hall Steps</u>	<u>Totals</u>
ASSETS								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,261,496	\$ -	\$ 1,261,496
Internal balances	173,701	-	-	388,682	53,310	-	170,724	786,417
TOTAL ASSETS	<u>\$ 173,701</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 388,682</u>	<u>\$ 53,310</u>	<u>\$ 1,261,496</u>	<u>\$ 170,724</u>	<u>\$ 2,047,913</u>
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts payable	\$ 95,442	\$ 2,500	\$ 1,826	\$ 14,318	\$ 5,713	\$ -	\$ -	\$ 119,799
Internal balances	-	26,327	-	-	-	57,963	-	84,290
Total liabilities	<u>95,442</u>	<u>28,827</u>	<u>1,826</u>	<u>14,318</u>	<u>5,713</u>	<u>57,963</u>	<u>-</u>	<u>204,089</u>
Fund balances								
Unreserved	78,259	(28,827)	(1,826)	374,364	47,597	1,203,533	170,724	1,843,824
Total fund balances (deficit)	<u>78,259</u>	<u>(28,827)</u>	<u>(1,826)</u>	<u>374,364</u>	<u>47,597</u>	<u>1,203,533</u>	<u>170,724</u>	<u>1,843,824</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 173,701</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 388,682</u>	<u>\$ 53,310</u>	<u>\$ 1,261,496</u>	<u>\$ 170,724</u>	<u>\$ 2,047,913</u>

**SUPPLEMENTARY INFORMATION
TOWN OF EAST GREENWICH, RHODE ISLAND
Capital Project Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2010**

	<u>School Renovations Fund</u>	<u>Police Station 2006</u>	<u>King Street Project</u>	<u>Swift Comm. Center/DPW Renovations</u>	<u>Landfill Project Fund</u>	<u>School Fields Fund</u>	<u>Town Hall Steps</u>	<u>Totals</u>
Revenues								
Intergovernmental Revenue	\$ -	\$ -	\$ 40,575	\$ -	\$ 235,601	\$ -	\$ -	\$ 276,176
Total revenues	<u>-</u>	<u>-</u>	<u>40,575</u>	<u>-</u>	<u>235,601</u>	<u>-</u>	<u>-</u>	<u>276,176</u>
Expenditures								
Capital	169,729	95,030	1,826	2,281,953	76,821	2,632,701	19,276	5,277,336
Total expenditures	<u>169,729</u>	<u>95,030</u>	<u>1,826</u>	<u>2,281,953</u>	<u>76,821</u>	<u>2,632,701</u>	<u>19,276</u>	<u>5,277,336</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources	(169,729)	(95,030)	38,749	(2,281,953)	158,780	(2,632,701)	(19,276)	(5,001,160)
Other financing sources (uses)								
Transfers from other funds	-	-	-	-	-	-	190,000	190,000
Transfers to other funds	-	-	-	(190,000)	-	-	-	(190,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(190,000)</u>	<u>-</u>	<u>-</u>	<u>190,000</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures	(169,729)	(95,030)	38,749	(2,471,953)	158,780	(2,632,701)	170,724	(5,001,160)
Fund balances - beginning	247,988	66,203	(40,575)	2,846,317	(111,183)	3,836,234	-	6,844,984
Fund balances - ending	<u>\$ 78,259</u>	<u>\$ (28,827)</u>	<u>\$ (1,826)</u>	<u>\$ 374,364</u>	<u>\$ 47,597</u>	<u>\$ 1,203,533</u>	<u>\$ 170,724</u>	<u>\$ 1,843,824</u>

SUPPLEMENTARY INFORMATION
TOWN OF EAST GREENWICH, RHODE ISLAND
Town Permanent Funds
Combining Balance Sheet - Non-Major Governmental Funds
June 30, 2010

	<u>Briggs Fund</u>	<u>Spencer Maxwell Fund</u>	<u>Tillinghast Fund</u>	<u>Casey Fund</u>	<u>Darius Allen Fund</u>	<u>Estate of Thomas Johnson Fund</u>	<u>F. Robert E. Bergsten Fund</u>	<u>Howland Family Trust Fund</u>	<u>Totals</u>
ASSETS									
Cash and cash equivalents	\$ 4,842	\$ 60,433	\$ 2,980	\$ 85,008	\$ 1,371	\$ 11,346	\$ 5,278	\$ 11,346	\$182,604
Investments	-	-	-	35,982	-	-	-	-	35,982
TOTAL ASSETS	<u>\$ 4,842</u>	<u>\$ 60,433</u>	<u>\$ 2,980</u>	<u>\$120,990</u>	<u>\$ 1,371</u>	<u>\$ 11,346</u>	<u>\$ 5,278</u>	<u>\$ 11,346</u>	<u>\$218,586</u>
LIABILITIES AND FUND BALANCES									
Liabilities									
Other liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances									
Reserved by trust agreements	4,842	60,433	2,980	120,990	1,371	11,346	5,278	11,346	218,586
Total fund balances (deficit)	<u>4,842</u>	<u>60,433</u>	<u>2,980</u>	<u>120,990</u>	<u>1,371</u>	<u>11,346</u>	<u>5,278</u>	<u>11,346</u>	<u>218,586</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 4,842</u>	<u>\$ 60,433</u>	<u>\$ 2,980</u>	<u>\$120,990</u>	<u>\$ 1,371</u>	<u>\$ 11,346</u>	<u>\$ 5,278</u>	<u>\$ 11,346</u>	<u>\$218,586</u>

**SUPPLEMENTARY INFORMATION
TOWN OF EAST GREENWICH, RHODE ISLAND
Town Permanent Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2010**

	Briggs Fund	Spencer Maxwell Fund	Tillinghast Fund	Casey Fund	Darius Allen Fund	Estate of Thomas Johnson Fund	F. Robert E. Bergsten Fund	Howland Family Trust Fund	Totals
Revenues									
Earnings on investments	\$ 11	\$ 133	\$ 7	\$ 3,080	\$ 4	\$ 26	\$ 11	\$ 26	\$ 3,298
Total revenues	<u>11</u>	<u>133</u>	<u>7</u>	<u>3,080</u>	<u>4</u>	<u>26</u>	<u>11</u>	<u>26</u>	<u>3,298</u>
Expenditures									
Administration	-	-	-	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources	<u>11</u>	<u>133</u>	<u>7</u>	<u>3,080</u>	<u>4</u>	<u>26</u>	<u>11</u>	<u>26</u>	<u>3,298</u>
Fund balances - beginning	4,831	60,300	2,973	117,910	1,367	11,320	5,267	11,320	215,288
Fund balances - ending	<u>\$ 4,842</u>	<u>\$ 60,433</u>	<u>\$ 2,980</u>	<u>\$ 120,990</u>	<u>\$ 1,371</u>	<u>\$ 11,346</u>	<u>\$ 5,278</u>	<u>\$ 11,346</u>	<u>\$ 218,586</u>

SUPPLEMENTARY INFORMATION
TOWN OF EAST GREENWICH, RHODE ISLAND
Fiduciary Funds
Combining Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended June 30, 2010

	<u>Balance July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2010</u>
PERFORMANCE BOND FUND				
ASSETS				
Cash and cash equivalents	\$ 102,193	\$ -	\$ 74,312	\$ 27,881
Internal balances	89,600	140,182	34,000	195,782
TOTAL ASSETS	<u>\$ 191,793</u>	<u>\$ 140,182</u>	<u>\$ 108,312</u>	<u>\$ 223,663</u>
LIABILITIES				
Deposits held in custody for others	\$ 191,793	\$ 140,182	\$ 108,312	\$ 223,663
TOTAL LIABILITIES	<u>\$ 191,793</u>	<u>\$ 140,182</u>	<u>\$ 108,312</u>	<u>\$ 223,663</u>
PUPIL ACTIVITY FUNDS				
ASSETS				
Cash and cash equivalents	\$ 253,212	\$ 533,324	\$ 574,485	\$ 212,051
TOTAL ASSETS	<u>\$ 253,212</u>	<u>\$ 533,324</u>	<u>\$ 574,485</u>	<u>\$ 212,051</u>
LIABILITIES				
Deposits held in custody for others	\$ 253,212	\$ 533,324	\$ 574,485	\$ 212,051
TOTAL LIABILITIES	<u>\$ 253,212</u>	<u>\$ 533,324</u>	<u>\$ 574,485</u>	<u>\$ 212,051</u>
TOTAL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	\$ 355,405	\$ 533,324	\$ 648,797	\$ 239,932
Internal balances	89,600	140,182	34,000	195,782
TOTAL ASSETS	<u>\$ 445,005</u>	<u>\$ 673,506</u>	<u>\$ 682,797</u>	<u>\$ 435,714</u>
LIABILITIES				
Deposits held in custody for others	\$ 445,005	\$ 673,506	\$ 682,797	\$ 435,714
TOTAL LIABILITIES	<u>\$ 445,005</u>	<u>\$ 673,506</u>	<u>\$ 682,797</u>	<u>\$ 435,714</u>

**SUPPLEMENTARY INFORMATION
TOWN OF EAST GREENWICH, RHODE ISLAND
Fiduciary Funds - Pupil Activity Funds
Combining Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended June 30, 2010**

	<u>Cash Balance July 1, 2009</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Cash Balance June 30, 2010</u>
PUPIL ACTIVITY FUNDS				
East Greenwich High School:				
Checking	\$ 85,058	\$ 270,645	\$ 288,682	\$ 67,021
Savings	21,270	21	-	21,291
CD	44,000	-	-	44,000
Athletic Officials Fund	6,184	18,949	21,359	3,774
Athletic Camp Fund	13,071	22,159	25,291	9,939
EGHS Football Club	1,949	-	1,949	-
Cole Middle School:				
Checking	40,783	152,251	147,853	45,181
Money Market	3,958	2	-	3,960
Eldridge	26,385	29,872	49,179	7,078
Eldridge Student Council	1,852	535	800	1,587
Frenchtown School	3,737	6,728	5,667	4,798
Meadowbrook	1,455	8,670	9,867	258
Meadowbrook Library	76	30	72	34
Hanaford	3,061	23,462	23,393	3,130
Hanaford Music Fund	373	-	373	-
TOTALS	<u>\$ 253,212</u>	<u>\$ 533,324</u>	<u>\$ 574,485</u>	<u>\$ 212,051</u>

STATISTICAL SECTION

This part of the Town of East Greenwich, Rhode Island's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the governments overall financial health.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the governments most significant local revenue source, property taxes.

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

**TOWN OF EAST GREENWICH, RHODE ISLAND
TAX COLLECTOR'S ANNUAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

REAL ESTATE AND PERSONAL PROPERTY TAXES

Tax Roll Year	Balance July 1, 2009	Current Year Assessment	Additions and Adjustments	Abatements and Adjustments	Amount to be Collected	Collections	Balance June 30, 2010
2009	\$ -	\$ 41,524,344	\$ 61,642	\$ 138,255	41,447,731	\$ 40,155,545	\$ 1,292,186
2008	1,085,408	-	(6,768)	570	1,078,070	951,505	126,565
2007	133,969	-	-	1,092	132,877	30,877	102,000
2006	97,789	-	-	-	97,789	14,042	83,747
2005	49,395	-	-	-	49,395	4,613	44,782
2004	51,547	-	-	-	51,547	3,430	48,117
2003	64,700	-	-	-	64,700	4,158	60,542
2002	71,216	-	-	-	71,216	3,633	67,583
2001	63,534	-	-	-	63,534	3,081	60,453
2000	77,990	-	-	597	77,393	3,113	74,280
1999 and prior	89,240	-	-	-	89,240	9,490	79,750
Subtotal	1,784,788	\$ 41,524,344	\$ 54,874	\$ 140,514	\$ 43,223,492	\$ 41,183,487	2,040,005
Allowance for uncollectible taxes	57,000						57,000
	\$ 1,727,788						\$ 1,983,005

SCHEDULE OF MOST RECENT NET ASSESSED PROPERTY VALUE BY CATEGORY

Description of Property	Valuations	Levy	Current year collections	\$ 41,183,487
Real property	\$ 2,399,724,100	\$ 39,927,263	NEIT PILOT property tax	407,835
Motor vehicles	138,351,013	3,165,471	Adjustments, refunds net	(29,747)
Tangible personal	67,936,522	1,130,464	Current year property tax	\$ 41,561,575
Total	2,606,011,635	44,223,198		
Exemptions:				
Real property	74,763,830	1,244,070		
Motor vehicles	62,828,897	1,437,525		
Tangible personal	1,037,194	17,259		
Net assessed value	\$ 2,467,381,714	41,524,344		
Current year assessment		\$ 41,524,344		

**TOWN OF EAST GREENWICH
NET ASSETS BY COMPONENT
LAST SEVEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

Exhibit 1

	Fiscal Year						
	2010	2009	2008	2007	2006	2005	2004
Governmental Activities							
Invested in capital assets, net of related debt	\$ 19,176,359	\$ 20,744,380	\$ 14,653,361	\$ 19,342,095	\$ 4,476,275	\$ 517,034	\$ (2,446,108)
Restricted	-	-	-	3,603,644	2,463,577	2,414,680	1,414,386
Unrestricted	11,391,385	8,392,337	13,641,861	5,539,243	9,843,336	12,063,925	13,638,119
Total governmental activities net assets	<u>\$ 30,567,744</u>	<u>\$ 29,136,717</u>	<u>\$ 28,295,222</u>	<u>\$ 28,484,982</u>	<u>\$ 16,783,188</u>	<u>\$ 14,995,639</u>	<u>\$ 12,606,397</u>
Business-type activities							
Invested in capital assets, net of related debt	\$ 7,621,215	\$ 11,732,800	\$ 15,346,522	\$ 13,343,742	\$ 11,612,669	\$ 11,631,418	\$ 11,528,174
Unrestricted	16,318,603	9,919,947	2,005,368	4,389,133	5,539,988	6,203,596	4,938,852
Total business-type activities net assets	<u>\$ 23,939,818</u>	<u>\$ 21,652,747</u>	<u>\$ 17,351,890</u>	<u>\$ 17,732,875</u>	<u>\$ 17,152,657</u>	<u>\$ 17,835,014</u>	<u>\$ 16,467,026</u>
Primary government							
Invested in capital assets, net of related debt	\$ 26,797,574	\$ 32,477,180	\$ 29,999,883	\$ 32,685,837	\$ 16,088,944	\$ 12,148,452	\$ 9,082,066
Restricted	-	-	-	3,603,644	2,463,577	2,414,680	1,414,386
Unrestricted	27,709,988	18,312,284	15,647,229	9,928,376	15,383,324	18,267,521	18,576,971
Total primary government net assets	<u>\$ 54,507,562</u>	<u>\$ 50,789,464</u>	<u>\$ 45,647,112</u>	<u>\$ 46,217,857</u>	<u>\$ 33,935,845</u>	<u>\$ 32,830,653</u>	<u>\$ 29,073,423</u>
Component Unit - Land Trust							
Invested in capital assets, net of related debt	\$ 5,018,500	\$ 5,018,500	\$ 5,018,500	\$ 5,018,500	\$ 5,018,500	\$ 4,998,500	\$ 4,978,500
Unrestricted	147,656	137,565	133,344	143,631	116,244	105,255	143,251
Total component unit - land trust	<u>\$ 5,166,156</u>	<u>\$ 5,156,065</u>	<u>\$ 5,151,844</u>	<u>\$ 5,162,131</u>	<u>\$ 5,134,744</u>	<u>\$ 5,103,755</u>	<u>\$ 5,121,751</u>

Note: The Town implemented the requirements of GASB 34 in 2004 and will continue to present data up to the required 10 years.

**TOWN OF EAST GREENWICH
CHANGES IN NET ASSETS
LAST SEVEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

Exhibit 2

	Fiscal Year						
	2010	2009	2008	2007	2006	2005	2004
Expenses							
Governmental activities:							
Legislative, judicial and general administrative	\$ 4,339,118	\$ 4,185,051	\$ 3,132,955	\$ 3,306,789	\$ 2,849,524	\$ 2,915,661	\$ 2,913,521
Financial administration	499,059	498,266	486,637	453,747	434,951	418,003	-
Information technology	329,333	347,956	279,149	258,937	246,951	-	-
Public safety	3,937,506	3,719,021	3,775,116	3,643,029	3,344,962	2,985,733	3,399,364
Public works	4,305,209	4,264,987	3,884,001	3,772,241	2,599,762	2,591,029	3,163,207
Public Health and Welfare	457,285	474,880	715,504	809,787	725,611	806,418	842,411
Parks and recreation	607,466	598,106	176,116	188,772	174,782	178,363	402,388
Town planner	191,610	190,516	185,712	182,181	168,074	282,993	-
Senior and Human services	229,342	245,204	228,993	193,227	190,719	183,352	-
Education	34,270,489	35,045,679	33,162,664	31,663,741	29,999,180	28,800,766	27,512,563
Library	467,175	467,175	455,775	434,071	417,376	396,399	-
Capital	-	-	1,698,602	504,915	-	-	-
Other	-	28,342	129,581	141,339	122,212	158,323	-
Interest	1,182,573	679,380	597,214	333,085	394,589	328,915	196,922
Total governmental activities expenses	<u>50,816,165</u>	<u>50,744,563</u>	<u>48,908,019</u>	<u>45,885,861</u>	<u>41,668,693</u>	<u>40,045,955</u>	<u>38,430,376</u>
Business-type activities:							
Sewer fund	<u>2,756,904</u>	<u>2,077,958</u>	<u>2,234,066</u>	<u>2,136,408</u>	<u>2,057,618</u>	<u>2,101,181</u>	<u>1,912,411</u>
Total business-type activities expenses	<u>2,756,904</u>	<u>2,077,958</u>	<u>2,234,066</u>	<u>2,136,408</u>	<u>2,057,618</u>	<u>2,101,181</u>	<u>1,912,411</u>
Total primary government expenses	<u>\$ 53,573,069</u>	<u>\$ 52,822,521</u>	<u>\$ 51,142,085</u>	<u>\$ 48,022,269</u>	<u>\$ 43,726,311</u>	<u>\$ 42,147,136</u>	<u>\$ 40,342,787</u>
Component unit - Land Trust							
Public Health and Welfare	<u>\$ 24,773</u>	<u>\$ 37,652</u>	<u>\$ 57,970</u>	<u>\$ 14,623</u>	<u>\$ 2,391</u>	<u>\$ 17,996</u>	<u>\$ 977,522</u>
Total component unit expenses	<u>\$ 24,773</u>	<u>\$ 37,652</u>	<u>\$ 57,970</u>	<u>\$ 14,623</u>	<u>\$ 2,391</u>	<u>\$ 17,996</u>	<u>\$ 977,522</u>

(Continued)

**TOWN OF EAST GREENWICH
CHANGES IN NET ASSETS
LAST SEVEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**
(Continued)

Exhibit 2

	Fiscal Year						
	2010	2009	2008	2007	2006	2005	2004
Program revenues							
Governmental activities:							
Charges for services:							
Legislative, judicial and general administrative	\$ 599,011	\$ 639,690	\$ 691,384	\$ 675,892	\$ 770,393	\$ 800,947	\$ 1,347,575
Public safety	402,727	618,109	195,899	178,486	231,606	158,890	520,556
Public works	579,712	254,332	267,875	374,505	473,275	327,663	-
Public health and welfare	50,007	55,045	-	-	-	-	-
Parks and recreation	128,079	126,491	31,806	14,532	21,627	14,326	130,508
Town planner	344,517	296,856	-	-	-	-	-
Education	501,357	961,299	37,197	180,452	105,648	85,762	2,520,853
Operating and grants contributions							
Legislative, judicial and general administrative	-	-	-	-	-	-	284
Public safety	524,963	27,283	-	-	-	-	118,517
Public works	2,557	-	-	-	-	-	323,911
Parks and recreation	5,749	3,408	-	-	-	-	150,000
Public health and welfare	208,867	295,974	-	-	-	-	382,623
Education	1,320,089	2,549,745	370,018	230,462	215,410	412,272	2,081,732
Other	-	-	2,033,706	2,058,336	1,952,930	1,812,264	-
Capital grants and contributions							
Legislative, judicial and general administrative	276,176	408,777	-	-	-	-	-
Public safety	17,412	57,541	-	-	-	-	-
Public health and welfare	-	50,000	-	-	-	-	-
Total governmental activities program revenues	<u>4,961,323</u>	<u>6,344,550</u>	<u>3,627,885</u>	<u>3,712,665</u>	<u>3,770,889</u>	<u>3,612,124</u>	<u>7,597,657</u>
Business-type activities:							
Charges for services:							
Sewer fund	4,401,777	6,170,324	1,485,497	2,366,389	1,407,347	2,823,752	841,501
Total business-type activities program revenues	<u>4,401,777</u>	<u>6,170,324</u>	<u>1,485,497</u>	<u>2,366,389</u>	<u>1,407,347</u>	<u>2,823,752</u>	<u>841,501</u>
Total primary government program revenues	<u>\$ 9,363,100</u>	<u>\$ 12,514,874</u>	<u>\$ 5,113,382</u>	<u>\$ 6,079,054</u>	<u>\$ 5,178,236</u>	<u>\$ 6,435,876</u>	<u>\$ 8,439,158</u>
Net (Expense)/Revenue							
Governmental activities	\$ (45,854,842)	\$ (44,400,013)	\$ (45,280,134)	\$ (42,173,196)	\$ (37,897,804)	\$ (36,433,831)	\$ (30,832,719)
Business-type activities	1,644,873	4,092,366	(748,569)	229,981	(650,271)	722,571	(1,070,910)
Total primary government net expenses	<u>\$ (44,209,969)</u>	<u>\$ (40,307,647)</u>	<u>\$ (46,028,703)</u>	<u>\$ (41,943,215)</u>	<u>\$ (38,548,075)</u>	<u>\$ (35,711,260)</u>	<u>\$ (31,903,629)</u>
Total component unit net expenses	<u>\$ 24,773</u>	<u>\$ 37,652</u>	<u>\$ 57,970</u>	<u>\$ 14,623</u>	<u>\$ 2,391</u>	<u>\$ 17,996</u>	<u>\$ 977,522</u>
General Revenues and Other Changes in Net Assets							
Governmental activities:							
Property taxes, levied for general purposes	\$ 41,833,892	\$ 39,648,780	\$ 37,851,734	\$ 35,134,479	\$ 34,339,914	\$ 33,215,904	\$ 32,391,223
Unrestricted investment earnings	89,386	94,635	204,322	353,610	269,296	194,009	108,367
Miscellaneous	5,362,591	3,847,486	6,289,962	5,610,041	5,399,351	5,446,902	136,790
Transfers	-	-	-	25,041	-	-	(957,838)
Special item - Loss on disposal of equipment	-	(64,575)	-	(32,012)	(427,421)	-	-
Total general revenues	<u>47,285,869</u>	<u>43,526,326</u>	<u>44,346,018</u>	<u>41,091,159</u>	<u>39,581,140</u>	<u>38,856,815</u>	<u>31,678,542</u>
Business-type activities:							
Unrestricted investment earnings	553,883	472,065	367,584	315,278	796,754	-	182,009
Transfers	-	-	-	(25,041)	-	645,417	(12,591)
Total business-type activities	<u>553,883</u>	<u>472,065</u>	<u>367,584</u>	<u>290,237</u>	<u>796,754</u>	<u>645,417</u>	<u>169,418</u>
Total primary government	<u>\$ 47,839,752</u>	<u>\$ 43,998,391</u>	<u>\$ 44,713,602</u>	<u>\$ 41,381,396</u>	<u>\$ 40,377,894</u>	<u>\$ 39,502,232</u>	<u>\$ 31,847,960</u>
Change in Net Assets							
Governmental activities	\$ 1,431,027	\$ (873,687)	\$ (934,116)	\$ (1,082,037)	\$ 1,683,336	\$ 2,422,984	\$ 845,823
Business-type activities	2,198,756	4,564,431	(380,985)	520,218	146,483	1,367,988	(901,492)
Total primary governmental	<u>\$ 3,629,783</u>	<u>\$ 3,690,744</u>	<u>\$ (1,315,101)</u>	<u>\$ (561,819)</u>	<u>\$ 1,829,819</u>	<u>\$ 3,790,972</u>	<u>\$ (55,669)</u>
Component Unit - Land Trust							
Miscellaneous	\$ 34,864	\$ 41,873	\$ 47,683	\$ 42,010	\$ 33,380	\$ -	\$ -
Total general revenues	<u>\$ 34,864</u>	<u>\$ 41,873</u>	<u>\$ 47,683</u>	<u>\$ 42,010</u>	<u>\$ 33,380</u>	<u>\$ -</u>	<u>\$ -</u>
Change in Net Assets - component unit	<u>\$ 10,091</u>	<u>\$ 4,221</u>	<u>\$ (10,287)</u>	<u>\$ 56,633</u>	<u>\$ 35,771</u>	<u>\$ 17,996</u>	<u>\$ 977,522</u>

Note: The Town implemented the requirements of GASB 34 in 2004 and will continue to present data up to the required 10 years.

(Concluded)

**TOWN OF EAST GREENWICH
FUND BALANCES, GOVERNMENTAL FUNDS
LAST SEVEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

Exhibit 3

	Fiscal Year						
	2010	2009	2008	2007	2006	2005	2004
General Fund							
Reserved							
Reserved for contingency	\$ 210,000	\$ 210,000	\$ 210,000	\$ 210,000	\$ 400,000	\$ -	-
Reserved for prepaids	29,077	288,675	101,868	-	104,394	-	45,683
Reserved for encumbrances	-	-	-	-	-	-	160,999
Unreserved:							
Designated for capital reserve vehicles	595,145	595,145	963,410	1,324,100	1,529,949	1,695,339	-
Designated for other improvements	436,638	444,327	1,082,424	648,529	345,611	245,420	-
Unreserved	4,445,470	2,622,685	1,988,024	2,937,042	3,237,463	3,168,705	5,129,192
Total general fund	<u>\$ 5,716,330</u>	<u>\$ 4,160,832</u>	<u>\$ 4,345,726</u>	<u>\$ 5,119,671</u>	<u>\$ 5,617,417</u>	<u>\$ 5,109,464</u>	<u>\$ 5,335,874</u>
School Unrestricted Fund							
Reserved							
Reserved for healthcare	\$ 225,372	\$ 259,900	\$ 221,172	\$ -	\$ -	\$ -	\$ -
Reserved for settlements	-	-	-	-	-	40,000	-
Reserved for capital projects	-	-	-	-	-	300,024	-
Reserved for prepaids	314,355	-	438,265	373,926	83,623	77,873	77,053
Reserved for inventory	-	-	-	-	-	-	7,345
Reserved for encumbrances	-	-	-	-	-	-	179,174
Unreserved:							
Designated for other improvements	100,000	100,000	100,000	-	-	-	-
Unreserved	777,524	360,374	83,893	2,070	416,823	309,077	629,402
Total school unrestricted fund	<u>\$ 1,417,251</u>	<u>\$ 720,274</u>	<u>\$ 843,330</u>	<u>\$ 375,996</u>	<u>\$ 500,446</u>	<u>\$ 726,974</u>	<u>\$ 892,974</u>
School Bond 52m Capital Fund							
Unreserved	16,700,799	7,939,707	-	-	-	-	-
Total School Bond 52m Capital Fund	<u>\$ 16,700,799</u>	<u>\$ 7,939,707</u>	<u>\$ -</u>				
School Renovations Fund							
Reserved							
Reserved for capital projects	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 56,024	-
Reserved for encumbrances	-	-	-	-	-	-	554,948
Unreserved	-	-	-	-	-	5,768,232	6,400,607
Total School Renovations Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,824,256</u>	<u>\$ 6,955,555</u>
Capital Projects Fund							
Unreserved	-	-	-	-	3,667,115	-	-
Total Capital Projects Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,667,115</u>	<u>\$ -</u>	<u>\$ -</u>
Non-Major Governmental Funds							
Reserved							
Reserved by trust agreements	\$ 218,586	\$ 215,288	\$ 240,495	\$ 297,548	\$ -	\$ -	-
Reserved for inventory	5,303	11,201	9,313	15,601	17,559	-	-
Reserved for prepaids	-	5,847	-	-	-	-	-
Reserved for encumbrances	-	-	-	-	-	-	35,767
Unreserved, reported in:							
Capital Projects Funds	1,843,824	6,844,984	5,931,848	1,274,643	227,961	201,399	164,421
Permanent Funds	-	-	-	-	288,272	276,626	265,062
Special Revenue Funds	1,706,748	1,617,191	1,467,074	1,429,856	1,267,518	1,380,104	837,315
Total non-major governmental funds	<u>\$ 3,774,461</u>	<u>\$ 8,694,511</u>	<u>\$ 7,648,730</u>	<u>\$ 3,017,648</u>	<u>\$ 1,801,310</u>	<u>\$ 1,858,129</u>	<u>\$ 1,302,565</u>

Note: The Town implemented the requirements of GASB 34 in 2004 and will continue to present data up to the required 10 years.

TOWN OF EAST GREENWICH
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST SEVEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

Exhibit 4

	Fiscal Year						
	2010	2009	2008	2007	2006	2005	2004
Revenues							
General property tax	\$ 41,561,575	\$ 39,757,548	\$ 37,755,081	\$ 34,936,384	\$ 34,525,136	\$ 32,873,170	\$ 31,150,423
Intergovernmental and departmental revenues	7,159,798	6,957,190	6,375,848	5,572,917	6,010,198	6,259,685	6,326,886
License and permits	1,233,467	1,064,372	1,155,158	1,228,883	1,475,274	1,287,500	1,187,697
Fines and interest on late payments	164,840	234,271	186,159	143,619	138,690	171,336	-
Interest on investments	89,386	94,635	204,322	353,610	269,296	194,009	83,578
Other revenues	1,446,143	1,999,295	2,187,885	2,364,183	1,538,050	1,332,477	1,822,049
Total revenues	<u>51,655,209</u>	<u>50,107,311</u>	<u>47,864,453</u>	<u>44,599,596</u>	<u>43,956,644</u>	<u>42,118,177</u>	<u>40,570,633</u>
Expenditures							
Current:							
Legislative, judicial and general administrative	3,002,019	3,153,800	3,147,094	\$ 3,006,065	2,810,819	3,019,306	2,365,797
Financial administration	499,059	498,266	486,637	453,747	434,951	418,003	367,226
Information technology	329,333	347,956	279,149	258,937	246,951	-	-
Public safety	3,606,847	3,458,574	3,684,137	3,513,905	3,244,210	2,911,557	3,084,875
Public works	2,793,583	2,903,501	2,537,042	2,428,387	2,352,814	2,361,295	2,509,608
Public Health and Welfare	457,285	474,880	715,504	809,787	725,611	808,418	157,651
Parks and recreation	557,343	542,383	121,236	138,963	128,370	134,445	577,570
Town planner	191,610	190,516	185,712	182,181	168,074	282,993	168,139
Senior and human services	229,342	245,204	228,993	193,227	190,719	183,352	-
Education	33,760,544	34,417,055	32,604,632	31,097,374	29,642,890	28,535,002	27,641,219
Library	467,175	467,175	455,775	434,071	417,376	396,399	372,676
Land trust	4,600	-	30,828	14,532	1,627	13,826	-
Other	-	28,342	96,603	124,707	116,804	122,397	534,955
Capital	20,972,534	10,314,538	6,924,789	3,747,244	4,151,237	2,170,962	2,297,927
Debt service:							
Principal	10,940,000	1,940,000	1,840,000	970,000	995,000	1,275,000	1,299,186
Interest	1,054,545	604,260	587,889	322,383	362,159	399,525	169,312
Other expenditures	-	-	2,150	2,100	3,781	22,100	11,156
Total expenditures	<u>78,865,819</u>	<u>59,586,450</u>	<u>53,928,170</u>	<u>47,697,610</u>	<u>45,993,393</u>	<u>43,052,580</u>	<u>41,557,297</u>
Excess of revenues over (under) expenditures before other financing sources (uses)	<u>(27,210,610)</u>	<u>(9,479,139)</u>	<u>(6,063,717)</u>	<u>(3,098,014)</u>	<u>(2,036,749)</u>	<u>(934,403)</u>	<u>(986,664)</u>
Other financing sources (uses)							
Issuance of debt	33,000,000	18,240,000	9,600,000	-	-	9,600,000	9,774,400
BAN premium proceeds	304,127	-	-	-	-	-	-
Transfers from other funds	30,032,915	31,291,902	28,582,517	27,433,721	26,345,824	25,446,196	26,405,317
Transfers to other funds	(30,032,915)	(31,291,902)	(28,582,517)	(27,408,680)	(26,345,824)	(25,446,196)	(27,363,155)
Total other financing sources (uses)	<u>33,304,127</u>	<u>18,240,000</u>	<u>9,600,000</u>	<u>25,041</u>	<u>-</u>	<u>9,600,000</u>	<u>(957,838)</u>
Net change in fund balances	6,093,517	8,760,861	3,536,283	(3,072,973)	(2,036,749)	8,665,597	(1,944,502)
Fund balances - beginning	-	12,837,786	8,513,315	11,586,288	13,518,823	14,486,968	6,657,070
Prior period adjustments	-	(83,323)	788,188	-	104,214	(33,742)	-
Fund balances - ending	<u>\$ 6,093,517</u>	<u>\$ 21,515,324</u>	<u>\$ 12,837,786</u>	<u>\$ 8,513,315</u>	<u>\$ 11,586,288</u>	<u>\$ 23,118,823</u>	<u>\$ 4,712,568</u>
Debt service as a percentage of noncapital expenditures	<u>26.13%</u>	<u>5.44%</u>	<u>5.45%</u>	<u>3.03%</u>	<u>3.35%</u>	<u>4.27%</u>	<u>3.89%</u>

Note: The Town implemented the requirements of GASB 34 in 2004 and will continue to present data up to the required 10 years.

TOWN OF EAST GREENWICH

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
UNAUDITED

Exhibit 5

Fiscal Year	REAL PROPERTY		PERSONAL PROPERTY		TOTAL		Total Direct Tax Rate	Ratio of Total Assessed Value to Total Estimated Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
2001	907,221,877	926,783,150	125,647,292	155,507,975	1,032,869,169	1,082,291,125	26.38	95.43%
2002	926,948,502	946,025,670	123,505,096	161,761,740	1,050,453,598	1,107,787,410	27.12	94.82%
2003	952,035,031	971,164,940	119,773,257	166,330,031	1,071,808,288	1,137,494,971	27.14	94.23%
2004	1,656,109,702	1,698,166,135	129,547,903	177,504,167	1,785,657,605	1,875,670,302	17.68	95.20%
2005	1,682,891,427	1,726,858,715	126,633,488	174,791,008	1,809,524,915	1,901,649,723	18.35	95.16%
2006	1,732,551,743	1,773,579,875	138,876,212	192,611,780	1,871,427,955	1,966,191,655	18.74	95.18%
2007	2,539,740,260	2,619,166,280	147,873,277	210,263,290	2,687,613,537	2,829,429,570	13.80	94.99%
2008	2,586,013,339	2,669,036,190	151,455,900	215,802,125	2,737,469,239	2,884,838,315	14.38	94.89%
2009	2,619,904,759	2,704,309,590	150,203,612	215,813,070	2,770,108,371	2,920,122,660	14.76	94.86%
2010	2,324,960,270	2,408,085,400	142,421,444	130,387,443	2,467,381,714	2,538,472,843	17.12	97.19%

**TOWN OF EAST GREENWICH
PROPERTY TAX RATES
(PER \$1000 OF ASSESSED VALUE)
LAST TEN FISCAL YEARS
UNAUDITED**

Exhibit 6

Fiscal Year		General Fund	Fiscal Year		General Fund
2001	Real Estate Residential	26.79	2006	Real Estate Residential	18.33
	Motor Vehicles	22.88		Motor Vehicles	22.88
	Tangible	26.79		Tangible	18.33
	Inventory	18.96		Inventory	7.11
2002	Real Estate Residential	27.59	2007	Real Estate Residential	12.86
	Motor Vehicles	22.88		Motor Vehicles	22.88
	Tangible	27.59		Tangible	12.86
	Inventory	16.59		Inventory	4.74
2003	Real Estate Residential	27.58	2008	Real Estate Residential	13.54
	Motor Vehicles	22.88		Motor Vehicles	22.88
	Tangible	27.58		Tangible	13.54
	Inventory	14.22		Inventory	2.37
2004	Real Estate Residential	17.14	2009	Real Estate Residential	16.64
	Motor Vehicles	22.88		Motor Vehicles	22.88
	Tangible	17.14		Tangible	16.64
	Inventory	11.85			
2005	Real Estate Residential	17.91	2010	Real Estate Residential	17.25
	Motor Vehicles	22.88		Motor Vehicles	22.88
	Tangible	17.91		Tangible	17.25
	Inventory	9.48			

Note: Taken from annual certified tax role

**TOWN OF EAST GREENWICH
PRINCIPAL TAXPAYERS
JUNE 30, 2010
UNAUDITED**

Exhibit 7

<u>Taxpayer</u>	<u>Type of Business</u>	<u>(1) Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Edens & Avant Financing Ltd.	Real Estate	22,195,900	0.85%
St. Elizabeth Development	Nursing	20,999,000	0.81%
Stanley-Bostich Inc.	Manufacturer	15,078,200	0.58%
Valley Place Office Park	Medical Offices	17,092,800	0.66%
Cove Homes	Elderly Housing	8,367,200	0.32%
CNL Retirement LP	Real Estate	7,895,900	0.30%
Esmond Realty Corp	Shopping Center	7,162,700	0.27%
SBN Reo LLC	Medical Offices	6,856,900	0.26%
Narragansett Electric Company	Utilities	6,700,900	0.26%
Patriot Commons LLC	Office Park	6,545,200	0.25%
		<u>\$ 118,894,700</u>	<u>4.56%</u>
Total assessed valuation (gross)		<u><u>\$ 2,606,011,635</u></u>	

(1) Source tax assessors office

Note: Information for prior nine years was not available

**TOWN OF EAST GREENWICH
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Exhibit 8

Fiscal Year	Taxes Levied for the Tax Year	Current Year Tax Collections	Percent of Levy Collected	Collections in Subsequent Years	Total Collections to Date	
					Amount	Percentage of Levy
2001	27,377,100	25,989,130	94.93%	1,308,739	27,297,869	99.71%
2002	28,667,338	27,523,820	96.01%	1,078,016	28,601,836	99.77%
2003	29,338,936	28,301,902	96.47%	956,816	29,258,718	99.73%
2004	31,085,500	30,034,280	96.62%	972,470	31,006,750	99.75%
2005	32,902,972	31,978,115	97.19%	852,319	32,830,434	99.78%
2006	34,571,313	33,649,074	97.33%	830,539	34,479,613	99.73%
2007	35,290,852	34,074,641	96.55%	1,070,681	35,145,322	99.59%
2008	37,726,180	36,636,049	97.11%	1,098,698	37,734,747	100.02%
2009	39,575,719	38,591,813	97.51%	951,505	39,543,318	99.92%
2010	41,524,344	40,155,545	96.70%	1,027,942	41,183,487	99.18%

Note: This information is taken from the tax collectors report.

**TOWN OF EAST GREENWICH
RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE
AND NET BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS**

Exhibit 9

Fiscal Year	Governmental Activities			Business-Type Activities		Total Primary Government	Population	Personal Income	Per Capita ¹	Total Debt per Personal Income
	General Obligation Bonds	Bond Anticipation Notes	Capital Leases	General Obligation Bonds	Notes Payable					
2001	6,330,000	-	165,176	-	8,500,000	14,995,176	*	*	*	*
2002	5,790,000	-	117,071	-	8,052,632	13,959,703	*	*	*	*
2003	4,155,000	-	15,929	-	18,705,264	22,876,193	*	*	*	*
2004	12,679,033	-	-	-	18,252,896	30,931,929	*	*	*	*
2005	11,396,005	-	118,113	-	17,345,707	28,859,825	*	*	*	*
2006	10,392,977	-	59,981	-	16,422,031	26,874,989	*	*	*	*
2007	9,429,873	-	293,832	-	23,086,586	32,810,291	*	*	*	*
2008	17,080,000	3,900,000	216,583	-	22,139,078	43,335,661	11,865	582,192	3,652.39	74.44
2009	24,380,000	9,000,000	33,333	6,000,000	20,857,215	60,270,548	13,293	652,261	4,534.01	92.40
2010	22,440,000	33,000,000	-	5,800,000	25,019,939	86,259,939	13,648	652,261	6,320.34	132.25

* Information unavailable as of date of report

Note: Details regarding the Town's outstanding debt can be found in the notes to the financial statements

¹ See the Schedule of Demographics and Economic Statistics for population data

**TOWN OF EAST GREENWICH
COMPUTATION OF LEGAL DEBT MARGIN
LAST FIVE FISCAL YEARS**

Exhibit 10

Legal Debt Margin Calculation for the Fiscal Year 2010

Assessed Value (net)	\$ 2,467,381,714
Debt Limit 3% of Assessed Value	74,021,451
<i>Debt Applicable to Limit:</i>	
Total Bonded Debt	28,240,000
 Legal Debt Margin	 \$ 45,781,451

	2010	2009	2008	2007	2006
Debt Limit	\$ 74,021,451	\$ 83,103,251	\$ 82,124,077	\$ 81,206,687	\$ 56,142,839
Total net debt applicable to limit	28,240,000	30,380,000	17,080,000	9,320,000	10,270,000
Legal debt margin	\$ 45,781,451	\$ 52,723,251	\$ 65,044,077	\$ 71,886,687	\$ 45,872,839
Total net debt applicable to the limit as a percentage of the debt limit	38.15%	36.56%	20.80%	11.48%	18.29%

Note: Information for prior five years was not available

**TOWN OF EAST GREENWICH
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES
LAST TEN FISCAL YEARS**

Exhibit 11

Fiscal Year	Principal	Interest	Total Debt Service	Total General Expenditures (1)	Ratio of Annual Ratio of Annual Debt Service to Total General Estimated
2001	1,545,000	343,815	1,888,815	32,750,271	5.77%
2002	1,540,000	318,995	1,858,995	35,418,533	5.25%
2003	1,736,142	136,283	1,872,425	37,261,519	5.03%
2004	1,299,186	169,312	1,468,498	41,557,297	3.53%
2005	1,275,000	399,525	1,674,525	43,052,580	3.89%
2006	995,000	362,159	1,357,159	45,993,393	2.95%
2007	970,000	322,383	1,292,383	47,697,610	2.71%
2008	1,840,000	587,889	2,427,889	53,928,170	4.50%
2009	1,940,000	604,260	2,544,260	59,586,450	4.27%
2010	1,940,000	875,046	2,815,046	54,626,911	5.15%

(1) Includes General, School Unrestricted, and all Non-Major Funds

**TOWN OF EAST GREENWICH
PRINCIPAL EMPLOYERS
JUNE 30, 2010
UNAUDITED**

Exhibit 12

Name	Type of Business	Number of Employees		Percentage of Total Town Employment		Number of Employees		Number of Employees		Number of Employees		Number of Employees	
		2010	2009	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Stanley Bostich, Inc	Manufacturing	200	550	3.43%	9.44%	*	*	*	*	*	*	*	*
Town of East Greenwich	Government	463	488	7.95%	8.38%	*	*	*	*	*	*	*	*
Infor Distribution Essentials	Commerce Management	225	225	3.86%	3.86%	*	*	*	*	*	*	*	*
Berkshire Construction Services, Inc.	Construction	200	200	3.43%	3.43%	*	*	*	*	*	*	*	*
Saint Elizabeth Home	Nursing Home	185	200	3.18%	3.43%	*	*	*	*	*	*	*	*
On Semiconductor Corp.	Manufacturing	110	110	1.89%	1.89%	*	*	*	*	*	*	*	*

*Information unavailable as of date of report

**EAST GREENWICH PUBLIC SCHOOLS
MISCELLANEOUS STATISTICS
JUNE 30, 2010
UNAUDITED**

Exhibit 13

BUILDINGS

Administration	1
Maintenance	0
Elementary Schools	4
Middle School	1
High School	1
Total	<u>7</u>

STUDENTS

	<u>K-6</u>	<u>Middle</u>	<u>High</u>	<u>Total</u>
2010	1223	419	760	2402
2009	1187	405	784	2376
2008	1180	417	789	2386
2007	1185	422	778	2385
2006	1243	433	793	2469
2005	1270	450	711	2431
2004	1320	464	666	2450
2003	1348	415	674	2437
2002	1372	397	662	2431
2001	1302	421	680	2403

Administrative

Certified Staff:

Instructional	150
School Management	14
ESL	1
Occupational Therapists	3
Speech & language	5
Special Education	39
Other (Librarians, Counselors, Nurses, etc.)	23
Total Certified Staff	<u>235</u>

Non- Certified Staff

Secretary and Clerical	25
Building and Maintenance	23
Teacher Assistants	52
Technicians	2
Attendance Officer	1
	<u>103</u>

Total FTE's	<u><u>338</u></u>
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Data collected from School Department

**TOWN OF EAST GREENWICH
MISCELLANEOUS STATISTICS
JUNE 30, 2010
UNAUDITED**

Exhibit 14

Founded	1644	Police Protection	
Town Incorporation	1677	Buildings	1
		Employees:	
		Law Enforcement	32
Type of Government	Council / Town Manager	Civilian	8
		Community Service Officers	15
Fiscal Year begins	July 1		
		Recreation	
Population	Official US Census	Natural Parks	5
	1950	Playgrounds	12
	1960	Ball Diamonds	
	1970	Hard Ball	3
	1980	Soft Ball	3
	1990	Multi-purpose fields	14
	2000		
		Inline Rink	1
Area of Town	16.7 square miles	Skating Arenas	1
Land Area	16.6 square miles	Basketball Courts	6
		Walking Paths	1
		Running Tracks	1
Miles of Streets		Tennis Courts	12
Local Paved	80		
State Paved	11	Historical Cemeteries	85
Elections - November 2008		Municipal Buildings	
Registered Voters	10,210	Town Hall	1
Number of Votes Cast	7,671	Public Works Garage	1
Percentage Voting	75%	Parks & Recreation	3
Fire Protection		Other Municipal Employees:	
# Fire Stations	2	Directors and admin	11
Employees : Uniformed	38	Other municipal full-time	62
		Part time	51
Library			
Full Time Employees	5		
Part Time Employees	12		
Town Unemployment Rate:	10.09%		

Note: Data collected from various Town departments

**TOWN OF EAST GREENWICH
FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS**

Exhibit 15

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Function										
General Government	*	*	*	*	*	*	*	22	22	22
Public Safety										
Police										
Officers	*	*	*	*	*	*	*	30	29	32
Civilians	*	*	*	*	*	*	*	8	8	8
Parks	*	*	*	*	*	*	*	11	11	10
Public Works	*	*	*	*	*	*	*	23	23	24
Senior Services	*	*	*	*	*	*	*	5	5	4
Sewer	*	*	*	*	*	*	*	1	1	5
Total	<u>*</u>	<u>100</u>	<u>99</u>	<u>105</u>						

* Information unavailable as of date of report

Source: Finance Department

**TOWN OF EAST GREENWICH
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS**

Exhibit 16

Function	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Public Safety										
Police:										
Stations	*	*	*	*	*	*	*	1	1	1
Patrol units	*	*	*	*	*	*	*	30	29	32
Fire Stations	*	*	*	*	*	*	*	2	2	2
Highways and Streets										
Streets (miles)	*	*	*	*	*	*	*	80	80	80
Culture and recreation										
Parks	*	*	*	*	*	*	*	4	4	5
Skating Arenas	*	*	*	*	*	*	*	1	1	1
Tennis Courts	*	*	*	*	*	*	*	12	12	12
Ball Diamonds	*	*	*	*	*	*	*	5	5	6
Playgrounds	*	*	*	*	*	*	*	12	12	12
Basketball Courts	*	*	*	*	*	*	*	6	6	6
Running Tracks	*	*	*	*	*	*	*	1	1	1

* Information unavailable as of date of report
Sources: Various government departments

**TOWN OF EAST GREENWICH
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

Exhibit 17

Function	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Police										
Physical Arrests	*	*	*	*	*	*	*	380	331	439
Parking Violations	*	*	*	*	*	*	*	971	1,112	902
Traffic Violations	*	*	*	*	*	*	*	1,620	1,126	2,619
Highway and Street										
Street Resurfacing (miles)	*	*	*	*	*	*	*	4.50	3.00	3.00
Sanitation										
Refuse Collected (tons/day)	*	*	*	*	*	*	*	13.44	11.83	12.07
Paper Recyclables Collected (tons/day)	*	*	*	*	*	*	*	1.77	1.79	2.89
Mixed Recyclables Collected (tons/day)	*	*	*	*	*	*	*	3.09	3.03	1.91
Wastewater										
Average Daily Sewage Treatment (thousands of gallons)	*	*	*	*	*	*	*	974	1,080	1,240

* Information unavailable as of date of report
Sources: Various government departments

**TOWN OF EAST GREENWICH
DEMOGRAPHIC AND ECONOMIC STATISTICS
UNAUDITED
LAST TEN FISCAL YEARS**

Exhibit 18

Fiscal Year Ended June 30	Population ¹	Median Family Income ¹	Median Home Price ¹	Personal Income ² (amounts expressed in thousands)	Per Capita Personal Income ²	Median Age ²	School Enrollment ³	Unemployment Rate ⁴
2001	*	*	*	*	*	*	2,403	*
2002	*	*	*	*	*	*	2,431	*
2003	*	*	*	*	*	*	2,437	*
2004	*	*	*	*	*	*	2,450	*
2005	*	*	*	*	*	*	2,431	*
2006	*	*	*	*	*	*	2,469	*
2007	*	*	*	*	*	*	2,385	*
2008	11,865	85,620	475,000	582,192	49,068	40.5	2,386	7.10%
2009	13,293	79,691	463,750	652,261	49,068	41.30	2,376	10.06%
2010	13,648	79,691	450,000	652,261	49,068	40.50	2,402	10.90%

* Information unavailable as of date of report

Data sources

¹ US Census Bureau

² City-Data.com

³ East Greenwich School Department

⁴ Rhode Department of Labor and Training

**TOWN OF EAST GREENWICH
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

Exhibit 19

Fiscal Year	General Obligation Bonds	Percentage of Estimated Actual Value of Property 1	Per Capita 2
2010	28,240,000	2,538,472,843	1.11%
2009	24,380,000	2,770,108,371	0.88%
2008	17,080,000	2,737,469,239	0.62%
2007	9,429,873	2,687,613,537	0.35%
2006	10,392,977	1,871,427,955	0.56%
2005	11,396,005	1,809,524,915	0.63%
2004	12,679,033	1,785,657,605	0.71%
2003	4,155,000	1,071,808,288	0.39%
2002	5,790,000	1,050,453,598	0.55%
2001	6,330,000	1,032,869,169	0.61%

1 - See the Schedule of Assessed Value and Estimated Value of Taxable Property on page 89 for property value data

2 - See the Schedule of Demographic and Economic Statistics on page 93 for population data

TOWN OF EAST GREENWICH, RHODE ISLAND

SINGLE AUDIT SECTION

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

The Honorable President
and Members of the Town Council
Town of East Greenwich, Rhode Island

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of East Greenwich, Rhode Island, as of and for the year fiscal ended June 30, 2010, and have issued our report thereon dated November 20, 2010. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

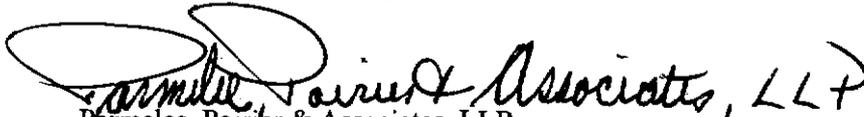
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination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

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matter

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

This report is intended solely for the information and use of management, the Town Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


Parmelee, Poirier & Associates, LLP
November 20, 2010

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB
CIRCULAR A-133**

The Honorable President
and Members of the Town Council
Town of East Greenwich, Rhode Island

Compliance

We have audited the compliance of Town of East Greenwich, Rhode Island, with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2010. The Town of East Greenwich's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Town of East Greenwich's management. Our responsibility is to express an opinion on the Town of East Greenwich's compliance based on our audit.

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 Town'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. Our audit does not provide a legal determination of the Town's compliance with those requirements.

In our opinion, the Town, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Town's internal control over compliance with the requirements that could have a direct and material effect on a major federal program

in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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 Town'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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Town Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


Parmelee, Poirier & Associates, LLP
November 20, 2010

TOWN OF EAST GREENWICH, RHODE ISLAND
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2010

	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
U.S. Department of Agriculture			
Passed through the State of Rhode Island Department of Education			
<i>Child Nutrition Cluster:</i>			
National School Breakfast Program	10.553	N/A	\$ 7,930
National School Lunch Program	10.555	N/A	76,067
Food Donation (Note 4)	10.550	N/A	23,012
Total Passed through State of RI Department of Education			<u>107,009</u>
Passed through the State of Rhode Island Department of Environmental Management			
Wildlife Habitat Incentive Program	10.914	WHIP	76,821
Total U.S. Department of Agriculture			<u>\$ 183,830</u>
U.S. Department of Housing and Urban Development			
Passed through the State of Rhode Island Office of Housing and Community Development			
Community Development Block Grant/States Program	14.228	Various	\$ 168,722
Total U.S. Department of Housing and Urban Development			<u>\$ 168,722</u>
U.S. Department of Justice			
Passed through the State of Rhode Island Department of Justice			
Bulletproof Vest Partnership Program	16.607	ATGF154	\$ 10,696
ARRA - Edward Byrne Memorial Justice Assistance Program Grants to Units of Local Government	16.804	2009-SB-B9-2059	10,516
Total U.S. Department of Justice			<u>\$ 21,212</u>
U.S. Department of Transportation			
Passed-through the State of Rhode Island Department of Transportation			
Federal Aid Highway Program	20.205	N/A	\$ 30,410
Total U.S. Department of Transportation			<u>\$ 30,410</u>
U.S. Department of Education			
Passed-through the State of Rhode Island Department of Education			
Title I Grants to Local Education Agencies	84.010A	2725-11702-001	\$ 77,577
<i>Special Education Cluster:</i>			
Special Education - Grants to States	84.027A	2725-13202-001	483,842
Special Education - Preschool Grants	84.173A	2725-13502-001	13,556
ARRA - Special Education - Grants to States	84.391	4572-10202-001	248,759
ARRA - Special Education - Preschool Grants	84.392	4572-10802-001	6,490
Safe and Drug Free Schools and Communities State Grants	84.186A	2725-12602-001	8,032
Improving Teacher Quality State Grants	84.367A	2725-16402-001	85,472
ARRA -State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	4572-10502-001	98,572
Passed-through the State of Rhode Island Department of Education and the Warwick School Department			
Career and Technical Education - Basic Grants to States	84.048A	10-2725-15302-35-01	9,156
Total U.S. Department of Education			<u>\$ 1,031,456</u>
Corporation for National and Community Service			
Passed-through the State of Rhode Island Department of Education			
Learn & Serve America - School and Community Based Programs	94.004	2725-11002-001	\$ 4,186
Total Corporation for National and Community Service			<u>\$ 4,186</u>
U.S. Department of Homeland Security			
Passed-through the State of Rhode Island Emergency Management Agency			
Disaster Grants - Public Assistance	97.036	N/A	\$ 416,290
Total U.S. Department of Homeland Security			<u>\$ 416,290</u>
Total Federal Expenditures			<u>\$ 1,856,106</u>

TOWN OF EAST GREENWICH, RHODE ISLAND
Schedule of Findings and Questioned Costs
For The Fiscal Year Ended June 30, 2010

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness (es) identified? yes X no

Significant deficiency (ies) identified that are not considered to be material weaknesses? yes X none reported

Non-compliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

Material weakness (es) identified? yes X no

Significant deficiency (ies) identified that are not considered to be material weakness (es)? yes X none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB circular A-133? yes X no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
	<i>Special Education Cluster:</i>
84.027	Special Education – Grants to States
84.173	Special Education – Preschool Grants
84.391	ARRA – Special Education – Grants to States
84.392	ARRA – Special Education – Preschool Grants
84.394	ARRA – State Fiscal Stabilization (SFSF) – Education State Grants, Recovery Act
97.036	Disaster Grants – Public Assistance

Dollar threshold used to distinguish between Type A and Type B programs: \$ 300,000

Auditee qualified as low risk auditee? X yes no

SECTION II – FINANCIAL STATEMENT FINDINGS yes X none

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS yes X none

TOWN OF EAST GREENWICH, RHODE ISLAND
Schedule of Findings and Questioned Costs
For The Fiscal Year Ended June 30, 2010
(Continued)

SECTION II – FINDINGS RELATING TO THE FINANCIAL STATEMENT AUDIT AS REQUIRED TO BE REPORTED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

A. Significant Deficiency in Internal Control

None Reported.

B. Compliance

None Reported.

PRIOR YEAR FINDINGS:

2009-1

Condition

Prepaid deposits and related expense adjustments for West Bay Community Health (WBCH), which were on hand at Blue Cross, were not properly stated as of the balance sheet date. Status: This finding was cleared in fiscal year 2010.

2009-2

Condition

The internal control process for identifying fixed asset additions is not capturing all fixed assets to be capitalized. Status: This finding was cleared in fiscal year 2010.

TOWN OF EAST GREENWICH, RHODE ISLAND
Schedule of Findings and Questioned Costs
For The Fiscal Year Ended June 30, 2010
(Continued)

SECTION III – FINDINGS AND QUESTIONED COST FOR FEDERAL AWARDS

A. Findings

None Reported

B. Questioned Costs

None Reported

TOWN OF EAST GREENWICH, RHODE ISLAND
Notes to Schedule of Expenditures of Federal Awards
June 30, 2010

1. **General** - The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal programs of the Town of East Greenwich, Rhode Island.
2. **Basis of Accounting** - The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting.
3. **Determination of Type A, Type B and Major Programs** - The determination of Type A and Type B federal programs was based upon the expenditures for all federal programs for the Town of East Greenwich, Rhode Island. As such, the threshold for determining Type A vs. Type B programs is determined at the entity level. For the fiscal year-ended June 30, 2010, grants with expenditures exceeding \$300,000 were determined to be Type A programs and all other grants were considered Type B programs. The following programs were considered major programs:

<u>CFDA #</u>	<u>Program Name</u>
	<i>Special Education Cluster:</i>
84.027	Special Education – Grants to States
84.173	Special Education – Preschool Grants
84.391	ARRA – Special Education – Grants to States
84.392	ARRA – Special Education – Preschool Grants
84.394	ARRA – State Fiscal Stabilization (SFSF) – Education State Grants, Recovery Act
97.036	Disaster Grants – Public Assistance

4. **Non-Cash Assistance**

U.S.D.A. Contributions: The United States Department of Agriculture makes available commodities for donations to schools. The amount of \$23,012 represents the market value of such commodities used during the period.