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***TOWN OF WEST WARWICK***

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***COMPREHENSIVE ANNUAL  
FINANCIAL REPORT***

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

***James H. Thomas  
Town Manager***

***Malcolm A. Moore  
Finance Director***

***Prepared by: Finance Department***

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***WEST WARWICK, RHODE ISLAND***

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

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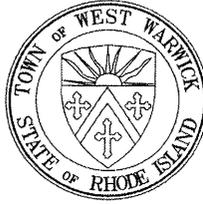
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## **INTRODUCTORY SECTION**

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 WEST WARWICK**

Town Hall • 1170 Main Street  
West Warwick, Rhode Island 02893-40829  
Phone: (401) 822-9216 Fax: (401) 822-9263  
E-Mail: [mmoore@westwarwickri.org](mailto:mmoore@westwarwickri.org)  
[www.westwarwickri.org](http://www.westwarwickri.org)

February 15, 2011

To: Citizens of West Warwick, Rhode Island  
West Warwick Town Council  
West Warwick Town Manager

The comprehensive annual financial report of the Town of West Warwick, Rhode Island for the fiscal year ended June 30, 2010, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to fairly present the financial position and results of operations of the various funds of the Town of West Warwick. The reader should see the following Managements Discussion & Analysis section of this report in order to gain a broader understanding of the Town and its activities.

The independent audit of the financial statements of the Town of West Warwick, Rhode Island included in section IV was part of broader, federal and state "Single Audits" designed to meet the special needs of the federal and state grantor agencies. The standards governing the Federal and State Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal and state awards.

**THE TOWN OF WEST WARWICK**

In February 1994, the Town of West Warwick adopted a Home Rule Charter that provides for a Council/Town Manager form of government with the Town Manager as head of the administrative branch of government. The superintendent of Schools and a five member School Committee oversee the operation of the public school system.

The Town of West Warwick's municipal government provides a full range of services including education, police and fire, planning, zoning, construction and maintenance of highways, streets, storm and sanitary sewers and infrastructure, social services, parks and recreational activities and cultural activities. Approximately 800 full-time municipal employees provide services to a community of 8.2 square miles and 29,581 residents.

The Town of West Warwick was incorporated as a Town in 1913. It is located about eleven miles south of the City of Providence and is bounded by the City of Cranston on the north, the City of Warwick on the east, by the Town of East Greenwich on the south and the Town of Coventry on the west.

The Town of West Warwick is a residential community with considerable industry. Villages in the Town developed very early as industrial and textile centers. Progress has been made in industrial diversification, with several larger former textile mills converted to multiple tenancies by smaller, newer businesses. Only two of the top twenty taxpayers in the Town are in the textile business. The Town has good transportation facilities and an abundant water supply.

## **LOCAL ECONOMIC CONDITIONS AND OUTLOOK**

The economic outlook for the Town of West Warwick, along with the State of Rhode Island has slowed substantially. West Warwick is considered to be a densely populated community with its 8 square miles of land and a population of 30,000 residents. The long range planning effort of the current administration calls for a more diverse population from its current trend of 65% low to moderate income residents and 35% above low to moderate.

The Town Council recognizes the benefit of a diversified Commercial/Industrial tax base and support economic development efforts which will broaden the tax base. During the past twelve months the Town received an analysis for Local Economic Development Strategies from the Harvard Kennedy School of Government. This study included a SWOT analysis (Strengths Weakness Opportunity Threats) which included many recommendations to create economic development projects. Although the \$150 million hotel/indoor/outdoor water park resort which will reside in the Business Park off Interstate 95 with great visibility has not come about we are still optimistic this may still be a reality in the future.

The Administration is working closely with the State of Rhode Island Legislative leadership, to ensure all financial avenues are being considered in supporting economic development opportunities related to our ethnic diverse population. The Town has developed master plans for our downtown business district which emphasizes the present of the Arctic Village historical character. Discussion has centered around expanding the commercial development of the downtown with goods and services which would allow for residents to support local businesses.

The Town currently is investing \$5 million in repaving and upgrading local roads and storm water projects. The need for additional capital dollars supporting our infrastructure will require substantial investment going forward. The community is nearing its centennial celebration which will allow for a focused review of our future capital needs.

West Warwick's biggest concern relates to the affordability of a quality educational system. The Administration has commissioned a review of the school operations as we try to address long range strategic planning objectives. The Superintendent of Schools and the Town Manager have engaged in lengthy conversations relating to consolidation of administrative functions which are compatible to both school and administrative responsibilities.

The Administration continues to be concerned with high property tax rates and their affect on marketing West Warwick as an affordable community for young families or retirees. Our property tax structure takes into consideration the individual impacts of residential verses commercial and industrial properties. The Town Council adopted a tax policy which allows for market adjustments and tax classifications for property groupings ensuring a more equitable property tax distribution formula.

The amount of State aid for both the municipal and school operations has been reduced substantially in year FY 2010, and projected revenue shortfalls on the state level are unsettling as more state aid may be cut to narrow the estimated \$2 Billion dollar shortfall the state anticipates over the next four years.

West Warwick's future is at the crossroads as it tries to develop new strategies which will provide its citizens the kind of responsive and affordable government in coming years. The current administration has taken on a conservative fiscal approach to the growth in government, consolidation of departments and creating efficiencies which will allow for fewer employees.

During the past twenty – four months more than 10% of the workforce has either been reduced through attritions or a reduction in force. It will be necessary to reduce the workforce by an additional 10% in the next fiscal year or develop new revenues sources. The Town Council has demonstrated a clear vision to minimize property tax increases thereby forcing a re-inventing of all municipal operations. The administration is committed to evaluating all options which include pay freezes, reduction–in force, pension reform, and health care which is affordable for the municipal employees.

Fiscal strategic planning of the costs relating to labor contracts has become the standard which has been overlooked in the past. All decisions will be made with a fiscal note attached to ensure both elected and appointed officials understand the financial impact for today as well as tomorrow. We are also costing out pension reform as we look to OPEB liability going forward.

To weather the current recession it will be in the best interest of both management and labor to engage in conversations regarding the future on a quarterly basis rather than past practice of once every three years. The same can be said of relationships with the School District Administration and School Committee. The past practice of the Town Administration picking up a higher annual percentage cost for education can no longer be sustained under the current financial strain being placed on the residents.

Finally, the floods of March 16 -17 and March 29-31 had a devastating impact on both residential homes and commercial businesses. The amount of flooding exceeded water measurements beyond anything the town had seen or had historical records for the past 100 years. The Town’s Waste Water Sewer plant was over-run with water and caused more than \$10 million in damages. The costs to rebuild the waste water treatment plant were covered by a separate insurance policy. We are currently working with State and Federal officials to assist businesses in rebuilding their damaged property.

The Administration is optimistic about our future as we plan for our Centennial Celebration in 2013. We will continue to support concepts of teamwork and communication with the school district, the business community, and the residents as we plan for our future.

**ECONOMIC CHARACTERISTICS**

**Population**

Ranked tenth in population among the thirty-nine cities and towns in State, the Town's 2000 population was 29,581, according to the U.S. census of that year.

|      | <u>Town</u>       | <u>% Change</u> | <u>State</u>      | <u>% Change</u> |
|------|-------------------|-----------------|-------------------|-----------------|
|      | <u>Population</u> |                 | <u>Population</u> |                 |
| 2000 | 29,581            | 1.1%            | 1,048,319         | 4.5%            |
| 1990 | 29,268            | 7.7             | 1,003,464         | 5.6             |
| 1980 | 27,026            | 10.0            | 947,154           | 0.3             |
| 1970 | 24,323            | 12.0            | 949,723           | 9.5             |
| 1960 | 21,414            | 10.8            | 859,488           | 7.9             |
| 1950 | 19,096            | 4.8             | 791,896           | 10.0            |
| 1940 | 18,188            | 2.7             | 713,346           | 3.6             |
| 1930 | 17,696            | 12.6            | 687,497           | 12.1            |

Source: U.S. Bureau of the Census, 2000.

## Income Levels

The following table lists the per capita and median family income according to the 2000 U.S. Census.

|               | <u>Per Capita</u> | <u>Median Family</u> |
|---------------|-------------------|----------------------|
| West Warwick  | \$14,392          | \$48,320             |
| Rhode Island  | 14,981            | 48,100               |
| United States | 14,420            | 35,225               |

Source: U.S. Bureau of the Census, 2000.

## Unemployment

The most recent labor market information summary indicates that annualized unemployment for the years indicated was as shown in the following table:

|                             | <u>Annualized</u> |             |             |             |             |             |             |             |             |             |
|-----------------------------|-------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
|                             | <u>1997</u>       | <u>1998</u> | <u>1999</u> | <u>2000</u> | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> |
| Town of West Warwick .....  | 5.6%              | 5.6%        | 4.7%        | 4.6%        | 4.9%        | 5.2%        | 5.8%        | 5.7%        | 5.7%        | 5.5%        |
| State of Rhode Island ..... | 5.1               | 4.9         | 4.1         | 4.3         | 4.8         | 5.3         | 5.4         | 5.1         | 5.2         | 5.1         |
| United States .....         | 4.9               | 4.5         | 4.2         | 4.0         | 4.7         | 5.8         | 6.0         | 5.5         | 5.1         | 4.6         |

Source: Department of Labor, Bureau of Labor Statistics.

## Employment

Through the 12 months ended December 31, 2008, the Town had 624 private business and industrial firms subject to the payment of employment security taxes. During that period, the average number of persons employed was 13.72. The following is a listing of the various types of industry in the Town covered by the Rhode Island Economic Development Corporation for the 12 months ended December 31, 2008.

|                         | <u>12 Months Ended December 31, 2006</u> |                             |
|-------------------------|--|-----------------------------|
|                         | <u>No. of<br/>Units</u>                  | <u>No. of<br/>Employees</u> |
| Agr., Forestry, Fishing | 12                                       | 38                          |
| Construction            | 95                                       | 391                         |
| All Manufacturing       | 40                                       | 1,838                       |
| Trans., Comm., Utils.   | 18                                       | 1,157                       |
| Wholesale Trade         | 37                                       | 381                         |
| Retail Trade            | 177                                      | 1,566                       |
| Fin., Ins., Real Estate | 55                                       | 1,118                       |
| Service Industries      | <u>190</u>                               | <u>2,073</u>                |
| <b>Total</b>            | <b>624</b>                               | <b>8,562</b>                |

## Housing

According to the 2000 U.S. Census, there were 13,186 housing units in the Town as of April 2000 as compared to 12,488 in 1990. This represents an increase of 698 housing units or 5.6%.

Occupied housing units totaled 12,498 in 2000, an increase of 776 units or 6.6% from the 11,722 occupied units reported in 1990. In 2000, 52% of the occupied housing units were owner-occupied.

## Internal Controls

In developing and evaluating the Town's accounting control system, consideration is given to the adequacy of internal accounting controls. Accounting control comprises the plan of organization, procedures and records that are concerned with the safeguarding of assets and the reliability of financial records and consequently is designed to provide reasonable assurance that:

Transactions are executed in accordance with management's general or specific authorization.

Transactions are recorded as necessary (1) to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria, such as finance – related legal and contractual compliance requirements applicable to such statements, and (2) to maintain accountability of assets.

Access to assets is permitted only in accordance with management's authorization.

The recorded accountability of assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

The definition of accounting control presumes reasonable, but not absolute, assurance that the objectives expressed in it will be accomplished by the system. The concept of reasonable assurance recognizes that the cost of internal controls should not exceed the benefits to be derived. The benefits consist of reductions in the risk of failing to achieve the objectives implicit in the definition of accounting control.

All internal control evaluations occur within the above framework. We believe that the Town's internal accounting control adequately safeguards assets and provides reasonable assurance of proper recording of financial transactions.

#### **GFOA Certificate of Achievement**

The Government Finance Officers Associations of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of West Warwick, Rhode Island for its comprehensive annual financial report for the fiscal years ended June 30, 2009. This was the fifth year that the government applied and received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report 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.

#### **Acknowledgments**

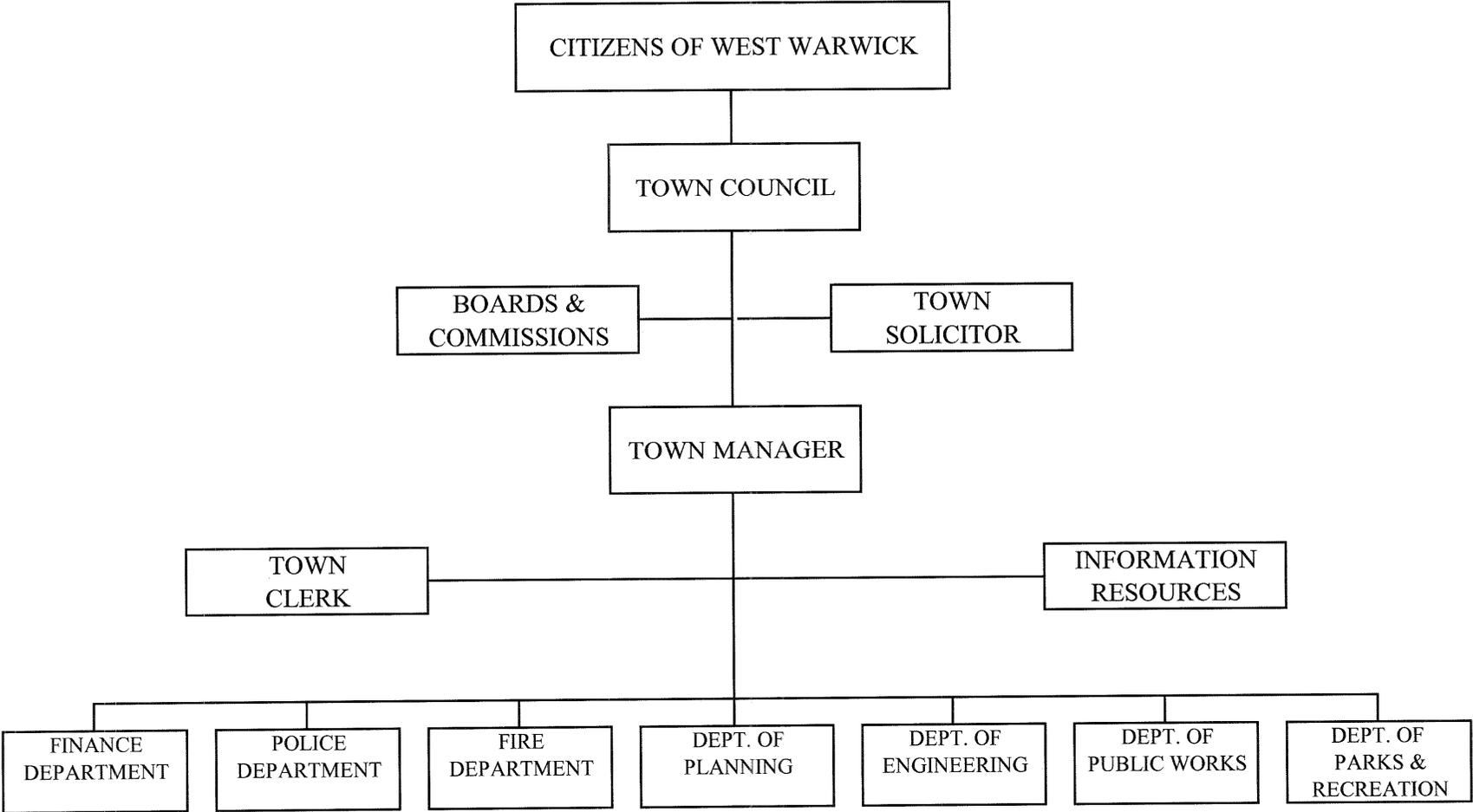
The preparation of this report could not have been accomplished without the dedication and hard work of the entire staff of the Finance Department. I also appreciate the assistance and dedication of the audit team from Parmelee, Poirier & Associates, LLP. Finally I would like to thank the Town Manager and the members of the Town Council for their professionalism and dedication to the Town of West Warwick.

Respectfully Submitted,



Malcolm A. Moore  
Finance Director

**THE TOWN OF WEST WARWICK**  
GOVERNMENTAL ORGANIZATION



# **TOWN OF WEST WARWICK, RHODE ISLAND**

as of June 30, 2010

## **TOWN COUNCIL**

David Gosselin - President  
Angelo A. Padula, Jr. – Vice President  
Edward A. Giroux  
Peter F. Calci  
Filomena Gustafson

## **TOWN MANAGER**

James H. Thomas

## **FINANCE DIRECTOR**

Malcolm A. Moore

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of West Warwick  
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 West Warwick  
West Warwick, Rhode Island

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the Town of West Warwick, 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'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.

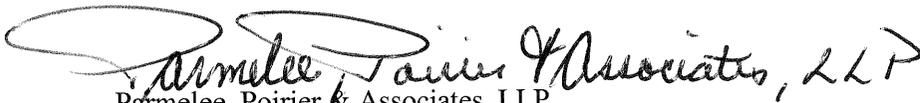
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, business type activities, each major fund and the aggregate remaining fund information of the Town as of June 30, 2010, and the respective changes 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 February 15, 2011 on our consideration of the Town'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 12 and 55 through 62 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  
February 15, 2011

## **Management's Discussion and Analysis**

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

Our discussion and analysis of the Town of West Warwick, 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 primary government's net assets decreased \$12,830,299 as a result of this year's current operations. Most of this decrease was due to increases in the town net pension obligation and net OPEB obligation. On a government-wide basis the assets of the Town of West Warwick exceeded its liabilities at the close of the most recent fiscal year by \$51,071,347. Net assets of business activities increased by \$1,179,476 or 1.9%, while net assets of Governmental Activities decreased by \$14,009,775 or 542%. Most of this decrease was attributable to the application of the Governmental Accounting Standards Boards (GASB 45) which caused net assets to decrease by \$5,743,166 and also an increase in the Towns Net Pension Obligation of \$3,706,844.
- ❖ The Town's Government-wide (governmental and business activities) operating expenses were \$112,979,831 a 3.5% increase from the prior year, while revenues collected were \$100,149,532 a 6.8% increase.
- ❖ As of the close of the fiscal year, the Town's governmental funds reported combined ending fund balances of \$6,356,858. Over 86% of this amount, \$5,477,122 is unreserved 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 \$5,128,315 or 6% of the total general fund expenditures for the fiscal year. The current fiscal year's revenues and transfers exceeded expenditures and transfers by \$2,252,333. On a budgetary basis revenues and transfers exceeded expenditures and transfers by the same amount.

**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.

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

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.

**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.

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 include the West Warwick Sewer Commission and the Municipal Court.

The government wide financial statements are reported on pages 13 through 14.

**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

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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 and School Special Revenue Unrestricted 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 elsewhere in this report.

**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 two enterprise funds. The West Warwick Sewer Commission, which accounts for the Town's sewer system and Municipal Court which collects and levies fines and fees.

The Town's internal service funds represent an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town is self-insured in its health coverage, and the Internal Service Fund reports the actual claims as well as the Town's contribution to the fund and employee deductions for the benefit program. The Internal Service Fund is combined with the Governmental Activities in the Government-Wide Financial Statements.

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 West Warwick Sewer Commission since it is considered to be a major fund of the Town. The Internal Service Fund is presented as a Major Fund at the Town's request. The Municipal Court fund, which are not major fund, is presented in the proprietary fund.

The basic proprietary fund financial statements are presented on pages 18 through 20.

**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 pages 21 and 22.

**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 23 through 54.

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**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 55 through 62.

The combining statements and supplementary information referred to earlier in connection with non-major governmental funds, and proprietary funds are presented on pages 63 through 92.

**Government-wide Financial Analysis**

**Analysis of the Town of West Warwick'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. The Town of West Warwick, governmental activities liabilities exceeded its assets by \$11,427,379 as of June 30, 2010. This reflects a decrease of \$14,427,379 from this current years activity. The Business Type Activities had an increase of \$1,179,476. See page 3 financial highlights for a further explanation.

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

*Town of West Warwick*  
*Net Assets*

|                          | <u>June 30, 2009</u>            |                                |                      | <u>June 30, 2010</u>            |                                |                      |
|--------------------------|---------------------------------|--------------------------------|----------------------|---------------------------------|--------------------------------|----------------------|
|                          | Govern-<br>mental<br>Activities | Business<br>Type<br>Activities | Total                | Govern-<br>mental<br>Activities | Business<br>Type<br>Activities | Total                |
| Current and Other Assets | \$ 16,841,951                   | \$ 18,827,221                  | \$ 35,669,172        | \$ 19,147,799                   | \$ 18,370,480                  | \$ 37,518,279        |
| Capital assets           | 54,536,900                      | 82,723,100                     | 137,260,000          | 51,989,345                      | 82,610,404                     | 134,599,749          |
| Total Assets             | <u>71,378,851</u>               | <u>101,550,321</u>             | <u>172,929,172</u>   | <u>71,137,144</u>               | <u>100,980,884</u>             | <u>172,118,028</u>   |
| Other Liabilities        | 11,887,734                      | 12,317,071                     | 24,204,805           | 11,121,683                      | 12,254,158                     | 23,375,841           |
| Long-Term Liabilities    | 56,908,721                      | 27,914,000                     | 84,822,721           | 71,442,840                      | 26,228,000                     | 97,670,840           |
| Total Liabilities        | <u>68,796,455</u>               | <u>40,231,071</u>              | <u>109,027,526</u>   | <u>82,564,523</u>               | <u>38,482,158</u>              | <u>121,046,681</u>   |
| Net Assets:              |                                 |                                |                      |                                 |                                |                      |
| Invested in Capital      |                                 |                                |                      |                                 |                                |                      |
| Net of Related Debt      | 32,823,900                      | 54,809,100                     | 87,633,000           | 24,986,345                      | 56,382,404                     | 81,368,749           |
| Restricted               | 2,088                           | -                              | 2,088                | 2,099                           | -                              | 2,099                |
| Unrestricted             | (30,243,592)                    | 6,510,150                      | (23,733,442)         | (36,415,823)                    | 6,116,322                      | (30,299,501)         |
| Total Net Assets         | <u>\$ 2,582,396</u>             | <u>\$ 61,319,250</u>           | <u>\$ 63,901,646</u> | <u>\$ (11,427,379)</u>          | <u>\$ 62,498,726</u>           | <u>\$ 51,071,347</u> |

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The largest portion of the Town's net assets \$81,368,749 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.

An additional portion of the Town's net assets, \$2,099, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets may be used to meet the government's ongoing obligations to its citizens and creditors.

**Analysis of the Town of West Warwick'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 decreased the Town's net assets by \$14,009,775 for the current period, which is a decrease of 542% in the Town's governmental net assets, while business-type activities increased the Town's net assets by \$1,179,476 accounting for 1.9% increase in business-type net assets. Overall the Town's net assets decreased by \$11,925,376 which is a 18.66% decrease over the prior years net assets.

The net change in fund balance for the fiscal year ended June 30, 2010 was an increase of \$2,979,762 for the Towns 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 decrease of \$(2,547,555) net of depreciation to our net assets; also increase revenues from the decrease in deferred revenues are recorded as revenues in the statement of activities but in the fund financial statements this resulted in a decrease of \$1,132,198. 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 asstes by \$3,580,000. Reductions in net assets included an increase in the Town's net pension obligation of \$3,706,844 and the Town was required to record their liability for "Other Post Employment Benefits" per GASB 45, this liability resulted in reduction of net assets of \$5,743,166. See page 17 of the basic financial statements for a more detailed explanation of changes in net assets.

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

*Town of West Warwick*  
*Changes in Net Assets*

|                                      | June 30, 2009                   |                                |               | June 30, 2010                   |                                |               |
|--------------------------------------|---------------------------------|--------------------------------|---------------|---------------------------------|--------------------------------|---------------|
|                                      | Govern-<br>mental<br>Activities | Business<br>Type<br>Activities | Total         | Govern-<br>mental<br>Activities | Business<br>Type<br>Activities | Total         |
| <b>Revenues</b>                      |                                 |                                |               |                                 |                                |               |
| <b>Program revenues</b>              |                                 |                                |               |                                 |                                |               |
| Charges for services                 | \$ 3,328,013                    | \$ 7,611,256                   | \$ 10,939,269 | \$ 3,984,331                    | \$ 8,914,701                   | \$ 12,899,032 |
| Operating Grants and Contributions   | 28,377,670                      | -                              | 28,377,670    | 30,641,384                      | -                              | 30,641,384    |
| Capital Grants and Contributions     | 25,362                          | -                              | 25,362        | 236,987                         | -                              | 236,987       |
| <b>General Revenues</b>              |                                 |                                |               |                                 |                                |               |
| Property taxes                       | 48,286,386                      | -                              | 48,286,386    | 51,019,257                      | -                              | 51,019,257    |
| Investment earnings                  | 307,535                         | -                              | 307,535       | 34,696                          | -                              | 34,696        |
| State general revenue sharing        | 2,592,566                       | -                              | 2,592,566     | 2,005,500                       | -                              | 2,005,500     |
| State motor vehicle phase-out        | 3,156,078                       | -                              | 3,156,078     | 3,183,440                       | -                              | 3,183,440     |
| Miscellaneous                        | 72,937                          | -                              | 72,937        | 129,236                         | -                              | 129,236       |
| Total revenues                       | 86,146,547                      | 7,611,256                      | 93,757,803    | 91,234,831                      | 8,914,701                      | 100,149,532   |
| <b>Expenses</b>                      |                                 |                                |               |                                 |                                |               |
| Legislative/judicial/admin           | 21,940,197                      | -                              | 21,940,197    | 27,993,691                      | -                              | 27,993,691    |
| Financial Administrative             | 646,800                         | -                              | 646,800       | 592,732                         | -                              | 592,732       |
| Public Safety                        | 11,743,194                      | -                              | 11,743,194    | 12,704,903                      | -                              | 12,704,903    |
| Public Works                         | 4,465,217                       | -                              | 4,465,217     | 4,776,671                       | -                              | 4,776,671     |
| Public Health and Welfare            | 965,347                         | -                              | 965,347       | 960,592                         | -                              | 960,592       |
| Parks and Recreation                 | 540,698                         | -                              | 540,698       | 498,971                         | -                              | 498,971       |
| Library                              | 752,387                         | -                              | 752,387       | 750,945                         | -                              | 750,945       |
| Education                            | 59,648,722                      | -                              | 59,648,722    | 55,751,973                      | -                              | 55,751,973    |
| Other                                | -                               | -                              | -             | -                               | -                              | -             |
| Interest                             | 962,963                         | -                              | 962,963       | 1,224,128                       | -                              | 1,224,128     |
| Sewer Fund Expenses                  | -                               | 6,886,267                      | 6,886,267     | -                               | 7,517,909                      | 7,517,909     |
| Non-major business types             | -                               | 599,832                        | 599,832       | -                               | 207,316                        | 207,316       |
| Total expenses                       | 101,665,525                     | 7,486,099                      | 109,151,624   | 105,254,606                     | 7,725,225                      | 112,979,831   |
| Excess/(deficiency) before transfers | (15,518,978)                    | 125,157                        | (15,393,821)  | (14,019,775)                    | 1,189,476                      | (12,830,299)  |
| Transfers                            | (171,544)                       | 171,544                        | -             | 10,000                          | (10,000)                       | -             |
| Change in net assets                 | (15,690,522)                    | 296,701                        | (15,393,821)  | (14,009,775)                    | 1,179,476                      | (12,830,299)  |
| Net assets - beginning               | 18,272,918                      | 61,022,549                     | 79,295,467    | 2,582,396                       | 61,319,250                     | 63,901,646    |
| Net assets - ending                  | \$ 2,582,396                    | \$ 61,319,250                  | \$ 63,901,646 | \$ (11,427,379)                 | \$ 62,498,726                  | \$ 51,071,347 |

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**For the Year Ended June 30, 2010**  
**(Un-audited)**

**Financial Analysis of the Town of West Warwick's Funds**

**Governmental Funds** - The focus of the Town of West Warwick'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.

At the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$6,356,858. Approximately 86% of the total amount, or \$5,477,122 constituted unreserved fund balances. The remainder of the fund balance is reserved because of future commitments.

**Reserved fund balances:**

|                                  | <b>General<br/>Fund</b> | <b>School<br/>Special<br/>Revenue</b> | <b>Other Non-<br/>Major Funds</b> |
|----------------------------------|-------------------------|---------------------------------------|-----------------------------------|
| Reserved by trust agreements     | \$ -                    | \$ -                                  | \$ 2,099                          |
| Reserved for inventory           | 30,381                  |                                       | -                                 |
| Reserved for capital projects    | 18,000                  |                                       | -                                 |
| Reserved for bond sinking fund   | 762,888                 |                                       |                                   |
| Reserved for prepaid             | 4,299                   | 62,069                                | -                                 |
| Total reserved in fund balances: | <u>\$ 815,568</u>       | <u>\$ 62,069</u>                      | <u>\$ 2,099</u>                   |

**Proprietary Funds** - The Town of West Warwick'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 respective proprietary funds are \$6,116,322.

**General Fund Budgetary Highlights**

**Revenues:**

Intergovernmental revenues – were under budget by \$2,157,449 due to decreased aid to school by the state after Town's budget was finalized.

Fines and Interest on Late Payment – were over budget by \$391,149 due to economic downturn leading to high unemployment rates.

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**General Fund Budgetary Highlights – (continued)**

**Expenditures:**

Legislative, judicial and General Administrative – was over budget by \$6,711,704 due to the settlement of the station fire lawsuit.

Public Works – was under budget by \$283,538 due to a mild winter and staff reductions and cost saving measures.

Debt service – was over budget by \$1,549,329 due to the payoff of a 1998 school bond which was refunded.

**Other financing sources**

Operating transfers to other funds – was under budget by \$2,778,878 due to decreased aid to school by the state after Town's budget was finalized.

Issuance of debt – The Town issued \$6,500,000 in bonds for the station fire settlement. The Town also refunded a 1998 school bond.

**The Town of West Warwick's Capital Assets**

The Town of West Warwick's investment in capital assets for its governmental and business-type activities amounts to \$134,599,749 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 West Warwick's capital assets is located in note 7 of the notes to the financial statements.

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**Management's Discussion and Analysis**  
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*Town of West Warwick*  
*Capital Assets (Net of Accumulated Depreciation)*

|                                | June 30, 2009                   |                                |             | June 30, 2010                   |                                |             |
|--------------------------------|---------------------------------|--------------------------------|-------------|---------------------------------|--------------------------------|-------------|
|                                | Govern-<br>mental<br>Activities | Business<br>Type<br>Activities | Total       | Govern-<br>mental<br>Activities | Business<br>Type<br>Activities | Total       |
| Land                           | 6,089,514                       | 52,900                         | 6,142,414   | 6,089,514                       | 52,900                         | 6,142,414   |
| Construction in Progress       | 3,461,265                       | 2,325,735                      | 5,787,000   | 3,565,690                       | 1,688,688                      | 5,254,378   |
| Land improvements              | 21,804                          | -                              | 21,804      | 30,779                          | -                              | 30,779      |
| Infrastructure                 | 20,983,802                      | -                              | 20,983,802  | 20,241,939                      | -                              | 20,241,939  |
| Buildings and improvements     | 22,254,763                      | 53,228,534                     | 75,483,297  | 20,285,541                      | 54,305,692                     | 74,591,233  |
| Motor vehicles                 | 835,492                         | -                              | 835,492     | 824,456                         | -                              | 824,456     |
| Office furniture and equipment | 862,509                         | -                              | 862,509     | 833,350                         | -                              | 833,350     |
| Extensions and Mains           | -                               | 27,115,931                     | 27,115,931  | -                               | 26,563,124                     | 26,563,124  |
| Machinery and equipment        | 27,751                          | -                              | 27,751      | 118,076                         | -                              | 118,076     |
| Total                          | 54,536,900                      | 82,723,100                     | 137,260,000 | 51,989,345                      | 82,610,404                     | 134,599,749 |

**The Town of West Warwick's Debt Administration**

At the end of the current fiscal year, the Town of West Warwick's Governmental Activities had a total bonded debt of \$27,003,000. 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 West Warwick*  
*Outstanding Debt*  
*General Obligation Bonds and Notes Payable*

|                          | June 30, 2009                   |                                |            | June 30, 2010                   |                                |            |
|--------------------------|---------------------------------|--------------------------------|------------|---------------------------------|--------------------------------|------------|
|                          | Govern-<br>mental<br>Activities | Business<br>Type<br>Activities | Total      | Govern-<br>mental<br>Activities | Business<br>Type<br>Activities | Total      |
| General Obligation Bonds | 21,713,000                      | -                              | 21,713,000 | 27,003,000                      | -                              | 27,003,000 |
| Notes Payable            | -                               | 27,914,000                     | 27,914,000 | -                               | 26,228,000                     | 26,228,000 |
| Totals                   | 21,713,000                      | 27,914,000                     | 49,627,000 | 27,003,000                      | 26,228,000                     | 53,231,000 |

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**Management's Discussion and Analysis**  
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**(Un-audited)**

Additional information on the Town's long-term debt can be found in note 10 of the Notes to the Financial Statements and on pages 94 through 96.

The Town's general obligation bond rating as assigned by Moody's Investors Service in 2010 is A1 and B- by Fitch Rating Service. 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 West Warwick's limit is \$81,517,919 at year-end. The Town's outstanding general obligation debt is \$27,003,000 at year-end, which is \$54,514,919 under the State imposed limitation.

Several of the Town's bonds are insured and thus hold a Triple A credit rating from both Moody's and Fitch Rating Service.

**Economic Factors and Next Year's Budgets and Rates**

The Town of West Warwick's total general fund budget for fiscal year 2011 amounts to \$79,080,227 which reflects a decrease of \$702,157 under the fiscal 2010 budget of \$79,782,384. Of the Town's 2011 budget of \$79,080,227, 61% is budgeted for educational purposes and 39% is budgeted for general government.

The State of Rhode Island is budgeted to contribute \$18,369,914 to the Town's education department based on State Aide for a Town considered depressed due to population of the School District and the average level of wages earned by its citizens.

The Town's tax rate for fiscal 2011 is \$20.40, with 39% allocated for general government and 61% allocated for education. For fiscal 2010, the Town's tax rate was \$16.82, with 38% allocated for general government and 62% allocated for education.

**Request for Information**

The financial report is designed to provide our citizens, taxpayers and creditors with a general overview of the Town's finances and to show the Town's accountability for the tax dollars received. If you have questions about this report or need additional financial information, contact the Finance Director's Office, Town of West Warwick, 1170 Main Street, West Warwick, RI 02893.



Malcolm A. Moore  
Finance Director

## **BASIC FINANCIAL STATEMENTS**

## **Government-Wide Financial Statements**

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**Statement of Net Assets**  
**June 30, 2010**

|   | <b>Primary Government</b>          |                                     |                      |
|---|------------------------------------|-------------------------------------|----------------------|
|   | <b>Governmental<br/>Activities</b> | <b>Business-type<br/>Activities</b> | <b>Total</b>         |
| <b>ASSETS</b>                                   |                                    |                                     |                      |
| Cash and cash equivalents                       | \$ 12,083,879                      | \$ 4,817,684                        | \$ 16,901,563        |
| <b>Accounts receivable:</b>                     |                                    |                                     |                      |
| Accounts receivable net                         | 2,153,547                          | 5,388,216                           | 7,541,763            |
| Due from other governments                      | 2,330,453                          | -                                   | 2,330,453            |
| Other receivables                               | 1,002,805                          | 24,685                              | 1,027,490            |
| Inventory at cost                               | 30,381                             | -                                   | 30,381               |
| Deferred charges                                | 1,546,734                          | -                                   | 1,546,734            |
| <b>Other assets</b>                             |                                    |                                     |                      |
| Other assets - net                              | -                                  | 2,607,583                           | 2,607,583            |
| Long-term sewer assessment receivable           | -                                  | 5,532,312                           | 5,532,312            |
| <b>Capital assets:</b>                          |                                    |                                     |                      |
| Property, plant and equipment                   | 42,334,141                         | 80,868,816                          | 123,202,957          |
| Construction in progress                        | 3,565,690                          | 1,688,688                           | 5,254,378            |
| Assets not being depreciated-Land               | 6,089,514                          | 52,900                              | 6,142,414            |
| <b>Total capital assets</b>                     | <u>51,989,345</u>                  | <u>82,610,404</u>                   | <u>134,599,749</u>   |
| <b>TOTAL ASSETS</b>                             | <u>71,137,144</u>                  | <u>100,980,884</u>                  | <u>172,118,028</u>   |
| <b>LIABILITIES</b>                              |                                    |                                     |                      |
| Accounts payable                                | 6,581,919                          | 1,546,573                           | 8,128,492            |
| Accrued expenses                                | 1,688,592                          | 276,232                             | 1,964,824            |
| Unearned revenue                                | 2,971,683                          | 10,310,842                          | 13,282,525           |
| Internal balances                               | (120,511)                          | 120,511                             | -                    |
| <b>Long-term liabilities</b>                    |                                    |                                     |                      |
| Due within one year                             | 1,705,851                          | 1,695,000                           | 3,400,851            |
| Due in more than one year                       | 69,736,989                         | 24,533,000                          | 94,269,989           |
| <b>Total liabilities</b>                        | <u>82,564,523</u>                  | <u>38,482,158</u>                   | <u>121,046,681</u>   |
| <b>NET ASSETS</b>                               |                                    |                                     |                      |
| Invested in capital assets, net of related debt | 24,986,345                         | 56,382,404                          | 81,368,749           |
| <b>Restricted for:</b>                          |                                    |                                     |                      |
| Trust agreements                                | 2,099                              | -                                   | 2,099                |
| Unrestricted (deficit)                          | (36,415,823)                       | 6,116,322                           | (30,299,501)         |
| <b>Total net assets</b>                         | <u>\$ (11,427,379)</u>             | <u>\$ 62,498,726</u>                | <u>\$ 51,071,347</u> |

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

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**Statement of Activities**  
**For the Year Ended June 30, 2010**

| Expenses   | Program revenues      |                                    |                                  | Net (Expense) Revenue and Changes in Net Assets |   |                      |
|--|-----------------------|------------------------------------|----------------------------------|---|---|----------------------|
|  | Charges for Services  | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities                         | Primary Government Business-type Activities | Total                |
| <b>Functions/ Programs</b>                       |                       |                                    |                                  |   |   |                      |
| <b>Primary government</b>                        |                       |                                    |                                  |   |   |                      |
| Governmental activities:                         |                       |                                    |                                  |   |   |                      |
| Legislative, judicial and general administrative | \$ 27,993,691         | \$ 724,352                         | \$ -                             | \$ -  | \$ (27,269,339)                             | \$ (27,269,339)      |
| Financial administration                         | 592,732               | 1,295,999                          | -                                | -   | 703,267                                     | 703,267              |
| Public safety                                    | 12,704,903            | 770,412                            | 1,933,483                        | -   | (10,001,008)                                | (10,001,008)         |
| Public works                                     | 4,776,671             | 241,746                            | -                                | -   | (4,534,925)                                 | (4,534,925)          |
| Public Health and Welfare                        | 960,592               | 418,465                            | 846,500                          | -   | 304,373                                     | 304,373              |
| Parks and recreation                             | 498,971               | 4,515                              | -                                | 236,987   | (257,469)                                   | (257,469)            |
| Library  | 750,945               | -                                  | 304,798                          | -   | (446,147)                                   | (446,147)            |
| Education  | 55,751,973            | 528,842                            | 27,556,603                       | -   | (27,666,528)                                | (27,666,528)         |
| Interest   | 1,224,128             | -                                  | -                                | -   | (1,224,128)                                 | (1,224,128)          |
| <b>Total governmental activities</b>             | <b>105,254,606</b>    | <b>3,984,331</b>                   | <b>30,641,384</b>                | <b>236,987</b>                                  | <b>(70,391,904)</b>                         | <b>(70,391,904)</b>  |
| Business type activities:                        |                       |                                    |                                  |   |   |                      |
| Sewer fund                                       | 7,517,909             | 8,711,429                          | -                                | -   | -   | \$ 1,193,520         |
| Non-major business type activities               | 207,316               | 203,272                            | -                                | -   | -   | (4,044)              |
| <b>Total business-type activities</b>            | <b>7,725,225</b>      | <b>8,914,701</b>                   | <b>-</b>                         | <b>-</b>  | <b>-</b>                                    | <b>1,189,476</b>     |
| <b>Total primary government</b>                  | <b>\$ 112,979,831</b> | <b>\$ 12,899,032</b>               | <b>\$ 30,641,384</b>             | <b>\$ 236,987</b>                               | <b>(70,391,904)</b>                         | <b>1,189,476</b>     |
| <b>General revenues:</b>                         |                       |                                    |                                  |   |   |                      |
| Taxes:   |                       |                                    |                                  |   |   |                      |
| Property taxes, levied for general purposes      |                       |                                    |                                  |   | 51,019,257                                  | -                    |
| Unrestricted investment earnings                 |                       |                                    |                                  |   | 34,696                                      | -                    |
| State general revenue sharing                    |                       |                                    |                                  |   | 2,005,500                                   | -                    |
| State motor vehicle phase-out                    |                       |                                    |                                  |   | 3,183,440                                   | -                    |
| Miscellaneous                                    |                       |                                    |                                  |   | 129,236                                     | -                    |
| Transfers  |                       |                                    |                                  |   | 10,000                                      | (10,000)             |
| <b>Total general revenues and transfers</b>      |                       |                                    |                                  |   | <b>56,382,129</b>                           | <b>(10,000)</b>      |
| <b>Change in net assets</b>                      |                       |                                    |                                  |   | <b>(14,009,775)</b>                         | <b>1,179,476</b>     |
| Net assets-beginning                             |                       |                                    |                                  |   | 2,582,396                                   | 61,319,250           |
| Net assets-ending                                |                       |                                    |                                  |   | <b>\$ (11,427,379)</b>                      | <b>\$ 62,498,726</b> |

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

## **Fund Financial Statements**

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2010**

|   | <b>General<br/>Fund</b> | <b>School<br/>Special<br/>Revenue<br/>Unrestricted<br/>Fund</b> | <b>Other<br/>Non-Major<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|---|-------------------------|---|---|---|
| <b>ASSETS</b>                                 |                         |   |   |   |
| Cash and cash equivalents                     | \$ 11,149,461           | \$ 137,641  | \$ 796,777  | \$ 12,083,879                           |
| <b>Accounts receivable:</b>                   |                         |   |   |   |
| Real estate and personal property taxes (net) | 2,153,547               | -   | -   | 2,153,547                               |
| Due from other governments                    | -                       | 314,092   | 2,016,361   | 2,330,453                               |
| Other receivables                             | 328,192                 | 671,124   | -   | 999,316                                 |
| Internal balances                             | 1,654,995               | 2,358,473   | 2,775,756   | 6,789,224                               |
| Inventory                                     | 30,381                  | -   | -   | 30,381                                  |
| Other Assets - net                            | 995,987                 | 62,069  | 17,637  | 1,075,693                               |
| <b>TOTAL ASSETS</b>                           | <b>\$ 16,312,563</b>    | <b>\$ 3,543,399</b>   | <b>\$ 5,606,531</b>                                   | <b>\$ 25,462,493</b>                    |
| <b>LIABILITIES AND FUND BALANCES</b>          |                         |   |   |   |
| <b>Liabilities:</b>                           |                         |   |   |   |
| Accounts payable                              | \$ 798,659              | \$ 4,644,414  | \$ 649,911  | \$ 6,092,984                            |
| Accrued expenditures                          | 1,271,311               | 101,694   | -   | 1,373,005                               |
| Internal balances                             | 3,813,223               | 1,506,759   | 1,834,177   | 7,154,159                               |
| Deferred revenue                              | 4,485,487               | -   | -   | 4,485,487                               |
| <b>Total liabilities</b>                      | <b>10,368,680</b>       | <b>6,252,867</b>  | <b>2,484,088</b>                                      | <b>19,105,635</b>                       |
| <b>Fund balances:</b>                         |                         |   |   |   |
| Reserve for:                                  |                         |   |   |   |
| Reserved by trust agreements                  | -                       | -   | 2,099   | 2,099                                   |
| Reserved for inventory                        | 30,381                  | -   | -   | 30,381                                  |
| Reserved for capital projects                 | 18,000                  | -   | -   | 18,000                                  |
| Reserved for bond sinking fund                | 762,888                 | -   | -   | 762,888                                 |
| Reserved for prepaid                          | 4,299                   | 62,069  | -   | 66,368                                  |
| Unreserved, undesignated, reported in:        |                         |   |   |   |
| General fund                                  | 5,128,315               | -   | -   | 5,128,315                               |
| Capital projects funds                        | -                       | -   | 1,164,407   | 1,164,407                               |
| Special revenue funds                         | -                       | (2,771,537)   | 1,955,937   | (815,600)                               |
| <b>Total fund balances</b>                    | <b>5,943,883</b>        | <b>(2,709,468)</b>  | <b>3,122,443</b>                                      | <b>6,356,858</b>                        |
| <b>TOTAL LIABILITIES AND FUND BALANCES</b>    | <b>\$ 16,312,563</b>    | <b>\$ 3,543,399</b>   | <b>\$ 5,606,531</b>                                   |   |

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)               | 51,989,345             |
| Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. (see note 8)              | 1,669,258              |
| 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) | (71,442,840)           |
| <b>Net assets of governmental activities</b>   | <b>\$ (11,427,379)</b> |

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

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

|   | <u>General<br/>Fund</u> | <u>School<br/>Special<br/>Revenue<br/>Unrestricted<br/>Fund</u> | <u>Other<br/>Non-Major<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|---|-------------------------|---|---|---|
| <b>Revenues</b>   |                         |   |   |   |
| General property tax  | \$ 50,791,982           | \$ -  | \$ -  | \$ 50,791,982                           |
| Intergovernmental and departmental revenues   | 24,873,238              | 1,777,141   | 7,086,782   | 33,737,161                              |
| Federal revenue - SFSF  | -                       | 1,354,139   | -   | 1,354,139                               |
| License and permits   | 2,067,020               | -   | -   | 2,067,020                               |
| Fines and interest on late payments   | 641,149                 | -   | -   | 641,149                                 |
| Interest on investments   | 34,076                  | -   | 620   | 34,696                                  |
| Other revenues  | 268,739                 | 738,559   | 1,563,614   | 2,570,912                               |
| <b>Total revenues</b>   | <u>78,676,204</u>       | <u>3,869,839</u>  | <u>8,651,016</u>                                      | <u>91,197,059</u>                       |
| <b>Expenditures</b>   |                         |   |   |   |
| Current:  |                         |   |   |   |
| Legislative, judicial and general administrative  | 16,599,785              | -   | -   | 16,599,785                              |
| Financial administration  | 804,180                 | -   | -   | 804,180                                 |
| Public safety   | 11,622,542              | -   | 852,371   | 12,474,913                              |
| Public works  | 3,770,788               | -   | 889,516   | 4,660,304                               |
| Public Health and Welfare   | 194,300                 | -   | 827,167   | 1,021,467                               |
| Parks and recreation  | 243,357                 | -   | -   | 243,357                                 |
| Library   | 732,654                 | -   | -   | 732,654                                 |
| Education   | -                       | 49,973,068  | 5,190,867   | 55,163,935                              |
| Capital   | 32,390                  | -   | 551,244   | 583,634                                 |
| Debt service:   |                         |   |   |   |
| Principal   | 3,580,000               | -   | -   | 3,580,000                               |
| Interest  | 1,067,045               | -   | -   | 1,067,045                               |
| Other expenditures  | 166,023                 | -   | -   | 166,023                                 |
| <b>Total expenditures</b>   | <u>38,813,064</u>       | <u>49,973,068</u>   | <u>8,311,165</u>                                      | <u>97,097,297</u>                       |
| <b>Excess of revenues over (under) expenditures<br/>before other financing sources (uses)</b> | <u>39,863,140</u>       | <u>(46,103,229)</u>   | <u>339,851</u>  | <u>(5,900,238)</u>                      |
| <b>Other financing sources (uses)</b>   |                         |   |   |   |
| Transfers from other funds  | 10,000                  | 46,464,298  | 54,587  | 46,528,885                              |
| Issuance of debt  | 8,870,000               | -   | -   | 8,870,000                               |
| Transfers to other funds  | (46,490,807)            | -   | (28,078)  | (46,518,885)                            |
| <b>Total other financing sources (uses)</b>   | <u>(37,610,807)</u>     | <u>46,464,298</u>   | <u>26,509</u>   | <u>8,880,000</u>                        |
| <b>Net change in fund balances</b>  | 2,252,333               | 361,069   | 366,360   | 2,979,762                               |
| <b>Fund balances - beginning</b>  | <u>3,691,550</u>        | <u>(3,070,537)</u>  | <u>2,756,083</u>                                      | <u>3,377,096</u>                        |
| <b>Fund balances - ending</b>   | <u>\$ 5,943,883</u>     | <u>\$ (2,709,468)</u>   | <u>\$ 3,122,443</u>                                   | <u>\$ 6,356,858</u>                     |

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

**TOWN OF WEST WARWICK, 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  | \$ 2,979,762                  |
| <p>Amounts reported for governmental activities in the statement of activities are different from the amounts reported as fund expenditures because:</p>  |                               |
| <p>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 depreciation expense (\$3,367,494) exceed capital outlays of (\$819,939) in the current period.</p> | (2,547,555)                   |
| <p>Increases in deferred revenues provide current financial resources in the statement of activities, but are reported as decreases in revenues in the governmental funds.</p>  | 227,275                       |
| <p>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.</p>  | (135,138)                     |
| <p>Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which long-term borrowings were reduced.</p>  | 3,580,000                     |
| <p>Net proceeds from the issuance of debt- Under the current financial resources measurement focus, proceeds from the issuance of debt are reported as a source of financing. In the government-wide financial statements, however, the issuance of debt is an increase in long-term liabilities in the statement of net assets.</p>                  | (8,870,000)                   |
| <p>Other certain accrued expenditures that do not use current financial resources are not reported in the fund financial statements. However, in the statement of activities these accrued expenses are recognized and charged to current activities.</p>   | <u>(9,244,119)</u>            |
| Change in net assets of governmental activities   | <u><u>\$ (14,009,775)</u></u> |

*Please see Notes 8 and 9 in the Notes to Financial Statements for a more detailed explanation of the differences between the Government-Wide Financial Statements and the Fund Financial Statements*

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

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2010**

|   | <b>Enterprise Funds</b> |                            |                      | <b>Internal<br/>Service<br/>Fund</b> |
|---|-------------------------|----------------------------|----------------------|--------------------------------------|
|   | <b>Sewer<br/>Fund</b>   | <b>Non-Major<br/>Funds</b> | <b>Total</b>         |                                      |
| <b>ASSETS</b>                                   |                         |                            |                      |                                      |
| <b>Current assets</b>                           |                         |                            |                      |                                      |
| Cash and cash equivalents                       | \$ 4,817,684            | \$ -                       | \$ 4,817,684         | \$ -                                 |
| <b>Accounts receivable</b>                      |                         |                            |                      |                                      |
| User fees (Net)                                 | 5,388,216               | -                          | 5,388,216            | -                                    |
| Other   | 24,685                  | -                          | 24,685               | -                                    |
| Internal balances                               | -                       | 75,318                     | 75,318               | 1,183,912                            |
| <b>Total current assets</b>                     | <u>10,230,585</u>       | <u>75,318</u>              | <u>10,305,903</u>    | <u>1,183,912</u>                     |
| <b>Non-current assets</b>                       |                         |                            |                      |                                      |
| <b>Property, plant and equipment</b>            |                         |                            |                      |                                      |
| Plant facilities and equipment in service       | 77,928,879              | -                          | 77,928,879           | -                                    |
| Extensions and main                             | 26,493,069              | -                          | 26,493,069           | -                                    |
| Land  | 52,900                  | -                          | 52,900               | -                                    |
| Construction in progress                        | 1,688,688               | -                          | 1,688,688            | -                                    |
| Total property, plant and equipment             | <u>106,163,536</u>      | <u>-</u>                   | <u>106,163,536</u>   | <u>-</u>                             |
| Less accumulated depreciation                   | <u>23,553,132</u>       | <u>-</u>                   | <u>23,553,132</u>    | <u>-</u>                             |
| Net property, plant and equipment               | <u>82,610,404</u>       | <u>-</u>                   | <u>82,610,404</u>    | <u>-</u>                             |
| <b>Other Assets</b>                             |                         |                            |                      |                                      |
| Other assets - net                              | 2,607,583               | -                          | 2,607,583            | -                                    |
| Long-term sewer assessment receivable           | 5,532,312               | -                          | 5,532,312            | -                                    |
| <b>Total non-current assets</b>                 | <u>90,750,299</u>       | <u>-</u>                   | <u>90,750,299</u>    | <u>-</u>                             |
| <b>TOTAL ASSETS</b>                             | <u>100,980,884</u>      | <u>75,318</u>              | <u>101,056,202</u>   | <u>1,183,912</u>                     |
| <b>LIABILITIES</b>                              |                         |                            |                      |                                      |
| <b>Current liabilities</b>                      |                         |                            |                      |                                      |
| Accounts payable                                | 1,540,260               | 6,313                      | 1,546,573            | 488,935                              |
| Accrued expenses                                | 275,384                 | 848                        | 276,232              | -                                    |
| Deferred revenues                               | 4,778,530               | -                          | 4,778,530            | -                                    |
| Internal balances                               | 195,829                 | -                          | 195,829              | 694,977                              |
| Current portion of long-term debt               | 1,695,000               | -                          | 1,695,000            | -                                    |
| <b>Total current liabilities</b>                | <u>8,485,003</u>        | <u>7,161</u>               | <u>8,492,164</u>     | <u>1,183,912</u>                     |
| <b>Non-current liabilities</b>                  |                         |                            |                      |                                      |
| Notes and bonds payable                         | 24,533,000              | -                          | 24,533,000           | -                                    |
| Deferred revenue                                | 5,532,312               | -                          | 5,532,312            | -                                    |
| <b>Total non-current liabilities</b>            | <u>30,065,312</u>       | <u>-</u>                   | <u>30,065,312</u>    | <u>-</u>                             |
| <b>Total liabilities</b>                        | <u>38,550,315</u>       | <u>7,161</u>               | <u>38,557,476</u>    | <u>1,183,912</u>                     |
| <b>Net Assets</b>                               |                         |                            |                      |                                      |
| Invested in Capital assets, net of related debt | 56,382,404              | -                          | 56,382,404           | -                                    |
| Unrestricted                                    | 6,048,165               | 68,157                     | 6,116,322            | -                                    |
| <b>Total Net Assets</b>                         | <u>\$ 62,430,569</u>    | <u>\$ 68,157</u>           | <u>\$ 62,498,726</u> | <u>\$ -</u>                          |

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

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

|  | <u>Enterprise Funds</u> |                            |                      | <u>Internal<br/>Service<br/>Fund</u> |
|--|-------------------------|----------------------------|----------------------|--------------------------------------|
|  | <u>Sewer<br/>Fund</u>   | <u>Non-Major<br/>Funds</u> | <u>Total</u>         |                                      |
| <b>Operating revenues</b>                    |                         |                            |                      |                                      |
| Usage sales and fees                         | \$ 6,593,342            | \$ 203,272                 | \$ 6,796,614         | \$ -                                 |
| Sewer assessment revenue                     | 1,010,750               | -                          | 1,010,750            | -                                    |
| Other income                                 | 1,054,637               | -                          | 1,054,637            | 7,602,912                            |
| <b>Total operating revenues</b>              | <u>8,658,729</u>        | <u>203,272</u>             | <u>8,862,001</u>     | <u>7,602,912</u>                     |
| <b>Operating expenses</b>                    |                         |                            |                      |                                      |
| Salaries and benefits                        | 2,054,777               | 121,632                    | 2,176,409            | -                                    |
| Materials, supplies, repairs and maintenance | 855,056                 | 2,249                      | 857,305              | -                                    |
| Depreciation and amortization                | 1,759,852               | -                          | 1,759,852            | -                                    |
| Other operating expenses                     | 2,511,220               | 83,435                     | 2,594,655            | 7,602,912                            |
| <b>Total operating expenses</b>              | <u>7,180,905</u>        | <u>207,316</u>             | <u>7,388,221</u>     | <u>7,602,912</u>                     |
| <b>Operating income</b>                      | <u>1,477,824</u>        | <u>(4,044)</u>             | <u>1,473,780</u>     | <u>-</u>                             |
| <b>Non-operating revenues (expenses)</b>     |                         |                            |                      |                                      |
| Investment income                            | 52,700                  | -                          | 52,700               | -                                    |
| Sewer bond interest expense                  | (337,004)               | -                          | (337,004)            | -                                    |
| <b>Total non-operating (expenses)</b>        | <u>(284,304)</u>        | <u>-</u>                   | <u>(284,304)</u>     | <u>-</u>                             |
| <b>Income (loss) before transfers</b>        | <u>1,193,520</u>        | <u>(4,044)</u>             | <u>1,189,476</u>     | <u>-</u>                             |
| <b>Transfers</b>                             |                         |                            |                      |                                      |
| Transfers from (to) funds                    | -                       | (10,000)                   | (10,000)             | -                                    |
| <b>Total transfers</b>                       | <u>-</u>                | <u>(10,000)</u>            | <u>(10,000)</u>      | <u>-</u>                             |
| <b>Change in Net Assets</b>                  | <u>1,193,520</u>        | <u>(14,044)</u>            | <u>1,179,476</u>     | <u>-</u>                             |
| <b>Total Net Assets - Beginning</b>          | <u>61,237,049</u>       | <u>82,201</u>              | <u>61,319,250</u>    | <u>-</u>                             |
| <b>Total Net Assets - Ending</b>             | <u>\$ 62,430,569</u>    | <u>\$ 68,157</u>           | <u>\$ 62,498,726</u> | <u>\$ -</u>                          |

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

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**Statement of Cash Flows-Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2010**

|  | <u>Enterprise Funds</u> |                            |                     | <u>Internal<br/>Service<br/>Fund</u> |
|--|-------------------------|----------------------------|---------------------|--------------------------------------|
|  | <u>Sewer<br/>Fund</u>   | <u>Non-Major<br/>Funds</u> | <u>Total</u>        |                                      |
| <b>Cash flows from operating activities</b>  |                         |                            |                     |                                      |
| Cash received from customers   | \$ 8,488,125            | \$ 203,272                 | \$ 8,691,397        | \$ 7,602,912                         |
| Cash payments to suppliers for goods and services  | 252,134                 | (2,708)                    | 249,426             | (6,703,637)                          |
| Cash payments to employees for services  | (2,104,877)             | (124,043)                  | (2,228,920)         | -                                    |
| Payment of administrative expense  | (2,511,220)             | (83,435)                   | (2,594,655)         | -                                    |
| <b>Net cash provided by (used for) operating activities</b>                                    | <u>4,124,162</u>        | <u>(6,914)</u>             | <u>4,117,248</u>    | <u>899,275</u>                       |
| <b>Cash flows from non-capital financing activities</b>  |                         |                            |                     |                                      |
| Interfund loans  | (517,748)               | 6,914                      | (510,834)           | (899,275)                            |
| <b>Net cash provided by (used for) non-capital financing activities</b>                        | <u>(517,748)</u>        | <u>6,914</u>               | <u>(510,834)</u>    | <u>(899,275)</u>                     |
| <b>Cash flows from capital and related financing activities</b>                                |                         |                            |                     |                                      |
| Acquisition and construction of capital assets   | (1,634,441)             | -                          | (1,634,441)         | -                                    |
| Principal paid on bonds, notes and loans   | (1,686,000)             | -                          | (1,686,000)         | -                                    |
| Interest paid on bonds, notes and loans  | (342,806)               | -                          | (342,806)           | -                                    |
| <b>Net cash provided (used for) capital and related financing activities</b>                   | <u>(3,663,247)</u>      | <u>-</u>                   | <u>(3,663,247)</u>  | <u>-</u>                             |
| <b>Cash flows from investing activities</b>  |                         |                            |                     |                                      |
| Interest and dividends on investments  | 52,700                  | -                          | 52,700              | -                                    |
| <b>Net cash provided by (used for) investing activities</b>                                    | <u>52,700</u>           | <u>-</u>                   | <u>52,700</u>       | <u>-</u>                             |
| <b>Net increase (decrease) in cash and cash equivalents</b>                                    | (4,133)                 | -                          | (4,133)             | -                                    |
| <b>Cash and cash equivalents at beginning of year</b>  | 4,821,817               | -                          | 4,821,817           | -                                    |
| <b>Cash and cash equivalents at end of year</b>  | <u>\$ 4,817,684</u>     | <u>\$ -</u>                | <u>\$ 4,817,684</u> | <u>\$ -</u>                          |
| <b>Reconciliation of operating income to net cash provided by operating activities</b>         |                         |                            |                     |                                      |
| <b>Operating income</b>  | \$ 1,477,824            | \$ (4,044)                 | \$ 1,473,780        | \$ -                                 |
| <b>Adjustments to reconcile operating income to net cash provided by operating activities:</b> |                         |                            |                     |                                      |
| Depreciation and amortization  | 1,759,852               | -                          | 1,759,852           | -                                    |
| <b>Changes in assets and liabilities:</b>  |                         |                            |                     |                                      |
| (Increase) decrease in use accounts receivable   | 439,893                 | -                          | 439,893             | -                                    |
| Increase (decrease) in accounts payable and accrued expenses                                   | 1,057,090               | (2,870)                    | 1,054,220           | 899,275                              |
| (Decrease) in deferred revenues  | (610,497)               | -                          | (610,497)           | -                                    |
| <b>Total adjustments</b>   | <u>2,646,338</u>        | <u>(2,870)</u>             | <u>2,643,468</u>    | <u>899,275</u>                       |
| <b>Net cash provided by operating activities</b>   | <u>\$ 4,124,162</u>     | <u>\$ (6,914)</u>          | <u>\$ 4,117,248</u> | <u>\$ 899,275</u>                    |

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

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2010**

|   | <u>Employee<br/>Retirement Plan</u> | <u>Agency Funds</u> |
|---|-------------------------------------|---------------------|
| <b>ASSETS</b>   |                                     |                     |
| Cash  | \$ -                                | \$ 127,038          |
| <b>Investments, at fair value:</b>                    |                                     |                     |
| Cash management investment funds                      | 3,724,317                           | -                   |
| Government bond funds                                 | 5,903,261                           | -                   |
| Corporate debt  | 3,796,425                           | -                   |
| Domestic stocks                                       | 18,199,591                          | -                   |
| Total investments                                     | <u>31,623,594</u>                   | <u>-</u>            |
| <b>TOTAL ASSETS</b>                                   | <u>31,623,594</u>                   | <u>127,038</u>      |
| <b>LIABILITIES</b>                                    |                                     |                     |
| Deposits payable to others                            | -                                   | 127,038             |
| Internal balances                                     | 3,489                               | -                   |
| Accounts payable and accrued expenses                 | 185                                 | -                   |
| <b>TOTAL LIABILITIES</b>                              | <u>3,674</u>                        | <u>\$ 127,038</u>   |
| <b>NET ASSETS</b>                                     |                                     |                     |
| Held in trust for pension benefits and other purposes | <u>\$ 31,619,920</u>                |                     |

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

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**For the Fiscal Year Ended June 30, 2010**

|   | <b>Employee<br/>Retirement Plan</b> |
|---|-------------------------------------|
| <b>Additions</b>                            |                                     |
| Contributions                               |                                     |
| Employer contributions                      | \$ 2,500,000                        |
| Plan members contributions                  | 1,316,733                           |
| Total contributions                         | 3,816,733                           |
| <b>Investment earnings</b>                  |                                     |
| Net (decrease) in fair value of investments | 2,743,634                           |
| Interest and dividends                      | 833,622                             |
| Total investment earnings                   | 3,577,256                           |
| <b>Total additions</b>                      | 7,393,989                           |
| <b>Deductions</b>                           |                                     |
| Benefits paid                               | 6,383,259                           |
| Operating expenses                          | 332,612                             |
| Total deductions                            | 6,715,871                           |
| Change in net assets                        | 678,118                             |
| Net assets - beginning                      | 30,941,802                          |
| <b>Net assets - ending</b>                  | \$ 31,619,920                       |

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

## **Notes to Financial Statements**

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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

The financial statements of the Town of West Warwick, Rhode Island, have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The government's significant accounting policies are described below.

**Reporting Entity**

The Town of West Warwick was founded in 1913. The Town is governed largely under the Home Rule Charter approved by the electorate on November 4, 1986 and effective December 5, 1988. In some matters, including the issuance of short and long-term debt, the general laws of the State of Rhode Island govern the Town. On February 8, 1994 a special election was held and the Town's people voted to change the form of Town government from a Mayor to a Town Council/Manager form of government. The Town provides the following services as authorized by its charter: Public Safety (police, fire, traffic safety, inspections, zoning and building), Public Works (sanitation, highways and streets, engineering and building maintenance), Parks and Recreation, Education, Social Services, and General Administrative Services.

This report includes all of the funds of the Town of West Warwick. The reporting entity for the town consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, (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 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 West Warwick, 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;

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

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

**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:

- \* West Warwick School System
- \* West Warwick Library
- \* West Warwick Housing Authority
- \* West Warwick Senior Center

Although the West Warwick School System and the West Warwick Library meet certain criteria of the tests listed above, these entities are 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 Housing Authority and Senior Center met none of the tests as described above and therefore, are not considered a component unit of the Town.

**BASIS OF PRESENTATION**

***Government-Wide Financial Statements***

The statement of net assets and the statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for *fiduciary funds* (the activity of these funds are reported in the statements of fiduciary net assets and changes in fiduciary net assets). The government-wide financial statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

***Fund Financial Statements***

Fund financial statements of the reporting entity are organized into funds, each of which, is considered to be separate accounting entities. 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 meets the following criteria:

- (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.

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**BASIS OF PRESENTATION (continued)**

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.

**GOVERNMENTAL FUND TYPES**

***Major Governmental Funds***

**General Fund** - is used to account for resources devoted to financing the general services that the Town performs for its citizens. General tax revenues and other sources of revenues used to finance the fundamental operations of the Town are included in this fund. The fund is charged with all costs of operating the government for which a separate fund has not been established.

**School Unrestricted Fund** – The School Unrestricted Fund is used to account for the budgeted resources devoted to financing the general operations of the school department.

**PROPRIETARY FUND TYPE**

This fund type accounts for operations that are organized to be self-supporting through user charges. The fund included in this category is as follows:

**Enterprise Funds** - are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy management control, accountability, or other purposes.

**Internal Service Fund** - is used to account for operations that are financed and operated in a manner where employee medical plan costs are allocated to various Town departments for services provided.

**Major Enterprise Funds** – The Sewer Fund is used to account for sewer use fees and the expenses associated with providing sewer services to town residents and other communities.

**FIDUCIARY FUND TYPES**

These funds account for assets held by the Town as a trustee or agent for individuals, private organizations, and other units of governments. These funds are as follows:

**Agency Funds** - are used to account for funds that are to be used for educational and welfare expenditures and for funds held in escrow for other parties.

**Pension Trust Fund** - is used to account for funds that are to be used for the payment of retirement benefits to former employees. The Pension Committee oversees this fund.

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**BASIS OF ACCOUNTING**

***Measurement Focus – Government Wide Financial Statements***

In the Government-Wide Financial Statements the Statement of Net Assets and Statement of Activities, the governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expense, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Those revenues susceptible to accrual are property taxes, franchise taxes, special assessments, licenses, interest revenue and charges for services. Sales taxes collected and held by the state at year-end on behalf of the government also are recognized as revenue. Fines, permits, and parking meter revenues are not susceptible to accrual because generally they are not measurable until received in cash. In determining when to recognize intergovernmental revenues (grants and entitlements), the legal and contractual requirements of the individual programs are used as guidance. Revenues are recognized when the eligibility requirements have been met.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between fiduciary fund types. These charges have been reclassified as other receivables or other liabilities.

Amounts reported as program revenues included 1) charges to customers or applicants for goods, services, fines, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

***Measurement Focus – Fund Financial Statements***

The accounting and financial reporting treatment applied to the ***fund financial statements*** is determined by its measurement focus. All Governmental Fund Types accounted for using a “current financial resources” measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All Proprietary Fund Types and Fiduciary Fund Types excluding agency funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net assets) is segregated amounts invested in capital net of related debt and unreserved net assets components. Agency funds, which are fiduciary funds have no measurement focus.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the proprietary funds are charges for services. Operating expenses for enterprise funds include the cost of operations and maintenance, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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.

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**BASIS OF ACCOUNTING** *(continued)*

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.

Non-current portions of long-term receivables of Governmental Fund Types are reported on their balance sheets, in spite of their spending measurement focus. Special reporting treatments are used to indicate however, that they should not be considered “available expendable resources” since they do not represent net current assets. Recognition of Governmental Fund Type revenues represented by non-current receivables is deferred until they become current receivables.

Because of their spending measurement focus, expenditure recognition for Governmental Fund Types excludes amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as Governmental Fund Type expenditures or fund liabilities. They are instead reported as Long-term Liabilities – Governmental Activities.

In applying the “susceptible to accrual” concept to intergovernmental revenues the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of such revenues. For one type, amounts must be expended on the specific purpose or project before any amounts will be paid to the Town; therefore revenues are recognized based upon the expenditures recorded.

For the other type, revenues are virtually unrestricted as to purpose of expenditure and revocable only for failure to comply with the prescribed requirements, such as a Community Development Block Grant. These resources are reflected as revenues at the time of receipt or earlier if they meet the “available” criteria.

All Proprietary Funds and Pension Trust Funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

In accordance with Government Accounting Standards Board Statement No. 20, the Town of West Warwick has elected to apply to all Proprietary Fund Types and Similar Trust Funds all applicable GASB Pronouncements, as well as the following pronouncements issued on or before November 30, 1989; FASB Statements and Interpretations, APB opinions and ARBs unless these pronouncements conflict with or contradict GASB pronouncements.

**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 Government Securities, Commercial Paper and various types of corporate stocks and bonds held in the Governmental and Fiduciary Fund types, which are recorded at fair value. Fair value is determined wherever possible, by use of published quoted amounts, where quotes are not available, formal valuations are obtained.

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**BASIS OF ACCOUNTING** (continued)

When discounts or premiums are present, the Town will capitalize and amortize the amount over the period of the related investment.

**Receivables**

Accounts receivable are recorded in the General, Special Revenue and Enterprise funds. The Town uses the direct write off method to account for bad debt in both the Government - Wide Financial Statements and the Fund Financial Statements. Allowances for uncollectible accounts receivables are based upon historical trends and the periodic aging of accounts receivable. The current years allowance is \$720,360.

**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.

**Capital Assets**

Capital assets in Governmental Fund type operations are accounted for using the "current financial resources" measurement focus. Capital assets, which include property, plant and equipment, and infrastructure (e.g. road, curbs and gutters, streets and sidewalks, and drainage systems), are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. 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). Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets (retroactive to January 1, 1979) is included as part of the governmental capital assets reported in the government-wide statements. Donated assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are recorded as expenditures as incurred.

The Town capitalizes certain interest costs in accordance with GASB Code Section 1400 as part of constructed assets. Interest is capitalized throughout the construction period in the Capital projects fund prior to the assets being transferred to the governmental fund and placed in service.

Property, plant and equipment for Proprietary Fund Types are valued at historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance is expensed as incurred.

Property, plant and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

| <u>Description</u>                                       | <u>Estimated<br/>Lives (years)</u> |
|--|------------------------------------|
| Autos and information processing equipment               | 5                                  |
| Trucks   | 8                                  |
| Equipment, furniture and fixtures                        | 10                                 |
| Heavy equipment  | 25                                 |
| Buildings, infrastructure, water lines and fire hydrants | 40                                 |
| Sewer mains and certain water assets                     | 75-100                             |

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**BASIS OF ACCOUNTING** *(continued)*

**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 sixty days thereafter.

**Designated Fund Balances**

Designated fund balances represent amounts, which the Town intends to use in future years to pay for non-contracted expenditures at year-end.

**Reserved Fund Balances**

Reserved fund balances represent amounts, which the Town is contractually obligated to pay but has not as of the balance sheet date received the goods or services.

**Fund Equity**

The unreserved fund balances for governmental funds represent the amount available for budgeting future operations. The reserved fund balances for governmental funds represent the amount that has been legally identified for specific purposes. Unreserved net assets for proprietary funds represent net assets available for future operations or distribution.

**Revenues, Expenditures and Expenses**

Revenues for governmental funds are recorded when they are determined to be both measurable and available. Generally, tax revenues, fees and non-tax revenues are recognized when received. Grants from other governments are recognized when qualifying expenditures are incurred. Expenditures for governmental funds are recorded when the related liability is incurred. Revenues and expenses of proprietary fund types are recognized using the full accrual basis of accounting. Revenue is recognized when earned and expenses as incurred.

**Program Revenues and Expenses**

In the statement of activities specific revenues are allocated to program expenses due to their direct relationships. Collections for licenses, fees, tickets and fines are among some of the revenue sources that are program revenues. Indirect expenses are not allocated to functions in the statement of activities.

**Property Taxes**

The Town is permitted by state law to levy property taxes. Current tax collections for the Town were approximately 96.3% of the total December 31, 2008 levy net of adjustments.

The Town's fiscal 2010 property taxes were levied in July of 2009 on assessed valuation as of December 31, 2008. Upon levy, taxes are billed quarterly and are due on July 15, October 15, January 15, and April 15. Failure to mail payments by due dates will result in lien on taxpayer's property. Assessed values are established by Tax Assessor's Office and are currently calculated at 100% of assessed value for real estate and 100% of market value for motor vehicles. A revaluation of all real estate was completed as of December 31, 2003.

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**BASIS OF ACCOUNTING** *(continued)*

**Vacation, Sick Leave, and Other Compensated Absences**

Unused vacation leave is paid upon an employee's termination. Sick leave not taken by municipal workers is paid 100% up to 100 days, for police and fire departments employees are paid 100% up to 130 days and 50% for the next 50 days and 25% for the next 50 days. School department employees are paid compensated absences based on various employee agreements. For Governmental Fund Types accrued compensated absences are presented as a current liability for those amounts expected to be paid with current financial resources. In governmental funds compensated absence expenditures are only reported when matured. For those compensated absences not to be paid with current financial resources the liability is recorded in the Statement of Net Assets of the Government-Wide Financial Statements. At June 30, 2010 the long-term portion that amount was \$3,677,132. For Proprietary Fund Types accrued compensated absences are recorded as a liability within those funds. In past years and in future fiscal years the general fund has been used to liquidate the liability for compensated absences in governmental funds other than those which are liabilities on proprietary funds.

**Inter-fund Transactions**

Inter-fund transactions except advances are accounted for as transfers. Nonrecurring or non-routine transfers of equity between funds are considered transfers.

***NOTE 2 – BUDGETARY DATA AND BUDGETARY COMPLIANCE***

In accordance with the West Warwick 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' appropriation amounts are supported by revenue estimates and take into account the elimination of accumulated deficits and the re-appropriation of accumulated surpluses to the extent necessary. The 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

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**BASIS OF ACCOUNTING** (continued)

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. The Finance Director has authority to make such transfers within departments for the first nine months of the fiscal year. Any other departmental transfers made and transfers made outside the departmental level in the last three months of the fiscal year require Town Council approval by ordinance.

**CHARTER PROVISION DESIGNATED FUND BALANCE**

The Town has established a formal policy on the minimum level of unreserved fund balance that should be maintained in the general fund. The Town's Home Rule Charter Section 509 Cash Reserve fund states: The town council shall provide for a cash reserve fund which shall be used as a source of funds to meet Town obligations in anticipation of tax receipts, anticipated from state or federal government or other sources. The Town manager shall include in his budget recommendations a sum equal to no less than .35 percent of the total operating budget to be paid into the said cash reserve fund until said reserve shall equal 5 percent (.05) of the operating budget.

**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 \$81,517,919 based on the December 31, 2008 assessment. As of June 30, 2010 the Town's debt is under the debt limit by \$54,514,919. In addition to the bonding authority granted under §45-12-2 of the RI General Laws, the Town of West Warwick 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 106 in the statistical section for computation of the legal debt margin.

**NOTE 4 - DEFICIT FUND BALANCES OR NET ASSETS OF INDIVIDUAL FUNDS**

The following individual funds had deficit equity balances as of June 30, 2010:

**Governmental Funds**

|                          |    |           |    |
|--------------------------|----|-----------|----|
| Mobil Data Computer II   | \$ | 14,189    | ** |
| Mobil Data Computer I    |    | 52,526    | ** |
| JAG ARRA                 |    | 11,190    | ** |
| School Unrestricted Fund |    | 2,709,468 | *  |
| Energy Fund              |    | 9,264     | ** |
| School QZAB Bond Fund    |    | 12,955    | ** |

\* The deficit balance will require a future administration plan to fund this deficit.

\*\* The deficits will be eliminated by future reimbursements from either another Town Fund the State or the Federal Government.

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

***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 are 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 shall not exceed five (5) percent of that institution's capital and surplus as set forth in the institution's most recent audited financial statements. All investments will be 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.

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, although the Government does not have a formal policy relating to a specific investment-related risk.

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, \$0.00 of the Town's balance of \$17,028,601 on deposit with financial institutions was uninsured and uncollateralized.

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

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.

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 5 – CASH AND INVESTMENTS (continued)**

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

**Cash and Cash Equivalents**

Deposits with financial institutions           \$ 17,028,601

**Investments**

**Pension Trust Fund:**

Cash and Money Funds                               3,724,317

U.S. Government Bonds                             5,903,261

Corporate Debt   3,796,425

Equities   18,199,591

Total Pension Investments                       31,623,594

**Total Cash and Investments**                   \$ 48,652,195

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

**Statement of Net Assets**

Cash and cash equivalents                       \$ 16,901,563

**Fiduciary Funds**

Cash   127,038

Investments   31,623,594

31,750,632

**Total Cash and Investments**                   \$ 48,652,195

*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. Information about the exposure of the town's debt type investments to this risk using the segment time distribution model is as follows:

| Type of Investment | Fair Value          | Investment Maturities (in Years) |                     |                     |                     |
|--------------------|---------------------|----------------------------------|---------------------|---------------------|---------------------|
|                    |                     | Less Than 1 Year                 | 1-5 Years           | 6-10 Years          | Over 10 Years       |
| Government Bonds   | \$ 5,903,261        | \$ -                             | \$ 1,135,313        | \$ 1,925,804        | \$ 2,842,144        |
| Corporate Debt     | 3,796,425           | -                                | 950,712             | 1,405,212           | 1,440,501           |
| Total              | <u>\$ 9,699,686</u> | <u>\$ -</u>                      | <u>\$ 2,086,025</u> | <u>\$ 3,331,016</u> | <u>\$ 4,282,645</u> |

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 5 – CASH AND INVESTMENTS (continued)**

*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 list below provides a rating of corporate debt.

| Average Rating | Corporate<br>Bonds |
|----------------|--------------------|
| Aaa            | \$ 1,583,390       |
| Aa1            | 32,632             |
| Aa2            | 98,703             |
| Aa3            | 259,288            |
| A1             | 162,815            |
| A2             | 556,065            |
| A3             | 137,698            |
| Baa1           | 307,265            |
| Baa2           | 349,449            |
| Baa3           | 309,120            |
|                | \$ 3,796,425       |

**NOTE 6 - PROPERTY TAXES**

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

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 does not use an allowance method for bad debts. It directly writes off receivables as they become un-collectible as per state law.

**NOTE 7 – PROPERTY, PLANT & EQUIPMENT**

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 capital asset transactions.

**TOWN OF WEST WARWICK, 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<br>Balance    |
|---|----------------------|-----------------------|----------------|----------------------|
|   | Beginning<br>Balance | Increases             | Decreases      |                      |
| <b>Governmental activities:</b>               |                      |                       |                |                      |
| Capital assets not being depreciated:         |                      |                       |                |                      |
| Land  | \$ 6,089,514         | \$ -                  | \$ -           | \$ 6,089,514         |
| Construction in Progress                      | 3,461,265            | 104,425               | -              | 3,565,690            |
| Total capital assets not being depreciated    | <u>9,550,779</u>     | <u>104,425</u>        | <u>-</u>       | <u>9,655,204</u>     |
| Other capital assets:                         |                      |                       |                |                      |
| Land improvements                             | 1,032,780            | 8,975                 | -              | 1,041,755            |
| Infrastructure                                | 47,227,484           | 488,909               | -              | 47,716,393           |
| Buildings and improvements                    | 77,278,630           | -                     | 154,332        | 77,124,298           |
| Motor vehicles                                | 1,739,421            | 116,740               | -              | 1,856,161            |
| Office furniture and equipment                | 2,162,079            | -                     | -              | 2,162,079            |
| Machinery and equipment                       | 3,412,560            | 100,890               | -              | 3,513,450            |
| Total other capital assets at historical cost | <u>132,852,954</u>   | <u>715,514</u>        | <u>154,332</u> | <u>133,414,136</u>   |
| Less accumulated depreciation for:            |                      |                       |                |                      |
| Land improvements                             | 1,010,976            | -                     | -              | 1,010,976            |
| Infrastructure                                | 26,243,682           | 1,230,772             | -              | 27,474,454           |
| Buildings and improvements                    | 55,023,867           | 1,969,222             | 154,332        | 56,838,757           |
| Motor vehicles                                | 903,929              | 127,776               | -              | 1,031,705            |
| Office furniture and equipment                | 1,299,570            | 29,159                | -              | 1,328,729            |
| Machinery and equipment                       | 3,384,809            | 10,565                | -              | 3,395,374            |
| Total accumulated depreciation                | <u>87,866,833</u>    | <u>3,367,494</u>      | <u>154,332</u> | <u>91,079,995</u>    |
| Governmental activities capital assets, net   | <u>\$ 54,536,900</u> | <u>\$ (2,547,555)</u> | <u>\$ -</u>    | <u>\$ 51,989,345</u> |

Depreciation expense was charged to functions as follows:

|  |                     |
|--|---------------------|
| <b>Governmental activities:</b>                    |                     |
| Legislative, judicial and general administrative   | \$ 1,983,764        |
| Public safety                                      | 405,420             |
| Public works                                       | 116,367             |
| Parks and recreation                               | 255,614             |
| Library  | 18,291              |
| Education  | 588,038             |
| Total governmental activities depreciation expense | <u>\$ 3,367,494</u> |

**TOWN OF WEST WARWICK, 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<br>Balance    |
|---|----------------------|---------------------|---------------------|----------------------|
|   | Beginning<br>Balance | Increases           | Decreases           |                      |
| <b>Business-type activities:</b>              |                      |                     |                     |                      |
| Capital assets not being depreciated:         |                      |                     |                     |                      |
| Land  | \$ 52,900            | \$ -                | \$ -                | \$ 52,900            |
| Construction in progress                      | 2,325,735            | 1,688,688           | 2,325,735           | 1,688,688            |
| Total capital assets not being depreciated    | <u>2,378,635</u>     | <u>1,688,688</u>    | <u>2,325,735</u>    | <u>1,741,588</u>     |
| Other capital assets:                         |                      |                     |                     |                      |
| Plant facilities and equipment                | 64,891,846           | 2,446,892           | 405,655             | 66,933,083           |
| Extensions and mains                          | 37,481,319           | 7,546               | -                   | 37,488,865           |
| Total other capital assets at historical cost | <u>102,373,165</u>   | <u>2,454,438</u>    | <u>405,655</u>      | <u>104,421,948</u>   |
| Less accumulated depreciation for:            |                      |                     |                     |                      |
| Plant facilities and equipment                | 11,663,312           | 1,173,022           | 208,943             | 12,627,391           |
| Extensions and mains                          | 10,365,388           | 560,353             | -                   | 10,925,741           |
| Total accumulated depreciation                | <u>22,028,700</u>    | <u>1,733,375</u>    | <u>208,943</u>      | <u>23,553,132</u>    |
| Business-type activities capital assets, net  | <u>\$ 82,723,100</u> | <u>\$ 2,409,751</u> | <u>\$ 2,522,447</u> | <u>\$ 82,610,404</u> |

Depreciation expense was charged to functions as follows:

|   |                     |
|---|---------------------|
| Business-type activities:                           |                     |
| Sewer Fund  | \$ 1,733,375        |
| Total business-type activities depreciation expense | <u>\$ 1,733,375</u> |

**TOWN OF WEST WARWICK  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2010**

**NOTE 8 DIFFERENCES BETWEEN GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET ASSETS.**

"Total fund balances" of the Towns' governmental funds \$6,356,858 differs from "net assets" of governmental activities \$ (\$10,522,456) 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**

|  | <b>Total<br/>Governmental<br/>Funds</b> | <b>Long-term<br/>Assets/<br/>Liabilities (1)</b> | <b>Reclassifications<br/>and<br/>Eliminations (2)</b> | <b>Statement<br/>Net Assets<br/>Totals</b> |
|--|---|--|---|--|
| <b>Assets</b>                                  |   |  |   |  |
| Cash and cash equivalents                      | \$ 12,083,879                           | \$ -   | \$ -  | \$ 12,083,879                              |
| <b>Receivables:</b>                            |   |  |   |  |
| Property taxes, net                            | 2,153,547                               | -  | -   | 2,153,547                                  |
| Intergovernmental                              | 2,330,453                               | -  | -   | 2,330,453                                  |
| Other  | 999,316                                 | -  | 3,489   | 1,002,805                                  |
| Internal balances                              | 6,789,224                               | -  | (6,789,224)   | -  |
| Inventory                                      | 30,381                                  | -  | -   | 30,381                                     |
| Other assets (net)                             | 1,075,693                               | -  | -   | 1,075,693                                  |
| Deferred charges                               | -                                       | 471,041  | -   | 471,041                                    |
| Property, plant and equipment - net            | -                                       | 42,334,141                                       | -   | 42,334,141                                 |
| Assets not being depreciated-CIP               | -                                       | 3,565,690  | -   | 3,565,690                                  |
| Assets not being depreciated-Land              | -                                       | 6,089,514  | -   | 6,089,514                                  |
| <b>Total assets</b>                            | <u>\$ 25,462,493</u>                    | <u>\$ 52,460,386</u>                             | <u>\$ (6,785,735)</u>                                 | <u>\$ 71,137,144</u>                       |
| <b>LIABILITIES AND FUND BALANCES</b>           |   |  |   |  |
| <b>Liabilities:</b>                            |   |  |   |  |
| Accounts payable and accrued items             | \$ 6,092,984                            | \$ -   | \$ 488,935  | \$ 6,581,919                               |
| Cash overdraft                                 | -                                       | -  | -   | -  |
| Accrued expenses                               | 1,373,005                               | 315,587  | -   | 1,688,592                                  |
| Internal balances                              | 7,154,159                               | -  | (7,274,670)   | (120,511)                                  |
| Deferred revenue                               | 4,485,487                               | (1,513,804)                                      | -   | 2,971,683                                  |
| Long-term liabilities                          |   |  |   |  |
| Due within one year                            | -                                       | 1,705,851  | -   | 1,705,851                                  |
| Due in more than one year                      | -                                       | 69,736,989                                       | -   | 69,736,989                                 |
| <b>Total liabilities</b>                       | <u>19,105,635</u>                       | <u>70,244,623</u>                                | <u>(6,785,735)</u>                                    | <u>82,564,523</u>                          |
| <b>Fund Balances/Net Assets</b>                |   |  |   |  |
| Total fund balances/net assets                 | 6,356,858                               | (17,784,237)                                     | -   | (11,427,379)                               |
| Total liabilities and fund balances/net assets | <u>\$ 25,462,493</u>                    | <u>\$ 52,460,386</u>                             | <u>\$ (6,785,735)</u>                                 | <u>\$ 71,137,144</u>                       |

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

|                          |                      |
|--------------------------|----------------------|
| Cost of capital assets   | \$ 143,069,340       |
| Accumulated depreciation | (91,079,995)         |
|                          | <u>\$ 51,989,345</u> |

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

|                                |                     |
|--------------------------------|---------------------|
| Adjustment of deferred revenue | \$ 1,790,282        |
| Deferred bond cost             | 471,041             |
| Bond premium                   | (276,478)           |
| Accrued interest               | (315,587)           |
|                                | <u>\$ 1,669,258</u> |

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                | \$ (27,003,000)        |
| Accrued compensated absences | (3,677,132)            |
| Net OPEB obligation          | (11,515,448)           |
| Net pension obligation       | (29,247,260)           |
|                              | <u>\$ (71,442,840)</u> |

- (2) The Internal Service Fund is used by management to charge the costs of medical benefit claims. The assets and liabilities of the Internal Service Fund are included in the Governmental Activities in the Government-Wide Statement of Net Assets.

|                     |             |
|---------------------|-------------|
| Accounts receivable | \$ -        |
| Accounts payable    | (488,935)   |
| Internal balances   | 1,183,912   |
| Internal balances   | (694,977)   |
|                     | <u>\$ -</u> |

**TOWN OF WEST WARWICK**  
**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 \$2,979,762 differs from the "change in net assets" for governmental activities \$(13,104,852) 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 are illustrated below with explanations on page 39.

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

|  | Total<br>Governmental<br>Funds | Long-term<br>Revenues/<br>Expenses (1) | Capital-<br>related<br>Items (2) | Long-term<br>Debt<br>Transactions (3) | Statement<br>of Activities<br>Totals |
|--|--------------------------------|--|----------------------------------|---------------------------------------|--------------------------------------|
| <b>Revenues</b>                                  |                                |  |                                  |                                       |                                      |
| General property tax                             | \$ 50,791,982                  | \$ 227,275                             | \$ -                             | \$ -                                  | \$ 51,019,257                        |
| Intergovernmental and departmental revenues      | 33,737,161                     | -                                      | -                                | -                                     | 33,737,161                           |
| Federal revenue SFSF                             | 1,354,139                      | -                                      | -                                | -                                     | 1,354,139                            |
| License and permits                              | 2,067,020                      | -                                      | -                                | -                                     | 2,067,020                            |
| Fines and interest on late payments              | 641,149                        | -                                      | -                                | -                                     | 641,149                              |
| Interest on investments                          | 34,696                         | -                                      | -                                | -                                     | 34,696                               |
| Other revenues                                   | 2,570,912                      | -                                      | -                                | (189,503)                             | 2,381,409                            |
| <b>Total revenues</b>                            | <u>91,197,059</u>              | <u>227,275</u>                         | <u>-</u>                         | <u>(189,503)</u>                      | <u>91,234,831</u>                    |
| <b>Expenditures</b>                              |                                |  |                                  |                                       |                                      |
| <b>Current:</b>                                  |                                |  |                                  |                                       |                                      |
| Legislative, judicial and general administrative | 16,599,785                     | -                                      | 1,983,764                        | 9,244,119                             | 27,827,668                           |
| Financial administration                         | 804,180                        | -                                      | -                                | (211,448)                             | 592,732                              |
| Public safety                                    | 12,474,913                     | -                                      | 229,990                          | -                                     | 12,704,903                           |
| Public works                                     | 4,660,304                      | -                                      | 116,367                          | -                                     | 4,776,671                            |
| Public Health and Welfare                        | 1,021,467                      | -                                      | (60,875)                         | -                                     | 960,592                              |
| Parks and recreation                             | 243,357                        | -                                      | 255,614                          | -                                     | 498,971                              |
| Library  | 732,654                        | -                                      | 18,291                           | -                                     | 750,945                              |
| Education  | 55,163,935                     | -                                      | 588,038                          | -                                     | 55,751,973                           |
| Capital  | 583,634                        | -                                      | (583,634)                        | -                                     | -                                    |
| <b>Long-term obligations:</b>                    |                                |  |                                  |                                       |                                      |
| Principal  | 3,580,000                      | -                                      | -                                | (3,580,000)                           | -                                    |
| Interest   | 1,067,045                      | 157,083                                | -                                | -                                     | 1,224,128                            |
| Other  | 166,023                        | -                                      | -                                | -                                     | 166,023                              |
| <b>Total expenditures</b>                        | <u>97,097,297</u>              | <u>157,083</u>                         | <u>2,547,555</u>                 | <u>5,452,671</u>                      | <u>105,254,606</u>                   |
| <b>Other financing sources (uses)</b>            |                                |  |                                  |                                       |                                      |
| Transfers from other funds                       | 46,528,885                     | -                                      | -                                | -                                     | 46,528,885                           |
| Issuance of debt                                 | 8,870,000                      | -                                      | -                                | (8,870,000)                           | -                                    |
| Transfers to other funds                         | (46,518,885)                   | -                                      | -                                | -                                     | (46,518,885)                         |
| <b>Total other financing sources (uses)</b>      | <u>8,880,000</u>               | <u>-</u>                               | <u>-</u>                         | <u>(8,870,000)</u>                    | <u>10,000</u>                        |
| <b>Net change for the year</b>                   | <u>\$ 2,979,762</u>            | <u>\$ 70,192</u>                       | <u>\$ (2,547,555)</u>            | <u>\$ (14,512,174)</u>                | <u>\$ (14,009,775)</u>               |

**TOWN OF WEST WARWICK**  
**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 do not provide current financial resources to governmental funds but are reported as revenues in the statement of activities.

|                               |                   |
|-------------------------------|-------------------|
| Deferred revenue property tax | <u>\$ 227,275</u> |
|-------------------------------|-------------------|

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. Cost associated with debt financing are expensed in the fund financial statements while in the government-wide financial statements they are capitalized and amortized over the life of the bond, also premiums received from bond issuance which are recorded in the governmental funds as revenue are amortized in the statement of activities.

|                                 |                     |
|---------------------------------|---------------------|
| Accrued interest                | \$ (157,083)        |
| Amortization of bond premium    | 16,441              |
| Bond premium                    | (205,944)           |
| Deferred bond cost              | 249,301             |
| Amortization bond issuance cost | (37,853)            |
| Total expenditure adjustment    | <u>\$ (135,138)</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       | \$ 819,939            |
| Depreciation expense | <u>(3,367,494)</u>    |
| Difference           | <u>\$ (2,547,555)</u> |

- (3) Repayment of bond principal is reported as an expenditure in the governmental funds and, thus, has the effect of reducing fund balance because current financial resources have been used. For the town as a whole, however, the principal payments reduce the liabilities in the statement of net assets and do not result in an expense in the statement of activities. Net proceeds from the issuance of debt in the governmental funds is reported as a source of financing, in the government-wide financial it is an increase in long-term liabilities.

|                         |                       |
|-------------------------|-----------------------|
| Issuance of debt        | (8,870,000)           |
| Principal payments made | <u>3,580,000</u>      |
|                         | <u>\$ (5,290,000)</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 decrease in compensated absences       | \$ 205,891            |
| Net increase in the OPEB obligation        | (5,743,166)           |
| Net increase in the net pension obligation | <u>(3,706,844)</u>    |
| Change                                     | <u>\$ (9,244,119)</u> |

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 10 - LONG-TERM DEBT**

Governmental long-term liabilities do not appear in the fund financial statements but rather are a reconciling item in the presentation of the government-wide financial statements and are included in the statement of net assets. Long-Term liabilities directly related to and intended to be paid from the Proprietary Fund Types are included in the accounts of such fund.

**NOTE 10. INFORMATION ABOUT LONG-TERM LIABILITIES**

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:

|   | <u>Balance<br/>July 1, 2009</u> | <u>Additions</u>     | <u>Retirements</u>  | <u>Balance<br/>June 30, 2010</u> | <u>Amounts<br/>Due within<br/>One Year</u> |
|---|---------------------------------|----------------------|---------------------|----------------------------------|--|
| <b>Governmental Activities</b>                |                                 |                      |                     |                                  |  |
| Bonds Payable                                 | \$ 21,713,000                   | \$ 8,870,000         | \$ 3,580,000        | \$ 27,003,000                    | \$ 1,580,000                               |
| Total bonds payable                           | <u>21,713,000</u>               | <u>8,870,000</u>     | <u>3,580,000</u>    | <u>27,003,000</u>                | <u>1,580,000</u>                           |
| Other liabilities:                            |                                 |                      |                     |                                  |  |
| Accrued compensated absences                  | 3,883,023                       | -                    | 205,891             | 3,677,132                        | 125,851                                    |
| Net OPEB Obligation                           | 5,772,282                       | 5,743,166            | -                   | 11,515,448                       | -  |
| Net Pension Benefit                           | 25,540,416                      | 3,706,844            | -                   | 29,247,260                       | -  |
| Total other liabilities                       | <u>35,195,721</u>               | <u>9,450,010</u>     | <u>205,891</u>      | <u>44,439,840</u>                | <u>125,851</u>                             |
| Governmental Activities long-term liabilities | <u>\$ 56,908,721</u>            | <u>\$ 18,320,010</u> | <u>\$ 3,785,891</u> | <u>\$ 71,442,840</u>             | <u>\$ 1,705,851</u>                        |
| <b>Business-Type Activities</b>               |                                 |                      |                     |                                  |  |
| Sewer Department notes payable                | 27,914,000                      | -                    | 1,686,000           | 26,228,000                       | 1,695,000                                  |
| Total notes payable                           | <u>27,914,000</u>               | <u>-</u>             | <u>1,686,000</u>    | <u>26,228,000</u>                | <u>1,695,000</u>                           |
| Total long-term liabilities                   | <u>\$ 27,914,000</u>            | <u>\$ -</u>          | <u>\$ 1,686,000</u> | <u>\$ 26,228,000</u>             | <u>\$ 1,695,000</u>                        |

The following schedule summarizes the Town's bonds and notes

|                                | Interest Rates | Principal            | Due Dates |
|--------------------------------|----------------|----------------------|-----------|
| Governmental bonds             | 1.47% - 7.45%  | \$ 27,003,000        | 2011-2029 |
| Enterprise Funds notes payable | 0% - 1.565%    | 26,228,000           | 2011-2028 |
| <b>Total All Funds</b>         |                | <u>\$ 53,231,000</u> |           |

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 10. INFORMATION ABOUT LONG-TERM LIABILITIES (continued)**

The debt service through maturity for the above Governmental bonds are as follows:

| <b>Fiscal<br/>Year Ended<br/>June 30</b> | <b><u>Principal</u></b>     | <b><u>Interest</u></b>     | <b><u>Total</u></b>         |
|--|-----------------------------|----------------------------|-----------------------------|
| 2011                                     | 1,580,000                   | 995,461                    | 2,575,461                   |
| 2012                                     | 1,605,000                   | 1,022,887                  | 2,627,887                   |
| 2013                                     | 1,630,000                   | 958,046                    | 2,588,046                   |
| 2014                                     | 1,535,000                   | 894,460                    | 2,429,460                   |
| 2015                                     | 1,495,000                   | 832,658                    | 2,327,658                   |
| 2016                                     | 1,525,000                   | 770,597                    | 2,295,597                   |
| 2017                                     | 1,555,000                   | 705,216                    | 2,260,216                   |
| 2018                                     | 1,590,000                   | 636,003                    | 2,226,003                   |
| 2019                                     | 1,395,000                   | 564,441                    | 1,959,441                   |
| Thereafter                               | 13,093,000                  | 2,149,284                  | 15,242,284                  |
| <b>TOTALS</b>                            | <b><u>\$ 27,003,000</u></b> | <b><u>\$ 9,529,053</u></b> | <b><u>\$ 36,532,053</u></b> |

The debt service through maturity for the above Enterprise bonds are as follows:

| <b>Fiscal<br/>Year Ended<br/>June 30</b> | <b><u>Principal</u></b>     | <b><u>Interest</u></b>     | <b><u>Total</u></b>         |
|--|-----------------------------|----------------------------|-----------------------------|
| 2011                                     | 1,695,000                   | 322,693                    | 2,017,693                   |
| 2012                                     | 1,705,000                   | 304,158                    | 2,009,158                   |
| 2013                                     | 1,716,000                   | 285,048                    | 2,001,048                   |
| 2014                                     | 1,726,000                   | 265,418                    | 1,991,418                   |
| 2015                                     | 1,735,000                   | 245,289                    | 1,980,289                   |
| 2016                                     | 1,705,000                   | 225,037                    | 1,930,037                   |
| 2017                                     | 1,717,000                   | 204,678                    | 1,921,678                   |
| 2018                                     | 1,728,000                   | 183,853                    | 1,911,853                   |
| 2019                                     | 1,740,000                   | 162,572                    | 1,902,572                   |
| Thereafter                               | 10,761,000                  | 531,972                    | 11,292,972                  |
| <b>TOTALS</b>                            | <b><u>\$ 26,228,000</u></b> | <b><u>\$ 2,730,718</u></b> | <b><u>\$ 28,958,718</u></b> |

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 11 - INTERFUND RECEIVABLES AND PAYABLES**

Inter-fund receivables represent loans to various funds when there are either timing differences between funds expended and revenue received for use in operations or operational revenue do not meet current year expenditures/expenses. These amounts are expected to be repaid at certain future dates. Below are balances at June 30, 2010.

**NOTE 13 - INTERFUND RECEIVABLES AND PAYABLES (Continued)**

|                                | <u>Due from other funds</u> |                     | <u>Due to other funds</u> |                     |
|--------------------------------|-----------------------------|---------------------|---------------------------|---------------------|
| <b>General Fund</b>            | \$                          | 1,654,995           |                           | \$ 3,813,223        |
| <b>Special Revenue Funds:</b>  |                             |                     |                           |                     |
| School Unrestricted            | 2,358,473                   |                     | 1,506,759                 |                     |
| School Restricted              | 218,902                     |                     | 1,073,337                 |                     |
| Town Restricted                | 1,209,329                   | 3,786,704           | 760,700                   | 3,340,796           |
| <b>Capital Projects:</b>       |                             | 1,347,525           |                           | 140                 |
| <b>Trust and Agency Funds:</b> |                             |                     |                           |                     |
| Pension Trust Fund             |                             | -                   |                           | 3,489               |
| <b>Proprietary Funds</b>       |                             |                     |                           |                     |
| Sewer                          | -                           |                     | 195,829                   |                     |
| Municipal Court                | 75,318                      |                     | -                         |                     |
| Civic Center                   | -                           |                     | -                         |                     |
| Internal Service               | 1,183,912                   | 1,259,230           | 694,977                   | 890,806             |
| <b>Totals</b>                  |                             | <u>\$ 8,048,454</u> |                           | <u>\$ 8,048,454</u> |

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<br>other funds | Transfers to<br>other funds |
|-------------------------------------|-------------------------------|-----------------------------|
| General Fund                        | \$ 10,000                     | \$ 46,490,807               |
| Special Revenue (School Department) | 46,464,298                    | -                           |
| Special Revenue Funds (Town)        | 26,509                        | -                           |
| Capital Project Funds               | 28,078                        | 28,078                      |
| Enterprise Funds                    | -                             | 10,000                      |
| <b>Totals</b>                       | <u>\$ 46,528,885</u>          | <u>\$ 46,528,885</u>        |

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 12 - FUND EQUITY RESERVES**

The following reserves are recorded in the financial statements at June 30, 2010:

**General Fund-Reserve for inventory** - to reserve inventory that is not an available financial resource for the current year, but will be consumed in the subsequent year. General Fund reserve for inventory is \$30,381.

**General Fund-Reserve for capital projects** – to reserve for planned roadway and building projects for the Town. General Fund reserve for capital projects is \$18,000

**General Fund-Reserve for prepaid items** - to reserve for prepaid expenditures that are not an available financial resource for the current year, but will be reflected as an expenditure in the subsequent year. Reserve for prepaid items is \$4,299

**Special Revenue Funds-Reserve for trust agreements** – to reserve trust funds in accordance with terms of trust agreements. This amount is \$2,099.

**General Fund-Reserve for bond sinking fund** – to reserve for planned payment of bond sinking fund due in 2021. This amount is \$762,888.

**NOTE 13 - SEGMENT INFORMATION FOR THE ENTERPRISE FUNDS**

Segment information for the Sewer Fund at June 30, 2010 and for the year then ended is presented as follows:

|                               | Sewer<br>Fund |
|-------------------------------|---------------|
| Operating Revenues            | \$ 8,658,729  |
| Depreciation and Amortization | 1,759,852     |
| Operating Income (loss)       | 1,477,824     |
| Change in Net Assets          | 1,193,520     |
| Net Working Capital           | 1,745,582     |
| Total Assets                  | 100,980,884   |
| Total Indebtedness            | 26,228,000    |
| Total Net Assets              | 62,430,569    |

**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 anticipated 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.

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 14 - SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES** *(continued)*

**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 – OTHER POST RETIREMENT BENEFITS**

**Plan Description**

In addition to the pension benefits described below, the Town provides post employment health care benefits in accordance with Town union contracts. These benefits are for continued full family or individual health care for the employee groups as described below. A separate audited GAAP basis report is not issued for this plan.

**Plan Types**

Medical: Blue Cross/Blue Shield Classic or Healthmate

Dental: Delta Dental of Rhode Island

**Eligibility**

Police & Fire: Any age with 20 years.

School Certified: Any age with 15 years of service, any age with 25 years of service any age with 28 years of service. (cost sharing changes with each)

Municipal Employees: Any age with 25 years of service or age 60 with 10 years of service.

School Non-Certified: Any age with 25 years of service or age 60 with 20 years of service.

**Benefit/Cost Sharing**

Police Fire: The town pays 100% of the medical and dental premiums until eligible for Medicare. Then the Town pays 100% for Plan 65.

School Certified: The Town pays 100 % of medical premiums for 4 years after retirement for those who retire with 15 years of service. The Town pays 100% of the medical premium until eligible for Medicare for those who retire with 25 years of service. The Town pays 100% of both medical and dental premiums for those who retire with 28 years of service until Medicare eligible.

Municipal Employees: The Town pays 100% of the medical and dental premiums until eligible for Medicare.

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 15 – OTHER POST RETIREMENT BENEFITS** *(continued)*

**Benefit/Cost Sharing** *(continued)*

School Non-Certified: The Town pays 100% of medical and dental premiums for 5 years after retirement

**Spouse Benefit - Yes**

**Surviving Spouse Benefit – Yes** until Medicare eligible

**Membership**

At May 1, 2010, active membership consisted of: 648 employees

**Funding Policy**

Contribution requirements are negotiated between the Town and the respective unions. The Town is required to contribute the cost of medical/drug and dental benefits, less the amount of any applicable co-payment in effect at the time of retirement. For the year-ended June 30, 2010, the plan operated on a pay as you go basis and no provision has been made to fund future benefits to be provided to plan members.

**Annual OPEB Funded Status and net OPEB Obligation**

| Actuarial<br>Actuarial<br>Valuation<br>Date<br><u>July 1,</u> | Actuarial<br>Value<br>of Assets<br><u>(a)</u> | Accrued<br>Liability<br>(AAL)<br><u>(b)</u> | Unfunded<br>AAL<br>(UAAL)<br><u>(b-a)</u> | Funded<br>Ratio<br><u>(a/b)</u> | Covered<br>Payroll<br><u>(c)</u> | UAAL as a<br>Percentage<br>of Covered<br>Payroll<br><u>((b-a)/c)</u> |
|---|---|---|---|---------------------------------|----------------------------------|--|
| 2008  | \$ -0-  | \$136,587,286                               | \$(136,587,286)                           | 0.0%                            | N/A                              | N/A  |

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

|  |                     |
|--|---------------------|
| Annual required contribution               | \$9,327,511         |
| Interest on OPEB obligation                | 230,892             |
| Adjustment to annual required contribution | <u>( 241,842)</u>   |
| Annual OPEB cost                           | 9,316,561           |
| Contributions made                         | <u>3,573,395</u>    |
| Increase (decrease) in OPEB obligation     | <u>5,743,166</u>    |
| Net OPEB obligation beginning of year      | <u>5,772,282</u>    |
| Net OPEB obligation end of year            | <u>\$11,515,448</u> |

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 15 – OTHER POST RETIREMENT BENEFITS** *(continued)*

**Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include types of benefits provided at the time of each valuation and the historical pattern of sharing benefit cost between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Below are the actuarial assumptions used to project future cost of the plan.

|  |              |
|--|--------------|
| Valuation Date:                          | July 1, 2009 |
| Interest Rate                            | 4.00%        |
| 2008 Medical Trend Rate                  | 9.00%        |
| Ultimate Medical Trend Rate              | 5.00%        |
| Year Ultimate Medical Trend Rate Reached | 2012         |
| Remaining Amortization Period            | 29 Years     |
| Annual Payroll Increase                  | 2.50%        |

**NOTE 16 - PENSION PLANS**

**A. Employees' Retirement System of the State of Rhode Island (ERS)**

All Town of West Warwick, 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.

***Plan Description***

State Statute establishes the following eligibility and benefit provisions. All 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

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 16 - PENSION PLANS (continued)**

**A. Employees' Retirement System of the State of Rhode Island (ERS) (continued)**

**Plan Description (continued)**

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. 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 non-service-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:

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 16 - PENSION PLANS (continued)**

**A. Employees' Retirement System of the State of Rhode Island (ERS) (continued)**

**Plan Description (continued)**

- A. **Mortality** – 1994 Group Annuity Mortality Tables.
- B. **Investment return** – 8.25 percent, compounded annually.
- C. **Salary increase** - Salaries will increase at a rate of 4.5-13.25 percent, compounded annually.
- D. **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.
- E. **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

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 \$1,262,822 for the fiscal year ended June 30, 2010. These on-behalf payments of for the Town's employees were recognized as revenues and expenditures during the period.

The School Department does not have any investments or related party investments with the State Plan.

Required contributions:

| <u>Fiscal Years Ending</u> | <u>Required Pension Cost</u> | <u>Percentage Contributed</u> |
|----------------------------|------------------------------|-------------------------------|
| June 30, 2008              | \$ 2,983,090                 | 100%                          |
| June 30, 2009              | \$ 2,798,442                 | 88%                           |
| June 30, 2010              | \$ 2,700,405                 | 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.

The plans 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.

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**B. Municipal Employees' Retirement System (Town Plan)**

**Plan Description**

The Town contributes to the Town Plan, a single-employer public employee retirement plan established in accordance with Town Charter. The plan is considered part of the Town's financial reporting entity and is included in the Town's annual financial report as a pension trust fund and is *not* reported separately as a stand alone report. The information provided in this report is limited to the actuarial valuation as of July 1, 2009, the latest actuarial report available.

|  |                   |
|--|-------------------|
| Retirees and beneficiaries currently receiving<br>benefits and terminated employees entitled to<br>benefits but not yet receiving benefits | 268               |
| Inactive members   | 8                 |
| Active participants  | <u>374</u>        |
| <b>TOTAL</b>   | <u><b>650</b></u> |

The Plan's eligibility requirements are as follows:

**Police and Fire** – 1) Full-time permanent appointment to the departments and completion of one year of continuous service. 2) Fire members must be hired prior to their 31st birthday, Police members prior to their 28th birthday.

**Other Departments** - Full-time employee, completion of six months of continuous service, and employed prior to age 55. A full-time employee is one who is regularly employed by the Town for at least 1,000 hours during a Plan Year, excluding employees wholly or partially subsidized by the Federal or State government directly or indirectly.

The Plan's normal retirement requirements and pension benefits are as follows:

Normal Retirement Requirements:

**Police and Fire** - 20 years of service, or at age 62.

**Other Departments** – the earliest of:

Age 60 and completion of 10 years of service;

Completion of 25 years of service with no age requirement.

**Plan Description**

**Monthly Pension:**

**Police and Fire** – 2.50% for every year up to 20 years, plus 2.50% for every year after 20 years to a max of 70%.

**Other Departments** – 2.50% for every year up to 25 years, plus 2.50% for every year after 25 years.

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 16 - PENSION PLANS (continued)**

**B. Municipal Employees' Retirement System (Town Plan) (continued)**

**Plan Description**

**Average Monthly Compensation:**

**Police** – The averaging period is based on one year and includes longevity, holiday pay and wellness.

**Fire** – The averaging period is based on one year and includes longevity, holiday pay and wellness.

**Other Departments** – The averaging period is based on one year and includes longevity.

**Normal Form of Benefit:**

Pensions for all unions are increased by 2.25% for 15 years.

Pensions for Police and Fire are increased by 2% annually for ten years.

The Plan also provides death and disability benefits. Benefits are established by terms of the Plan document.

**Summary of Significant Accounting Policies**

**Basis of Accounting**

The financial statements of the Town of West Warwick PERS are prepared on the accrual basis of accounting. Under this method revenues are recorded when earned and expenses are recorded when incurred. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the each plan. Dividend income is recorded on the ex-dividend date.

**Method Used to Value Investments**

Investments are recorded in the financial statements at fair value. Fair value is the amount that a plan can reasonably expect to receive for an investment in a current sale between a willing buyer and a willing seller that is, other than a forced liquidation sale. The fair value of fixed income and domestic and international stocks are generally based on published market prices and quotations from national security exchanges and securities pricing services. Real estate is primarily valued on appraisals by independent appraisers or as adjusted by the general partner. Their respective fund manager values other securities and investments, which are not traded on a national security exchange. Short-term investments are stated at fair value. Investments transactions are recorded on a trade date basis. For valuation purposes an actuarial value of assets is calculated that smoothes market fluctuations over a five year period.

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 16 - PENSION PLANS (continued)**

**B. Municipal Employees' Retirement System (Town Plan) (continued)**

**Plan Description**

**Contributions and reserves**

The Town Council has the authority to determine the Towns' obligation to contribute to the plan. The funding policy is based on the availability of Town assets. Plan administrative costs are paid from plan assets. Required contribution rates by plan members are negotiated through labor contracts. There were no long-term contracts for contributions to the plan or amounts outstanding as of the reporting date. There were no reserves or designations.

**Actuarial Cost Method**

The job of the plan's pension actuary is to use a "cost method" to distribute the cost of the pension benefits over each employee's working lifetime. The actuarial cost method can be thought of as a budgeting process that allocates the cost of benefits to all years, both past and future. This is done through a series of actuarial calculations:

1. The first step is to determine the plan's liability for the promised benefits. For employees, this involves estimating how large benefits will be when employees reach retirement age, and estimating how many employees will actually stay with the Town long enough to receive those benefits. Once benefits start being paid, an estimate must be made as to how long the retiree will live and continue to collect benefits. All of those future benefit payments are then stated in terms of today's dollars, and the end result is termed **Represent value of future benefits**.
2. For current employees, a portion of those **future benefits** have already been earned, and the rest will be earned over their remaining working lifetime. The actuarial cost method divides the **present value of future benefits** into three pieces: the **accrued liability**, which is the portion allocated to past years, the **normal cost**, which is the piece allocated to the current year, and **Represent value of future normal costs**, which is the piece allocated to future years.
3. For terminated employees and retirees, all benefits have already been earned, so the actuarial cost method assigns the **entire present value of future benefits** to the **accrued liability**.
4. Once the liabilities have been determined, the next step is to look at the plan's assets. These are held in a trust and are invested in a variety of stocks and bonds. Because of financial market conditions, the market value of the plan's assets can be volatile. The actuaries calculate an **actuarial value of assets** that smoothes out this volatility so that the Town's contribution does not swing about as much as the stock market does. Beginning July 1, 2001, the **actuarial value of assets** is determined by first projecting the **actuarial value** from the beginning of the prior fiscal year based on the actual cash flow during the fiscal year and the assumed interest rate. The difference between this expected **actuarial value** and the actual market value is recognized over a five year period, subject to the **actuarial value** remaining within + 15% of the Market Value. For prior years, the **actuarial value of assets** was equal to the Market Value of Assets.

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 16 - PENSION PLANS (continued)**

**B. Municipal Employees' Retirement System (Town Plan) (continued)**

**Plan Description**

5. The plan's assets represent the accumulation of all contributions that have been made in past years. Similarly, the plan's accrued liability represents the accumulation of all benefits that have been earned in past years. If the assets exceed the liabilities, the Town has in effect paid more than necessary in past years, and so can pay *less* in future years. Likewise, if the assets are smaller than the liabilities, then the Town should pay *more* in future years to make up the shortfall. The actuarial cost method factors this into the contribution via the *past service cost*. First, we subtract the *actuarial value of assets* from the *accrued liability*. The result is called the *unfunded accrued liability*. The *unfunded accrued liability* is then amortized over a 26 year period (30 years starting with the July 1, 2000 valuation) to determine *the past service cost*.
6. The Town's annual contribution is then calculated by adding together the *normal cost* and *the past service cost*. The annual contribution is divided by the current annual payroll to get a *contribution rate*. The contribution rate should remain relatively stable over the years, unless there are unexpected changes in the employee and retiree populations, unusual investment results, or changes in the benefit provisions.

**Actuarial Assumptions**

Inflation Rate: The plan assumes a rate of 3.00% - 3.50%.  
Investment Returns: The plan assumes a return rate of 8.25%.  
Projected Salary Increases: Projected salary increases are assumed at 3.5%.  
Post Retirement Benefit Increases: N/A  
Amortization method: Level Percent  
Amortization Period: 30 Year (decreasing)  
Valuation type: Closed Group

**Concentrations**

There are no investments in any one organization that represents more than 5% of the plan net assets.

*Annual Pension Cost and Net Pension Obligation:* Below are the required pension obligation presentations per GASB 25 and 27 for the period ending June 30, 2010.

|   |                     |
|---|---------------------|
| Annual required contribution                  | \$5,799,056         |
| Interest on net pension obligation            | 2,107,084           |
| Adjustment to annual required contribution    | <u>(1,699,296)</u>  |
| Annual pension cost                           | 6,206,844           |
| Contributions made                            | <u>2,500,000</u>    |
| Increase (decrease) in net pension obligation | <u>3,706,844</u>    |
| Net pension obligation beginning of year      | <u>25,540,416</u>   |
| Net pension obligation end of year            | <u>\$29,247,260</u> |

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

**NOTE 16 - PENSION PLANS (continued)**

**B. Municipal Employees' Retirement System (Town Plan) (continued)**

**REQUIRED SUPPLEMENTARY INFORMATION**

**Trend Information**

| Fiscal<br>Year Ended<br>June 30, | Annual<br>Required<br>Contribution | Percentage<br>Contributed | NPO          | Actual<br>Contribution |
|----------------------------------|------------------------------------|---------------------------|--------------|------------------------|
| 2010                             | \$5,799,056                        | 43.11%                    | \$29,247,260 | \$2,500,000            |
| 2009                             | 4,676,096                          | 21.30%                    | 25,540,416   | 1,000,000              |
| 2008                             | 4,082,436                          | 55.83%                    | 21,458,620   | 2,279,340              |
| 2007                             | 3,553,780                          | 56.31%                    | 19,256,290   | 2,001,206              |
| 2006                             | 3,100,394                          | 47.42%                    | 17,315,472   | 1,470,276              |
| 2005                             | 2,617,422                          | 00.00%                    | 15,317,920   | -0-                    |

**Funded Status**

| Actuarial<br>Valuation<br>Date | Actuarial<br>Value of<br>Assets<br>(a) | Actuarial<br>Accrued<br>Liability<br>(AAL)<br>(b) | Unfunded<br>AAL<br>(UAAL)<br>(b-a) | Funded<br>Ratio<br>(a/b) | Covered<br>Payroll<br>(c) | UAAL as a<br>Percentage of<br>Covered<br>Payroll<br>(b-a)/c) |
|--------------------------------|--|---|------------------------------------|--------------------------|---------------------------|--|
| 7/1/09                         | \$35,588,039                           | \$119,658,016                                     | \$84,069,977                       | 29.74%                   | \$16,891,909              | 497.69%  |
| 7/1/08                         | 44,536,601                             | 112,769,635                                       | 68,233,034                         | 39.49%                   | 17,047,080                | 400.26%  |
| 7/1/07                         | 43,413,194                             | 100,619,756                                       | 57,206,562                         | 43.10%                   | 16,862,318                | 339.30%  |
| 7/1/06                         | 41,254,601                             | 91,322,808  | 50,068,207                         | 45.17%                   | 15,720,077                | 318.50%  |
| 7/1/05                         | 40,301,196                             | 84,051,416  | 43,750,220                         | 47.95%                   | 14,781,683                | 295.98%  |
| 7/1/04                         | 40,173,416                             | 77,478,434  | 37,305,018                         | 51.85%                   | 14,354,371                | 259.89%  |

**NOTE 17 - RISK MANAGEMENT**

The Town of West Warwick 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. As a result, the Town participates in a non-profit, public entity risk pool (Rhode Island Inter-local Risk Management Trust, Inc.) that provides coverage for property/liability claims and workers' compensation claims. Upon joining the Trust, the Town signed a participation agreement that outlines the rights and responsibilities of both the Trust and the Town. The agreement states that for premiums paid by the Town, the Trust will assume financial responsibility for the Town's losses up to the maximum amount of insurance purchased, minus the Town's deductible amounts. The policy is not retrospectively rated, but rather, premiums are based on the ultimate cost of the groups experience to date. The pool is allowed to make additional assessments for claims that are reasonably possible and estimable.

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2010**

***NOTE 17 - RISK MANAGEMENT (continued)***

The Trust provides this insurance coverage through a pooled, self-insurance mechanism, which includes reinsurance purchased by the Trust to protect against large, catastrophic claims above the losses the Trust, retains internally for payment from the pooled contributions of its Members. Under the participation agreement, the Town is insured for a maximum of \$5,000,000 per occurrence. Settled claims resulting from these risks have not exceeded the Trust coverage in any of the past three fiscal years. And it is not anticipated that the risks will exceed the trust coverage in the current year. There were no reductions in the insurance coverage during the fiscal year up and through the report date.

The town insures the entire risk arising from employee related health issues through the purchase of standard health insurance policies for all employees. Policy costs are charged in full to insurance expense in the general, special revenue and enterprise funds on a monthly basis. There are no retrospective adjustments to the monthly premiums charged to the town. The carrier, in advance of the new policy year and to account for the town's historical costs, adjusts the premiums annually.

***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 – STATE FISCAL STABILIZATION FUNDS***

State education aid to school districts was reduced for fiscal year 2010 as part of a State budget crisis. To offset this reduction in state aid, 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 districts 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 West Warwick Public School System was awarded and received \$1,368,942 in Stabilization Funding.

***NOTE 20 – SUBSEQUENT EVENTS***

Management has evaluated subsequent events through February 15, 2011 the date the financial statements were available to be issued. As a result of this review no material subsequent events were noted.

The floods of March 16-17 and March 29-31, 2010 had a devastating impact on both residential homes and commercial businesses. The amount of flooding exceeded water measurements beyond anything the town had seen for the past 100 years. The Town's Waste Water Sewer plant was over-run with water and caused more than \$10 million in damages. The final cost and assessment of the damage is still being tallied and will continue into the 2010-2011 fiscal year. The total costs to rebuild the waste water treatment plant were covered by a separate insurance policy and cannot be measured at this time.

**REQUIRED SUPPLEMENTARY INFORMATION**

**REQUIRED SUPPLEMENTARY INFORMATION**  
**TOWN OF WEST WARWICK, RHODE ISLAND**  
**Budgetary Comparison Schedule - General Fund**  
**Schedule of Revenues - (Budgetary Basis)**  
**For the Fiscal Year Ended June 30, 2010**

|   | <u>Original<br/>Budget<br/>Revenues</u> | <u>Revised<br/>Budget<br/>Revenues</u> | <u>Actual<br/>Revenues</u> | <u>Variance</u>     |
|---|---|--|----------------------------|---------------------|
| <b>General property taxes</b>                           |   |  |                            |                     |
| Real estate and personal property tax                   | \$ 50,522,576                           | \$ 50,522,576                          | \$ 50,791,982              | \$ 269,406          |
| <b>Total general property taxes</b>                     | <u>50,522,576</u>                       | <u>50,522,576</u>                      | <u>50,791,982</u>          | <u>269,406</u>      |
| <b>Intergovernmental and departmental revenues</b>      |   |  |                            |                     |
| State of Rhode Island                                   | 26,714,037                              | 26,714,037                             | 24,538,402                 | (2,175,635)         |
| Departmental  | 316,650                                 | 316,650                                | 334,836                    | 18,186              |
| <b>Total intergovernmental and departmental revenue</b> | <u>27,030,687</u>                       | <u>27,030,687</u>                      | <u>24,873,238</u>          | <u>(2,157,449)</u>  |
| <b>Licenses, permits and usage fees</b>                 |   |  |                            |                     |
| Business fees   | 1,633,156                               | 1,633,156                              | 2,012,505                  | 379,349             |
| Non-business fees                                       | 79,965                                  | 79,965                                 | 54,515                     | (25,450)            |
| <b>Total licenses, permits and usage fees</b>           | <u>1,713,121</u>                        | <u>1,713,121</u>                       | <u>2,067,020</u>           | <u>353,899</u>      |
| <b>Fines and interest on late payments</b>              | 250,000                                 | 250,000                                | 641,149                    | 391,149             |
| <b>Interest on investments</b>                          | 200,000                                 | 200,000                                | 34,076                     | (165,924)           |
| <b>Other revenues</b>                                   | 56,000                                  | 56,000                                 | 268,739                    | 212,739             |
| <b>Total revenues</b>                                   | <u>79,772,384</u>                       | <u>79,772,384</u>                      | <u>78,676,204</u>          | <u>(1,096,180)</u>  |
| <b>Other financing sources</b>                          |   |  |                            |                     |
| Transfer from other funds                               | 10,000                                  | 10,000                                 | 10,000                     | -                   |
| Debt proceeds   | -                                       | -                                      | 8,870,000                  | 8,870,000           |
| <b>Total other financing sources</b>                    | <u>10,000</u>                           | <u>10,000</u>                          | <u>8,880,000</u>           | <u>8,870,000</u>    |
| <b>Total revenue and other financing sources</b>        | <u>\$ 79,782,384</u>                    | <u>\$ 79,782,384</u>                   | <u>\$ 87,556,204</u>       | <u>\$ 7,773,820</u> |

**REQUIRED SUPPLEMENTARY INFORMATION**  
**TOWN OF WEST WARWICK, RHODE ISLAND**  
**Budgetary Comparison Schedule - General Fund**  
**For the Fiscal Year Ended June 30, 2010**

|   | <u>Original<br/>Budgeted<br/>Expenditures</u> | <u>Revised<br/>Budgeted<br/>Expenditures</u> | <u>Actual<br/>Expenditures</u> | <u>Variance</u>    |
|---|---|--|--------------------------------|--------------------|
| <i>Legislative, judicial and general administrative</i> |   |  |                                |                    |
| <i>Town council</i>                                     |   |  |                                |                    |
| Salaries  | \$ 26,000                                     | \$ 26,000                                    | \$ 25,133                      | \$ 867             |
| Fees and supplies                                       | 2,000   | 2,000  | 3,713                          | (1,713)            |
| Contribution - non profit                               | 8,000   | 8,000  | 8,000                          | -                  |
| <i>Total council</i>                                    | <u>36,000</u>                                 | <u>36,000</u>                                | <u>36,846</u>                  | <u>(846)</u>       |
| <i>Town Administrator</i>                               |   |  |                                |                    |
| Salaries and wages                                      | 157,499                                       | 157,499                                      | 160,954                        | (3,455)            |
| Office expense  | 6,900   | 6,900  | 5,043                          | 1,857              |
| Travel/training   | 3,000   | 3,000  | 4,077                          | (1,077)            |
| <i>Total Administrator</i>                              | <u>167,399</u>                                | <u>167,399</u>                               | <u>170,074</u>                 | <u>(2,675)</u>     |
| <i>Clerks and records</i>                               |   |  |                                |                    |
| Salaries and wages                                      | 199,273                                       | 199,273                                      | 210,375                        | (11,102)           |
| Office expense  | 19,000  | 19,000                                       | 19,046                         | (46)               |
| Restoration of records                                  | 35,000  | 35,000                                       | 26,604                         | 8,396              |
| <i>Total clerks</i>                                     | <u>253,273</u>                                | <u>253,273</u>                               | <u>256,025</u>                 | <u>(2,752)</u>     |
| <i>Legal</i>  |   |  |                                |                    |
| Administration  | 172,500                                       | 172,500                                      | 193,896                        | (21,396)           |
| Labor specialist  | 30,000  | 30,000                                       | 65,272                         | (35,272)           |
| Claims paid   | 30,000  | 30,000                                       | 6,889,622                      | (6,859,622)        |
| Probate   | 7,500   | 7,500  | 7,250                          | 250                |
| <i>Total legal</i>                                      | <u>240,000</u>                                | <u>240,000</u>                               | <u>7,156,040</u>               | <u>(6,916,040)</u> |
| <i>Board of Canvassers</i>                              |   |  |                                |                    |
| Salaries and wages                                      | 42,903  | 42,903                                       | 54,660                         | (11,757)           |
| Supplies & expense                                      | 5,500   | 5,500  | 4,747                          | 753                |
| Election expenses                                       | 20,000  | 20,000                                       | 4,056                          | 15,944             |
| <i>Total board of canvassers</i>                        | <u>68,403</u>                                 | <u>68,403</u>                                | <u>63,463</u>                  | <u>4,940</u>       |
| <i>Emergency Management Agency</i>                      |   |  |                                |                    |
| Salaries and wages                                      | 7,500   | 7,500  | 7,250                          | 250                |
| Supplies & expense                                      | 1,000   | 1,000  | 227                            | 773                |
| <i>Total board of emergency management agency</i>       | <u>8,500</u>                                  | <u>8,500</u>                                 | <u>7,477</u>                   | <u>1,023</u>       |
| <i>Law Enforcement</i>                                  |   |  |                                |                    |
| Town sergeant   | 700   | 700  | 580                            | 120                |
| <i>Total law enforcement</i>                            | <u>700</u>                                    | <u>700</u>                                   | <u>580</u>                     | <u>120</u>         |
| <i>General Government</i>                               |   |  |                                |                    |
| Pensions  | 1,500,000                                     | 1,500,000                                    | 1,500,000                      | -                  |
| Employee benefits                                       | 1,555,997                                     | 1,555,997                                    | 1,414,875                      | 141,122            |
| Insurance   | 5,453,773                                     | 5,453,773                                    | 5,384,139                      | 69,634             |
| Unemployment  | 150,000                                       | 150,000                                      | 120,207                        | 29,793             |
| Services and utilities                                  | 230,011                                       | 230,011                                      | 406,904                        | (176,893)          |
| Advertising   | 71,025  | 71,025                                       | 31,166                         | 39,859             |
| Cash Reserve Fund                                       | 90,000  | 90,000                                       | -                              | 90,000             |
| <i>Total general government</i>                         | <u>9,050,806</u>                              | <u>9,050,806</u>                             | <u>8,857,291</u>               | <u>193,515</u>     |

*(continued)*

**REQUIRED SUPPLEMENTARY INFORMATION**  
**TOWN OF WEST WARWICK, RHODE ISLAND**  
**Budgetary Comparison Schedule - General Fund**  
**For the Fiscal Year Ended June 30, 2010**

|  | <u>Original<br/>Budgeted<br/>Expenditures</u> | <u>Revised<br/>Budgeted<br/>Expenditures</u> | <u>Actual<br/>Expenditures</u> | <u>Variance</u>    |
|--|---|--|--------------------------------|--------------------|
| <b><i>Town Planner</i></b>   |   |  |                                |                    |
| Salaries and wages   | 60,500  | 60,500                                       | 48,035                         | 12,465             |
| Fees, supplies and postage   | 2,500   | 2,500  | 3,954                          | (1,454)            |
| <i>Total town planner</i>  | <u>63,000</u>                                 | <u>63,000</u>                                | <u>51,989</u>                  | <u>11,011</u>      |
| <b><i>Total Legislative, judicial and general administrative</i></b> | <u>9,888,081</u>                              | <u>9,888,081</u>                             | <u>16,599,785</u>              | <u>(6,711,704)</u> |
| <b><i>Financial Administration</i></b>                               |   |  |                                |                    |
| Salaries and wages   | 220,800                                       | 220,800                                      | 218,332                        | 2,468              |
| IT Consultant  | 38,000  | 38,000                                       | 38,000                         | -                  |
| Fees, supplies and postage   | 12,250  | 12,250                                       | 9,760                          | 2,490              |
| <i>Total financial administration</i>                                | <u>271,050</u>                                | <u>271,050</u>                               | <u>266,092</u>                 | <u>4,958</u>       |
| <b><i>Audit of Accounts</i></b>                                      |   |  |                                |                    |
| Professional services  | 23,100  | 23,100                                       | 21,825                         | 1,275              |
| <i>Total audit of accounts</i>                                       | <u>23,100</u>                                 | <u>23,100</u>                                | <u>21,825</u>                  | <u>1,275</u>       |
| <b><i>Total for Financial Administration</i></b>                     | <u>294,150</u>                                | <u>294,150</u>                               | <u>287,917</u>                 | <u>6,233</u>       |
| <b><i>Tax Collector</i></b>  |   |  |                                |                    |
| Salaries and wages   | 161,411                                       | 161,411                                      | 156,734                        | 4,677              |
| Fees and supplies  | 10,860  | 10,860                                       | 7,225                          | 3,635              |
| Advertising, postage and printing                                    | 14,819  | 14,819                                       | 7,875                          | 6,944              |
| <i>Total Tax Collector</i>   | <u>187,090</u>                                | <u>187,090</u>                               | <u>171,834</u>                 | <u>15,256</u>      |
| <b><i>Tax Assessor</i></b>   |   |  |                                |                    |
| Salaries and wages   | 111,463                                       | 111,463                                      | 111,441                        | 22                 |
| Fees and supplies  | 7,196   | 7,196  | 6,592                          | 604                |
| Professional services  | 224,700                                       | 224,700                                      | 224,721                        | (21)               |
| <i>Total Tax Assessor</i>  | <u>343,359</u>                                | <u>343,359</u>                               | <u>342,754</u>                 | <u>605</u>         |
| <b><i>Board of Assessment Review</i></b>                             |   |  |                                |                    |
| Salaries and wages   | 1,930   | 1,930  | 1,484                          | 446                |
| Fees and supplies  | 300   | 300  | 191                            | 109                |
| <i>Total Board of Assessment Review</i>                              | <u>2,230</u>                                  | <u>2,230</u>                                 | <u>1,675</u>                   | <u>555</u>         |
| <b><i>Public Safety</i></b>  |   |  |                                |                    |
| <b><i>Police Department</i></b>                                      |   |  |                                |                    |
| Salaries and wages   | 4,124,492                                     | 4,124,492                                    | 3,955,408                      | 169,084            |
| Police benefits overtime and sick leave                              | 689,000                                       | 689,000                                      | 750,387                        | (61,387)           |
| Insurance  | 23,600  | 23,600                                       | 23,600                         | -                  |
| Education  | -   | -  | 31,034                         | (31,034)           |
| Supplies and services  | 341,819                                       | 341,819                                      | 354,657                        | (12,838)           |
| Maintenance of police cars   | 57,500  | 63,500                                       | 76,380                         | (12,880)           |
| Gas and tires  | 90,000  | 90,000                                       | 85,899                         | 4,101              |
| <i>Total police department</i>                                       | <u>5,326,411</u>                              | <u>5,332,411</u>                             | <u>5,277,365</u>               | <u>55,046</u>      |

*(continued)*

**REQUIRED SUPPLEMENTARY INFORMATION**  
**TOWN OF WEST WARWICK, RHODE ISLAND**  
**Budgetary Comparison Schedule - General Fund**  
**For the Fiscal Year Ended June 30, 2010**

|                                  | <u>Original<br/>Budgeted<br/>Expenditures</u> | <u>Revised<br/>Budgeted<br/>Expenditures</u> | <u>Actual<br/>Expenditures</u> | <u>Variance</u>  |
|----------------------------------|---|--|--------------------------------|------------------|
| <i>Public Safety (continued)</i> |   |  |                                |                  |
| <i>Fire Department</i>           |   |  |                                |                  |
| Salaries and wages               | 4,458,340                                     | 4,458,340                                    | 4,350,083                      | 108,257          |
| Benefits overtime and sick leave | 1,029,223                                     | 1,029,223                                    | 1,201,641                      | (172,418)        |
| Education                        | -   | -  | 24,956                         | (24,956)         |
| Insurance                        | 29,200  | 29,200                                       | 28,000                         | 1,200            |
| Supplies & expense               | 61,785  | 61,785                                       | 55,390                         | 6,395            |
| Clothing allowance               | 137,250                                       | 137,250                                      | 118,766                        | 18,484           |
| Fuel                             | 54,000  | 54,000                                       | 59,303                         | (5,303)          |
| Utilities                        | 19,500  | 19,500                                       | 25,543                         | (6,043)          |
| Hydrants                         | 346,833                                       | 346,833                                      | 341,680                        | 5,153            |
| Maintenance                      | 59,833  | 59,833                                       | 55,189                         | 4,644            |
| Ambulance                        | 30,000  | 30,000                                       | 66,923                         | (36,923)         |
| Alarm and radio                  | 17,000  | 17,000                                       | 17,703                         | (703)            |
| <i>Total fire department</i>     | <u>6,242,964</u>                              | <u>6,242,964</u>                             | <u>6,345,177</u>               | <u>(102,213)</u> |
| <i>Total Public Safety</i>       | <u>11,569,375</u>                             | <u>11,575,375</u>                            | <u>11,622,542</u>              | <u>(47,167)</u>  |
| <i>Public Works</i>              |   |  |                                |                  |
| <i>Administration</i>            |   |  |                                |                  |
| Salaries and wages               | 1,784,180                                     | 1,784,180                                    | 1,734,838                      | 49,342           |
| Supplies and expense             | 294,000                                       | 294,000                                      | 192,995                        | 101,005          |
| Dumping fees                     | 400,000                                       | 400,000                                      | 322,694                        | 77,306           |
| Fuel                             | 140,000                                       | 140,000                                      | 127,723                        | 12,277           |
| Fleet maintenance                | 202,000                                       | 202,000                                      | 205,133                        | (3,133)          |
| Maintenance                      | 195,000                                       | 195,000                                      | 194,624                        | 376              |
| <i>Total administration</i>      | <u>3,015,180</u>                              | <u>3,015,180</u>                             | <u>2,778,007</u>               | <u>237,173</u>   |
| <i>Recycling</i>                 |   |  |                                |                  |
| Salaries and wages               | 188,216                                       | 188,216                                      | 182,967                        | 5,249            |
| Fuel                             | 20,000  | 20,000                                       | -                              | 20,000           |
| Supplies                         | 10,000  | 10,000                                       | 8,492                          | 1,508            |
| <i>Total recycling</i>           | <u>218,216</u>                                | <u>218,216</u>                               | <u>191,459</u>                 | <u>26,757</u>    |
| <i>Engineering</i>               |   |  |                                |                  |
| Salaries and wages               | 40,000  | 40,000                                       | -                              | 40,000           |
| Consulting                       | -   | -  | 12,383                         | (12,383)         |
| Supplies and fuel                | 2,000   | 2,000  | 35,277                         | (33,277)         |
| <i>Total engineering</i>         | <u>42,000</u>                                 | <u>42,000</u>                                | <u>47,660</u>                  | <u>(5,660)</u>   |
| <i>Street Lighting</i>           |   |  |                                |                  |
| Electric                         | 370,000                                       | 370,000                                      | 385,196                        | (15,196)         |
| <i>Total street lighting</i>     | <u>370,000</u>                                | <u>370,000</u>                               | <u>385,196</u>                 | <u>(15,196)</u>  |
| <i>Other Public Works</i>        |   |  |                                |                  |
| Zoning                           | 5,800   | 5,800  | 3,300                          | 2,500            |
| <i>Total other public works</i>  | <u>5,800</u>                                  | <u>5,800</u>                                 | <u>3,300</u>                   | <u>2,500</u>     |

*(continued)*

**REQUIRED SUPPLEMENTARY INFORMATION**  
**TOWN OF WEST WARWICK, RHODE ISLAND**  
**Budgetary Comparison Schedule - General Fund**  
**For the Fiscal Year Ended June 30, 2010**

|  | <u>Original<br/>Budgeted<br/>Expenditures</u> | <u>Revised<br/>Budgeted<br/>Expenditures</u> | <u>Actual<br/>Expenditures</u> | <u>Variance</u>       |
|--|---|--|--------------------------------|-----------------------|
| <b>Public Works (continued)</b>                    |   |  |                                |                       |
| <b>Building Inspector</b>                          |   |  |                                |                       |
| Salaries and wages                                 | 217,037                                       | 217,037                                      | 215,210                        | 1,827                 |
| Repairs and maintenance                            | 78,184  | 78,184                                       | 71,729                         | 6,455                 |
| Supplies heat and fuel                             | 51,010  | 51,010                                       | 36,400                         | 14,610                |
| Other  | 29,969  | 29,969                                       | 14,897                         | 15,072                |
| <i>Total building inspector</i>                    | <u>376,200</u>                                | <u>376,200</u>                               | <u>338,236</u>                 | <u>37,964</u>         |
| <b>Total Public Works</b>                          | <u>4,027,396</u>                              | <u>4,027,396</u>                             | <u>3,743,858</u>               | <u>283,538</u>        |
| <b>Public Health and Welfare</b>                   |   |  |                                |                       |
| Tenant affairs                                     | 1,800   | 1,800  | 1,500                          | 300                   |
| Senior center                                      | 192,800                                       | 192,800                                      | 192,800                        | -                     |
| <i>Total Public Health and Welfare</i>             | <u>194,600</u>                                | <u>194,600</u>                               | <u>194,300</u>                 | <u>300</u>            |
| <b>Library</b>                                     |   |  |                                |                       |
| Salaries and wages                                 | 512,610                                       | 512,610                                      | 481,623                        | 30,987                |
| Benefits overtime and sick leave                   | 161,530                                       | 161,530                                      | 159,444                        | 2,086                 |
| Repairs and maintenance                            | 2,759   | 2,759  | 14,471                         | (11,712)              |
| Supplies and utilities                             | 45,860  | 45,860                                       | 67,116                         | (21,256)              |
| Memberships  | 10,000  | 10,000                                       | 10,000                         | -                     |
| <i>Total Library</i>                               | <u>732,759</u>                                | <u>732,759</u>                               | <u>732,654</u>                 | <u>105</u>            |
| <b>Parks and Recreation</b>                        |   |  |                                |                       |
| Salaries and wages                                 | 214,822                                       | 214,822                                      | 167,622                        | 47,200                |
| Supplies   | 74,000  | 74,000                                       | 75,735                         | (1,735)               |
| <i>Total Parks and Recreation</i>                  | <u>288,822</u>                                | <u>288,822</u>                               | <u>243,357</u>                 | <u>45,465</u>         |
| <b>Capital Budget</b>                              |   |  |                                |                       |
| Capitalized capital budget                         | 18,500  | 12,500                                       | 32,390                         | (19,890)              |
| Non-capitalized capital budget                     | -   | -  | 26,930                         | (26,930)              |
| <i>Total Capital Budget</i>                        | <u>18,500</u>                                 | <u>12,500</u>                                | <u>59,320</u>                  | <u>(46,820)</u>       |
| <b>Total expenditures</b>                          | <u>27,546,362</u>                             | <u>27,546,362</u>                            | <u>33,999,996</u>              | <u>(6,453,634)</u>    |
| <b>Debt Service</b>                                |   |  |                                |                       |
| Principal  | 2,030,673                                     | 2,030,673                                    | 3,580,000                      | (1,549,327)           |
| Interest   | 918,164                                       | 918,164                                      | 1,067,045                      | (148,881)             |
| Other bond cost                                    | 17,500  | 17,500                                       | 166,023                        | (148,523)             |
| <i>Total Debt Service</i>                          | <u>2,966,337</u>                              | <u>2,966,337</u>                             | <u>4,813,068</u>               | <u>(1,846,731)</u>    |
| <b>Other financing uses</b>                        |   |  |                                |                       |
| <i>Transfer to other funds</i>                     |   |  |                                |                       |
| West Warwick school appropriation                  | 49,269,685                                    | 49,269,685                                   | 46,464,298                     | 2,805,387             |
| Transfer to open space & recreation fund           | -   | -  | 26,509                         | (26,509)              |
| <i>Total other financing uses</i>                  | <u>49,269,685</u>                             | <u>49,269,685</u>                            | <u>46,490,807</u>              | <u>2,778,878</u>      |
| <b>Total expenditures and other financing uses</b> | <u>\$ 79,782,384</u>                          | <u>\$ 79,782,384</u>                         | <u>\$ 85,303,871</u>           | <u>\$ (5,521,487)</u> |

*(concluded)*

**REQUIRED SUPPLEMENTARY INFORMATION**  
**WEST WARWICK PUBLIC SCHOOLS**  
**Budgetary Comparison Schedule - School Unrestricted Fund**  
**Schedule of Revenues - Budgetary Basis**  
**For the Fiscal Year Ended June 30, 2010**

|  | <b>Original<br/>Budgeted<br/>Revenues</b> | <b>Revised<br/>Budgeted<br/>Revenues</b> | <b>Actual<br/>Revenues</b> | <b>Variance</b>     |
|--|---|--|----------------------------|---------------------|
| <b>Revenues</b>                                  |   |  |                            |                     |
| Medicaid   | \$ 347,000                                | \$ 347,000                               | \$ 551,018                 | \$ 204,018          |
| Other revenues                                   | 72,400                                    | 72,400                                   | 187,541                    | 115,141             |
| State aid - Permanent funds                      | -   | -  | 14,122                     | 14,122              |
| Federal revenue - SFSF                           | 1,368,942                                 | 1,368,942                                | 1,354,139                  | (14,803)            |
| <b>Total revenues</b>                            | <u>1,788,342</u>                          | <u>1,788,342</u>                         | <u>2,106,820</u>           | <u>318,478</u>      |
| <b>Other financing sources</b>                   |   |  |                            |                     |
| Transfer from other funds                        |   |  |                            |                     |
| Town appropriation                               | 28,829,138                                | 28,829,138                               | 28,829,146                 | 8                   |
| <b>State and Federal Aid Transfers from Town</b> |   |  |                            |                     |
| General aid                                      | 15,009,374                                | 15,009,374                               | 13,906,417                 | (1,102,957)         |
| Language assistance                              | 98,620                                    | 98,620                                   | 98,620                     | -                   |
| Student equity                                   | 1,715,916                                 | 1,715,916                                | 1,715,916                  | -                   |
| Early childhood                                  | 169,583                                   | 169,583                                  | 169,583                    | -                   |
| Technology                                       | 85,696                                    | 85,696                                   | 85,696                     | -                   |
| Targeted   | 1,571,420                                 | 1,571,420                                | 1,571,420                  | -                   |
| Full day kindergarten                            | 3,000                                     | 3,000                                    | 3,000                      | -                   |
| Vocational equity                                | 84,500                                    | 84,500                                   | 84,500                     | -                   |
| <b>Total other financing sources</b>             | <u>47,567,247</u>                         | <u>47,567,247</u>                        | <u>46,464,298</u>          | <u>(1,102,949)</u>  |
| <b>Total revenue and other financing sources</b> | <u>\$ 49,355,589</u>                      | <u>\$ 49,355,589</u>                     | <u>\$ 48,571,118</u>       | <u>\$ (784,471)</u> |

**REQUIRED SUPPLEMENTARY INFORMATION**  
**WEST WARWICK PUBLIC SCHOOLS**  
**Budgetary Comparison Schedule - School Unrestricted Fund**  
**Schedule of Expenditures - Budgetary Basis**  
**Fiscal Year Ended June 30, 2010**

|   | <u>Original<br/>Budgeted<br/>Expenditures</u> | <u>Revised<br/>Budgeted<br/>Expenditures</u> | <u>Actual<br/>Expenditures</u> | <u>Variance</u>     |
|---|---|--|--------------------------------|---------------------|
| <b>Expenditures</b>                                   |   |  |                                |                     |
| Instructional Teachers                                | 24,016,616                                    | \$ 24,016,616                                | 23,142,786                     | \$ 873,830          |
| Substitute Teachers                                   | 770,657                                       | 770,657                                      | 811,611                        | (40,954)            |
| Instructional Paraprofessionals                       | 93,820  | 93,820                                       | 93,875                         | (55)                |
| Pupil Use Technology and Software                     | 262,950                                       | 262,950                                      | 265,106                        | (2,156)             |
| Instructional Materials, Trips and Supplies           | 329,400                                       | 329,400                                      | 300,530                        | 28,870              |
| Guidance and Counseling                               | 1,037,600                                     | 1,037,600                                    | 1,018,319                      | 19,281              |
| Libraries and Media                                   | 829,800                                       | 829,800                                      | 807,115                        | 22,685              |
| Extracurricular                                       | 424,013                                       | 424,013                                      | 438,786                        | (14,773)            |
| Student Health and Services                           | 872,600                                       | 872,600                                      | 951,652                        | (79,052)            |
| Curriculum Development                                | 465,400                                       | 465,400                                      | 459,195                        | 6,205               |
| In-Service, Staff Development and Support             | 385,707                                       | 385,707                                      | 402,215                        | (16,508)            |
| Program Management                                    | 468,800                                       | 468,800                                      | 489,332                        | (20,532)            |
| Therapists, Psychologists, Evaluators, Social Workers | 4,335,542                                     | 4,335,542                                    | 3,867,223                      | 468,319             |
| Academic Student Assessments                          | 59,005  | 59,005                                       | 43,030                         | 15,975              |
| Transportation  | 1,514,400                                     | 1,514,400                                    | 1,555,382                      | (40,982)            |
| Safety  | 69,800  | 69,800                                       | 79,148                         | (9,348)             |
| Building Upkeep, Utilities and Maintenance            | 3,441,829                                     | 3,441,829                                    | 3,101,243                      | 340,586             |
| Data Processing                                       | 111,750                                       | 111,750                                      | 125,237                        | (13,487)            |
| Business Operations                                   | 700,000                                       | 700,000                                      | 720,338                        | (20,338)            |
| Public, Parochial, Private and Charter Schools        | 2,554,500                                     | 2,554,500                                    | 2,546,225                      | 8,275               |
| Retiree Benefits and Other                            | 3,464,400                                     | 3,464,400                                    | 3,951,649                      | (487,249)           |
| Principals and Assistant Principals                   | 1,232,100                                     | 1,232,100                                    | 1,188,497                      | 43,603              |
| School Office   | 1,086,900                                     | 1,086,900                                    | 1,034,050                      | 52,850              |
| Deputies, Senior Administrators                       | 103,000                                       | 103,000                                      | 102,917                        | 83                  |
| Superintendent and School Board                       | 439,700                                       | 439,700                                      | 373,098                        | 66,602              |
| Legal   | 10,000  | 10,000                                       | 46,419                         | (36,419)            |
| Workers' Compensation and Unemployment                | 275,300                                       | 275,300                                      | 295,071                        | (19,771)            |
| <b>Total expenditures</b>                             | <u>\$ 49,355,589</u>                          | <u>\$ 49,355,589</u>                         | <u>\$ 48,210,049</u>           | <u>\$ 1,145,540</u> |

**Town of West Warwick, Rhode Island**  
**Notes to Required Supplementary Information**  
**June 30, 2010**

***BUDGETARY - GAAP REPORTING RECONCILIATION***

The accompanying Required Supplementary Information Statements of Revenues, Expenditures/Expenses (GAAP or Non-GAAP Basis) presents comparisons of the legally adopted budget (more fully described in Note 2) with actual data on a budgetary basis. Because accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with GAAP, a reconciliation of resultant basis, entity and timing differences in the excess (deficiency) of revenues and other sources of financial resources over expenditures/expenses and other uses of financial resources for the year ended June 30, 2010 is presented below:

|  | General<br>Fund<br>GAAP<br>Basis | Special<br>Revenue<br>GAAP Basis |
|--|----------------------------------|----------------------------------|
| Excess (deficiency) of revenues and other sources over (under) expenditures/expenses and other uses (Budgetary Non-GAAP basis) | \$ 2,252,333                     | \$ 361,069                       |
| <i>Adjustments:</i>  |                                  |                                  |
| To adjust for use of appropriated fund balance   | -                                | -                                |
| <i>Excess (deficiency) of revenues and other sources over (under) expenditures/expenses and other uses (GAAP basis)</i>        | <u>\$ 2,252,333</u>              | <u>\$ 361,069</u>                |

## **SUPPLEMENTARY INFORMATION**

**SUPPLEMENTARY INFORMATION**  
**TOWN OF WEST WARWICK, RHODE ISLAND**  
**Budgetary Comparison Schedule - General Fund**  
**Schedule of Revenues and Expenditures**  
**For the Fiscal Year Ended June 30, 2010**

|  | <u>Original<br/>Budget</u> | <u>Revised<br/>Budget</u> | <u>Actual</u>       | <u>Variance</u>     |
|--|----------------------------|---------------------------|---------------------|---------------------|
| <b>Revenues</b>  |                            |                           |                     |                     |
| General property tax   | \$ 50,522,576              | \$ 50,522,576             | \$ 50,791,982       | \$ 269,406          |
| Intergovernmental and departmental revenue                                 | 27,030,687                 | 27,030,687                | 24,873,238          | (2,157,449)         |
| License and permits  | 1,713,121                  | 1,713,121                 | 2,067,020           | 353,899             |
| Fines and interest on late payments  | 250,000                    | 250,000                   | 641,149             | 391,149             |
| Interest on investments  | 200,000                    | 200,000                   | 34,076              | (165,924)           |
| Other revenue  | 56,000                     | 56,000                    | 268,739             | 212,739             |
| <b>Total Revenues</b>  | <u>79,772,384</u>          | <u>79,772,384</u>         | <u>78,676,204</u>   | <u>(1,096,180)</u>  |
| <b>Expenditures</b>  |                            |                           |                     |                     |
| Legislative, judicial, and general administrative                          | 9,888,081                  | 9,888,081                 | 16,599,785          | (6,711,704)         |
| Financial administration, tax collection and assessment                    | 826,829                    | 826,829                   | 804,180             | 22,649              |
| Public safety  | 11,569,375                 | 11,575,375                | 11,622,542          | (47,167)            |
| Public works   | 4,027,396                  | 4,027,396                 | 3,743,858           | 283,538             |
| Public health & welfare  | 194,600                    | 194,600                   | 194,300             | 300                 |
| Parks and recreation   | 288,822                    | 288,822                   | 243,357             | 45,465              |
| Library  | 732,759                    | 732,759                   | 732,654             | 105                 |
| Other capital  | -                          | -                         | 26,930              | (26,930)            |
| Capital budget   | 18,500                     | 12,500                    | 32,390              | (19,890)            |
| Debt service:  |                            |                           |                     |                     |
| Principal  | 2,030,673                  | 2,030,673                 | 3,580,000           | (1,549,327)         |
| Interest   | 918,164                    | 918,164                   | 1,067,045           | (148,881)           |
| Other  | 17,500                     | 17,500                    | 166,023             | (148,523)           |
| <b>Total expenditures</b>  | <u>30,512,699</u>          | <u>30,512,699</u>         | <u>38,813,064</u>   | <u>(8,300,365)</u>  |
| <b>Excess of revenues over expenditures<br/>before operating transfers</b> | <u>49,259,685</u>          | <u>49,259,685</u>         | <u>39,863,140</u>   | <u>(9,396,545)</u>  |
| <b>Other financing sources and (uses)</b>                                  |                            |                           |                     |                     |
| Operating transfers to other funds   | (49,269,685)               | (49,269,685)              | (46,490,807)        | 2,778,878           |
| Operating transfers from other funds                                       | 10,000                     | 10,000                    | 10,000              | -                   |
| Issuance of debt   | -                          | -                         | 8,870,000           | 8,870,000           |
| <b>Total operating transfers</b>   | <u>(49,259,685)</u>        | <u>(49,259,685)</u>       | <u>(37,610,807)</u> | <u>11,648,878</u>   |
| <b>Excess of revenues over<br/>expenditures and operating transfers</b>    | <u>\$ -</u>                | <u>\$ -</u>               | <u>\$ 2,252,333</u> | <u>\$ 2,252,333</u> |

**SUPPLEMENTARY INFORMATION  
WEST WARWICK PUBLIC SCHOOLS  
Budgetary Comparison Schedule - School Unrestricted Fund  
Schedule of Revenues and Expenditures  
For the Fiscal Year Ended June 30, 2010**

|  | <u>Original<br/>Budget</u> | <u>Revised<br/>Budget</u> | <u>Actual</u>       | <u>Variance</u>    |
|--|----------------------------|---------------------------|---------------------|--------------------|
| <b>Revenues</b>  |                            |                           |                     |                    |
| Intergovernmental revenue  | \$ 347,000                 | \$ 347,000                | \$ 551,018          | \$ 204,018         |
| State aid - Permanent funds  | -                          | -                         | 14,122              | 14,122             |
| Federal revenue - SFSF   | 1,368,942                  | 1,368,942                 | 1,354,139           | (14,803)           |
| Other  | 72,400                     | 72,400                    | 187,541             | 115,141            |
| <b>Total revenue</b>   | <u>1,788,342</u>           | <u>1,788,342</u>          | <u>2,106,820</u>    | <u>318,478</u>     |
| <b>Expenditures</b>  |                            |                           |                     |                    |
| Operating  | <u>49,355,589</u>          | <u>49,355,589</u>         | <u>48,210,049</u>   | <u>1,145,540</u>   |
| <b>Total expenditures</b>  | <u>49,355,589</u>          | <u>49,355,589</u>         | <u>48,210,049</u>   | <u>1,145,540</u>   |
| <b>Excess of revenues over (under) expenditures<br/>before other financing sources</b>   | <u>(47,567,247)</u>        | <u>(47,567,247)</u>       | <u>(46,103,229)</u> | <u>1,464,018</u>   |
| <b>Other financing sources</b>   |                            |                           |                     |                    |
| Operating transfer from other funds  | <u>47,567,247</u>          | <u>47,567,247</u>         | <u>46,464,298</u>   | <u>(1,102,949)</u> |
| <b>Total other financing sources</b>   | <u>47,567,247</u>          | <u>47,567,247</u>         | <u>46,464,298</u>   | <u>(1,102,949)</u> |
| <b>Excess revenues and other sources<br/>over (under) expenditures and other sources</b> | <u>\$ -</u>                | <u>\$ -</u>               | <u>\$ 361,069</u>   | <u>\$ 361,069</u>  |

**SUPPLEMENTARY INFORMATION**  
**TOWN OF WEST WARWICK, RHODE ISLAND**  
**Combining Balance Sheet - Non-Major Governmental Funds**  
**June 30, 2010**

|  | <u>Town<br/>Special<br/>Revenue<br/>Funds</u> | <u>School<br/>Special<br/>Revenue<br/>Funds</u> | <u>Capital<br/>Project<br/>Funds</u> | <u>Total<br/>Non-Major<br/>Governmental<br/>Funds</u> |
|--|---|---|--------------------------------------|---|
| <b>ASSETS</b>                                  |   |   |                                      |   |
| Cash and cash equivalents                      | \$ 513,454                                    | \$ 283,323                                      | \$ -                                 | \$ 796,777  |
| Due from other governments                     | 718,243                                       | 1,298,118                                       | -                                    | 2,016,361   |
| Other Assets                                   | 17,637  | -   | -                                    | 17,637  |
| Due from other funds                           | 1,209,329                                     | 218,902   | 1,347,525                            | 2,775,756   |
| <b>Total assets</b>                            | <u>\$ 2,458,663</u>                           | <u>\$ 1,800,343</u>                             | <u>\$ 1,347,525</u>                  | <u>\$ 5,606,531</u>                                   |
| <br><b>LIABILITIES AND FUND BALANCES</b>       |   |   |                                      |   |
| <b>Liabilities</b>                             |   |   |                                      |   |
| Accounts payable and accrued expenses          | \$ 214,336                                    | \$ 252,597                                      | \$ 182,978                           | \$ 649,911  |
| Due to other funds                             | 760,700                                       | 1,073,337                                       | 140                                  | 1,834,177   |
| <b>Total liabilities</b>                       | <u>975,036</u>                                | <u>1,325,934</u>                                | <u>183,118</u>                       | <u>2,484,088</u>                                      |
| <br><b>Fund balances (deficits)</b>            |   |   |                                      |   |
| Reserved by trust agreement                    | 2,099   | -   | -                                    | 2,099   |
| Unreserved, reported in:                       |   |   |                                      |   |
| Special revenue funds                          | 1,481,528                                     | 474,409   | -                                    | 1,955,937   |
| Capital projects funds                         | -   | -   | 1,164,407                            | 1,164,407   |
| <b>Total fund balances</b>                     | <u>1,483,627</u>                              | <u>474,409</u>                                  | <u>1,164,407</u>                     | <u>3,122,443</u>                                      |
| <br><b>Total liabilities and fund balances</b> | <br><u>\$ 2,458,663</u>                       | <br><u>\$ 1,800,343</u>                         | <br><u>\$ 1,347,525</u>              | <br><u>\$ 5,606,531</u>                               |

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

|  | <b>Town<br/>Special<br/>Revenue<br/>Funds</b> | <b>School<br/>Special<br/>Revenue<br/>Funds</b> | <b>Capital<br/>Project<br/>Funds</b> | <b>Total<br/>Non-Major<br/>Governmental<br/>Funds</b> |
|--|---|---|--------------------------------------|---|
| <b>Revenues</b>  |   |   |                                      |   |
| Intergovernmental revenue  | \$ 2,337,417                                  | \$ 4,749,365                                    | \$ -                                 | \$ 7,086,782  |
| Earnings on investments  | -   | -   | 620                                  | 620   |
| Other revenue  | 984,351                                       | 579,263   | -                                    | 1,563,614   |
| <b>Total revenues</b>  | <u>3,321,768</u>                              | <u>5,328,628</u>                                | <u>620</u>                           | <u>8,651,016</u>                                      |
| <b>Expenditures</b>  |   |   |                                      |   |
| Public safety  | 852,371                                       | -   | -                                    | 852,371   |
| Public works   | 889,516                                       | -   | -                                    | 889,516   |
| Public Health and Welfare  | 827,167                                       | -   | -                                    | 827,167   |
| Capital  | -   | -   | 551,244                              | 551,244   |
| Education  | -   | 5,122,355                                       | 68,512                               | 5,190,867   |
| <b>Total expenditures</b>  | <u>2,569,054</u>                              | <u>5,122,355</u>                                | <u>619,756</u>                       | <u>8,311,165</u>                                      |
| <b>Excess (deficiency) of revenues over (under)<br/>expenditures before other financing sources (uses)</b> | 752,714                                       | 206,273   | (619,136)                            | 339,851   |
| <b>Other financing sources (uses)</b>  |   |   |                                      |   |
| Transfers from other funds   | 26,509  | -   | 28,078                               | 54,587  |
| Transfers to other funds   | -   | -   | (28,078)                             | (28,078)  |
| <b>Total other financing sources (uses)</b>  | <u>26,509</u>                                 | <u>-</u>  | <u>-</u>                             | <u>26,509</u>   |
| <b>Net change in fund balances</b>   | <u>779,223</u>                                | <u>206,273</u>                                  | <u>(619,136)</u>                     | <u>366,360</u>  |
| <b>Fund balances (deficits) - unreserved July 1, 2009</b>  | 704,404                                       | 268,136   | 1,783,543                            | 2,756,083   |
| <b>Fund balances - unreserved June 30, 2010</b>  | <u>\$ 1,483,627</u>                           | <u>\$ 474,409</u>                               | <u>\$ 1,164,407</u>                  | <u>\$ 3,122,443</u>                                   |

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

|  | <b>RI<br/>Justice<br/>Gems 2002</b> | <b>Tricentennial<br/>Committee</b> | <b>Benjamin<br/>R.<br/>Vaughn</b> | <b>Economic<br/>Development<br/>Revolving<br/>Loan Fund</b> | <b>Bramley<br/>Bill<br/>Fund</b> | <b>Police<br/>Title V</b> |
|--|-------------------------------------|------------------------------------|-----------------------------------|---|----------------------------------|---------------------------|
| <b>ASSETS</b>                              |                                     |                                    |                                   |   |                                  |                           |
| Cash                                       | \$ -                                | \$ 1,004                           | \$ 1,095                          | \$ 15,865   | \$ 1,603                         | \$ -                      |
| Due from other governments                 | -                                   | -                                  | -                                 | -   | -                                | -                         |
| Other assets                               | -                                   | -                                  | -                                 | -   | -                                | -                         |
| Due from other funds                       | -                                   | -                                  | -                                 | -   | 51,429                           | 8,435                     |
| <b>Total assets</b>                        | <b>\$ -</b>                         | <b>\$ 1,004</b>                    | <b>\$ 1,095</b>                   | <b>\$ 15,865</b>  | <b>\$ 53,032</b>                 | <b>\$ 8,435</b>           |
| <b>LIABILITIES AND FUND BALANCES</b>       |                                     |                                    |                                   |   |                                  |                           |
| <b>Liabilities</b>                         |                                     |                                    |                                   |   |                                  |                           |
| Accounts payable and accrued expenses      | \$ -                                | \$ -                               | \$ -                              | \$ -  | \$ 39,305                        | \$ 189                    |
| Due to other funds                         | -                                   | -                                  | -                                 | -   | -                                | -                         |
| <b>Total liabilities</b>                   | <b>-</b>                            | <b>-</b>                           | <b>-</b>                          | <b>-</b>  | <b>39,305</b>                    | <b>189</b>                |
| <b>Fund balances (deficits)</b>            |                                     |                                    |                                   |   |                                  |                           |
| Reserved by trust agreement                | -                                   | 1,004                              | 1,095                             | -   | -                                | -                         |
| Unreserved:                                |                                     |                                    |                                   |   |                                  |                           |
| Undesignated                               | -                                   | -                                  | -                                 | 15,865  | 13,727                           | 8,246                     |
| <b>Total fund balances (deficits)</b>      | <b>-</b>                            | <b>1,004</b>                       | <b>1,095</b>                      | <b>15,865</b>   | <b>13,727</b>                    | <b>8,246</b>              |
| <b>Total liabilities and fund balances</b> | <b>\$ -</b>                         | <b>\$ 1,004</b>                    | <b>\$ 1,095</b>                   | <b>\$ 15,865</b>  | <b>\$ 53,032</b>                 | <b>\$ 8,435</b>           |

(Continued)

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

|  | <u>Comstar</u>    | <u>Assitance to<br/>Fire Truck</u> | <u>LLEBG<br/>2004</u> | <u>JAG<br/>ARRA</u> | <u>Moblie Data<br/>Computer<br/>Project I</u> | <u>Open Space<br/>Recreation</u> |
|--|-------------------|------------------------------------|-----------------------|---------------------|---|----------------------------------|
| <b>ASSETS</b>                              |                   |                                    |                       |                     |   |                                  |
| Cash                                       | \$ -              | \$ -                               | \$ -                  | \$ -                | \$ -  | \$ -                             |
| Due from other governments                 | -                 | -                                  | -                     | -                   | -   | 31,201                           |
| Other assets                               | -                 | -                                  | -                     | -                   | -   | -                                |
| Due from other funds                       | 298,281           | 6,102                              | -                     | -                   | -   | 299,399                          |
| <b>Total assets</b>                        | <u>\$ 298,281</u> | <u>\$ 6,102</u>                    | <u>\$ -</u>           | <u>\$ -</u>         | <u>\$ -</u>                                   | <u>\$ 330,600</u>                |
| <b>LIABILITIES AND FUND BALANCES</b>       |                   |                                    |                       |                     |   |                                  |
| <b>Liabilities</b>                         |                   |                                    |                       |                     |   |                                  |
| Accounts payable and accrued expenses      | \$ -              | \$ -                               | \$ -                  | \$ 11,190           | \$ -  | \$ 3,311                         |
| Due to other funds                         | -                 | -                                  | -                     | -                   | 52,526  | -                                |
| <b>Total liabilities</b>                   | <u>-</u>          | <u>-</u>                           | <u>-</u>              | <u>11,190</u>       | <u>52,526</u>                                 | <u>3,311</u>                     |
| <b>Fund balances (deficits)</b>            |                   |                                    |                       |                     |   |                                  |
| Reserved by trust agreement                | -                 | -                                  | -                     | -                   | -   | -                                |
| Unreserved:                                |                   |                                    |                       |                     |   |                                  |
| Undesignated                               | 298,281           | 6,102                              | -                     | (11,190)            | (52,526)                                      | 327,289                          |
| <b>Total fund balances (deficits)</b>      | <u>298,281</u>    | <u>6,102</u>                       | <u>-</u>              | <u>(11,190)</u>     | <u>(52,526)</u>                               | <u>327,289</u>                   |
| <b>Total liabilities and fund balances</b> | <u>\$ 298,281</u> | <u>\$ 6,102</u>                    | <u>\$ -</u>           | <u>\$ -</u>         | <u>\$ -</u>                                   | <u>\$ 330,600</u>                |

(Continued)

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

|  | <u>Revolving<br/>Fund</u> | <u>Library<br/>Grants</u> | <u>CDBG<br/>Block Grant</u> | <u>Homeland<br/>Security<br/>2008</u> | <u>JAG GRANT<br/>2007</u> | <u>JAG GRANT<br/>2005</u> |
|--|---------------------------|---------------------------|-----------------------------|---------------------------------------|---------------------------|---------------------------|
| <b>ASSETS</b>                              |                           |                           |                             |                                       |                           |                           |
| Cash                                       | \$ -                      | \$ 480,513                | \$ -                        | \$ -                                  | \$ -                      | \$ -                      |
| Due from other governments                 | -                         | -                         | 292,000                     | -                                     | -                         | -                         |
| Other assets                               | -                         | 17,637                    | -                           | -                                     | -                         | -                         |
| Due from other funds                       | 397,661                   | 4,906                     | -                           | 2,132                                 | -                         | -                         |
| <b>Total assets</b>                        | <u>\$ 397,661</u>         | <u>\$ 503,056</u>         | <u>\$ 292,000</u>           | <u>\$ 2,132</u>                       | <u>\$ -</u>               | <u>\$ -</u>               |
| <b>LIABILITIES AND FUND BALANCES</b>       |                           |                           |                             |                                       |                           |                           |
| <b>Liabilities</b>                         |                           |                           |                             |                                       |                           |                           |
| Accounts payable and accrued expenses      | \$ 2,008                  | \$ 70,072                 | \$ 9,877                    | \$ 129                                | \$ -                      | \$ -                      |
| Due to other funds                         | -                         | 37,389                    | 252,290                     | -                                     | -                         | -                         |
| <b>Total liabilities</b>                   | <u>2,008</u>              | <u>107,461</u>            | <u>262,167</u>              | <u>129</u>                            | <u>-</u>                  | <u>-</u>                  |
| <b>Fund balances (deficits)</b>            |                           |                           |                             |                                       |                           |                           |
| Reserved by trust agreement                | -                         | -                         | -                           | -                                     | -                         | -                         |
| Unreserved:                                |                           |                           |                             |                                       |                           |                           |
| Undesignated                               | 395,653                   | 395,595                   | 29,833                      | 2,003                                 | -                         | -                         |
| <b>Total fund balances (deficits)</b>      | <u>395,653</u>            | <u>395,595</u>            | <u>29,833</u>               | <u>2,003</u>                          | <u>-</u>                  | <u>-</u>                  |
| <b>Total liabilities and fund balances</b> | <u>\$ 397,661</u>         | <u>\$ 503,056</u>         | <u>\$ 292,000</u>           | <u>\$ 2,132</u>                       | <u>\$ -</u>               | <u>\$ -</u>               |

(Continued)

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

|  | DARE<br>Fund     | Tower<br>Rent<br>Revolving<br>Fund | Annie<br>Livsey<br>Fund | Greene<br>Cemetery<br>Fund | Riverwalk<br>Fund | Assistance to<br>Firefighters | FEMA<br>Assistance |
|--|------------------|------------------------------------|-------------------------|----------------------------|-------------------|-------------------------------|--------------------|
| <b>ASSETS</b>                              |                  |                                    |                         |                            |                   |                               |                    |
| Cash                                       | \$ 13,374        | \$ -                               | \$ -                    | \$ -                       | \$ -              | \$ -                          | \$ -               |
| Due from other governments                 | -                | -                                  | -                       | -                          | -                 | -                             | 395,042            |
| Other assets                               | -                | -                                  | -                       | -                          | -                 | -                             | -                  |
| Due from other funds                       | -                | 46,644                             | -                       | -                          | 7,500             | 78,255                        | -                  |
| <b>Total assets</b>                        | <u>\$ 13,374</u> | <u>\$ 46,644</u>                   | <u>\$ -</u>             | <u>\$ -</u>                | <u>\$ 7,500</u>   | <u>\$ 78,255</u>              | <u>\$ 395,042</u>  |
| <b>LIABILITIES AND FUND BALANCES</b>       |                  |                                    |                         |                            |                   |                               |                    |
| <b>Liabilities</b>                         |                  |                                    |                         |                            |                   |                               |                    |
| Accounts payable and accrued expenses      | \$ -             | \$ -                               | \$ -                    | \$ -                       | \$ -              | \$ 78,255                     | \$ -               |
| Due to other funds                         | -                | -                                  | -                       | -                          | -                 | -                             | 395,042            |
| <b>Total liabilities</b>                   | <u>-</u>         | <u>-</u>                           | <u>-</u>                | <u>-</u>                   | <u>-</u>          | <u>78,255</u>                 | <u>395,042</u>     |
| <b>Fund balances (deficits)</b>            |                  |                                    |                         |                            |                   |                               |                    |
| Reserved by trust agreement                | -                | -                                  | -                       | -                          | -                 | -                             | -                  |
| Unreserved:                                |                  |                                    |                         |                            |                   |                               |                    |
| Undesignated                               | 13,374           | 46,644                             | -                       | -                          | 7,500             | -                             | -                  |
| <b>Total fund balances (deficits)</b>      | <u>13,374</u>    | <u>46,644</u>                      | <u>-</u>                | <u>-</u>                   | <u>7,500</u>      | <u>-</u>                      | <u>-</u>           |
| <b>Total liabilities and fund balances</b> | <u>\$ 13,374</u> | <u>\$ 46,644</u>                   | <u>\$ -</u>             | <u>\$ -</u>                | <u>\$ 7,500</u>   | <u>\$ 78,255</u>              | <u>\$ 395,042</u>  |

(Continued)

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

|  | Energy<br>Fund | Bryne Grant<br>JAG 2010 | Bryne Grant<br>JAG 2008 | Bryne Grant<br>JAG 2009 | Moblie Data<br>Computer<br>Project II | State Homeland<br>Exercise &<br>Evaluation | Totals              |
|--|----------------|-------------------------|-------------------------|-------------------------|---------------------------------------|--|---------------------|
| <b>ASSETS</b>                              |                |                         |                         |                         |                                       |  |                     |
| Cash                                       | \$ -           | \$ -                    | \$ -                    | \$ -                    | \$ -                                  | \$ -                                       | \$ 513,454          |
| Due from other governments                 | -              | -                       | -                       | -                       | -                                     | -  | 718,243             |
| Other assets                               | -              | -                       | -                       | -                       | -                                     | -  | 17,637              |
| Due from other funds                       | -              | -                       | 2,220                   | -                       | -                                     | 6,365                                      | 1,209,329           |
| <b>Total assets</b>                        | <u>\$ -</u>    | <u>\$ -</u>             | <u>\$ 2,220</u>         | <u>\$ -</u>             | <u>\$ -</u>                           | <u>\$ 6,365</u>                            | <u>\$ 2,458,663</u> |
| <b>LIABILITIES AND FUND BALANCES</b>       |                |                         |                         |                         |                                       |  |                     |
| <b>Liabilities</b>                         |                |                         |                         |                         |                                       |  |                     |
| Accounts payable and accrued expenses      | \$ -           | \$ -                    | \$ -                    | \$ -                    | \$ -                                  | \$ -                                       | \$ 214,336          |
| Due to other funds                         | 9,264          | -                       | -                       | -                       | 14,189                                | -  | 760,700             |
| <b>Total liabilities</b>                   | <u>9,264</u>   | <u>-</u>                | <u>-</u>                | <u>-</u>                | <u>14,189</u>                         | <u>-</u>                                   | <u>975,036</u>      |
| <b>Fund balances (deficits)</b>            |                |                         |                         |                         |                                       |  |                     |
| Reserved by trust agreement                | -              | -                       | -                       | -                       | -                                     | -  | 2,099               |
| Unreserved:                                |                |                         |                         |                         |                                       |  |                     |
| Undesignated                               | (9,264)        | -                       | 2,220                   | -                       | (14,189)                              | 6,365                                      | 1,481,528           |
| <b>Total fund balances (deficits)</b>      | <u>(9,264)</u> | <u>-</u>                | <u>2,220</u>            | <u>-</u>                | <u>(14,189)</u>                       | <u>6,365</u>                               | <u>1,483,627</u>    |
| <b>Total liabilities and fund balances</b> | <u>\$ -</u>    | <u>\$ -</u>             | <u>\$ 2,220</u>         | <u>\$ -</u>             | <u>\$ -</u>                           | <u>\$ 6,365</u>                            | <u>\$ 2,458,663</u> |

(Concluded)

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

|  | RI<br>Justice<br>Gems 2002 | Tricentennial<br>Committee | Benjamin<br>R.<br>Vaughn | Economic<br>Development<br>Revolving<br>Loan Fund | Bramley<br>Bill<br>Fund | Police<br>Title V |
|--|----------------------------|----------------------------|--------------------------|---|-------------------------|-------------------|
| <b>Revenues</b>  |                            |                            |                          |   |                         |                   |
| Intergovernmental revenue  | \$ -                       | \$ -                       | \$ -                     | \$ -  | \$ 290,805              | \$ 900            |
| Other revenue  | -                          | 5                          | 6                        | -   | -                       | -                 |
| <b>Total revenues</b>  | <u>-</u>                   | <u>5</u>                   | <u>6</u>                 | <u>-</u>  | <u>290,805</u>          | <u>900</u>        |
| <b>Expenditures</b>  |                            |                            |                          |   |                         |                   |
| Public safety  | 10,025                     | -                          | -                        | -   | 280,355                 | 3,028             |
| Public works   | -                          | -                          | -                        | -   | -                       | -                 |
| Public Health and Welfare  | -                          | -                          | -                        | -   | -                       | -                 |
| <b>Total expenditures</b>  | <u>10,025</u>              | <u>-</u>                   | <u>-</u>                 | <u>-</u>  | <u>280,355</u>          | <u>3,028</u>      |
| <b>Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)</b> | (10,025)                   | 5                          | 6                        | -   | 10,450                  | (2,128)           |
| <b>Other financing sources (uses)</b>  |                            |                            |                          |   |                         |                   |
| Operating transfers (to) from other funds  | -                          | -                          | -                        | -   | -                       | -                 |
| <b>Total other financing sources (uses)</b>  | <u>-</u>                   | <u>-</u>                   | <u>-</u>                 | <u>-</u>  | <u>-</u>                | <u>-</u>          |
| <b>Excess (deficiency) of revenues and other sources over (under) expenditures and other uses</b>      | (10,025)                   | 5                          | 6                        | -   | 10,450                  | (2,128)           |
| <b>Fund balances - unreserved July 1, 2009</b>   | <u>10,025</u>              | <u>999</u>                 | <u>1,089</u>             | <u>15,865</u>                                     | <u>3,277</u>            | <u>10,374</u>     |
| <b>Fund balances - unreserved June 30, 2010</b>  | <u>\$ -</u>                | <u>\$ 1,004</u>            | <u>\$ 1,095</u>          | <u>\$ 15,865</u>                                  | <u>\$ 13,727</u>        | <u>\$ 8,246</u>   |

(Continued)

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

|  | <u>Comstar</u>    | <u>Assistance to<br/>Fire Truck</u> | <u>LLEBG<br/>2004</u> | <u>JAG<br/>ARRA</u> | <u>Mobile Data<br/>Computer<br/>Project 1</u> | <u>Open Space<br/>Recreation</u> |
|--|-------------------|-------------------------------------|-----------------------|---------------------|---|----------------------------------|
| <b>Revenues</b>  |                   |                                     |                       |                     |   |                                  |
| Intergovernmental revenue  | \$ -              | \$ 6,102                            | \$ -                  | \$ -                | \$ -  | \$ 197,978                       |
| Other revenue  | <u>298,281</u>    | <u>-</u>                            | <u>-</u>              | <u>-</u>            | <u>-</u>                                      | <u>31,509</u>                    |
| <b>Total revenues</b>  | <u>298,281</u>    | <u>6,102</u>                        | <u>-</u>              | <u>-</u>            | <u>-</u>                                      | <u>229,487</u>                   |
| <b>Expenditures</b>  |                   |                                     |                       |                     |   |                                  |
| Public safety  | -                 | -                                   | 8,626                 | 11,190              | 52,526  | 70,015                           |
| Public works   | -                 | -                                   | -                     | -                   | -   | -                                |
| Public Health and Welfare  | -                 | -                                   | -                     | -                   | -   | -                                |
| <b>Total expenditures</b>  | <u>-</u>          | <u>-</u>                            | <u>8,626</u>          | <u>11,190</u>       | <u>52,526</u>                                 | <u>70,015</u>                    |
| <b>Excess (deficiency) of revenues over (under)<br/>expenditures before other financing sources (uses)</b> | 298,281           | 6,102                               | (8,626)               | (11,190)            | (52,526)                                      | 159,472                          |
| <b>Other financing sources (uses)</b>  |                   |                                     |                       |                     |   |                                  |
| Operating transfers (to) from other funds  | -                 | -                                   | -                     | -                   | -   | 26,509                           |
| <b>Total other financing sources (uses)</b>  | <u>-</u>          | <u>-</u>                            | <u>-</u>              | <u>-</u>            | <u>-</u>                                      | <u>26,509</u>                    |
| <b>Excess (deficiency) of revenues and other sources<br/>over (under) expenditures and other uses</b>      | <u>298,281</u>    | <u>6,102</u>                        | <u>(8,626)</u>        | <u>(11,190)</u>     | <u>(52,526)</u>                               | <u>185,981</u>                   |
| <b>Fund balances (deficits) - unreserved July 1, 2009</b>  | <u>-</u>          | <u>-</u>                            | <u>8,626</u>          | <u>-</u>            | <u>-</u>                                      | <u>141,308</u>                   |
| <b>Fund balances (deficits) - unreserved July 1, 2010</b>  | <u>\$ 298,281</u> | <u>\$ 6,102</u>                     | <u>\$ -</u>           | <u>\$ (11,190)</u>  | <u>\$ (52,526)</u>                            | <u>\$ 327,289</u>                |

(Continued)

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

|  | <u>Revolving<br/>Fund</u> | <u>Library<br/>Grants</u> | <u>CDBG<br/>Block Grant</u> | <u>Homeland<br/>Security<br/>2008</u> | <u>JAG GRANT<br/>2007</u> | <u>JAG GRANT<br/>2005</u> |
|--|---------------------------|---------------------------|-----------------------------|---------------------------------------|---------------------------|---------------------------|
| <b>Revenues</b>  |                           |                           |                             |                                       |                           |                           |
| Intergovernmental revenue  | \$ -                      | \$ 227,070                | \$ 846,500                  | \$ 65,780                             | \$ 21,807                 | \$ -                      |
| Other revenue  | 566,923                   | 77,728                    | -                           | -                                     | -                         | -                         |
| <b>Total revenues</b>  | <u>566,923</u>            | <u>304,798</u>            | <u>846,500</u>              | <u>65,780</u>                         | <u>21,807</u>             | <u>-</u>                  |
| <b>Expenditures</b>  |                           |                           |                             |                                       |                           |                           |
| Public safety  | -                         | -                         | -                           | 63,288                                | -                         | 24,061                    |
| Public works   | 456,378                   | -                         | -                           | -                                     | -                         | -                         |
| Public Health and Welfare  | -                         | 306,729                   | 494,256                     | -                                     | -                         | -                         |
| <b>Total expenditures</b>  | <u>456,378</u>            | <u>306,729</u>            | <u>494,256</u>              | <u>63,288</u>                         | <u>-</u>                  | <u>24,061</u>             |
| <b>Excess (deficiency) of revenues over (under)<br/>expenditures before other financing sources (uses)</b> | 110,545                   | (1,931)                   | 352,244                     | 2,492                                 | 21,807                    | (24,061)                  |
| <b>Other financing sources (uses)</b>  |                           |                           |                             |                                       |                           |                           |
| Operating transfers (to) from other funds  | -                         | -                         | -                           | -                                     | -                         | -                         |
| <b>Total other financing sources (uses)</b>  | <u>-</u>                  | <u>-</u>                  | <u>-</u>                    | <u>-</u>                              | <u>-</u>                  | <u>-</u>                  |
| <b>Excess (deficiency) of revenues and other sources<br/>over (under) expenditures and other uses</b>      | 110,545                   | (1,931)                   | 352,244                     | 2,492                                 | 21,807                    | (24,061)                  |
| <b>Fund balances (deficits) - unreserved July 1, 2009</b>  | 285,108                   | 397,526                   | (322,411)                   | (489)                                 | (21,807)                  | 24,061                    |
| <b>Fund balances - unreserved June 30, 2010</b>  | <u>\$ 395,653</u>         | <u>\$ 395,595</u>         | <u>\$ 29,833</u>            | <u>\$ 2,003</u>                       | <u>\$ -</u>               | <u>\$ -</u>               |

(Continued)

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

|  | <u>Dare<br/>Fund</u> | <u>Tower<br/>Rent<br/>Revolving<br/>Fund</u> | <u>Annie<br/>Livsey<br/>Fund</u> | <u>Greene<br/>Cemetery<br/>Fund</u> | <u>Riverwalk<br/>Fund</u> | <u>Assistance to<br/>Firefighters</u> | <u>FEMA<br/>Assistance</u> |
|--|----------------------|--|----------------------------------|-------------------------------------|---------------------------|---------------------------------------|----------------------------|
| <b>Revenues</b>  |                      |  |                                  |                                     |                           |                                       |                            |
| Intergovernmental revenue  | \$ 13,388            | \$ -   | \$ -                             | \$ -                                | \$ 7,500                  | \$ 101,970                            | \$ 423,874                 |
| Other revenue  | -                    | -  | 9,599                            | 300                                 | -                         | -                                     | -                          |
| <b>Total revenues</b>  | <u>13,388</u>        | <u>-</u>                                     | <u>9,599</u>                     | <u>300</u>                          | <u>7,500</u>              | <u>101,970</u>                        | <u>423,874</u>             |
| <b>Expenditures</b>  |                      |  |                                  |                                     |                           |                                       |                            |
| Public safety  | -                    | -  | -                                | -                                   | 91,358                    | 101,970                               | -                          |
| Public works   | -                    | -  | -                                | -                                   | -                         | -                                     | 423,874                    |
| Public Health and Welfare  | 12,865               | -  | 9,599                            | 300                                 | -                         | -                                     | -                          |
| <b>Total expenditures</b>  | <u>12,865</u>        | <u>-</u>                                     | <u>9,599</u>                     | <u>300</u>                          | <u>91,358</u>             | <u>101,970</u>                        | <u>423,874</u>             |
| <b>Excess (deficiency) of revenues over (under)<br/>expenditures before other financing sources (uses)</b> | 523                  | -  | -                                | -                                   | (83,858)                  | -                                     | -                          |
| <b>Other financing sources (uses)</b>  |                      |  |                                  |                                     |                           |                                       |                            |
| Operating transfers (to) from other funds  | -                    | -  | -                                | -                                   | -                         | -                                     | -                          |
| <b>Total other financing sources (uses)</b>  | <u>-</u>             | <u>-</u>                                     | <u>-</u>                         | <u>-</u>                            | <u>-</u>                  | <u>-</u>                              | <u>-</u>                   |
| <b>Excess (deficiency) of revenues and other sources<br/>over (under) expenditures and other uses</b>      | 523                  | -  | -                                | -                                   | (83,858)                  | -                                     | -                          |
| <b>Fund balances (deficits) - unreserved July 1, 2009</b>  | 12,851               | 46,644                                       | -                                | -                                   | 91,358                    | -                                     | -                          |
| <b>Fund balances - unreserved June 30, 2010</b>  | <u>\$ 13,374</u>     | <u>\$ 46,644</u>                             | <u>\$ -</u>                      | <u>\$ -</u>                         | <u>\$ 7,500</u>           | <u>\$ -</u>                           | <u>\$ -</u>                |

(Continued)

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

|  | Energy<br>Fund    | Bryne Grant<br>JAG 2010 | Bryne Grant<br>JAG 2008 | Bryne Grant<br>JAG 2009 | Mobile Data<br>Computer<br>Project II | State Homeland<br>Exercise &<br>Evaluation | Total               |
|--|-------------------|-------------------------|-------------------------|-------------------------|---------------------------------------|--|---------------------|
| <b>Revenues</b>  |                   |                         |                         |                         |                                       |  |                     |
| Intergovernmental revenue  | \$ -              | \$ 95,158               | \$ 2,220                | \$ 30,000               | \$ -                                  | \$ 6,365                                   | \$ 2,337,417        |
| Other revenue  | -                 | -                       | -                       | -                       | -                                     | -  | 984,351             |
| <b>Total revenues</b>  | <u>-</u>          | <u>95,158</u>           | <u>2,220</u>            | <u>30,000</u>           | <u>-</u>                              | <u>6,365</u>                               | <u>3,321,768</u>    |
| <b>Expenditures</b>  |                   |                         |                         |                         |                                       |  |                     |
| Public safety  | -                 | 91,740                  | -                       | 30,000                  | 14,189                                | -  | 852,371             |
| Public works   | 9,264             | -                       | -                       | -                       | -                                     | -  | 889,516             |
| Public Health and Welfare  | -                 | 3,418                   | -                       | -                       | -                                     | -  | 827,167             |
| <b>Total expenditures</b>  | <u>9,264</u>      | <u>95,158</u>           | <u>-</u>                | <u>30,000</u>           | <u>14,189</u>                         | <u>-</u>                                   | <u>2,569,054</u>    |
| <b>Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)</b> | (9,264)           | -                       | 2,220                   | -                       | (14,189)                              | 6,365                                      | 752,714             |
| <b>Other financing sources (uses)</b>  |                   |                         |                         |                         |                                       |  |                     |
| Operating transfers (to) from other funds  | -                 | -                       | -                       | -                       | -                                     | -  | 26,509              |
| <b>Total other financing sources (uses)</b>  | <u>-</u>          | <u>-</u>                | <u>-</u>                | <u>-</u>                | <u>-</u>                              | <u>-</u>                                   | <u>26,509</u>       |
| <b>Excess (deficiency) of revenues and other sources over (under) expenditures and other uses</b>      | (9,264)           | -                       | 2,220                   | -                       | (14,189)                              | 6,365                                      | 779,223             |
| <b>Fund balances (deficits) - unreserved July 1, 2009</b>  | -                 | -                       | -                       | -                       | -                                     | -  | 704,404             |
| <b>Fund balances - unreserved June 30, 2010</b>  | <u>\$ (9,264)</u> | <u>\$ -</u>             | <u>\$ 2,220</u>         | <u>\$ -</u>             | <u>\$ (14,189)</u>                    | <u>\$ 6,365</u>                            | <u>\$ 1,483,627</u> |

(Concluded)

**SUPPLEMENTARY INFORMATION**  
**WEST WARWICK PUBLIC SCHOOLS**  
**Combining Balance Sheet - Non-Major Governmental Funds**  
**Special Revenue Funds - School Restricted**  
**June 30, 2010**

|  | <u>SCHOOL<br/>LUNCH<br/>PROGRAM</u> | <u>TITLE I</u>    | <u>FRESH<br/>FRUITS AND<br/>VEGETABLES</u> | <u>CREATING<br/>COLLABORATIVE<br/>MODELS</u> | <u>E2T3<br/>TRAINING</u> | <u>TITLE IV</u> | <u>SCHOOL<br/>HOMELAND<br/>SECUTIRY</u> |
|--|-------------------------------------|-------------------|--|--|--------------------------|-----------------|---|
| <b>ASSETS</b>                              |                                     |                   |  |  |                          |                 |   |
| Cash                                       | \$ 283,323                          | \$ -              | \$ -                                       | \$ -   | \$ -                     | \$ -            | \$ -                                    |
| Due from other funds                       | 149,016                             | -                 | 13,458                                     | -  | -                        | -               | -                                       |
| Due from Federal and State Governments     | 189,058                             | 222,063           | -  | 14,438                                       | 66,543                   | 1,685           | -                                       |
| <b>TOTAL ASSETS</b>                        | <u>\$ 621,397</u>                   | <u>\$ 222,063</u> | <u>\$ 13,458</u>                           | <u>\$ 14,438</u>                             | <u>\$ 66,543</u>         | <u>\$ 1,685</u> | <u>\$ -</u>                             |
| <br>                                       |                                     |                   |  |  |                          |                 |   |
| <b>LIABILITIES AND FUND BALANCES</b>       |                                     |                   |  |  |                          |                 |   |
| <b>Liabilities</b>                         |                                     |                   |  |  |                          |                 |   |
| Accounts payable and accrued expenses      | \$ 197,592                          | \$ 7,968          | \$ -                                       | \$ 2,728                                     | \$ 17,967                | \$ -            | \$ -                                    |
| Due to other funds                         | -                                   | 214,095           | 13,458                                     | 11,710                                       | 48,576                   | 1,685           | -                                       |
| <b>Total liabilities</b>                   | <u>197,592</u>                      | <u>222,063</u>    | <u>13,458</u>                              | <u>14,438</u>                                | <u>66,543</u>            | <u>1,685</u>    | <u>-</u>                                |
| <br>                                       |                                     |                   |  |  |                          |                 |   |
| <b>Fund Balances</b>                       | 423,805                             | -                 | -  | -  | -                        | -               | -                                       |
| <b>TOTAL LIABILITIES AND FUND BALANCES</b> | <u>\$ 621,397</u>                   | <u>\$ 222,063</u> | <u>\$ 13,458</u>                           | <u>\$ 14,438</u>                             | <u>\$ 66,543</u>         | <u>\$ 1,685</u> | <u>\$ -</u>                             |

(Continued)

**SUPPLEMENTARY INFORMATION**  
**WEST WARWICK PUBLIC SCHOOLS**  
**Combining Balance Sheet - Non-Major Governmental Funds**  
**Special Revenue Funds - School Restricted**  
**June 30, 2010**

|  | <u>TITLE<br/>III</u> | <u>PERKINS</u>   | <u>DMS<br/>PLAYERS</u> | <u>E2T3<br/>URI</u> | <u>I.D.E.A.<br/>PART B</u> | <u>PRE-SCHOOL<br/>SECT. 619</u> | <u>WALLACE<br/>LEADERSHIP</u> |
|--|----------------------|------------------|------------------------|---------------------|----------------------------|---------------------------------|-------------------------------|
| <b>ASSETS</b>                              |                      |                  |                        |                     |                            |                                 |                               |
| Cash                                       | \$ -                 | \$ -             | \$ -                   | \$ -                | \$ -                       | \$ -                            | \$ -                          |
| Due from other funds                       | -                    | -                | 29,651                 | 2,198               | -                          | -                               | 3,714                         |
| Due from Federal and State Governments     | 1,229                | 31,660           | -                      | -                   | 260,259                    | 1,150                           | -                             |
| <b>TOTAL ASSETS</b>                        | <u>\$ 1,229</u>      | <u>\$ 31,660</u> | <u>\$ 29,651</u>       | <u>\$ 2,198</u>     | <u>\$ 260,259</u>          | <u>\$ 1,150</u>                 | <u>\$ 3,714</u>               |
| <br>                                       |                      |                  |                        |                     |                            |                                 |                               |
| <b>LIABILITIES AND FUND BALANCES</b>       |                      |                  |                        |                     |                            |                                 |                               |
| <b>Liabilities</b>                         |                      |                  |                        |                     |                            |                                 |                               |
| Accounts payable and accrued expenses      | \$ 100               | \$ -             | \$ -                   | \$ 2,198            | \$ 7,514                   | \$ -                            | \$ -                          |
| Due to other funds                         | 1,129                | 31,660           | -                      | -                   | 252,745                    | 1,150                           | -                             |
| <b>Total liabilities</b>                   | <u>1,229</u>         | <u>31,660</u>    | <u>-</u>               | <u>2,198</u>        | <u>260,259</u>             | <u>1,150</u>                    | <u>-</u>                      |
| <b>Fund Balances</b>                       | -                    | -                | 29,651                 | -                   | -                          | -                               | 3,714                         |
| <b>TOTAL LIABILITIES AND FUND BALANCES</b> | <u>\$ 1,229</u>      | <u>\$ 31,660</u> | <u>\$ 29,651</u>       | <u>\$ 2,198</u>     | <u>\$ 260,259</u>          | <u>\$ 1,150</u>                 | <u>\$ 3,714</u>               |

(Continued)

**SUPPLEMENTARY INFORMATION**  
**WEST WARWICK PUBLIC SCHOOLS**  
**Combining Balance Sheet - Non-Major Governmental Funds**  
**Special Revenue Funds - School Restricted**  
**June 30, 2010**

|  | ARRA<br>IDEA      | ARRA<br>PRE-SCHOOL<br>SECTION.619 | ARRA<br>TITLE I  | ARRA<br>E2T2 MCI | KITCHEN<br>EQUIPMENT | CORPORATE<br>GRANTS | PRIVATE<br>GRANTS |
|--|-------------------|-----------------------------------|------------------|------------------|----------------------|---------------------|-------------------|
| <b>ASSETS</b>                              |                   |                                   |                  |                  |                      |                     |                   |
| Cash                                       | \$ -              | \$ -                              | \$ -             | \$ -             | \$ -                 | \$ -                | \$ -              |
| Due from other funds                       | -                 | -                                 | -                | 2,209            | -                    | 5,433               | 8,740             |
| Due from Federal and State Governments     | 288,900           | 2,230                             | 52,773           | -                | -                    | -                   | -                 |
| <b>TOTAL ASSETS</b>                        | <u>\$ 288,900</u> | <u>\$ 2,230</u>                   | <u>\$ 52,773</u> | <u>\$ 2,209</u>  | <u>\$ -</u>          | <u>\$ 5,433</u>     | <u>\$ 8,740</u>   |
| <br>                                       |                   |                                   |                  |                  |                      |                     |                   |
| <b>LIABILITIES AND FUND BALANCES</b>       |                   |                                   |                  |                  |                      |                     |                   |
| <b>Liabilities</b>                         |                   |                                   |                  |                  |                      |                     |                   |
| Accounts payable and accrued expenses      | \$ 237            | \$ -                              | \$ 5,794         | \$ 2,209         | \$ -                 | \$ -                | \$ 492            |
| Due to other funds                         | 288,663           | 2,230                             | 46,979           | -                | -                    | -                   | -                 |
| <b>Total liabilities</b>                   | <u>288,900</u>    | <u>2,230</u>                      | <u>52,773</u>    | <u>2,209</u>     | <u>-</u>             | <u>-</u>            | <u>492</u>        |
| <br>                                       |                   |                                   |                  |                  |                      |                     |                   |
| <b>Fund Balances</b>                       | -                 | -                                 | -                | -                | -                    | 5,433               | 8,248             |
| <b>TOTAL LIABILITIES AND FUND BALANCES</b> | <u>\$ 288,900</u> | <u>\$ 2,230</u>                   | <u>\$ 52,773</u> | <u>\$ 2,209</u>  | <u>\$ -</u>          | <u>\$ 5,433</u>     | <u>\$ 8,740</u>   |

(Continued)

**SUPPLEMENTARY INFORMATION**  
**WEST WARWICK PUBLIC SCHOOLS**  
**Combining Balance Sheet - Non-Major Governmental Funds**  
**Special Revenue Funds - School Restricted**  
**June 30, 2010**

|  | <u>E2T2<br/>MCI</u> | <u>DISTRICT<br/>NEGOTIATED<br/>AGREEMENT</u> | <u>MIDDLE SCHOOL<br/>SPORTS</u> | <u>GENERAL<br/>ASSEMBLY</u> | <u>TITLE II</u>   | <u>ACHIEVE<br/>ALGEBRA II</u> | <u>TOTALS</u>       |
|--|---------------------|--|---------------------------------|-----------------------------|-------------------|-------------------------------|---------------------|
| <b>ASSETS</b>                              |                     |  |                                 |                             |                   |                               |                     |
| Cash                                       | \$ -                | \$ -   | \$ -                            | \$ -                        | \$ -              | \$ -                          | \$ 283,323          |
| Due from other funds                       | -                   | 4,031  | -                               | 452                         | -                 | -                             | 218,902             |
| Due from Federal and State Governments     | -                   | 32,230                                       | -                               | -                           | 112,814           | 21,086                        | 1,298,118           |
| <b>TOTAL ASSETS</b>                        | <u>\$ -</u>         | <u>\$ 36,261</u>                             | <u>\$ -</u>                     | <u>\$ 452</u>               | <u>\$ 112,814</u> | <u>\$ 21,086</u>              | <u>\$ 1,800,343</u> |
| <br><b>LIABILITIES AND FUND BALANCES</b>   |                     |  |                                 |                             |                   |                               |                     |
| <b>Liabilities</b>                         |                     |  |                                 |                             |                   |                               |                     |
| Accounts payable and accrued expenses      | \$ -                | \$ 4,282                                     | \$ -                            | -                           | \$ 3,516          | \$ -                          | \$ 252,597          |
| Due to other funds                         | -                   | 28,873                                       | -                               | -                           | 109,298           | 21,086                        | 1,073,337           |
| <b>Total liabilities</b>                   | <u>-</u>            | <u>33,155</u>                                | <u>-</u>                        | <u>-</u>                    | <u>112,814</u>    | <u>21,086</u>                 | <u>1,325,934</u>    |
| <br><b>RESERVE FUND BALANCE</b>            |                     |  |                                 |                             |                   |                               |                     |
| <b>Fund Balances</b>                       | -                   | 3,106  | -                               | 452                         | -                 | -                             | 474,409             |
| <b>TOTAL LIABILITIES AND FUND BALANCES</b> | <u>\$ -</u>         | <u>\$ 36,261</u>                             | <u>\$ -</u>                     | <u>\$ 452</u>               | <u>\$ 112,814</u> | <u>\$ 21,086</u>              | <u>\$ 1,800,343</u> |

(Concluded)

**SUPPLEMENTARY INFORMATION  
WEST WARWICK PUBLIC SCHOOLS  
Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances - Non-Major Governmental Funds  
Special Revenue Funds - School Restricted  
For the Fiscal Year Ended June 30, 2010**

|   | SCHOOL<br>LUNCH<br>PROGRAM | TITLE I          | FRESH<br>FRUITS AND<br>VEGETABLES | CREATING<br>COLLABORATIVE<br>MODELS | E2T3<br>TRAINING | TITLE IV      | SCHOOL<br>HOMELAND<br>SECUTIRY |
|---|----------------------------|------------------|-----------------------------------|-------------------------------------|------------------|---------------|--------------------------------|
| <b>Revenues</b>   |                            |                  |                                   |                                     |                  |               |                                |
| Intergovernmental revenue   | \$ 749,974                 | \$ 1,081,945     | \$ 13,458                         | \$ 14,438                           | \$ 297,632       | \$ 25,086     | \$ 13,849                      |
| Other   | 528,842                    | -                | -                                 | -                                   | -                | -             | -                              |
| <b>Total revenues</b>   | <u>1,278,816</u>           | <u>1,081,945</u> | <u>13,458</u>                     | <u>14,438</u>                       | <u>297,632</u>   | <u>25,086</u> | <u>13,849</u>                  |
| <b>Expenditures</b>   |                            |                  |                                   |                                     |                  |               |                                |
| Salaries  | -                          | 681,911          | -                                 | 6,405                               | 2,000            | -             | -                              |
| Employee Benefits   | -                          | 395,092          | -                                 | 490                                 | 200              | -             | -                              |
| Purchased services  | 1,085,495                  | -                | -                                 | -                                   | 241,741          | 24,931        | 13,849                         |
| Supplies and materials  | 1,920                      | 431              | -                                 | 7,543                               | 2,800            | 155           | -                              |
| Other costs   | -                          | 4,511            | 13,458                            | -                                   | -                | -             | -                              |
| <b>Total expenditures</b>   | <u>1,087,415</u>           | <u>1,081,945</u> | <u>13,458</u>                     | <u>14,438</u>                       | <u>246,741</u>   | <u>25,086</u> | <u>13,849</u>                  |
| <b>Excess revenues over (under) expenditures</b>  | 191,401                    | -                | -                                 | -                                   | 50,891           | -             | -                              |
| <b>Other financing sources (uses)</b>   |                            |                  |                                   |                                     |                  |               |                                |
| Operating transfers (to) other funds  | (30,000)                   | -                | -                                 | -                                   | -                | -             | -                              |
| <b>Total other financing sources (uses)</b>   | <u>(30,000)</u>            | <u>-</u>         | <u>-</u>                          | <u>-</u>                            | <u>-</u>         | <u>-</u>      | <u>-</u>                       |
| <b>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses</b> | <u>161,401</u>             | <u>-</u>         | <u>-</u>                          | <u>-</u>                            | <u>50,891</u>    | <u>-</u>      | <u>-</u>                       |
| <b>Fund balances - unreserved July 1, 2009</b>  | <u>262,404</u>             | <u>-</u>         | <u>-</u>                          | <u>-</u>                            | <u>(50,891)</u>  | <u>-</u>      | <u>-</u>                       |
| <b>Fund balances - unreserved June 30, 2010</b>   | <u>\$ 423,805</u>          | <u>\$ -</u>      | <u>\$ -</u>                       | <u>\$ -</u>                         | <u>\$ -</u>      | <u>\$ -</u>   | <u>\$ -</u>                    |

(Continued)

**SUPPLEMENTARY INFORMATION**  
**WEST WARWICK PUBLIC SCHOOLS**  
**Combining Statement of Revenues, Expenditures and**  
**Changes in Fund Balances - Non-Major Governmental Funds**  
**Special Revenue Funds - School Restricted**  
**For the Fiscal Year Ended June 30, 2010**

|   | TITLE<br>III | PERKINS       | DMS<br>PLAYERS   | E2T3<br>URI    | I.D.E.A.<br>PART B | PRE-SCHOOL<br>SECT. 619 | WALLACE<br>LEADERSHIP |
|---|--------------|---------------|------------------|----------------|--------------------|-------------------------|-----------------------|
| <b>Revenues</b>   |              |               |                  |                |                    |                         |                       |
| Intergovernmental revenue   | \$ 5,296     | \$ 31,660     | \$ -             | \$ 147,330     | \$ 1,025,059       | \$ 32,592               | \$ 9,635              |
| Other   | -            | -             | 17,633           | -              | -                  | -                       | -                     |
| <b>Total revenues</b>   | <u>5,296</u> | <u>31,660</u> | <u>17,633</u>    | <u>147,330</u> | <u>1,025,059</u>   | <u>32,592</u>           | <u>9,635</u>          |
| <b>Expenditures</b>   |              |               |                  |                |                    |                         |                       |
| Salaries  | 2,279        | -             | 700              | -              | 658,595            | 1,068                   | 5,500                 |
| Employee Benefits   | 174          | -             | 54               | -              | 366,464            | 82                      | 421                   |
| Purchased services  | 1,522        | -             | 4,550            | 147,330        | -                  | 31,442                  | -                     |
| Supplies and materials  | 1,321        | -             | 9,354            | -              | -                  | -                       | -                     |
| Other costs   | -            | 31,660        | -                | -              | -                  | -                       | -                     |
| <b>Total expenditures</b>   | <u>5,296</u> | <u>31,660</u> | <u>14,658</u>    | <u>147,330</u> | <u>1,025,059</u>   | <u>32,592</u>           | <u>5,921</u>          |
| <b>Excess revenues over (under) expenditures</b>  | -            | -             | 2,975            | -              | -                  | -                       | 3,714                 |
| <b>Other financing sources (uses)</b>   |              |               |                  |                |                    |                         |                       |
| Operating transfers (to) other funds  | -            | -             | -                | -              | -                  | -                       | -                     |
| <b>Total other financing sources (uses)</b>   | <u>-</u>     | <u>-</u>      | <u>-</u>         | <u>-</u>       | <u>-</u>           | <u>-</u>                | <u>-</u>              |
| <b>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses</b> | <u>-</u>     | <u>-</u>      | <u>2,975</u>     | <u>-</u>       | <u>-</u>           | <u>-</u>                | <u>3,714</u>          |
| <b>Fund balances - unreserved July 1, 2009</b>  | <u>-</u>     | <u>-</u>      | <u>26,676</u>    | <u>-</u>       | <u>-</u>           | <u>-</u>                | <u>-</u>              |
| <b>Fund balances - unreserved June 30, 2010</b>   | <u>\$ -</u>  | <u>\$ -</u>   | <u>\$ 29,651</u> | <u>\$ -</u>    | <u>\$ -</u>        | <u>\$ -</u>             | <u>\$ 3,714</u>       |

(Continued)

**SUPPLEMENTARY INFORMATION**  
**WEST WARWICK PUBLIC SCHOOLS**  
**Combining Statement of Revenues, Expenditures and**  
**Changes in Fund Balances - Non-Major Governmental Funds**  
**Special Revenue Funds - School Restricted**  
**For the Fiscal Year Ended June 30, 2010**

|   | ARRA<br>IDEA   | ARRA<br>PRE-SCHOOL<br>SECTION.619 | ARRA<br>TITLE I | ARRA<br>E3T2 MCI | KITCHEN<br>EQUIPMENT | CORPORATE<br>GRANTS | PRIVATE<br>GRANTS |
|---|----------------|-----------------------------------|-----------------|------------------|----------------------|---------------------|-------------------|
| <b>Revenues</b>   |                |                                   |                 |                  |                      |                     |                   |
| Intergovernmental revenue   | \$ 631,184     | \$ 3,278                          | \$ 178,506      | \$ 13,200        | \$ 11,725            | \$ -                | \$ -              |
| Other   | -              | -                                 | -               | -                | -                    | 10,000              | 10,600            |
| <b>Total revenues</b>   | <u>631,184</u> | <u>3,278</u>                      | <u>178,506</u>  | <u>13,200</u>    | <u>11,725</u>        | <u>10,000</u>       | <u>10,600</u>     |
| <b>Expenditures</b>   |                |                                   |                 |                  |                      |                     |                   |
| Salaries  | 94,098         | -                                 | 58,827          | -                | -                    | -                   | 5,100             |
| Employee Benefits   | 31,195         | -                                 | 4,492           | -                | -                    | -                   | 390               |
| Purchased services  | 420,029        | 3,278                             | 50,381          | -                | -                    | -                   | 4,865             |
| Supplies and materials  | 5,421          | -                                 | 30,707          | -                | -                    | 34,567              | -                 |
| Other costs   | 80,441         | -                                 | 34,099          | 13,200           | 11,725               | -                   | -                 |
| <b>Total expenditures</b>   | <u>631,184</u> | <u>3,278</u>                      | <u>178,506</u>  | <u>13,200</u>    | <u>11,725</u>        | <u>34,567</u>       | <u>10,355</u>     |
| <b>Excess revenues over (under) expenditures</b>  | -              | -                                 | -               | -                | -                    | (24,567)            | 245               |
| <b>Other financing sources (uses)</b>   |                |                                   |                 |                  |                      |                     |                   |
| Operating transfers in (to) other funds   | -              | -                                 | -               | -                | -                    | 30,000              | -                 |
| <b>Total other financing sources (uses)</b>   | <u>-</u>       | <u>-</u>                          | <u>-</u>        | <u>-</u>         | <u>-</u>             | <u>30,000</u>       | <u>-</u>          |
| <b>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses</b> | <u>-</u>       | <u>-</u>                          | <u>-</u>        | <u>-</u>         | <u>-</u>             | <u>5,433</u>        | <u>245</u>        |
| <b>Fund balances - unreserved July 1, 2009</b>  | <u>-</u>       | <u>-</u>                          | <u>-</u>        | <u>-</u>         | <u>-</u>             | <u>-</u>            | <u>8,003</u>      |
| <b>Fund balances - unreserved June 30, 2010</b>   | <u>\$ -</u>    | <u>\$ -</u>                       | <u>\$ -</u>     | <u>\$ -</u>      | <u>\$ -</u>          | <u>\$ 5,433</u>     | <u>\$ 8,248</u>   |

(Continued)

**SUPPLEMENTARY INFORMATION**  
**WEST WARWICK PUBLIC SCHOOLS**  
**Combining Statement of Revenues, Expenditures and**  
**Changes in Fund Balances - Non-Major Governmental Funds**  
**Special Revenue Funds - School Restricted**  
**For the Fiscal Year Ended June 30, 2010**

|   | E2T2<br>MCI   | DISTRICT<br>NEGOTIATED<br>AGREEMENT | MIDDLE SCHOOL<br>SPORTS | GENERAL<br>ASSEMBLY | TITLE II       | ACHIEVE<br>ALGEBRA II | TOTALS            |
|---|---------------|-------------------------------------|-------------------------|---------------------|----------------|-----------------------|-------------------|
| <b>Revenues</b>   |               |                                     |                         |                     |                |                       |                   |
| Intergovernmental revenue   | \$ 32,400     | \$ 70,000                           | \$ -                    | \$ 6,775            | \$ 333,257     | \$ 21,086             | \$ 4,749,365      |
| Other   | -             | -                                   | 12,188                  | -                   | -              | -                     | 579,263           |
| <b>Total revenues</b>   | <u>32,400</u> | <u>70,000</u>                       | <u>12,188</u>           | <u>6,775</u>        | <u>333,257</u> | <u>21,086</u>         | <u>5,328,628</u>  |
| <b>Expenditures</b>   |               |                                     |                         |                     |                |                       |                   |
| Salaries  | -             | 58,980                              | -                       | -                   | 223,001        | -                     | 1,798,464         |
| Employee Benefits   | -             | 4,512                               | -                       | -                   | 90,516         | -                     | 894,082           |
| Purchased services  | -             | 2,777                               | -                       | -                   | 19,169         | -                     | 2,051,359         |
| Supplies and materials  | -             | 34,041                              | -                       | 6,667               | 571            | 21,086                | 156,584           |
| Other costs   | 32,400        | 372                                 | -                       | -                   | -              | -                     | 221,866           |
| <b>Total expenditures</b>   | <u>32,400</u> | <u>100,682</u>                      | <u>-</u>                | <u>6,667</u>        | <u>333,257</u> | <u>21,086</u>         | <u>5,122,355</u>  |
| <b>Excess revenues over (under) expenditures</b>  | -             | (30,682)                            | 12,188                  | 108                 | -              | -                     | 206,273           |
| <b>Other financing sources (uses)</b>   |               |                                     |                         |                     |                |                       |                   |
| Operating transfers (to) other funds  | -             | -                                   | -                       | -                   | -              | -                     | -                 |
| <b>Total other financing sources (uses)</b>   | <u>-</u>      | <u>-</u>                            | <u>-</u>                | <u>-</u>            | <u>-</u>       | <u>-</u>              | <u>-</u>          |
| <b>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses</b> | <u>-</u>      | <u>(30,682)</u>                     | <u>12,188</u>           | <u>108</u>          | <u>-</u>       | <u>-</u>              | <u>206,273</u>    |
| <b>Fund balances - unreserved July 1, 2009</b>  | <u>-</u>      | <u>33,788</u>                       | <u>(12,188)</u>         | <u>344</u>          | <u>-</u>       | <u>-</u>              | <u>268,136</u>    |
| <b>Fund balances - unreserved June 30, 2010</b>   | <u>\$ -</u>   | <u>\$ 3,106</u>                     | <u>\$ -</u>             | <u>\$ 452</u>       | <u>\$ -</u>    | <u>\$ -</u>           | <u>\$ 474,409</u> |

(Concluded)

**SUPPLEMENTARY INFORMATION**  
**TOWN OF WEST WARWICK, RHODE ISLAND**  
**Capital Projects Funds**  
**Combining Balance Sheet - Non-Major Governmental Fund**  
**June 30, 2010**

|  | <u>Town<br/>QZAB<br/>Bond Fund</u> | <u>School<br/>QZAB<br/>Bond Fund</u> | <u>School<br/>Fire Code<br/>Renovations</u> | <u>Road<br/>Bond Fund</u> | <u>Totals</u>       |
|--|------------------------------------|--------------------------------------|---|---------------------------|---------------------|
| <b>ASSETS</b>                              |                                    |                                      |   |                           |                     |
| Due from other funds                       | \$ 168,039                         | \$ -                                 | \$ 121,809                                  | \$ 1,057,677              | \$ 1,347,525        |
| <b>Total assets</b>                        | <u>\$ 168,039</u>                  | <u>\$ -</u>                          | <u>\$ 121,809</u>                           | <u>\$ 1,057,677</u>       | <u>\$ 1,347,525</u> |
| <b>LIABILITIES AND FUND BALANCES</b>       |                                    |                                      |   |                           |                     |
| <b>Liabilities</b>                         |                                    |                                      |   |                           |                     |
| Accounts Payable                           | \$ -                               | \$ 12,815                            | \$ 18,069                                   | \$ 152,094                | 182,978             |
| Due to other funds                         | -                                  | 140                                  | -   | -                         | 140                 |
| <b>Total liabilities</b>                   | <u>-</u>                           | <u>12,955</u>                        | <u>18,069</u>                               | <u>152,094</u>            | <u>183,118</u>      |
| Fund balances -                            |                                    |                                      |   |                           |                     |
| Unreserved                                 | 168,039                            | (12,955)                             | 103,740                                     | 905,583                   | 1,164,407           |
| <b>Total fund balances (deficit)</b>       | <u>168,039</u>                     | <u>(12,955)</u>                      | <u>103,740</u>                              | <u>905,583</u>            | <u>1,164,407</u>    |
| <b>Total liabilities and fund balances</b> | <u>\$ 168,039</u>                  | <u>\$ -</u>                          | <u>\$ 121,809</u>                           | <u>\$ 1,057,677</u>       | <u>\$ 1,347,525</u> |

**SUPPLEMENTARY INFORMATION**  
**TOWN OF WEST WARWICK, 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>Town<br/>QZAB<br/>Bond Fund</u> | <u>School<br/>QZAB<br/>Bond Fund</u> | <u>School<br/>Fire Code<br/>Renovations</u> | <u>Road<br/>Bond Fund</u> | <u>Totals</u>       |
|---|------------------------------------|--------------------------------------|---|---------------------------|---------------------|
| <b>Revenues</b>   |                                    |                                      |   |                           |                     |
| Interest on Investments   | \$ -                               | \$ -                                 | \$ -  | \$ 620                    | \$ 620              |
| Total revenues  | <u>-</u>                           | <u>-</u>                             | <u>-</u>                                    | <u>620</u>                | <u>620</u>          |
| <b>Expenditures</b>   |                                    |                                      |   |                           |                     |
| Capital   | -                                  | 19,561                               | 42,774                                      | 488,909                   | 551,244             |
| Non- capital  | -                                  | 6,382                                | -   | 62,130                    | 68,512              |
| Total expenditures  | <u>-</u>                           | <u>25,943</u>                        | <u>42,774</u>                               | <u>551,039</u>            | <u>619,756</u>      |
| <b>Excess (deficiency) of revenues over (under)<br/>expenditures before other financing sources</b> | -                                  | (25,943)                             | (42,774)                                    | (550,419)                 | (619,136)           |
| <b>Other financing sources (uses)</b>   |                                    |                                      |   |                           |                     |
| Transfers from other funds  | -                                  | 28,078                               | -   | -                         | 28,078              |
| Transfers (to) other funds  | <u>(28,078)</u>                    | <u>-</u>                             | <u>-</u>                                    | <u>-</u>                  | <u>(28,078)</u>     |
| Total other financing sources (uses)  | <u>(28,078)</u>                    | <u>28,078</u>                        | <u>-</u>                                    | <u>-</u>                  | <u>-</u>            |
| <b>Excess of revenues and other sources<br/>over (under) expenditures</b>                           | <u>(28,078)</u>                    | <u>2,135</u>                         | <u>(42,774)</u>                             | <u>(550,419)</u>          | <u>(619,136)</u>    |
| <b>Fund balances (deficit) - unreserved July 1, 2009</b>  | <u>196,117</u>                     | <u>(15,090)</u>                      | <u>146,514</u>                              | <u>1,456,002</u>          | <u>1,783,543</u>    |
| <b>Fund balances - unreserved June 30, 2010</b>   | <u>\$ 168,039</u>                  | <u>\$ (12,955)</u>                   | <u>\$ 103,740</u>                           | <u>\$ 905,583</u>         | <u>\$ 1,164,407</u> |

**SUPPLEMENTARY INFORMATION**  
**TOWN OF WEST WARWICK, RHODE ISLAND**  
**Non-Major Enterprise Funds**  
**Combining Balance Sheet**  
**June 30, 2010**

| <b>ASSETS</b>                    | <b>Municipal<br/>Court</b> | <b>Totals</b> |
|----------------------------------|----------------------------|---------------|
| <b>Current assets</b>            |                            |               |
| Cash and cash equivalents        | \$ -                       | \$ -          |
| <b>Accounts receivable</b>       |                            |               |
| Internal balances                | 75,318                     | 75,318        |
| <b>Total current assets</b>      | 75,318                     | 75,318        |
| <br><b>TOTAL ASSETS</b>          | <br>75,318                 | <br>75,318    |
| <br><b>LIABILITIES</b>           |                            |               |
| <b>Current liabilities</b>       |                            |               |
| Accounts payable                 | 6,313                      | 6,313         |
| Accrued expenses                 | 848                        | 848           |
| <b>Total current liabilities</b> | 7,161                      | 7,161         |
| <b>Total liabilities</b>         | 7,161                      | 7,161         |
| <br><b>Net Assets</b>            |                            |               |
| Unrestricted                     | 68,157                     | 68,157        |
| <b>Total Net Assets</b>          | \$ 68,157                  | \$ 68,157     |

**SUPPLEMENTARY INFORMATION**  
**TOWN OF WEST WARWICK, RHODE ISLAND**  
**Non-Major Enterprise Funds**  
**Combining Statement of Revenues, Expenses**  
**And Changes in Net Assets**  
**For the Fiscal Year Ended June 30, 2010**

|  | <b>Municipal<br/>Court</b> | <b>Totals</b> |
|--|----------------------------|---------------|
| <b>Operating revenues</b>                    |                            |               |
| Usage sales and fees                         | \$ 203,272                 | \$ 203,272    |
| <b>Total operating revenues</b>              | 203,272                    | 203,272       |
| <b>Operating expenses</b>                    |                            |               |
| Salaries and benefits                        | 121,632                    | 121,632       |
| Materials, supplies, repairs and maintenance | 2,249                      | 2,249         |
| Other operating expenses                     | 83,435                     | 83,435        |
| <b>Total operating expenses</b>              | 207,316                    | 207,316       |
| <b>Operating income (loss)</b>               | (4,044)                    | (4,044)       |
| <b>Transfers</b>                             |                            |               |
| Transfers to other funds                     | (10,000)                   | (10,000)      |
| <b>Total transfers</b>                       | (10,000)                   | (10,000)      |
| <b>Net income</b>                            | (14,044)                   | (14,044)      |
| <b>Net assets - beginning</b>                | 82,201                     | 82,201        |
| <b>Net assets - ending</b>                   | \$ 68,157                  | \$ 68,157     |

**SUPPLEMENTARY INFORMATION  
TOWN OF WEST WARWICK, RHODE ISLAND  
Non-Major Enterprise Funds  
Combining Statement of Cash Flows  
For the Fiscal Year Ended June 30, 2010**

|  | <u>Municipal<br/>Court</u> | <u>Totals</u>     |
|--|----------------------------|-------------------|
| <b>Cash flows from operating activities</b>  |                            |                   |
| Cash received from customers   | \$ 203,272                 | \$ 203,272        |
| Cash payments to suppliers for goods and services  | (2,708)                    | (2,708)           |
| Cash payments to employees for services  | (124,043)                  | (124,043)         |
| Payment of administrative expense  | (83,435)                   | (83,435)          |
| <b>Net cash provided by (used for) operating activities</b>                                    | <u>(6,914)</u>             | <u>(6,914)</u>    |
| <b>Cash flows from non-capital financing activities</b>  |                            |                   |
| Interfund loans  | 6,914                      | 6,914             |
| <b>Net cash provided by (used for) non-capital financing activities</b>                        | <u>6,914</u>               | <u>6,914</u>      |
| <b>Net increase (decrease) in cash and cash equivalents</b>                                    | <u>-</u>                   | <u>-</u>          |
| <b>Cash and cash equivalents at beginning of year</b>  | <u>-</u>                   | <u>-</u>          |
| <b>Cash and cash equivalents at end of year</b>  | <u>\$ -</u>                | <u>\$ -</u>       |
| <b>Reconciliation of operating income to net cash provided by operating activities</b>         |                            |                   |
| <b>Operating income (Loss)</b>   | \$ (4,044)                 | \$ (4,044)        |
| <b>Adjustments to reconcile operating income to net cash provided by operating activities:</b> |                            |                   |
| <b>Changes in assets and liabilities:</b>  |                            |                   |
| Increase (decrease) in deferred revenue  | -                          | -                 |
| Increase (decrease) in accounts payable and accrued expenses                                   | (2,870)                    | (2,870)           |
| <b>Total adjustments</b>   | <u>(2,870)</u>             | <u>(2,870)</u>    |
| <b>Net cash provided by operating activities</b>   | <u>\$ (6,914)</u>          | <u>\$ (6,914)</u> |

**SUPPLEMENTARY INFORMATION**  
**TOWN OF WEST WARWICK, RHODE ISLAND**  
**Sewer Enterprise Fund**  
**Combining Schedules of Revenues and Expenses**  
**Budgetary Basis (Non-GAAP)**  
**For the Fiscal Year ended June 30, 2010**

|  | <u>Original<br/>Budget</u> | <u>Revised<br/>Budget</u> | <u>Actual</u>       | <u>Variance</u>     |
|--|----------------------------|---------------------------|---------------------|---------------------|
| <b>Operating revenues</b>                    |                            |                           |                     |                     |
| Usage sales and fees                         | \$ 6,242,116               | \$ 6,242,116              | \$ 6,593,342        | \$ 351,226          |
| Sewer assessment revenue                     | 977,622                    | 977,622                   | 1,010,750           | 33,128              |
| Other income                                 | 212,775                    | 212,775                   | 1,054,637           | 841,862             |
| <b>Total operating revenues</b>              | <u>7,432,513</u>           | <u>7,432,513</u>          | <u>8,658,729</u>    | <u>1,226,216</u>    |
| <b>Operating expenses</b>                    |                            |                           |                     |                     |
| Salaries and benefits                        | \$ 2,154,899               | 2,154,899                 | \$ 2,054,777        | 100,122             |
| Materials and supplies                       | 942,971                    | 942,971                   | 855,056             | 87,915              |
| Depreciation and amortization                | -                          | -                         | 1,759,852           | (1,759,852)         |
| Capital outlays                              | 52,070                     | 52,070                    | -                   | 52,070              |
| Other operating expenses                     | 2,343,767                  | 2,343,767                 | 2,511,220           | (167,453)           |
| <b>Total operating expenses</b>              | <u>5,493,707</u>           | <u>5,493,707</u>          | <u>7,180,905</u>    | <u>(1,687,198)</u>  |
| <b>Operating income (loss)</b>               | <u>1,938,806</u>           | <u>1,938,806</u>          | <u>1,477,824</u>    | <u>(460,982)</u>    |
| <b>Other income (expense)</b>                |                            |                           |                     |                     |
| Investment income                            | 90,000                     | 90,000                    | 52,700              | (37,300)            |
| Sewer bond interest expense                  | (352,760)                  | (352,760)                 | (337,004)           | 15,756              |
| Principal payments                           | (1,676,046)                | (1,676,046)               | (1,686,000)         | (9,954)             |
| <b>Total non-operating income (expenses)</b> | <u>(1,938,806)</u>         | <u>(1,938,806)</u>        | <u>(1,970,304)</u>  | <u>(31,498)</u>     |
| <b>Net income</b>                            | <u>\$ -</u>                | <u>\$ -</u>               | <u>\$ (492,480)</u> | <u>\$ (492,480)</u> |

SUPPLEMENTARY INFORMATION  
TOWN OF WEST WARWICK, RHODE ISLAND  
Enterprise Funds  
Combining Schedules of Revenues and Expenses  
Budgetary Basis (Non-GAAP)  
For the Fiscal Year Ended June 30, 2010  
(continued)

|   | Municipal Court    |                   |                    |                    | Totals             |                     |                     |
|---|--------------------|-------------------|--------------------|--------------------|--------------------|---------------------|---------------------|
|   | Original<br>Budget | Revised<br>Budget | Actual             | Variance           | Budget             | Actual              | Variance            |
| <b>Operating revenues</b>                                 |                    |                   |                    |                    |                    |                     |                     |
| Usage sales and fees                                      | \$ 182,213         | \$ 182,213        | \$ 203,272         | \$ 21,059          | \$ 6,424,329       | \$ 6,796,614        | \$ 372,285          |
| Sewer assessment revenue                                  | -                  | -                 | -                  | -                  | 977,622            | 1,010,750           | 33,128              |
| Other income  | -                  | -                 | -                  | -                  | 212,775            | 1,054,637           | 841,862             |
| <b>Total operating revenues</b>                           | <u>182,213</u>     | <u>182,213</u>    | <u>203,272</u>     | <u>21,059</u>      | <u>7,614,726</u>   | <u>8,862,001</u>    | <u>1,247,275</u>    |
| <b>Operating expenses</b>                                 |                    |                   |                    |                    |                    |                     |                     |
| Salaries and benefits                                     | 159,713            | 159,713           | 121,632            | 38,081             | 2,314,612          | 2,176,409           | 138,203             |
| Materials and supplies                                    | 4,000              | 4,000             | 2,249              | 1,751              | 946,971            | 857,305             | 89,666              |
| Depreciation and amortization                             | -                  | -                 | -                  | -                  | -                  | 1,759,852           | (1,759,852)         |
| Capital outlays   | -                  | -                 | -                  | -                  | 52,070             | -                   | 52,070              |
| Other operating expenses                                  | 8,500              | 8,500             | 83,435             | (74,935)           | 2,352,267          | 2,594,655           | (242,388)           |
| <b>Total operating expenses</b>                           | <u>172,213</u>     | <u>172,213</u>    | <u>207,316</u>     | <u>(35,103)</u>    | <u>5,665,920</u>   | <u>7,388,221</u>    | <u>(1,722,301)</u>  |
| <b>Operating income (loss)</b>                            | <u>10,000</u>      | <u>10,000</u>     | <u>(4,044)</u>     | <u>(14,044)</u>    | <u>1,948,806</u>   | <u>1,473,780</u>    | <u>(475,026)</u>    |
| <b>Other income (expense)</b>                             |                    |                   |                    |                    |                    |                     |                     |
| Investment income   | -                  | -                 | -                  | -                  | 90,000             | 52,700              | (37,300)            |
| Sewer bond interest expense                               | -                  | -                 | -                  | -                  | (352,760)          | (337,004)           | 15,756              |
| Principal payments  | -                  | -                 | -                  | -                  | (1,676,046)        | (1,686,000)         | (9,954)             |
| <b>Total non-operating income (expenses)</b>              | <u>-</u>           | <u>-</u>          | <u>-</u>           | <u>-</u>           | <u>(1,938,806)</u> | <u>(1,970,304)</u>  | <u>(31,498)</u>     |
| <b>Income before transfers and non-operating expenses</b> | 10,000             | 10,000            | (4,044)            | (14,044)           | 10,000             | (496,524)           | (506,524)           |
| <b>Other financing sources (uses)</b>                     |                    |                   |                    |                    |                    |                     |                     |
| Transfer to other funds                                   | (10,000)           | (10,000)          | (10,000)           | -                  | (10,000)           | (10,000)            | -                   |
| <b>Total other financing sources (uses)</b>               | <u>(10,000)</u>    | <u>(10,000)</u>   | <u>(10,000)</u>    | <u>-</u>           | <u>(10,000)</u>    | <u>(10,000)</u>     | <u>-</u>            |
| <b>Net income</b>   | <u>\$ -</u>        | <u>\$ -</u>       | <u>\$ (14,044)</u> | <u>\$ (14,044)</u> | <u>\$ -</u>        | <u>\$ (506,524)</u> | <u>\$ (506,524)</u> |

**TOWN OF WEST WARWICK, RHODE ISLAND  
AGENCY FUNDS  
COMBINING STATEMENT OF CHANGES  
IN ASSETS AND LIABILITIES  
FOR THE FISCAL YEAR ENDING JUNE 30, 2010**

|                                     | <u>Balance<br/>July 1, 2009</u> | <u>Additions</u>  | <u>Deductions</u> | <u>Balance<br/>June 30, 2010</u> |
|-------------------------------------|---------------------------------|-------------------|-------------------|----------------------------------|
| <b>DRUG EVIDENCE</b>                |                                 |                   |                   |                                  |
| <b>Assets</b>                       |                                 |                   |                   |                                  |
| Cash                                | \$ 64,077                       | \$ 19,147         | \$ 30,778         | \$ 52,446                        |
| <b>Total assets</b>                 | <u>\$ 64,077</u>                | <u>\$ 19,147</u>  | <u>\$ 30,778</u>  | <u>\$ 52,446</u>                 |
| <b>Liabilities</b>                  |                                 |                   |                   |                                  |
| Deposits held in custody for others | \$ 64,077                       | \$ 19,147         | \$ 30,778         | \$ 52,446                        |
| <b>Total liabilities</b>            | <u>\$ 64,077</u>                | <u>\$ 19,147</u>  | <u>\$ 30,778</u>  | <u>\$ 52,446</u>                 |
| <b>SCHOOL FIDUCIARY FUND</b>        |                                 |                   |                   |                                  |
| <b>Assets</b>                       |                                 |                   |                   |                                  |
| Cash                                | \$ 79,943                       | \$ 207,315        | \$ 212,666        | \$ 74,592                        |
| <b>Total assets</b>                 | <u>\$ 79,943</u>                | <u>\$ 207,315</u> | <u>\$ 212,666</u> | <u>\$ 74,592</u>                 |
| <b>Liabilities</b>                  |                                 |                   |                   |                                  |
| Deposits held in custody for others | \$ 79,943                       | \$ 207,315        | \$ 212,666        | \$ 74,592                        |
| <b>Total liabilities</b>            | <u>\$ 79,943</u>                | <u>\$ 207,315</u> | <u>\$ 212,666</u> | <u>\$ 74,592</u>                 |
| <b>TOTAL AGENCY FUNDS</b>           |                                 |                   |                   |                                  |
| <b>Assets</b>                       |                                 |                   |                   |                                  |
| Cash                                | \$ 144,020                      | \$ 226,462        | \$ 243,444        | \$ 127,038                       |
| <b>Total assets</b>                 | <u>\$ 144,020</u>               | <u>\$ 226,462</u> | <u>\$ 243,444</u> | <u>\$ 127,038</u>                |
| <b>Liabilities</b>                  |                                 |                   |                   |                                  |
| Deposits held in custody for others | \$ 144,020                      | \$ 226,462        | \$ 243,444        | \$ 127,038                       |
| <b>Total liabilities</b>            | <u>\$ 144,020</u>               | <u>\$ 226,462</u> | <u>\$ 243,444</u> | <u>\$ 127,038</u>                |

# STATISTICAL SECTION

This part of the Town of West Warwick, 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 WEST WARWICK, RHODE ISLAND  
TAX COLLECTOR'S ANNUAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**REAL ESTATE AND PERSONAL PROPERTY TAXES**

| <b>Tax Roll Year</b> | <b>Balance 07/01/09</b> | <b>Current Year Assessment</b> | <b>Additions and Adjustments</b> | <b>Abatements and Adjustments</b> | <b>Amount to be Collected</b> | <b>Collections</b>   | <b>Balance 06/30/10</b> |
|----------------------|-------------------------|--------------------------------|----------------------------------|-----------------------------------|-------------------------------|----------------------|-------------------------|
| 2009                 | \$ -                    | \$ 51,696,809                  | \$ 17,606                        | \$ 51,568                         | \$ 51,662,847                 | \$ 49,733,138        | \$ 1,929,709            |
| 2008                 | 1,678,108               | -                              | 36,175                           | 50,471                            | 1,663,812                     | 1,379,973            | 283,839                 |
| 2007                 | 181,143                 | -                              | 44,094                           | 44,927                            | 180,310                       | 58,613               | 121,697                 |
| 2006                 | 110,229                 | -                              | 177                              | 3,389                             | 107,017                       | 18,250               | 88,767                  |
| 2005                 | 106,075                 | -                              | -                                | 2,522                             | 103,553                       | 6,250                | 97,303                  |
| 2004                 | 58,423                  | -                              | (32)                             | 761                               | 57,630                        | 4,314                | 53,316                  |
| 2003                 | 70,317                  | -                              | -                                | 632                               | 69,685                        | 330                  | 69,355                  |
| 2002                 | 83,343                  | -                              | -                                | 479                               | 82,864                        | 41                   | 82,823                  |
| 2001                 | 68,527                  | -                              | -                                | 558                               | 67,969                        | 417                  | 67,552                  |
| 2000 & Prior         | 135,166                 | -                              | -                                | 1,827                             | 133,339                       | 1,793                | 131,546                 |
|                      | <u>\$ 2,491,331</u>     | <u>\$ 51,696,809</u>           | <u>\$ 98,020</u>                 | <u>\$ 157,134</u>                 | <u>\$ 54,129,026</u>          | <u>\$ 51,203,119</u> | <u>\$ 2,925,907</u>     |

**SCHEDULE OF MOST RECENT NET ASSESSED PROPERTY  
VALUE BY CATEGORY**

| <b>Description of Property</b> | <b>Valuations</b>       | <b>Levy</b>          |
|--------------------------------|-------------------------|----------------------|
| Real property residential      | \$ 1,830,845,280        | \$ 29,147,057        |
| Real property code 3           | 131,467,100             | 2,699,020            |
| Real property code 4           | 377,219,180             | 8,098,896            |
| Real property code 40          | 229,216,750             | 4,492,648            |
| Real property frozen           | 18,746,260              | -                    |
| Motor vehicles                 | 172,808,594             | 4,919,861            |
| Tangible personal              | 84,070,080              | 2,665,862            |
| <i>Total</i>                   | 2,844,373,244           | 52,023,343           |
| Exemptions                     | 127,109,293             | 326,534              |
| <i>Net assessed value</i>      | <u>\$ 2,717,263,951</u> | <u>\$ 51,696,809</u> |
| <i>Current year assessment</i> |                         | <u>\$ 51,696,809</u> |

**RECONCILIATION OF CURRENT YEAR  
PROPERTY TAX REVENUE**

|   |                      |
|---|----------------------|
| Current year collections  | \$ 51,203,119        |
| Reserve collected within 60 days subsequent to fiscal year ending June 30, 2010 | 363,265              |
|   | <u>51,566,384</u>    |
| Prior year revenue received in current year                                     | (264,901)            |
| Less: refunds and miscellaneous credits   | (509,501)            |
| Current year property tax revenue   | <u>\$ 50,791,982</u> |

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**Schedule of long-term liabilities - Primary Government**  
**For the fiscal year ended June 30, 2010**

|   | <u>Date of Issuance</u> | <u>Interest Rate</u> | <u>Date of Maturity</u> | <u>Authorized</u>    | <u>Outstanding July 1, 2009</u> | <u>Additions</u>     | <u>Maturities During Year</u> | <u>Outstanding June 30, 2010</u> | <u>Interest Paid</u> |
|---|-------------------------|----------------------|-------------------------|----------------------|---------------------------------|----------------------|-------------------------------|----------------------------------|----------------------|
| <b>General Obligation Bonds Payable</b>                 |                         |                      |                         |                      |                                 |                      |                               |                                  |                      |
| Open space bond   | 08/15/93                | 7% - 7.45%           | 06/30/14                | \$ 800,000           | \$ 315,000                      | \$ -                 | \$ 55,000                     | \$ 260,000                       | \$ 21,419            |
| GOB - 2002 refunding series B                           | 08/01/02                | 2% - 3.875%          | 07/15/12                | 1,300,000            | 520,000                         | -                    | 130,000                       | 390,000                          | 16,997               |
| School bond   | 03/01/98                | 4.35% to 5.50%       | 04/01/18                | 6,800,000            | 2,250,000                       | -                    | 2,250,000                     | -                                | -                    |
| GOB - Town  | 10/25/05                | 4.00% to 5.00%       | 10/14/25                | 2,100,000            | 1,770,000                       | -                    | 110,000                       | 1,660,000                        | 80,437               |
| GOB - School  | 11/29/05                | 1.47%                | 11/29/21                | 3,688,000            | 3,688,000                       | -                    | -                             | 3,688,000                        | 54,212               |
| GOB - Refunding bonds series 2009 B                     | 8/20/09                 | 2.00% to 3.50%       | 04/01/18                | 2,370,000            | -                               | 2,370,000            | 305,000                       | 2,065,000                        | 38,698               |
| GOB - series A  | 8/20/09                 | 2.75% to 5.00%       | 04/01/29                | 6,500,000            | -                               | 6,500,000            | -                             | 6,500,000                        | 167,254              |
| Road Bond   | 07/15/07                | 4.50% to 5.25%       | 07/15/27                | 5,000,000            | 4,750,000                       | -                    | 250,000                       | 4,500,000                        | 218,187              |
| GOB - School  | 03/01/02                | 4.80%                | 03/01/22                | 10,500,000           | 8,420,000                       | -                    | 480,000                       | 7,940,000                        | 418,782              |
| <b>Total general obligation bonds payable</b>           |                         |                      |                         | <b>39,058,000</b>    | <b>21,713,000</b>               | <b>8,870,000</b>     | <b>3,580,000</b>              | <b>27,003,000</b>                | <b>1,015,986</b>     |
| <b>Subtotal general fund long term debt payable</b>     |                         |                      |                         | <b>39,058,000</b>    | <b>21,713,000</b>               | <b>8,870,000</b>     | <b>3,580,000</b>              | <b>27,003,000</b>                | <b>1,015,986</b>     |
| <b>Sewer Bonds Payable</b>                              |                         |                      |                         |                      |                                 |                      |                               |                                  |                      |
| Notes Payable - Clean water                             | 3/9/2006                | 1.11% - 1.565%       | 8/31/2025               | 7,719,000            | 6,731,000                       | -                    | 340,000                       | 6,391,000                        | 127,409              |
| Notes Payable - Clean water                             | 06/05/03                | 0%                   | 09/01/23                | 20,923,000           | 16,439,000                      | -                    | 1,121,000                     | 15,318,000                       | 127,692              |
| Notes Payable - Clean Water                             | 12/21/06                | 1.185% - 1.355%      | 09/01/26                | 500,000              | 458,000                         | -                    | 22,000                        | 436,000                          | 7,958                |
| Notes Payable - Clean Water                             | 12/12/07                | 1.452%               | 09/01/28                | 1,675,000            | 1,675,000                       | -                    | 70,000                        | 1,605,000                        | 32,113               |
| Notes Payable - Clean Water                             | 12/30/04                | 1.402%               | 9/1/02025               | 3,000,000            | 2,611,000                       | -                    | 133,000                       | 2,478,000                        | 47,634               |
| <b>Total Sewer bonds payable</b>                        |                         |                      |                         | <b>33,817,000</b>    | <b>27,914,000</b>               | <b>-</b>             | <b>1,686,000</b>              | <b>26,228,000</b>                | <b>342,806</b>       |
| <b>Total general obligation bonds and notes payable</b> |                         |                      |                         | <b>\$ 72,875,000</b> | <b>49,627,000</b>               | <b>8,870,000</b>     | <b>5,266,000</b>              | <b>53,231,000</b>                | <b>\$ 1,358,792</b>  |
| <b>Accrued expenses</b>                                 |                         |                      |                         |                      |                                 |                      |                               |                                  |                      |
| Compensated absences                                    |                         |                      |                         |                      | 3,883,023                       | -                    | 205,891                       | 3,677,132                        | n/a                  |
| Net OPEB obligation                                     |                         |                      |                         |                      | 5,772,282                       | 5,743,166            | -                             | 11,515,448                       | n/a                  |
| Net pension obligation                                  |                         |                      |                         |                      | 25,540,416                      | 3,706,844            | -                             | 29,247,260                       | n/a                  |
| <b>Total accrued expenses</b>                           |                         |                      |                         |                      | <b>35,195,721</b>               | <b>9,450,010</b>     | <b>205,891</b>                | <b>44,439,840</b>                |                      |
| <b>Total long-term liabilities - Primary Government</b> |                         |                      |                         |                      | <b>\$ 84,822,721</b>            | <b>\$ 18,320,010</b> | <b>\$ 5,471,891</b>           | <b>\$ 97,670,840</b>             |                      |

**TOWN OF WEST WARWICK, RHODE ISLAND  
SCHEDULE OF DEBT SERVICE REQUIREMENTS  
TO MATURITY - GENERAL FUND  
FOR THE FISCAL YEAR ENDING JUNE 30, 2010**

| <u>Fiscal Year<br/>Ended June 30,</u> | <u>Percentage<br/>of Maturity</u> | <u>Principal</u>     | <u>Interest</u>     | <u>Total Debt<br/>Service</u> |
|---------------------------------------|-----------------------------------|----------------------|---------------------|-------------------------------|
| 2011                                  | 5.85%                             | 1,580,000            | 995,461             | 2,575,461                     |
| 2012                                  | 11.79%                            | 1,605,000            | 1,022,887           | 2,627,887                     |
| 2013                                  | 17.83%                            | 1,630,000            | 958,046             | 2,588,046                     |
| 2014                                  | 23.52%                            | 1,535,000            | 894,460             | 2,429,460                     |
| 2015                                  | 29.05%                            | 1,495,000            | 832,658             | 2,327,658                     |
| 2016                                  | 34.70%                            | 1,525,000            | 770,597             | 2,295,597                     |
| 2017                                  | 40.46%                            | 1,555,000            | 705,216             | 2,260,216                     |
| 2018                                  | 46.35%                            | 1,590,000            | 636,003             | 2,226,003                     |
| 2019                                  | 51.51%                            | 1,395,000            | 564,441             | 1,959,441                     |
| 2019-29                               | 100.00%                           | 13,093,000           | 2,149,284           | 15,242,284                    |
|                                       |                                   | <u>\$ 27,003,000</u> | <u>\$ 9,529,053</u> | <u>\$ 36,532,053</u>          |

**TOWN OF WEST WARWICK, RHODE ISLAND  
SCHEDULE OF DEBT SERVICE REQUIREMENTS  
TO MATURITY - SEWER ENTERPRISE FUND  
FOR THE FISCAL YEAR ENDING JUNE 30, 2010**

| <u>Fiscal Year<br/>Ended June 30,</u> | <u>Percentage<br/>of Maturity</u> | <u>Principal</u>            | <u>Interest</u>            | <u>Total Debt<br/>Service</u> |
|---------------------------------------|-----------------------------------|-----------------------------|----------------------------|-------------------------------|
| 2011                                  | 6.46%                             | 1,695,000                   | 322,693                    | 2,017,693                     |
| 2012                                  | 12.96%                            | 1,705,000                   | 304,158                    | 2,009,158                     |
| 2013                                  | 19.51%                            | 1,716,000                   | 285,048                    | 2,001,048                     |
| 2014                                  | 26.09%                            | 1,726,000                   | 265,418                    | 1,991,418                     |
| 2015                                  | 32.70%                            | 1,735,000                   | 245,289                    | 1,980,289                     |
| 2016                                  | 39.20%                            | 1,705,000                   | 225,037                    | 1,930,037                     |
| 2017                                  | 45.75%                            | 1,717,000                   | 204,678                    | 1,921,678                     |
| 2018                                  | 52.34%                            | 1,728,000                   | 183,853                    | 1,911,853                     |
| 2019                                  | 58.97%                            | 1,740,000                   | 162,572                    | 1,902,572                     |
| 2019-2029                             | 100.00%                           | 10,761,000                  | 531,972                    | 11,292,972                    |
|                                       |                                   | <u><b>\$ 26,228,000</b></u> | <u><b>\$ 2,730,718</b></u> | <u><b>\$ 28,958,718</b></u>   |

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**SCHEDULE OF GENERAL CAPITAL ASSETS (BY FUNCTION AND ACTIVITY)**  
**FOR THE FISCAL YEAR ENDING JUNE 30, 2010**

| <b>Function and Activity</b>      | <b>Land</b>         | <b>Infrastructure</b> | <b>Land<br/>Improvements</b> | <b>Building and<br/>Improvements</b> | <b>Motor<br/>Vehicles</b> | <b>Office<br/>Furniture and<br/>Equipment</b> | <b>Machinery<br/>and<br/>Equipment</b> | <b>Total</b>          |
|-----------------------------------|---------------------|-----------------------|------------------------------|--------------------------------------|---------------------------|---|--|-----------------------|
| General Government                | \$ 4,487,600        | \$ -                  | \$ -                         | \$ 32,530,687                        | \$ 154,845                | \$ 107,596                                    | \$ -                                   | \$ 37,280,728         |
| Public Safety                     | 91,000              | -                     | -                            | 1,175,917                            | 1,256,876                 | 1,236,611                                     | 1,715,138                              | 5,475,542             |
| Public Works                      | 124,300             | 47,716,094            | -                            | 6,569,857                            | 143,925                   | 105,806                                       | 1,468,432                              | 56,128,414            |
| Public Libraries                  | -                   | -                     | -                            | 1,761,101                            | -                         | -   | -                                      | 1,761,101             |
| Public Welfare                    | 196,949             | -                     | -                            | -                                    | -                         | -   | -                                      | 196,949               |
| Parks and Recreation              | 131,100             | -                     | 1,146,180                    | 10,649,760                           | 60,000                    | -   | 56,910                                 | 12,043,950            |
| Public Education                  | 1,058,565           | -                     | -                            | 28,052,572                           | 153,198                   | 712,066                                       | 206,255                                | 30,182,656            |
| <b>Total General Fixed Assets</b> | <b>\$ 6,089,514</b> | <b>\$ 47,716,094</b>  | <b>\$ 1,146,180</b>          | <b>\$ 80,739,894</b>                 | <b>\$ 1,768,844</b>       | <b>\$ 2,162,079</b>                           | <b>\$ 3,446,735</b>                    | <b>\$ 143,069,340</b> |

**TOWN OF WEST WARWICK**  
**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 | \$ 24,986,345          | \$ 32,823,900        | \$ 31,772,672        | \$ 36,787,696        | \$ 33,934,801        | \$ 16,175,643        | \$ 15,245,316        |
| Restricted                                      | 2,099                  | 2,088                | 2,075                | 645,887              | 580,000              | 435,811              | 546,136              |
| Unrestricted                                    | <u>(36,415,823)</u>    | <u>(30,243,592)</u>  | <u>(13,501,829)</u>  | <u>(11,503,143)</u>  | <u>(6,343,573)</u>   | <u>(7,653,291)</u>   | <u>(4,321,634)</u>   |
| Total governmental activities net assets        | <u>\$ (11,427,379)</u> | <u>\$ 2,582,396</u>  | <u>\$ 18,272,918</u> | <u>\$ 25,930,440</u> | <u>\$ 28,171,228</u> | <u>\$ 8,958,163</u>  | <u>\$ 11,469,818</u> |
| Business-type activities                        |                        |                      |                      |                      |                      |                      |                      |
| Invested in capital assets, net of related debt | \$ 56,382,404          | \$ 54,809,100        | \$ 53,490,930        | \$ 51,992,988        | \$ 49,827,034        | \$ 47,959,823        | \$ 48,627,649        |
| Unrestricted                                    | <u>6,116,322</u>       | <u>6,510,150</u>     | <u>7,531,619</u>     | <u>7,062,306</u>     | <u>7,325,798</u>     | <u>7,630,740</u>     | <u>4,343,616</u>     |
| Total business-type activities net assets       | <u>\$ 62,498,726</u>   | <u>\$ 61,319,250</u> | <u>\$ 61,022,549</u> | <u>\$ 59,055,294</u> | <u>\$ 57,152,832</u> | <u>\$ 55,590,563</u> | <u>\$ 52,971,265</u> |
| Primary government                              |                        |                      |                      |                      |                      |                      |                      |
| Invested in capital assets, net of related debt | \$ 81,368,749          | \$ 87,633,000        | \$ 85,263,602        | \$ 88,780,684        | \$ 83,761,835        | \$ 64,135,466        | \$ 63,872,965        |
| Restricted                                      | 2,099                  | 2,088                | 2,075                | 645,887              | 580,000              | 435,811              | 546,136              |
| Unrestricted                                    | <u>(30,299,501)</u>    | <u>(23,733,442)</u>  | <u>(5,970,210)</u>   | <u>(4,440,837)</u>   | <u>982,225</u>       | <u>(22,551)</u>      | <u>21,982</u>        |
| Total primary government net assets             | <u>\$ 51,071,347</u>   | <u>\$ 63,901,646</u> | <u>\$ 79,295,467</u> | <u>\$ 84,985,734</u> | <u>\$ 85,324,060</u> | <u>\$ 64,548,726</u> | <u>\$ 64,441,083</u> |

**Note:** Fiscal Year ended 2006 has been restated due to the inclusion of governmental infrastructure capital assets see note 14

**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 WEST WARWICK  
CHANGES IN NET ASSETS  
LAST SEVEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)**

**Exhibit 2**

|  | Fiscal Year           |                       |                       |                      |                      |                      |                      |
|--|-----------------------|-----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|
|  | 2010                  | 2009                  | 2008                  | 2007                 | 2006                 | 2005                 | 2004                 |
| <b>Expenses</b>                                  |                       |                       |                       |                      |                      |                      |                      |
| Governmental activities:                         |                       |                       |                       |                      |                      |                      |                      |
| Legislative, judicial and general administrative | \$ 27,993,691         | \$ 21,940,197         | \$ 14,097,653         | \$ 13,373,686        | \$ 11,197,258        | \$ 9,933,668         | \$ 9,164,078         |
| Financial administration                         | 592,732               | 646,800               | 699,169               | 970,080              | 724,512              | 784,393              | 816,386              |
| Public safety                                    | 12,704,903            | 11,743,194            | 13,024,765            | 12,092,263           | 10,987,202           | 10,296,870           | 9,864,726            |
| Public works                                     | 4,776,671             | 4,465,217             | 5,001,565             | 4,417,554            | 4,282,735            | 4,118,728            | 3,748,933            |
| Public Health and Welfare                        | 960,592               | 965,347               | 848,328               | 964,961              | 251,350              | 150,675              | 136,490              |
| Parks and recreation                             | 498,971               | 540,698               | 700,501               | 567,220              | 596,286              | 496,147              | 435,950              |
| Library  | 750,945               | 752,387               | 834,572               | 833,966              | 788,950              | 801,681              | 787,262              |
| Education  | 55,751,973            | 59,648,722            | 57,630,426            | 53,039,292           | 51,259,834           | 48,567,662           | 45,797,715           |
| Other  | -                     | -                     | -                     | 1,002,938            | 1,960,257            | 2,614,259            | 2,685,919            |
| Interest   | 1,224,128             | 962,963               | 827,757               | 808,488              | 818,820              | 1,100,256            | 940,798              |
| Total governmental activities expenses           | <u>105,254,606</u>    | <u>101,665,525</u>    | <u>93,664,736</u>     | <u>88,070,448</u>    | <u>82,867,204</u>    | <u>78,864,339</u>    | <u>74,378,257</u>    |
| Business-type activities:                        |                       |                       |                       |                      |                      |                      |                      |
| Sewer fund                                       | 7,517,909             | 6,886,267             | 6,062,258             | 7,005,411            | 6,839,537            | 6,090,267            | 5,081,667            |
| Non-major business type activities               | 207,316               | 599,832               | 586,935               | 613,576              | 541,263              | 524,301              | 672,740              |
| Total business-type activities expenses          | <u>7,725,225</u>      | <u>7,486,099</u>      | <u>6,649,193</u>      | <u>7,618,987</u>     | <u>7,380,800</u>     | <u>6,614,568</u>     | <u>5,754,407</u>     |
| Total primary government expenses                | <u>\$ 112,979,831</u> | <u>\$ 109,151,624</u> | <u>\$ 100,313,929</u> | <u>\$ 95,689,435</u> | <u>\$ 90,248,004</u> | <u>\$ 85,478,907</u> | <u>\$ 80,132,664</u> |

(continued)

**TOWN OF WEST WARWICK  
CHANGES IN NET ASSETS  
LAST SEVEN FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)  
(continued)**

| Exhibit 2   | Fiscal Year            |                        |                        |                        |                        |                        |                        |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
|   | 2010                   | 2009                   | 2008                   | 2007                   | 2006                   | 2005                   | 2004                   |
| <b>Program revenues</b>                                 |                        |                        |                        |                        |                        |                        |                        |
| Governmental activities:                                |                        |                        |                        |                        |                        |                        |                        |
| <i>Charges for services:</i>                            |                        |                        |                        |                        |                        |                        |                        |
| Legislative, judicial and general administrative        | \$ 724,352             | \$ 596,992             | \$ 756,723             | \$ 1,087,697           | \$ 1,016,923           | \$ 1,017,626           | \$ 890,225             |
| Financial administration                                | 1,295,999              | 1,166,133              | 1,004,994              | 864,307                | 220,000                | -                      | -                      |
| Public safety   | 770,412                | 676,482                | 830,789                | 645,943                | 781,631                | 648,702                | 554,175                |
| Public works  | 241,746                | 316,751                | 301,122                | 457,272                | 477,063                | 342,080                | 303,720                |
| Public Health and Welfare                               | 418,465                | 8,920                  | -                      | 2,066                  | 11,671                 | -                      | -                      |
| Parks and recreation                                    | 4,515                  | 1,160                  | 9,630                  | 6,755                  | 5,300                  | -                      | 8,850                  |
| Library   | -                      | -                      | 3,348                  | 139,927                | -                      | -                      | -                      |
| Education   | 528,842                | 561,575                | 466,372                | 485,016                | -                      | 57,774                 | 85,842                 |
| <i>Operating and grants contributions</i>               |                        |                        |                        |                        |                        |                        |                        |
| Public safety   | 1,933,483              | 804,583                | 819,705                | 718,219                | -                      | -                      | -                      |
| Public Health and Welfare                               | 846,500                | 120,000                | 404,000                | 391,000                | -                      | -                      | -                      |
| Parks and recreation                                    | -                      | -                      | -                      | 15,785                 | -                      | -                      | -                      |
| Library   | 304,798                | 117,254                | 198,190                | 213,194                | -                      | -                      | -                      |
| Education   | 27,556,603             | 27,335,833             | 26,287,439             | 26,516,307             | 26,006,321             | 25,961,582             | 24,717,484             |
| Other   | -                      | -                      | -                      | -                      | -                      | 531,170                | 918,170                |
| <i>Capital and grants contributions</i>                 |                        |                        |                        |                        |                        |                        |                        |
| Parks and recreation                                    | 236,987                | 25,362                 | 1,057,553              | 2,417,738              | -                      | -                      | -                      |
| <b>Total governmental activities program revenues</b>   | <b>34,862,702</b>      | <b>31,731,045</b>      | <b>32,139,865</b>      | <b>33,961,226</b>      | <b>28,518,909</b>      | <b>28,558,934</b>      | <b>27,478,466</b>      |
| Business-type activities:                               |                        |                        |                        |                        |                        |                        |                        |
| <i>Charges for services:</i>                            |                        |                        |                        |                        |                        |                        |                        |
| Sewer fund  | 8,711,429              | 7,055,762              | 8,003,193              | 8,922,452              | 8,354,997              | 8,860,222              | 7,668,939              |
| Non-major business type activities                      | 203,272                | 555,494                | 695,368                | 608,997                | 588,072                | 483,362                | 1,908,091              |
| <b>Total business-type activities program revenues</b>  | <b>8,914,701</b>       | <b>7,611,256</b>       | <b>8,698,561</b>       | <b>9,531,449</b>       | <b>8,943,069</b>       | <b>9,343,584</b>       | <b>9,577,030</b>       |
| <b>Total primary government program revenues</b>        | <b>\$ 43,777,403</b>   | <b>\$ 39,342,301</b>   | <b>\$ 40,838,426</b>   | <b>\$ 43,492,675</b>   | <b>\$ 37,461,978</b>   | <b>\$ 37,902,518</b>   | <b>\$ 37,055,496</b>   |
| <b>Net (Expense)/Revenue</b>                            |                        |                        |                        |                        |                        |                        |                        |
| Governmental activities                                 | \$ (70,391,904)        | \$ (69,934,480)        | \$ (61,524,871)        | \$ (54,109,222)        | \$ (54,348,295)        | \$ (50,305,405)        | \$ (46,899,791)        |
| Business-type activities                                | 1,189,476              | 125,157                | 2,049,368              | 1,912,462              | 1,562,269              | 2,729,016              | 3,822,623              |
| <b>Total primary government net expenses</b>            | <b>\$ (69,202,428)</b> | <b>\$ (69,809,323)</b> | <b>\$ (59,475,503)</b> | <b>\$ (52,196,760)</b> | <b>\$ (52,786,026)</b> | <b>\$ (47,576,389)</b> | <b>\$ (43,077,168)</b> |
| <b>General Revenues and Other Changes in Net Assets</b> |                        |                        |                        |                        |                        |                        |                        |
| Governmental activities:                                |                        |                        |                        |                        |                        |                        |                        |
| Property taxes, levied for general purposes             | \$ 51,019,257          | \$ 48,286,386          | \$ 46,524,536          | \$ 44,408,913          | \$ 41,023,899          | \$ 39,963,175          | \$ 37,312,868          |
| Unrestricted investment earnings                        | 34,696                 | 307,535                | 721,446                | 764,991                | 693,548                | 400,899                | 270,591                |
| State general revenue sharing                           | 2,005,500              | 2,592,566              | 3,243,039              | 3,543,494              | 3,135,831              | 2,762,450              | -                      |
| State motor vehicle phase-out                           | 3,183,440              | 3,156,078              | 3,170,604              | 2,667,910              | 2,432,650              | 2,432,650              | -                      |
| Miscellaneous   | 129,236                | 72,937                 | 109,579                | 447,985                | 4,739,400              | 1,881,329              | 7,332,558              |
| Transfers   | 10,000                 | (171,544)              | 82,113                 | 10,000                 | -                      | 109,718                | 30,000                 |
| Gain on sale of capital asset                           | -                      | -                      | 16,032                 | 25,101                 | 485,602                | -                      | -                      |
| <b>Total general revenues</b>                           | <b>56,382,129</b>      | <b>54,243,958</b>      | <b>53,867,349</b>      | <b>51,868,394</b>      | <b>52,510,930</b>      | <b>47,550,221</b>      | <b>44,946,017</b>      |
| Business-type activities:                               |                        |                        |                        |                        |                        |                        |                        |
| Transfers   | (10,000)               | 171,544                | (82,113)               | (10,000)               | -                      | (109,718)              | -                      |
| <b>Total business-type activities</b>                   | <b>(10,000)</b>        | <b>171,544</b>         | <b>(82,113)</b>        | <b>(10,000)</b>        | <b>-</b>               | <b>(109,718)</b>       | <b>-</b>               |
| <b>Total primary government</b>                         | <b>\$ 56,372,129</b>   | <b>\$ 54,415,502</b>   | <b>\$ 53,785,236</b>   | <b>\$ 51,868,394</b>   | <b>\$ 52,510,930</b>   | <b>\$ 47,440,503</b>   | <b>\$ 44,946,017</b>   |
| <b>Change in Net Assets</b>                             |                        |                        |                        |                        |                        |                        |                        |
| Governmental activities                                 | \$ (14,009,775)        | \$ (15,690,522)        | \$ (7,657,522)         | \$ (2,240,828)         | \$ (1,837,365)         | \$ (2,755,184)         | \$ (1,953,774)         |
| Business-type activities                                | 1,179,476              | 296,701                | 1,967,255              | 1,902,462              | 1,562,269              | 2,619,298              | 3,822,623              |
| <b>Total primary governmental</b>                       | <b>\$ (12,830,299)</b> | <b>\$ (15,393,821)</b> | <b>\$ (5,690,267)</b>  | <b>\$ (338,366)</b>    | <b>\$ (275,096)</b>    | <b>\$ (135,886)</b>    | <b>\$ 1,868,849</b>    |

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 WEST WARWICK  
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                           | \$ 815,568          | \$ 278,440          | \$ 201,775          | \$ 862,059          | \$ 605,907          | \$ 350,351          | \$ 559,979          |
| Unreserved                         |                     |                     |                     |                     |                     |                     |                     |
| Designated for next years budget   | -                   | -                   | -                   | 469,602             | 3,390,000           | 2,617,422           | 1,999,553           |
| Unreserved                         | 5,128,315           | 3,413,110           | 4,104,080           | 5,763,851           | 4,745,857           | 4,989,556           | 5,271,075           |
| Total general fund                 | <u>\$ 5,943,883</u> | <u>\$ 3,691,550</u> | <u>\$ 4,305,855</u> | <u>\$ 7,095,512</u> | <u>\$ 8,741,764</u> | <u>\$ 7,957,329</u> | <u>\$ 7,830,607</u> |
| All Other Governmental Funds       |                     |                     |                     |                     |                     |                     |                     |
| Reserved                           | \$ 64,168           | \$ 2,088            | \$ 2,075            | \$ 67,428           | \$ 80,878           | \$ 79,339           | \$ 192,130          |
| Unreserved:                        | -                   | -                   | -                   | -                   | -                   | -                   | 242,987             |
| Unreserved, reported in:           |                     |                     |                     |                     |                     |                     |                     |
| Capital Projects Funds             | 1,164,407           | 1,783,543           | 5,392,765           | 2,959,103           | 3,883,795           | 147,124             | 138,710             |
| Special Revenue Funds              | (815,600)           | (2,100,085)         | 670,718             | 750,818             | 1,549,415           | 1,283,064           | 1,319,797           |
| Total All Other Governmental Funds | <u>\$ 412,975</u>   | <u>\$ (314,454)</u> | <u>\$ 6,065,558</u> | <u>\$ 3,777,349</u> | <u>\$ 5,514,088</u> | <u>\$ 1,509,527</u> | <u>\$ 1,893,624</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 WEST WARWICK**  
**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                       |
| <b>Revenues</b>   |                         |                         |                          |                             |                             |                            |                            |
| General property tax  | \$ 50,791,982           | \$ 48,531,392           | \$ 46,294,634            | \$ 44,289,634               | \$ 42,013,684               | \$ 40,242,266              | \$ 38,229,030              |
| Intergovernmental and departmental revenues   | 35,091,300              | 33,644,273              | 34,193,511               | 35,390,515                  | 32,876,080                  | 30,640,987                 | 30,986,225                 |
| License and permits   | 2,067,020               | 1,900,402               | 2,142,820                | 2,726,801                   | 1,958,581                   | 1,892,852                  | 1,292,415                  |
| Fines and interest on late payments   | 641,149                 | 547,342                 | 500,658                  | 446,212                     | 124,102                     | 428,244                    | 420,837                    |
| Interest on investments   | 34,696                  | 307,535                 | 721,446                  | 764,991                     | 693,548                     | 400,899                    | 270,591                    |
| Other revenues  | 2,570,912               | 1,455,707               | 1,894,043                | 2,055,827                   | 3,853,368                   | 2,673,280                  | 2,111,547                  |
| <b>Total revenues</b>   | <u>91,197,059</u>       | <u>86,386,651</u>       | <u>85,747,112</u>        | <u>85,673,980</u>           | <u>81,519,363</u>           | <u>76,278,528</u>          | <u>73,310,645</u>          |
| <b>Expenditures</b>   |                         |                         |                          |                             |                             |                            |                            |
| Current:  |                         |                         |                          |                             |                             |                            |                            |
| Legislative, judicial and general administrative  | 16,599,785              | 10,466,369              | 9,729,539                | 9,605,843                   | \$ 8,009,944                | 6,503,818                  | 6,958,589                  |
| Financial administration  | 804,180                 | 625,375                 | 761,673                  | 970,040                     | 724,512                     | 784,393                    | 816,386                    |
| Public safety   | 12,474,913              | 11,277,178              | 12,493,102               | 11,616,278                  | 10,702,177                  | 10,016,903                 | 9,649,844                  |
| Public works  | 4,660,304               | 4,364,629               | 4,856,100                | 4,253,941                   | 4,148,197                   | 3,959,916                  | 3,553,189                  |
| Public Health and Welfare   | 1,021,467               | 1,077,076               | 848,328                  | 972,236                     | 251,350                     | 150,675                    | 136,490                    |
| Parks and recreation  | 243,357                 | 287,471                 | 1,726,291                | 3,838,119                   | 372,308                     | 272,170                    | 230,740                    |
| Library   | 732,654                 | 732,762                 | 814,949                  | 814,949                     | 784,044                     | 771,587                    | 743,698                    |
| Education   | 55,163,935              | 59,061,677              | 57,038,944               | 52,380,791                  | 50,627,108                  | 47,981,453                 | 45,722,461                 |
| Other   | 583,634                 | 3,088,676               | 1,208,562                | 993,911                     | 2,915,125                   | 2,599,136                  | 2,667,443                  |
| Non-capital   | -                       | -                       | -                        | 1,600,762                   | 2,628,117                   | 364,438                    | 971,021                    |
| Debt service:   |                         |                         |                          |                             |                             |                            |                            |
| Principal   | 3,580,000               | 1,250,000               | 975,000                  | 1,205,000                   | 1,070,000                   | 2,400,404                  | 2,372,721                  |
| Interest  | 1,067,045               | 971,463                 | 887,537                  | 831,175                     | 800,849                     | 825,605                    | 921,237                    |
| Other expenditures  | 166,023                 | 6,748                   | 6,680                    | 9,027                       | 12,830                      | 15,123                     | 18,476                     |
| <b>Total expenditures</b>   | <u>97,097,297</u>       | <u>93,209,424</u>       | <u>91,346,705</u>        | <u>89,092,072</u>           | <u>83,046,561</u>           | <u>76,645,621</u>          | <u>74,762,295</u>          |
| <b>Excess of revenues over (under) expenditures before other financing sources (uses)</b> | <u>(5,900,238)</u>      | <u>(6,822,773)</u>      | <u>(5,599,593)</u>       | <u>(3,418,092)</u>          | <u>(1,527,198)</u>          | <u>(367,093)</u>           | <u>(1,451,650)</u>         |
| <b>Other financing sources (uses)</b>   |                         |                         |                          |                             |                             |                            |                            |
| Transfers from other funds  | 46,528,885              | 48,187,029              | 52,222,869               | 48,080,591                  | 46,737,894                  | 43,302,650                 | 40,647,055                 |
| Transfers to other funds  | (46,518,885)            | (48,358,573)            | (52,140,756)             | (48,070,591)                | (46,737,894)                | (43,192,932)               | (40,617,055)               |
| Sale of capital assets  | -                       | -                       | 16,032                   | 25,101                      | 503,002                     | -                          | -                          |
| Issuance of debt  | 8,870,000               | -                       | 5,000,000                | -                           | 5,813,192                   | -                          | -                          |
| <b>Total other financing sources (uses)</b>   | <u>8,880,000</u>        | <u>(171,544)</u>        | <u>5,098,145</u>         | <u>35,101</u>               | <u>6,316,194</u>            | <u>109,718</u>             | <u>30,000</u>              |
| <b>Net change in fund balances</b>  | 2,979,762               | (6,994,317)             | (501,448)                | (3,382,991)                 | 4,788,996                   | (257,375)                  | (1,421,650)                |
| <b>Fund balances - beginning</b>  | <u>3,377,096</u>        | <u>10,371,413</u>       | <u>10,872,861</u>        | <u>14,255,852</u>           | <u>9,466,856</u>            | <u>9,724,231</u>           | <u>11,145,881</u>          |
| <b>Fund balances - ending</b>   | <u><u>6,356,858</u></u> | <u><u>3,377,096</u></u> | <u><u>10,371,413</u></u> | <u><u>\$ 10,872,861</u></u> | <u><u>\$ 14,255,852</u></u> | <u><u>\$ 9,466,856</u></u> | <u><u>\$ 9,724,231</u></u> |
| <b>Debt service as a percentage of noncapital expenditures</b>                            | <u>5.06%</u>            | <u>2.53%</u>            | <u>2.11%</u>             | <u>2.34%</u>                | <u>2.30%</u>                | <u>4.39%</u>               | <u>4.61%</u>               |

Note: Information for prior years was not available

**TOWN OF WEST WARWICK  
 ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
 UNAUDITED  
 LAST TEN FISCAL YEARS**

**Exhibit 5**

| <b>Fiscal Year</b> | <b>REAL PROPERTY</b>      |                               | <b>PERSONAL PROPERTY</b>  |                               | <b>TOTALS</b>             |                               | <b>Ratio of Total Assessed Value to Total Estimated Actual Value</b> |
|--------------------|---------------------------|-------------------------------|---------------------------|-------------------------------|---------------------------|-------------------------------|--|
|                    | <b>Assessed (1) Value</b> | <b>Estimated Actual Value</b> | <b>Assessed (1) Value</b> | <b>Estimated Actual Value</b> | <b>Assessed (1) Value</b> | <b>Estimated Actual Value</b> |  |
| 2001               | 961,244,440               | 961,244,440                   | 242,510,408               | 242,510,408                   | 1,203,754,848             | 1,203,754,848                 | 100.00%  |
| 2002               | 982,393,997               | 982,393,997                   | 231,552,228               | 231,552,228                   | 1,213,946,225             | 1,213,946,225                 | 100.00%  |
| 2003               | 975,061,081               | 975,061,081                   | 239,641,251               | 239,641,251                   | 1,214,702,332             | 1,214,702,332                 | 100.00%  |
| 2004               | 1,079,271,240             | 1,079,271,240                 | 244,247,881               | 244,247,881                   | 1,323,519,121             | 1,323,519,121                 | 100.00%  |
| 2005               | 2,023,158,630             | 2,023,158,630                 | 150,111,286               | 150,111,286                   | 2,173,269,916             | 2,173,269,916                 | 100.00%  |
| 2006               | 2,049,818,810             | 2,049,818,810                 | 162,356,217               | 162,356,217                   | 2,212,175,027             | 2,212,175,027                 | 100.00%  |
| 2007               | 2,265,970,667             | 2,265,970,667                 | 184,464,217               | 184,464,217                   | 2,450,434,884             | 2,450,434,884                 | 100.00%  |
| 2008               | 2,545,115,776             | 2,545,115,776                 | 185,862,242               | 185,862,242                   | 2,730,978,018             | 2,730,978,018                 | 100.00%  |
| 2009               | 2,584,304,380             | 2,584,304,380                 | 193,933,664               | 193,933,664                   | 2,778,238,044             | 2,778,238,044                 | 100.00%  |
| 2010               | 2,587,494,570             | 2,587,494,570                 | 172,808,594               | 172,808,594                   | 2,760,303,164             | 2,760,303,164                 | 100.00%  |

Notes:

(1) Gross assessments.

**TOWN OF WEST WARWICK**  
**Property Tax Rates**  
**(Per \$1000 of Assessed Value)**  
**Last Ten Fiscal years**  
**"Unaudited"**

**Exhibit 6**

| <u>Fiscal Year</u> |  | <u>General Fund</u> |
|--------------------|--|---------------------|
| 2001               | Real Estate                            | 30.15               |
| 2002               | Real Estate Residential                | 30.45               |
|                    | Real Estate Residential 2 Family       | 32.58               |
|                    | Motor Vehicles                         | 28.47               |
| 2003               | Real Estate Residential                | 31.24               |
|                    | Real Estate Residential 2 Family       | 33.43               |
|                    | Motor Vehicles                         | 28.47               |
| 2004               | Real Estate Residential                | 17.31               |
|                    | Real Estate Residential 2 Family       | 19.65               |
|                    | Real Estate Residential 3, 4, 5 Family | 23.75               |
|                    | Real Estate Commercial                 | 24.80               |
|                    | Motor Vehicles                         | 28.47               |
| 2005               | Real Estate Residential                | 17.31               |
|                    | Real Estate Residential 2 Family       | 19.65               |
|                    | Real Estate Residential 3, 4, 5 Family | 23.75               |
|                    | Real Estate Commercial                 | 24.80               |
|                    | Motor Vehicles                         | 28.47               |
| 2006               | Real Estate Residential                | 17.74               |
|                    | Real Estate Residential 2 Family       | 24.34               |
|                    | Real Estate Residential 3, 4, 5 Family | 25.42               |
|                    | Real Estate Commercial                 | 20.14               |
|                    | Motor Vehicles                         | 28.47               |
| 2007               | Real Estate Residential                | 18.63               |
|                    | Real Estate Residential 2 Family       | 25.56               |
|                    | Real Estate Residential 3, 4, 5 Family | 26.69               |
|                    | Real Estate Commercial                 | 21.15               |
|                    | Motor Vehicles                         | 28.47               |
| 2008               | Real Estate Residential                | 15.26               |
|                    | Real Estate Residential 2 Family       | 19.68               |
|                    | Real Estate Residential 3, 4, 5 Family | 20.58               |
|                    | Real Estate Commercial                 | 18.79               |
|                    | Motor Vehicles                         | 28.47               |
| 2009               | Real Estate Residential                | 15.92               |
|                    | Real Estate Residential 2 Family       | 20.53               |
|                    | Real Estate Residential 3, 4, 5 Family | 21.47               |
|                    | Real Estate Commercial                 | 19.60               |
|                    | Motor Vehicles                         | 28.47               |
| 2010               | Real Estate Residential                | 16.82               |
|                    | Real Estate Residential 2 Family       | 21.70               |
|                    | Real Estate Residential 3, 4, 5 Family | 22.69               |
|                    | Real Estate Commercial                 | 20.72               |
|                    | Motor Vehicles                         | 28.47               |

Taken from annual certified tax role

**TOWN OF WEST WARWICK  
PRINCIPAL TAXPAYERS  
UNAUDITED  
JUNE 30, 2010**

**Exhibit 7**

| <u>Taxpayer</u>                         | <u>Type of Business</u> | <u>(1)<br/>Assessed<br/>Valuation</u> | <u>Percentage of<br/>Total Assessed<br/>Valuation</u> |
|---|-------------------------|---------------------------------------|---|
| Cox Communications of Rhode Island      | Communications          | \$ 26,908,100                         | 0.99%   |
| Greenwich Place LLC                     | Apartments              | 16,646,900                            | 0.61%   |
| Sanrose Reality Association             | Retail Stores           | 16,473,400                            | 0.60%   |
| TC Warwick LLC                          | Real Estate             | 14,922,200                            | 0.55%   |
| Cox Communications Inc. Tax Department  | Real Estate             | 13,150,950                            | 0.48%   |
| GPT Tanglewood                          | Apartments              | 11,265,500                            | 0.41%   |
| Westcott Terrace Apartments             | Apartments              | 11,038,000                            | 0.40%   |
| Amtrol Water Technology                 | Manufacturing           | 10,724,400                            | 0.39%   |
| Natco Products Corp                     | Retail                  | 8,232,370                             | 0.30%   |
| National Grid                           | Utility                 | 8,219,120                             | 0.30%   |
|   |                         | <u>\$ 137,580,940</u>                 | <u>5.04%</u>  |
| <b>Total assessed valuation (gross)</b> |                         | <u>\$ 2,730,978,018</u>               |   |

(1) Source tax assessors office

**TOWN OF WEST WARWICK  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
UNAUDITED**

**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        | 35,961,707                      | 34,210,725                   | 95.13%                    | 49,918                          | 34,260,643                | 95.27%             |
| 2002        | 36,225,361                      | 34,802,642                   | 96.07%                    | 78,217                          | 34,880,859                | 96.29%             |
| 2003        | 36,892,792                      | 35,784,050                   | 96.99%                    | 895,868                         | 36,679,918                | 99.42%             |
| 2004        | 38,308,467                      | 37,359,052                   | 97.52%                    | 789,390                         | 38,148,442                | 99.58%             |
| 2005        | 40,268,761                      | 39,364,189                   | 97.75%                    | 790,636                         | 40,154,825                | 99.72%             |
| 2006        | 42,035,446                      | 40,975,869                   | 97.48%                    | 916,243                         | 41,892,112                | 99.66%             |
| 2007        | 44,588,827                      | 43,482,303                   | 97.52%                    | 931,833                         | 44,414,136                | 99.61%             |
| 2008        | 46,845,441                      | 45,624,903                   | 97.39%                    | 1,189,070                       | 46,813,973                | 99.93%             |
| 2009        | 49,395,486                      | 47,742,663                   | 96.65%                    | 1,379,973                       | 49,122,636                | 99.45%             |
| 2010        | 51,696,809                      | 49,733,138                   | 96.20%                    | -                               | 49,733,138                | 96.20%             |

This information is taken from the tax collectors report.

\* Levies are net of adjustments in the current year

**TOWN OF WEST WARWICK  
RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE  
AND NET BONDED DEBT PER CAPITA  
LAST TEN FISCAL YEARS  
UNAUDITED**

**Exhibit 9**

| <b>Fiscal Year</b> | <b>Population</b> | <b>Net Assessed Value</b> | <b>Gross Bonded Debt</b> | <b>Debt Payable from Enterprise Revenues</b> | <b>Net Bonded Debt</b> | <b>Ratio of Net Bonded Debt to Assessed Value</b> | <b>Net Bonded Debt per Capita</b> | <b>Total Debt per Personal Income</b> |
|--------------------|-------------------|---------------------------|--------------------------|--|------------------------|---|-----------------------------------|---------------------------------------|
| 2001               | 29,581            | 1,203,754,848             | 21,653,608               | 9,086,808                                    | 12,566,800             | 1.04%   | 424.83                            | *                                     |
| 2002               | 29,581            | 1,213,946,225             | 28,231,754               | 7,312,554                                    | 20,919,200             | 1.72%   | 707.18                            | *                                     |
| 2003               | 29,581            | 1,214,702,332             | 26,053,535               | 5,855,410                                    | 20,198,125             | 1.66%   | 682.81                            | *                                     |
| 2004               | 29,581            | 1,323,519,121             | 21,964,211               | 4,138,807                                    | 17,825,404             | 1.35%   | 602.60                            | *                                     |
| 2005               | 29,581            | 2,173,269,916             | 17,798,041               | 2,373,041                                    | 15,425,000             | 0.71%   | 521.45                            | *                                     |
| 2006               | 29,581            | 2,212,175,027             | 21,699,023               | 1,556,023                                    | 20,143,000             | 0.91%   | 680.94                            | *                                     |
| 2007               | 29,581            | 2,450,434,884             | 19,698,000               | 760,000                                      | 18,938,000             | 0.77%   | 640.21                            | *                                     |
| 2008               | 29,581            | 2,730,978,018             | 23,348,000               | 385,000                                      | 22,963,000             | 0.84%   | 776.28                            | *                                     |
| 2009               | 29,581            | 2,728,174,687             | 21,713,000               | -  | 21,713,000             | 0.80%   | 734.02                            | *                                     |
| 2010               | 29,581            | 2,717,263,951             | 27,003,000               | -  | 27,003,000             | 0.99%   | 912.85                            | *                                     |

Notes:

\* Data not available at this time

Note: Amounts include only general obligation bonds for all funds. It does not include notes payable for any funds.

**TOWN OF WEST WARWICK  
COMPUTATION OF LEGAL DEBT MARGIN  
LAST SEVEN FISCAL YEARS  
UNAUDITED**

**Legal Debt Margin Calculation for the Fiscal Year 2010**

|                                  |                             |
|----------------------------------|-----------------------------|
| Assessed Value (net)             | \$ 2,717,263,951            |
| Debt Limit 3% of Assessed Value  | 81,517,919                  |
| <i>Debt Applicable to Limit:</i> |                             |
| Total Bonded Debt                | <u>27,003,000</u>           |
| Legal Debt Margin                | <u><u>\$ 54,514,919</u></u> |

**Exhibit 10**

|   | 2010          | 2009          | 2008          | 2007          | 2006          | 2005          | 2004          |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Debt Limit  | \$ 81,517,919 | \$ 81,845,241 | \$ 81,929,341 | \$ 64,381,057 | \$ 63,353,513 | \$ 62,136,365 | \$ 37,066,480 |
| Total net debt applicable to limit  | 27,003,000    | 21,713,000    | 22,963,000    | 18,938,000    | 20,143,000    | 15,425,000    | 17,825,404    |
| Legal debt margin   | \$ 54,514,919 | \$ 60,132,241 | \$ 58,966,341 | \$ 45,443,057 | 43,210,513    | \$ 46,711,365 | \$ 19,241,076 |
| Total net debt applicable to the limit<br>as a percentage of the debt limit | 33.13%        | 26.53%        | 28.03%        | 29.42%        | 31.79%        | 24.82%        | 48.09%        |

**Note:** In 2005 the Town underwent a full property revaluation

**Note:** Information for prior five years was not available

**TOWN OF WEST WARWICK  
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR  
GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES  
LAST TEN FISCAL YEARS  
UNAUDITED**

**Exhibit 11**

| <b>Fiscal Year</b> | <b>Principal</b> | <b>Interest</b> | <b>Total Debt Service</b> | <b>Total General Expenditures (1)</b> | <b>Ratio of Total Assessed to Total Estimated Actual Value</b> |
|--------------------|------------------|-----------------|---------------------------|---------------------------------------|--|
| 2001               | 1,591,414        | 763,835         | 2,355,249                 | 63,767,076                            | 3.69%  |
| 2002               | 2,147,600        | 663,498         | 2,811,098                 | 68,388,829                            | 4.11%  |
| 2003               | 2,103,500        | 1,051,387       | 3,154,887                 | 84,236,773                            | 3.75%  |
| 2004               | 2,372,721        | 921,237         | 3,293,958                 | 74,762,295                            | 4.41%  |
| 2005               | 2,400,404        | 825,605         | 3,226,009                 | 76,645,621                            | 4.21%  |
| 2006               | 1,070,000        | 800,849         | 1,870,849                 | 83,046,561                            | 2.25%  |
| 2007               | 1,205,000        | 831,175         | 2,036,175                 | 89,092,072                            | 2.29%  |
| 2008               | 975,000          | 887,537         | 1,862,537                 | 91,346,705                            | 2.04%  |
| 2009               | 1,250,000        | 971,463         | 2,221,463                 | 93,209,424                            | 2.38%  |
| 2010               | 3,580,000        | 1,067,045       | 4,647,045                 | 97,097,297                            | 4.79%  |

Notes:

(1) Includes General, Special Revenue and Capital Project Funds.

**TOWN OF WEST WARWICK  
PRINCIPAL EMPLOYERS  
UNAUDITED  
JUNE 30, 2010**

**Exhibit 12**

| <u>Employer</u>                 | <u>Type<br/>of Business</u> | <u>Number of<br/>Employees</u> | <u>Percentage<br/>of Total<br/>Employment</u> |
|---------------------------------|-----------------------------|--------------------------------|---|
| Town of West Warwick            | Municipality                | 770                            | 8.99%   |
| Cox Communications              | Utility                     | 700                            | 8.18%   |
| Metropolitan Life Insurance Co. | Insurance                   | 650                            | 7.59%   |
| Amtrol, Inc.                    | Manufacturing               | 500                            | 5.84%   |
| Astro-Med, Inc.                 | Manufacturing               | 350                            | 4.09%   |
| Original Bradford Soap Works    | Manufacturing               | 338                            | 3.95%   |

Total employment: 8,562

Unemployment rate 14.3%

**WEST WARWICK PUBLIC SCHOOLS**  
**Miscellaneous Statistics**  
**June 30, 2010**  
**"Unaudited"**

**Exhibit 13**

**BUILDINGS**

|                    |          |
|--------------------|----------|
| Administration     | 1        |
| Maintenance        | 1        |
| Elementary Schools | 3        |
| Middle School      | 1        |
| High School        | <u>1</u> |
| <b>Total</b>       | <b>7</b> |

**STUDENTS**

|      | K-5  | Middle | High | Total |
|------|------|--------|------|-------|
| 2010 | 1685 | 782    | 1079 | 3546  |
| 2009 | 1661 | 807    | 1108 | 3576  |
| 2008 | 1643 | 855    | 1139 | 3637  |
| 2007 | 1723 | 844    | 1105 | 3672  |
| 2006 | 1702 | 911    | 1103 | 3716  |
| 2005 | 1745 | 915    | 1094 | 3754  |
| 2004 | 1839 | 927    | 1055 | 3821  |
| 2003 | 1830 | 882    | 1110 | 3822  |
| 2002 | 1819 | 886    | 1090 | 3795  |
| 2001 | 1787 | 882    | 1067 | 3736  |
| 2000 | 1844 | 902    | 1055 | 3801  |
| 1999 | 1821 | 882    | 993  | 3696  |

|   |              |
|---|--------------|
| Administrative                          | 18.5         |
| <b>Certified Staff:</b>                 |              |
| Instructional                           | 212.4        |
| ESL                                     | 4.0          |
| Special Education                       | 82.6         |
| Other (Librarians, Counselors, Nurses,) | <u>29.9</u>  |
| <b>Total Certified Staff</b>            | <b>328.9</b> |

|                             |              |
|-----------------------------|--------------|
| <b>Non- Certified Staff</b> |              |
| Secretary and Clerical      | 30.0         |
| Building and Maintenance    | 26.0         |
| Teacher Assistants          | 58.5         |
| Supervisory Aides           | 6.0          |
| Technicians                 | 2.0          |
| Bus Monitors                | 7.0          |
| Attendance Officer          | <u>0.5</u>   |
|                             | <b>130.0</b> |

|                    |                            |
|--------------------|----------------------------|
| <b>Total FTE's</b> | <b><u><u>477.4</u></u></b> |
|--------------------|----------------------------|

Data collected from School Department

**TOWN OF WEST WARWICK**  
**Miscellaneous Statistics**  
**June 30, 2010**  
**"Unaudited"**

**Exhibit 14**

|                           |                        |        |                            |     |
|---------------------------|------------------------|--------|----------------------------|-----|
| Founded                   | 1652                   |        | Police Protection          |     |
| Town Incorporation        | 1913                   |        | Buildings                  | 1   |
|                           |                        |        | Employees:                 |     |
|                           |                        |        | Law Enforcement            | 57  |
| Type of Government        | Council / Town Manager |        | Civilian                   | 14  |
|                           |                        |        | Crossing Guard             | 4   |
| Fiscal Year begins        | July 1                 |        |                            |     |
|                           |                        |        | Recreation                 |     |
| Population                | Official US Census     |        | Parks                      | 12  |
|                           | 1950                   | 19,096 | Playgrounds                | 5   |
|                           | 1960                   | 21,414 | Ball Diamonds              |     |
|                           | 1970                   | 24,323 | Hard Ball                  | 6   |
|                           | 1980                   | 27,026 | Soft Ball                  | 4   |
|                           | 1990                   | 29,268 | Soccer Fields              | 3   |
|                           | 2000                   | 29,581 | Volleyball Courts          | 3   |
|                           |                        |        | Skating Arenas             | 1   |
| Area of Town              | 8.2 square miles       |        | Basketball Courts          | 5   |
| Land Area                 | 7.9 square miles       |        | Walking Paths              | 2   |
|                           |                        |        | Running Tracks             | 1   |
|                           |                        |        | Tennis Courts              | 4   |
| Miles of Streets          |                        |        | Historical Cemeteries      | 34  |
| Local Paved               | 99                     |        |                            |     |
| State Paved               | 13.5                   |        | Municipal Buildings:       |     |
| Private Paved             | 10                     |        | Town Hall                  | 1   |
| Elections - November 2006 |                        |        |                            |     |
| Registered Voters         |                        | 18,322 | Public Works Garage        | 1   |
| Number of Votes Cast      |                        | 12,676 | Parks & Recreation         | 6   |
| Percentage Voting         |                        | 69%    |                            |     |
| Fire Protection           |                        |        | Other Municipal Employees: | 100 |
| # Fire Stations           |                        | 4      |                            |     |
| Employees :               | Uniformed              | 63     |                            |     |
|                           | Civilian(s)            | 7      |                            |     |
| Library                   |                        | 1      |                            |     |
|                           | Full Time Employees    | 11     |                            |     |
|                           | Part Time Employees    | 17     |                            |     |

Data collected from various Town departments

***TOWN OF WEST WARWICK***

***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 West Warwick  
West Warwick, Rhode Island

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of West Warwick (Town), as of and for the year fiscal ended June 30, 2010, and have issued our report thereon dated February 15, 2011. 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.

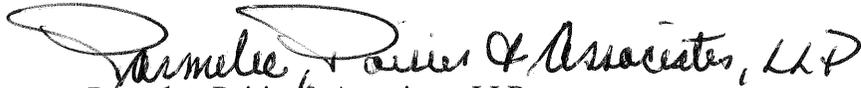
**Compliance and Other Matter**

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*.

We noted certain other matters that we reported to management of the Town in a separate letter dated February 15, 2011.

This report is intended solely for the information and use of management, the Town Council, the School Committee 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.

A handwritten signature in cursive script that reads "Parmelee, Poirier & Associates, LLP". The signature is written in black ink and is positioned above the printed name of the firm.

Parmelee, Poirier & Associates, LLP

February 15, 2011

**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 West Warwick  
West Warwick, Rhode Island

**Compliance**

We have audited the compliance of the Town of West Warwick (Town), 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'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's management. Our responsibility is to express an opinion on the Town'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**

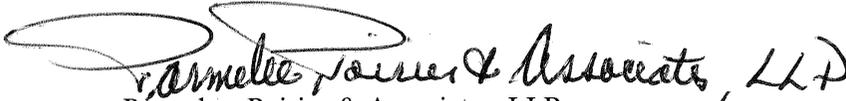
Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Town's internal control over compliance 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, the School Committee, 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  
February 15, 2011

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2010**

| <u>Federal Grantor/Pass-through Grantor/Program Title</u>   | <u>Federal<br/>CFDA<br/>Number</u> | <u>Pass-Through<br/>Grantor's Number</u> | <u>Expenditures</u> |
|---|------------------------------------|--|---------------------|
| <b>U.S. Department of Agriculture:</b>  |                                    |  |                     |
| <i>Passed through State of Rhode Island Department of Education:</i>  |                                    |  |                     |
| <i>Child Nutrition Cluster:</i>   |                                    |  |                     |
| National School Lunch Program   | 10.555                             | N/A                                      | \$ 616,645          |
| School Breakfast Program  | 10.553                             | N/A                                      | 133,329             |
| Food Donation - See Note 4  | 10.550                             | N/A                                      | 53,790              |
| Child Nutrition Discretionary Grants Limited Availability   | 10.579                             | N/A                                      | 11,725              |
| Fresh Fruit and Vegetable Program   | 10.582                             | N/A                                      | 13,458              |
| <b>Total U.S. Department of Agriculture</b>   |                                    |  | <u>\$ 828,947</u>   |
| <b>U.S. Department of Housing and Urban Development:</b>  |                                    |  |                     |
| <i>Pass-Through State of Rhode Island Division of Planning,<br/>Office of Housing and Community Development</i> |                                    |  |                     |
| Community Development Block Grant/State Program   | 14.228                             | N/A                                      | \$ 494,256          |
| <b>Total U.S. Department of Housing and Urban Development</b>   |                                    |  | <u>\$ 494,256</u>   |
| <b>U.S. Department of Justice:</b>  |                                    |  |                     |
| <i>Direct Program:</i>  |                                    |  |                     |
| Title V Delinquency Prevention Program  | 16.548                             | N/A                                      | \$ 3,028            |
| Edward Byrne Memorial State and Local Law Enforcement<br>Assistance Discretionary Grants Program                | 16.580                             | N/A                                      | 4,193               |
| Enforcing Underage Drinking Laws Program  | 16.727                             | N/A                                      | 2,622               |
| <i>Justice Assistance Cluster</i>   |                                    |  |                     |
| Edward Byrne Memorial Justice Assistance Grant Program  | 16.738                             | N/A                                      | 149,219             |
| ARRA-Edward Byrne Memorial Justice Assistance Grant Program   | 16.083                             | N/A                                      | 11,190              |
| <b>Total U.S. Department of Justice</b>   |                                    |  | <u>\$ 170,252</u>   |
| <b>U.S. Department of Transportation:</b>   |                                    |  |                     |
| <i>Pass-Through State of Rhode Island Department of Transportation,<br/>Governor's Office on Highway Safety</i> |                                    |  |                     |
| Incentive Grant Program to Prohibit Racial Profiling  | 20.611                             | N/A                                      | \$ 66,715           |
| <b>Total U.S. Department of Transportation</b>  |                                    |  | <u>\$ 66,715</u>    |
| <b>U.S. Department of Energy:</b>   |                                    |  |                     |
| <i>Direct Program:</i>  |                                    |  |                     |
| Energy Efficiency And Conservation Block Grant Program  | 81.128                             | N/A                                      | \$ 9,264            |
| <b>Total U.S. Department of Energy</b>  |                                    |  | <u>\$ 9,264</u>     |
| <b>U.S. Department of Education:</b>  |                                    |  |                     |
| <i>Passed through State of Rhode Island Department of Education:</i>  |                                    |  |                     |
| <i>Special Education Cluster:</i>   |                                    |  |                     |
| Title I Grants to Local Education Agencies  | 84.010                             | 2725-11702-001                           | \$ 1,081,945        |
| ARRA-Title I Grants to Local Education Agencies   | 84.389                             | 4752-10102-001                           | 178,506             |
| <i>Special Education Cluster:</i>   |                                    |  |                     |
| Special Education Grants to States  | 84.027                             | 2725-13202-001                           | 1,039,497           |
| Special Education Preschool Grants  | 84.173                             | 2725-13502-001                           | 32,592              |
| ARRA-Special Education Grants to States   | 84.391                             | 4572-10202-001                           | 631,399             |
| ARRA-Special Education Preschool Grants   | 84.392                             | 4572-10802-001                           | 3,278               |
| Safe and Drug-Free Schools and Communities  | 84.186                             | 2725-12602-001                           | 25,086              |
| <i>Special Education Cluster:</i>   |                                    |  |                     |
| Education Technology State Grants   | 84.318                             | 1420-53600-910                           | 477,362             |
| ARRA-Education Technology State Grants  | 84.318                             | 4572-10702-030                           | 13,200              |
| English Language Acquisition Grants   | 84.365                             | 2725-16502-001                           | 5,296               |
| Improving Teacher Quality State Grants  | 84.367                             | 2725-16402-001                           | 333,257             |
| ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act                            | 84.394                             | 4572-10502-001                           | 1,354,140           |
| <i>Passed through the City of Warwick Public School System<br/>State of Rhode Island</i>                        |                                    |  |                     |
| Career and Technical Education - Basic Grants to States   | 84.048                             | 2725-16502-001                           | 31,660              |
| <b>Total U.S. Department of Education</b>   |                                    |  | <u>\$ 5,207,218</u> |
| <b>U.S. Department of Homeland Security:</b>  |                                    |  |                     |
| <i>Pass-through State of Rhode Island Emergency Management Agency:</i>  |                                    |  |                     |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters)   | 97.036                             | N/A                                      | \$ 423,874          |
| Assistance to Firefighters Grant  | 97.044                             | N/A                                      | 101,970             |
| Homeland Security Grant Program   | 97.067                             | N/A                                      | 77,137              |
| <b>Total U.S. Department of Homeland Security</b>   |                                    |  | <u>\$ 602,981</u>   |
| <b>Total Expenditures of Federal Awards</b>   |                                    |  | <u>\$ 7,379,633</u> |

**TOWN OF WEST WARWICK**  
**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

Noncompliance material to financial statements noted?      yes   X   no

**Federal Awards**

Internal control over major programs:

Material weakness (es) identified?      yes   X   no

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

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

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

**Identification of major programs:**

| <b>CFDA Number(s)</b> | <b>Name of Federal Program or Cluster</b>                             |
|-----------------------|---|
|                       | <i>Child Nutrition Cluster</i>  |
| 10.553                | School Breakfast Program  |
| 10.555                | National School Lunch Program   |
| 14.228                | Community Development Block Grant                                     |
|                       | <i>Special Education Cluster</i>                                      |
| 84.010                | Title I Grants to Local Educational Agencies                          |
| 84.389                | ARRA-Title I Grants to Local Educational Agencies                     |
|                       | <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                              |
|                       | <i>Special Education Cluster</i>                                      |
| 84.318                | Education Technology State Grants                                     |
| 84.318                | ARRA- Education Technology State Grants                               |
| 84.394                | ARRA-State Fiscal Stabilization Fund (SFSF)                           |
| 97.036                | Disaster Grants Public Assistance (Presidentially Declared Disasters) |

**TOWN OF WEST WARWICK**  
**Schedule of Findings and Questioned Costs**  
**For The Fiscal Year Ended June 30, 2010**  
**(continued)**

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 – 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

**SECTION III – FINDINGS AND QUESTIONED COST FOR FEDERAL AWARDS**

**A. Findings**

None Reported

**B. Questioned Costs**

None Reported

***TOWN OF WEST WARWICK***  
***Schedule of Prior Year Findings and Questioned Costs***  
***Year Ended June 30, 2010***

**PRIOR YEAR FINDINGS AND QUESTIONED COST FOR FEDERAL AWARDS**

**A. Findings**

None Reported

**B. Questioned Costs**

None Reported

**TOWN OF WEST WARWICK**  
**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 West Warwick, 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 West Warwick. As such, the threshold for determining Type A vs. Type B programs is determined at the entity level. For the fiscal year-ended June 30, 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:

| <i>CFDA Number(s)</i> | <i>Name of Federal Program or Cluster</i>                             |
|-----------------------|---|
|                       | <i>Child Nutrition Cluster</i>  |
| 10.553                | School Breakfast Program  |
| 10.555                | National School Lunch Program   |
| 14.228                | Community Development Block Grant                                     |
|                       | <i>Special Education Cluster</i>                                      |
| 84.010                | Title I Grants to Local Educational Agencies                          |
| 84.389                | ARRA-Title I Grants to Local Educational Agencies                     |
|                       | <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                              |
|                       | <i>Special Education Cluster</i>                                      |
| 84.318                | Education Technology State Grants                                     |
| 84.318                | ARRA- Education Technology State Grants                               |
| 84.394                | ARRA-State Fiscal Stabilization Fund (SFSF)                           |
| 97.036                | Disaster Grants Public Assistance (Presidentially Declared Disasters) |

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 \$53,790 represents the market value of such commodities used during the period.