

TOWN OF EAST GREENWICH

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2011



**Town Hall
East Greenwich, Rhode Island
Built in 1804**

**William Sequino, Jr.
Town Manager**

**Kathy Raposa, CPA
Finance Director**

Prepared by: Finance Department

-----East Greenwich, Rhode Island-----

**TOWN OF EAST GREENWICH, RHODE ISLAND
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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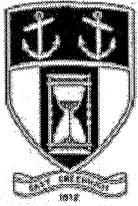
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(Concluded)

INTRODUCTORY SECTION

This Section Contains the Following Subsections:

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



Town of East Greenwich

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

Town Council
Town Manager
886-8665

Town Clerk
886-8604

Canvassers
886-8603

Probate
886-8607

Finance
886-8612

Tax Assessor
886-8614

Municipal Court
886-3212

Planning
886-8645

111 Peirce Street
Public Works
886-8618

Building Official
886-8617

121 Peirce Street
Swift Community
Center
Senior & Human
Services
886-8669

176 First Avenue
Police Department
Dispatch
884-2244
Administration
886-8640

Information
Technology
886-8670

1127 Frenchtown
Road
Parks & Recreation
886-8626

RI Relay #711
800-745-5555

November 12, 2011

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

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the Town of East Greenwich for the fiscal year ended June 30, 2011.

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

The Town of East Greenwich's financial statements have been audited by Baxter Dansereau & Associates LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of East Greenwich for the Fiscal year ended June 30, 2011, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluation of the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Town of East Greenwich's financial statements for the fiscal year ended June 30, 2011, are fairly presented in conformity with generally accepted accounting principles. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of a Management Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Town of East Greenwich's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

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

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

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

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

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

Factors Affecting Financial Condition

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

Local Economy: The Town of East Greenwich is an affluent, growing, suburban community on the border of a metropolitan area in central Rhode Island. The town is located about fifteen minutes south of the City of Providence. It is primarily a single-family residential community with the highest median family income in the state. The 2010 census reported a population of 13,382, which was up 3.4% from the 2000 census and ranked 26th of the thirty nine municipalities in the state. The most recent labor statistics indicates the unemployment rate for East Greenwich is approximately 10.7% as of June 2011, compared to the state with a rate of 10.8% and the national rate at 9.2%.

Approximately 81.4% of the town's assessed valuation is comprised of residential property. About 18.6% of the assessed valuation is commercial property. According to 2008 data, the median family income of the Town of East Greenwich was \$90,221 compared to the state's average of \$53,243. The median family income in East Greenwich ranks 1st among Rhode Island cities and towns. The per capita income also ranks 1st in the state.

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

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

Long Term Financial Planning: The Town Council has continued to support Capital Improvements and Projects. The fiscal year 2010-2011 budget includes appropriations for the following projects: paving, revaluation and police cars. The town uses tax dollars to pay for these capital improvements. The town is in the process of completing the middle school and renovations on other schools and will be financing a \$41,365,000 bond in February.

Cash Management Policies and Practices: Cash temporarily idle during the year is invested in money market funds and government securities. The average yield on the investments is approximately .2% for fiscal year 2011. Investment income includes appreciation in the value of the investments. Increases in the value during the current year, however, do not necessarily represent trends that will continue. A report is provided to the Town Council on a monthly basis. The monthly report includes values and interest rates.

Risk Management: The Town of East Greenwich is exposed to a variety of potential losses and has established a risk management strategy that attempts to minimize the losses and the carrying cost of insurance. The primary technique used for risk financing is the purchase of insurance coverage from commercial insurers. The expected portion of uninsured losses is not expected to be significant when considered in relation to the overall financial position of the town.

Pension and Other Post Employment Benefits: All employees of the town are provided pension benefits through the Town's participation in the State of Rhode Island Municipal Employees Retirement System (MERS). Each year, an independent actuary is engaged to calculate the annual contribution that the town must make to MERS to ensure that the plan will be able to fully meet its obligations to retired employees. As a matter of policy, the town fully funds each year's annual required contribution as determined by the actuary.

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

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

Comprehensive Annual Financial Report: The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial reporting to the Town of East Greenwich for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2010. This was the second year that the government applied and received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

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

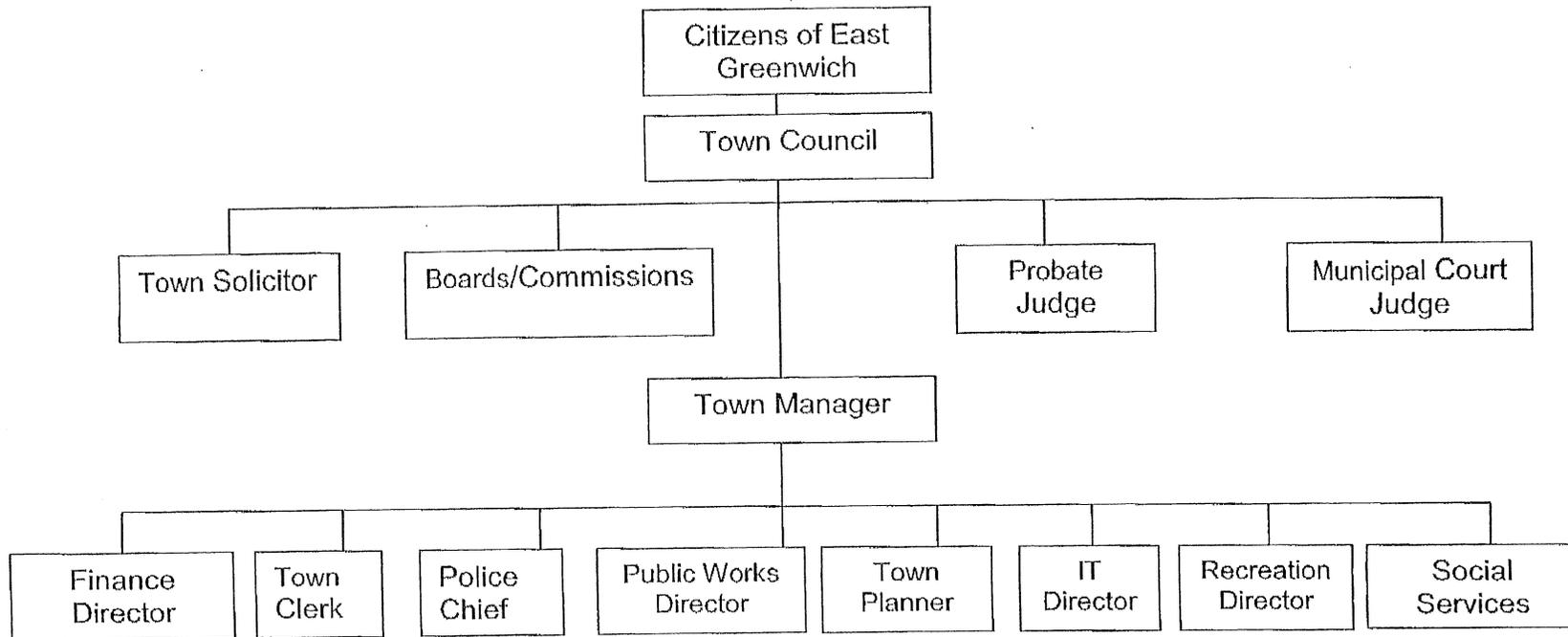
Acknowledgements: The preparation of the Comprehensive Annual Financial Report would not have been possible without the efficient and dedicated services of the entire Finance Department. I would also like to express my appreciation to all members of the various other town department's who assisted and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

Respectfully submitted,

A handwritten signature in cursive script that reads "Kathleen Raposa".

Kathleen A. Raposa, CPA
Finance Director

TOWN OF EAST GREENWICH
MUNICIPAL ORGANIZATION CHART



TOWN OF EAST GREENWICH, RHODE ISLAND

as of June 30, 2011

TOWN COUNCIL

Michael B. Isaacs - President
Henry V. Boezi - Vice President
Jeffrey B. Cianciolo
Michael S. Kiernan
Mark W. Gee

TOWN MANAGER

William Sequino, Jr.

FINANCE DIRECTOR

Kathleen A. Raposa, CPA

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of East Greenwich
Rhode Island

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

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.



Linda C. Davison

President

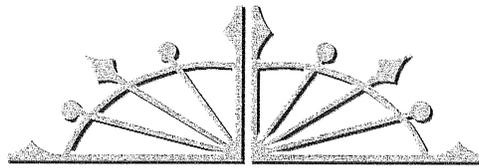
Jeffrey R. Emer

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



BAXTER DANSEREAU & ASSOCIATES, LLP

Accounting, Consulting & Tax Services

Partners

William J. Baxter, Jr., CPA

Paul L. Dansereau, CPA

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of East Greenwich, Rhode Island (Town) as of and for the year ended June 30, 2011, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of East Greenwich, Rhode Island's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, business type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the Town of East Greenwich, Rhode Island as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 20, 2011 on our consideration of the Town of East Greenwich, Rhode Island's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 11 and 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 management discussion and analysis 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, the budgetary comparison schedules on pages 55-62 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.


Baxter Dansereau & Associates, LLP
November 20, 2011

Management's Discussion and Analysis

TOWN OF EAST GREENWICH, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2011
(Un-audited)

Our discussion and analysis of the Town of East Greenwich, Rhode Island's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2011. Please read it in conjunction with the Letter of Transmittal and the Town's financial statements that follow this section. The Town has adopted the following new accounting pronouncement, GASB Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions, effective for the Town's fiscal year ending June 30, 2011. The impact of this pronouncement is explained further in Note 23 of the Notes to Financial Statements.

Financial Highlights

- ❖ The Town's net assets increased by \$2,549,181 as a result of this year's current operations. However, prior period adjustments decreased the net assets by an amount of (\$298,605), making the net increase \$2,250,576. On a government-wide basis the assets of the Town of East Greenwich exceeded its liabilities at the close of the most recent fiscal year by \$56,758,138. Net assets of business activities increased by \$1,274,977 or 5.4% with a decrease from a prior period adjustment of (\$298,605), while net assets of Governmental Activities increased by \$1,274,204, or 4.1%.
- ❖ The Town's Government-wide (governmental and business activities) operating expenses were \$53,297,630 a 0.51% decrease from the prior year, while revenues collected were \$55,867,796 a 2.3% decrease. The small decrease in operating expenses was mainly due to decreases in legislative, judicial & general administrative and public safety expenses. The decrease in revenue was from a decrease in state revenue sharing and charges for services. There were non-budgeted revenue sources from the NEIT pilot and financing sources from a premium on BANS. The revenues for the business like activities decreased due to a larger sewer project being completed and billed in the prior year.
- ❖ As of the close of the fiscal year, the Town's governmental funds reported combined ending fund balances of \$21,739,033. Over 22% of this amount, \$4,933,946 is unassigned and available for use within the Town's designation and fiscal policies. See page eight for more detail pertaining to the fund balance categories.
- ❖ At the end of the current fiscal year, the general fund unassigned fund balance was \$5,181,016, or 11% of the total general fund expenditures for the fiscal year. The general fund's current fiscal year revenues and transfers exceeded expenditures and transfers by \$2,397,025. On a budgetary basis revenues and transfers exceeded expenditures and transfers by this 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.

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

TOWN OF EAST GREENWICH, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2011
(Un-audited)

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

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

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

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

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

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

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

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

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

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

TOWN OF EAST GREENWICH, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2011
(Un-audited)

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

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

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

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

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

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

The notes to the financial statements are presented on pages 21 through 54.

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 86.

Government-wide Financial Analysis

Analysis of the Town of East Greenwich's Net Assets

As noted earlier, over time net assets may serve as a useful indicator of a government's financial position, and an important determinant of its ability to finance services in the future. For the Town of East Greenwich, governmental activities assets exceeded liabilities by \$31,841,948 as of June 30, 2011. This reflects an increase of \$1,274,204 from this current year's activity. The Business Type Activities had an increase of \$1,274,977 from this current year's activity and a prior period adjustment in the amount of (\$298,605). See page 3 **Financial Highlights** above for a further explanation.

TOWN OF EAST GREENWICH, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2011
(Un-audited)

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

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

TOWN OF EAST GREENWICH, RHODE ISLAND
Net Assets

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
ASSETS						
Current and other assets	\$ 27,979,117	\$ 36,574,665	\$ 17,215,062	\$ 18,783,432	\$ 45,194,179	\$ 55,358,097
Capital assets	76,905,474	59,994,101	39,325,995	38,441,154	116,231,469	98,435,255
Total assets	<u>104,884,591</u>	<u>96,568,766</u>	<u>56,541,057</u>	<u>57,224,586</u>	<u>161,425,648</u>	<u>153,793,352</u>
LIABILITIES						
Other liabilities	4,560,938	7,327,791	2,532,206	2,446,193	7,093,144	9,773,984
Long-term liabilities	68,481,705	58,673,231	29,092,661	30,838,575	97,574,366	89,511,806
Total liabilities	<u>73,042,643</u>	<u>66,001,022</u>	<u>31,624,867</u>	<u>33,284,768</u>	<u>104,667,510</u>	<u>99,285,790</u>
NET ASSETS						
Invested in capital assets, net of related debt	16,161,958	19,176,359	10,255,599	7,621,215	26,417,557	26,797,574
Unrestricted	15,679,990	11,391,385	14,660,591	16,318,603	30,340,581	27,709,988
Total net assets	<u>\$ 31,841,948</u>	<u>\$ 30,567,744</u>	<u>\$ 24,916,190</u>	<u>\$ 23,939,818</u>	<u>\$ 56,758,138</u>	<u>\$ 54,507,562</u>

A large portion of the Town's net assets, \$26,417,557 consists of its investments in capital assets such as land, buildings and improvements, motor vehicles, furniture and equipment and infrastructure, less any debt used to acquire these assets, which is still outstanding. The Town uses these capital assets to provide services to its citizens. Consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves are unlikely to be used to liquidate these liabilities.

Analysis of the Town of East Greenwich's Operations

The following analysis provides a summary of the Town's operations for the year ended June 30, 2011. The Town first implemented GASB Statement 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments for the fiscal year June 30, 2003. Therefore, comparative data is now available and is presented in the following schedules. Governmental activities increased the Town's net assets by \$1,274,204 for the current period, which is a increase of 4.1% in the Town's governmental net assets, while business-type activities increased the Town's net assets by \$1,274,977, accounting for 5.4% increase in business-type net assets, before accounting for a prior period adjustment of (\$298,605). Overall the Town's net assets increased by \$2,549,181 which is a 4.6% increase over the prior year's net assets, before accounting for the prior period adjustment of (\$298,605).

TOWN OF EAST GREENWICH, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2011
(Un-audited)

Analysis of the Town of East Greenwich's Operations (continued)

The net change in fund balance for the fiscal year ended June 30, 2011 was a decrease of (\$5,869,808) for the Town's governmental fund types. In the statement of activities, expenses for capital items are not recorded as expenses but shown on the balance sheet, which resulted in an increase of \$16,911,372 net of depreciation to our net assets; also revenues from the increase in deferred revenues are not recorded as revenues in the fund financial statements, but in the statement of activities this resulted in a decrease of (\$104,344). Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets, which increased net assets by \$35,500,000. The Town received bond and bond anticipation note proceeds in the governmental funds of \$44,135,000 but in the government-wide financial statements this increases long-term debt, which decreased fund revenues. See Note 8 and 9 in the notes to the financial statements and page 16 of the financial statements for a more detailed explanation of changes in net assets.

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

TOWN OF EAST GREENWICH, RHODE ISLAND
Changes in net assets

	Governmental		Business-Type		Total	
	Activities	Activities	Activities	Activities	2011	2010
	2011	2010	2011	2010	2011	2010
Revenues						
Program revenues						
Charges for services	\$ 2,750,712	\$ 2,605,410	\$ 3,600,454	\$ 4,401,777	\$ 6,351,166	\$ 7,007,187
Operating grants and contributions	1,719,457	2,062,325	-	-	1,719,457	2,062,325
Capital grants and contributions	29,797	293,588	-	-	29,797	293,588
General revenues						
Property taxes, levied for general purposes	43,109,254	41,833,892	-	-	43,109,254	41,833,892
State revenue sharing	3,746,977	4,878,085	-	-	3,746,977	4,878,085
Unrestricted investment earnings	232	89,386	551,005	553,883	551,237	643,269
Miscellaneous	359,908	484,506	-	-	359,908	484,506
Gain (loss) on sale of assets	(20,985)	-	-	-	(20,985)	-
Total revenues	<u>51,695,352</u>	<u>52,247,192</u>	<u>4,151,459</u>	<u>4,955,660</u>	<u>55,846,811</u>	<u>57,202,852</u>
Expenses						
General government	5,199,756	5,359,120	-	-	5,199,756	5,359,120
Public safety	3,362,659	3,937,506	-	-	3,362,659	3,937,506
Public works	4,288,190	4,305,209	-	-	4,288,190	4,305,209
Parks and recreation	571,481	607,466	-	-	571,481	607,466
Public and social services	1,120,587	1,153,802	-	-	1,120,587	1,153,802
Education	34,490,597	34,270,489	-	-	34,490,597	34,270,489
Interest on long-term debt	737,841	1,182,573	-	-	737,841	1,182,573
Financing costs	650,037	-	-	-	650,037	-
Sewer	-	-	2,876,482	2,756,904	2,876,482	2,756,904
Total expenses	<u>50,421,148</u>	<u>50,816,165</u>	<u>2,876,482</u>	<u>2,756,904</u>	<u>53,297,630</u>	<u>53,573,069</u>
Increase (decrease) in net assets	<u>\$ 1,274,204</u>	<u>\$ 1,431,027</u>	<u>\$ 1,274,977</u>	<u>\$ 2,198,756</u>	<u>\$ 2,549,181</u>	<u>\$ 3,629,783</u>

TOWN OF EAST GREENWICH, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2011
(Un-audited)

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

At the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$21,739,033. Approximately 22% of the total amount, or \$4,933,946, constituted unassigned fund balance. The remainder of the fund balance is non-spendable, restricted, committed or assigned.

TOWN OF EAST GREENWICH, RHODE ISLAND
Fund Balance Categories

	General Fund	School Bond 52m Capital Fund	Non-Major Governmental Funds	Total Governmental Funds
<i>Nonspendable:</i>				
Inventories	\$ -	\$ -	\$ 4,532	\$ 4,532
Permanent fund principal	-	-	210,280	210,280
Prepays	18,847	-	-	18,847
<i>Restricted for:</i>				
Educational programs	2,278,668	-	291,393	2,570,061
Public works programs	-	-	93,894	93,894
Culture and recreation	-	-	728,562	728,562
<i>Committed for:</i>				
Education	-	8,326,692	-	8,326,692
Capital outlay	1,247,870	-	-	1,247,870
<i>Assigned for:</i>				
Legislative, judicial	-	-	84,799	84,799
Public safety programs	-	-	108,837	108,837
Capital outlay	594,205	-	-	594,205
Community programs	210,000	-	128,055	338,055
Public works programs	-	-	457,385	457,385
Long term obligations	-	-	585,896	585,896
Culture and recreation	-	-	1,435,172	1,435,172
<i>Unassigned:</i>	5,181,016	-	(247,070)	4,933,946
Total fund balances	<u>\$ 9,530,606</u>	<u>\$ 8,326,692</u>	<u>\$ 3,881,735</u>	<u>\$ 21,739,033</u>

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

Unrestricted net assets of the proprietary funds are \$14,660,591. The net growth in total net assets amounted to \$976,372 which includes a prior period adjustment of (\$298,605). This change resulted from approximately 1.1 million of new assessments.

TOWN OF EAST GREENWICH, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2011
(Un-audited)

General Fund Budgetary Highlights

Revenues:

Revenues on a budgetary basis were \$ 1,414,453 over budget due to the following:

General Property Taxes – were over budget by a total of \$ 652,793. Current year taxes were under budget by \$131,611; however, this was offset by the collection of prior years' taxes being over budget by \$ 784,404. This years' collection rate was 99.7% of budget. This was an increase over the prior year. Prior years' taxes increased because we collected .78% more in 2011 than 2010. This was equivalent to over \$300,000 in taxes.

State Aid – was over budget by \$ 438,736 due to School Housing Aid, MV Phase Out and Meals Tax. The Town received more School Housing Aid than budgeted because more school projects were completed than anticipated during the budget phase. The State of RI did not know where they were going with the MV Phase Out when the Town was trying to put a budget together. Thus, the Town took a conservative approach and did not budget for the MV Phase Out. The Town receives money from the state based on the dollar amount of sales on meals in restaurants. The Town received more money than budgeted. Thus, we can conclude that people are dining out.

Licenses, permits and usage fees – were over budget by \$ 209,315, due mainly to increased Realty Transfer and Land Recording fees, increased Building and Mechanical Permits and increased Police Detail Cruiser revenue. All of these types of revenue are estimates for budget purposes. The Town does not know how many houses will be sold in any given year which produces the Realty Transfer income and the Land Recording Fees. The Building and Mechanical Permits is also an unknown. The Town is not aware during the budget process which taxpayers will be building a new home or making changes to their existing home. The Police Detail Cruiser revenue is derived from street details. When utility companies do road work they need to utilize a Police Cruiser for traffic control. In all these instances the results are an unknown and the Town budgeted less than we received.

General Revenues -- was over budget by \$ 113,609 mainly due to Miscellaneous Income. The Town received a premium on BANS that were sold and the money was deposited into Miscellaneous Income. There was no way to know if the Town would receive a premium on bonds or notes, thus this was unexpected and unbudgeted revenue.

Expenditures:

Expenditures on a budgetary basis were under budget by a total of \$ 1,170,863 due to the following:

Administration – was under budget primarily due to favorable Employee Benefit expense costs of \$150,217 and favorable Insurance costs of \$ 64,866. The Health Benefits were under budget due to the deductibles that the Town pays not turning out to be as high as expected. Also some people had switched to Plan 65 which was a much cheaper plan. The Insurance costs for the Property and Worker's Compensation were less than expected.

Town Planner – were under budget by \$ 19,391 due to savings in the salary account of \$ 14,991. An employee retired and the position was filled at a lower pay step.

Capital Improvements -- was under budget by 190,375. The allocated capital does not need to be spent in the fiscal year that the amounts are approved for budget. The extra money is added to Assigned Fund Balance for Capital Improvements for future expenditure.

School Department -- was under budget by 735,892, due to savings in instructional and principal/assistant principal costs

TOWN OF EAST GREENWICH, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2011
(Un-audited)

The Town of East Greenwich's Capital Assets

The Town of East Greenwich's investment in capital assets for its governmental and business-type activities amounts to \$116,231,469 net of accumulated depreciation at June 30, 2011. Included are land, building and improvements, construction in progress, motor vehicles, furniture and equipment and infrastructure. Additional information on the Town of East Greenwich's capital assets is located in Note 7 of the notes to the financial statements. The following page presents the Capital Assets after the current year's activity.

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

	June 30, 2011			June 30, 2010		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Land	\$ 1,723,703	\$ 15,372	\$ 1,739,075	\$ 1,723,703	\$ 15,372	\$ 1,739,075
Construction in progress	42,128,183	2,708,952	44,837,135	27,154,034	711,759	27,865,793
Infrastructure	7,363,390	-	7,363,390	8,451,478	-	8,451,478
Land improvements	2,078,367	-	2,078,367	2,218,900	-	2,218,900
Buildings and improvements	21,900,093	13,140,324	35,040,417	18,306,624	13,589,759	31,896,383
Motor vehicles	902,765	20,527	923,292	1,083,394	25,144	1,108,538
Office furniture and equipment	43,776	18,550	62,326	64,836	21,200	86,036
Machinery and equipment	765,197	-	765,197	991,132	-	991,132
Sewer lines	-	23,422,270	23,422,270	-	24,077,920	24,077,920
	<u>\$ 76,905,474</u>	<u>\$ 39,325,995</u>	<u>\$ 116,231,469</u>	<u>\$ 59,994,101</u>	<u>\$ 38,441,154</u>	<u>\$ 98,435,255</u>

The total increase in the Town's investment in capital assets for the current fiscal year was about 15.2% in terms of net book value. Significant expenditures were made for the installation of sewer lines, improvements to school buildings, and repairs and maintenance to school buildings. Depreciation charges for the year totaled \$3,571,229 (\$2,440,793 on governmental assets and \$1,112,352 on the assets of the business-type activities). Additional information on the Town's capital assets can be found in Note 7 of the notes to the financial statements.

The Town of East Greenwich's Debt Administration

At the end of the current fiscal year, the Town of East Greenwich's Governmental Activities and Business Activities had a total bonded debt of \$35,995,000. Of this amount, 100% comprises bonded debt backed by the full faith and credit of the government.

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

TOWN OF EAST GREENWICH, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2011
(Un-audited)

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

	June 30, 2011			June 30, 2010		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
General Obligation Bonds	\$ 30,525,000	\$ 5,470,000	\$ 35,995,000	\$ 22,440,000	\$ 5,800,000	\$ 28,240,000
Notes Payable	33,500,000	23,600,396	57,100,396	33,000,000	25,019,939	58,019,939
	<u>\$ 64,025,000</u>	<u>\$ 29,070,396</u>	<u>\$ 93,095,396</u>	<u>\$ 55,440,000</u>	<u>\$ 30,819,939</u>	<u>\$ 86,259,939</u>

The Town issued general obligation bonds of \$10,635,000 in November 2010. In February 2011, the Town issued a Bond Anticipation Note in the amount of \$33,500,000 for the "School Bond 52m Capital Fund" project.

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

The Town's general obligation bond rating as assigned by Moody's Investors Service in 2011 is Aa1 and AA+ by Standard and Poor's. The State of Rhode Island imposes a limit of 3 percent of the fair value of all taxable Town property on the general obligation debt that a municipality can issue. The Town of East Greenwich's limit is \$74,226,217 at year-end. The Town's outstanding general obligation bonded debt is \$33,500,000 at year-end, which is \$40,726,217, under the State imposed limitation.

Economic Factors and Next Year's Budgets and Rates

The Town of East Greenwich's total general fund budget for fiscal year 2011 amounts to \$44,860,205 which reflects an increase of \$106,455 over the fiscal 2010 budget of \$44,753,750. Of the Town's 2011 budget of \$44,860,205, 68.4% is budgeted for educational purposes and 31.6% is budgeted for general government.

The Town's tax rate for fiscal 2011 is \$17.49 per thousand, with 33.3% allocated for general government and 68.4% allocated for education. For fiscal 2010, the Town's tax rate was \$17.25 per thousand, with 33.3% allocated for general government and 66.7% allocated for education.

REQUESTS FOR INFORMATION

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

Kathleen Raposa

Kathleen Raposa, CPA
Finance Director

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements

TOWN OF EAST GREENWICH, RHODE ISLAND
Statement of Net Assets
June 30, 2011

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	East Greenwich Land Trust
ASSETS				
Cash and cash equivalents	\$ 22,709,400	\$ 4,749	\$ 22,714,149	\$ -
Investments	27,444	-	27,444	-
Accounts receivable:				
Accounts receivable net	1,873,007	1,767,047	3,640,054	-
Due from other governments	1,819,127	-	1,819,127	-
Other receivables	260,588	3,495,233	3,755,821	152,118
Inventory at cost	4,532	-	4,532	-
Other assets	1,285,019	235,767	1,520,786	-
Capital assets:				
Property, plant and equipment - net	33,053,588	36,601,671	69,655,259	-
Construction in progress	42,128,183	2,708,952	44,837,135	-
Assets not being depreciated	1,723,703	15,372	1,739,075	5,018,500
Total capital assets	76,905,474	39,325,995	116,231,469	5,018,500
Other assets				
Long-term sewer assessment receivable	-	11,712,266	11,712,266	-
TOTAL ASSETS	104,884,591	56,541,057	161,425,648	5,170,618
 LIABILITIES				
Accounts payable and accrued expenses	5,992,036	597,279	6,589,315	-
Internal balances	(1,497,180)	1,497,180	-	-
Deferred revenue	66,082	437,747	503,829	-
Long-term liabilities				
Due within one year	36,824,515	1,786,803	38,611,318	-
Due in more than one year	31,657,190	27,305,858	58,963,048	-
Total liabilities	73,042,643	31,624,867	104,667,510	-
 NET ASSETS				
Invested in capital assets, net of related debt	16,161,958	10,255,599	26,417,557	5,018,500
Unrestricted	15,679,990	14,660,591	30,340,581	152,118
Total net assets	\$ 31,841,948	\$ 24,916,190	\$ 56,758,138	\$ 5,170,618

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

TOWN OF EAST GREENWICH, RHODE ISLAND
Statement of Activities
For the Year Ended June 30, 2011

	Program revenues				Net (Expense) Revenue and Changes in Net Assets			Component Unit East Greenwich Land Trust
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Total	
Functions/Programs								
Primary government								
Governmental activities:								
Legislative, judicial and general administrative	\$ 4,383,274	\$ 550,557	\$ -	\$ 3,561	\$ (3,829,156)		\$ (3,829,156)	
Financial administration	373,446	-	-	-	(373,446)		(373,446)	
Information technology	291,000	-	-	-	(291,000)		(291,000)	
Public safety	3,362,659	184,844	7,988	26,236	(3,143,591)		(3,143,591)	
Public works	4,288,190	265,119	30,408	-	(3,992,663)		(3,992,663)	
Public health and welfare	405,521	176,620	145,289	-	(83,612)		(83,612)	
Parks and recreation	571,481	127,990	4,395	-	(439,096)		(439,096)	
Town planner	152,036	930,205	-	-	778,169		778,169	
Senior and human services	239,353	-	-	-	(239,353)		(239,353)	
Education	34,490,597	515,377	1,531,377	-	(32,443,843)		(32,443,843)	
Library	467,175	-	-	-	(467,175)		(467,175)	
Net decrease in FMV of investments	8,538	-	-	-	(8,538)		(8,538)	
Financing costs	650,037	-	-	-	(650,037)		(650,037)	
Interest on long-term debt	737,841	-	-	-	(737,841)		(737,841)	
Total governmental activities	<u>50,421,148</u>	<u>2,750,712</u>	<u>1,719,457</u>	<u>29,797</u>	<u>(45,921,182)</u>		<u>(45,921,182)</u>	
Business-type activities:								
Sewer fund	2,876,482	3,600,454	-	-	-	\$ 723,972	723,972	
Total business-type activities	<u>2,876,482</u>	<u>3,600,454</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>723,972</u>	<u>723,972</u>	
Total primary government	<u>\$ 53,297,630</u>	<u>\$ 6,351,166</u>	<u>\$ 1,719,457</u>	<u>\$ 29,797</u>	<u>(45,921,182)</u>	<u>723,972</u>	<u>(45,197,210)</u>	
Component unit:								
East Greenwich Land Trust	\$ 29,240	-	\$ 33,702	\$ -				\$ 4,462
Total Component unit:	<u>\$ 29,240</u>	<u>\$ -</u>	<u>\$ 33,702</u>	<u>\$ -</u>				<u>\$ 4,462</u>
General revenues:								
General property tax					43,109,254	-	43,109,254	-
State revenue sharing					3,746,977	-	3,746,977	-
Unrestricted investment earnings					232	551,005	551,237	-
<i>Special Item - loss on disposal of capital assets</i>					(20,985)	-	(20,985)	-
Miscellaneous					359,908	-	359,908	-
Total general revenues					<u>47,195,386</u>	<u>551,005</u>	<u>47,746,391</u>	<u>4,462</u>
Change in net assets								
Net assets - beginning					1,274,204	1,274,977	2,549,181	4,462
Prior period adjustment (Note 13)					30,567,744	23,939,818	54,507,562	5,156,065
Net assets - beginning (restated)					-	(298,605)	(298,605)	-
Net assets - ending					<u>\$ 31,841,948</u>	<u>\$ 24,916,190</u>	<u>\$ 56,758,138</u>	<u>\$ 5,170,618</u>

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

Fund Financial Statements

TOWN OF EAST GREENWICH, RHODE ISLAND
Balance Sheet
Governmental Funds
June 30, 2011

	General Fund	School Bond 52m Capital Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 19,093,401	\$ 2,112,882	\$ 1,503,117	\$ 22,709,400
Investments	-	-	27,444	27,444
Accounts receivable:				
Property taxes, less allowance for doubtful accounts of \$57,000	1,873,007	-	-	1,873,007
Intergovernmental	1,304,956	-	514,171	1,819,127
Other	225,724	-	34,864	260,588
Internal balances	93,074,531	41,392,257	22,420,422	156,887,210
Deposits with institutions	587,712	-	-	587,712
Inventory	-	-	4,532	4,532
Prepays	333,256	-	-	333,256
TOTAL ASSETS	\$ 116,492,587	\$ 43,505,139	\$ 24,504,550	\$ 184,502,276
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued expenses	\$ 3,496,866	\$ 1,562,979	\$ 227,423	\$ 5,287,268
Internal balances	101,591,915	33,615,468	20,329,310	155,536,693
Deferred revenue	1,873,200	-	66,082	1,939,282
Total liabilities	106,961,981	35,178,447	20,622,815	162,763,243
Fund balances:				
<i>Nonspendable:</i>				
Inventories	-	-	4,532	4,532
Permanent fund principal	-	-	210,280	210,280
Prepays	18,847	-	-	18,847
<i>Restricted for:</i>				
Educational programs	2,278,668	-	291,393	2,570,061
Public works programs	-	-	93,894	93,894
Culture and recreation	-	-	728,562	728,562
<i>Committed for:</i>				
Educational programs	-	8,326,692	-	8,326,692
Capital outlay	1,247,870	-	-	1,247,870
<i>Assigned for:</i>				
Legislative, judicial	-	-	84,799	84,799
Public safety programs	-	-	108,837	108,837
Capital outlay	594,205	-	-	594,205
Community programs	210,000	-	128,055	338,055
Public works programs	-	-	457,385	457,385
Long term obligations	-	-	585,896	585,896
Culture and recreation	-	-	1,435,172	1,435,172
<i>Unassigned:</i>	5,181,016	-	(247,070)	4,933,946
Total fund balances	9,530,606	8,326,692	3,881,735	21,739,033
TOTAL LIABILITIES AND FUND BALANCES	\$ 116,492,587	\$ 43,505,139	\$ 24,504,550	

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)	76,905,474
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. (see note 8)	1,679,147
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)	(68,481,705)
Net assets of governmental activities	\$ 31,841,949

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

TOWN OF EAST GREENWICH, RHODE ISLAND
Statement of Revenues, Expenditures
and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2011

	<u>General Fund</u>	<u>School Bond 52m Capital Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
General property tax	\$ 43,213,598	\$ -	\$ -	\$ 43,213,598
Intergovernmental and departmental revenues	3,596,886	-	1,331,144	4,928,030
License and permits	974,565	-	-	974,565
Interest on investments	-	-	232	232
Other revenues	1,519,966	-	824,382	2,344,348
Total revenues	<u>49,305,015</u>	<u>-</u>	<u>2,155,758</u>	<u>51,460,773</u>
Expenditures				
Legislative, judicial and general administrative	3,008,836	-	87,272	3,096,108
Financial administration	501,807	-	-	501,807
Information technology	291,000	-	-	291,000
Public safety	2,838,182	-	205,394	3,043,576
Public works	2,845,876	-	-	2,845,876
Public health and welfare	77,382	-	328,139	405,521
Parks and recreation	522,161	-	-	522,161
Town planner	152,036	-	-	152,036
Senior and human services	239,353	-	-	239,353
Education	32,263,064	-	1,621,614	33,884,678
Library	467,175	-	-	467,175
Financing costs	5,400	644,637	-	650,037
Net decrease in FMV of investment	-	-	8,538	8,538
Capital outlay	86,625	18,864,470	422,055	19,373,150
Long-term obligations:				
Principal	2,550,000	33,000,000	-	35,550,000
Interest	766,885	-	-	766,885
Total expenditures	<u>46,615,782</u>	<u>52,509,107</u>	<u>2,673,012</u>	<u>101,797,901</u>
Excess of revenues over (under) expenditures before other financing sources (uses)	<u>2,689,233</u>	<u>(52,509,107)</u>	<u>(517,254)</u>	<u>(50,337,128)</u>
Other financing sources (uses)				
Issuance of debt	-	44,135,000	-	44,135,000
BAN premium proceeds	332,320	-	-	332,320
Transfers from other funds	21,608	-	702,032	723,640
Transfers to other funds	(646,136)	-	(77,504)	(723,640)
Total other financing sources (uses)	<u>(292,208)</u>	<u>44,135,000</u>	<u>624,528</u>	<u>44,467,320</u>
Net changes in fund balances	2,397,025	(8,374,107)	107,274	(5,869,808)
Fund balances - beginning	<u>5,716,330</u>	<u>16,700,799</u>	<u>3,774,461</u>	<u>26,191,590</u>
Prior period adjustment (see Note 13)	1,417,251	-	-	1,417,251
Fund balances - beginning restated	<u>7,133,581</u>	<u>16,700,799</u>	<u>3,774,461</u>	<u>27,608,841</u>
Fund balances - ending	<u>\$ 9,530,606</u>	<u>\$ 8,326,692</u>	<u>\$ 3,881,735</u>	<u>\$ 21,739,033</u>

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

TOWN OF EAST GREENWICH, RHODE ISLAND
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2011

Net change in fund balances - total governmental funds \$ (5,869,808)

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

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

Capital outlay	19,373,150	
Depreciation expense	(2,440,793)	
Loss on disposal of fixed assets	<u>(20,985)</u>	16,911,372

Property taxes that are not collected in the current period and do not represent current financial resources are deferred in the fund financial statements, however they are recognized as revenues in the statement of activities. (104,344)

Amortization of bond issuance costs and premiums in the current period do not represent current financial resources, however they are recognized as expenditures and revenues in the statement of activities. 116,415

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. 29,044

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

Principal payments made on long-term debt	35,550,000	
Issuance of debt	(44,135,000)	
Net decrease in compensated absences	904	
Net increase in the other post employment benefit obligation	<u>(1,224,378)</u>	<u>(9,808,474)</u>

Change in net assets of governmental activities \$ 1,274,204

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

TOWN OF EAST GREENWICH, RHODE ISLAND
Statement of Net Assets
Proprietary Funds
June 30, 2011

	Sewer Fund
ASSETS	
Current assets	
Cash and cash equivalents	\$ 4,749
Accounts receivable	
User fees, net of \$50,000 allowance for doubtful accounts	1,527,627
Construction loans receivable	3,495,233
Assessments, current portion	239,420
Total current assets	5,267,029
Non-current assets	
Deferred charges, net of amortization	235,767
Long-term sewer assessment receivable	11,712,266
Net capital assets	39,325,995
Total non-current assets	51,274,028
TOTAL ASSETS	56,541,057
LIABILITIES	
Current liabilities	
Accounts payable and accrued expenses	597,279
Internal balances	1,497,180
Current portion of long-term debt	1,786,803
Total current liabilities	3,881,262
Non-current liabilities	
Notes and bonds payable	27,283,593
Accrued compensated absences	22,265
Deferred revenues	437,747
Total non-current liabilities	27,743,605
TOTAL LIABILITIES	31,624,867
Net Assets	
Invested in capital assets, net of related debt	10,255,599
Unrestricted	14,660,591
Total net assets	\$ 24,916,190

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

TOWN OF EAST GREENWICH, RHODE ISLAND
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2011

	Sewer Fund
Operating revenues	
Usage sales and fees	\$ 2,414,313
Sewer assessments	1,088,088
Other income	98,053
Total operating revenues	3,600,454
Operating expenses	
Salaries and benefits	357,845
Materials and supplies	25,892
Construction	7,205
Contract services	117,879
Repairs and maintenance	26,747
Utilities	156,615
Administrative expenses	364,722
Depreciation and amortization	1,130,436
Total operating expenses	2,187,341
Operating income	1,413,113
Non-operating revenues (expenses)	
Assessment interest income	551,005
Sewer bond interest expense	(689,141)
Total non-operating (expenses)	(138,136)
Change in net assets	1,274,977
Total net assets - beginning	23,939,818
Prior period adjustment (Note 13)	(298,605)
Total net assets - beginning (restated)	23,641,213
Total net assets - ending	\$ 24,916,190

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

TOWN OF EAST GREENWICH, RHODE ISLAND
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2011

	Sewer Fund
Cash flows from operating activities	
Cash received from customers and providing services	\$ 3,532,000
Cash payments to suppliers for goods and services	(297,201)
Cash payments to employees for services	(357,845)
Net cash provided by (used for) operating activities	2,876,954
Cash flows from non-capital financing activities	
Interfund loans	(312,216)
Net cash provided by non-capital financing activities	(312,216)
Cash flows from capital and related financing activities	
Principal paid on bonds & notes	(1,749,543)
Additions to capital assets	(1,997,193)
Interest paid on long term debt	(689,141)
Construction receivables	1,618,745
Net cash (used for) capital and related financing activities	(2,817,132)
Cash flows from investing activities	
Interest income	551,005
Net cash provided by investing activities	551,005
Net increase (decrease) in cash and cash equivalents	298,611
Cash and cash equivalents at beginning of year	4,743
Prior period adjustment (Note 13)	(298,605)
Cash and cash equivalents at end of year	\$ 4,749
Reconciliation of operating income to net cash provided by operating activities	
Operating income (Loss)	\$ 1,413,113
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	1,130,436
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(68,454)
Increase (decrease) in accounts payable and accrued expenses	398,230
Increase (decrease) in compensated absences	3,629
Total adjustments	1,463,841
Net cash provided by operating activities	\$ 2,876,954

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

TOWN OF EAST GREENWICH, RHODE ISLAND
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2011

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 604,488
Internal balances	<u>146,663</u>
Total Assets	<u><u>751,151</u></u>
LIABILITIES	
Deposits held in custody for others	<u>751,151</u>
Total Liabilities	<u><u>\$ 751,151</u></u>

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

Notes to Financial Statements

TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - REPORTING ENTITY

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

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

Primary Government

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

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

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

In evaluating the inclusion of how to define the government for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement No. 14. Under GASB Statement No. 14, the financial reporting entity includes both the primary government, which is the Town of East Greenwich and all of its component units. Component units are legally separate entities that meet any one of the following three tests:

Test 1 - the primary government appoints the voting majority of the board of the potential component unit and
* Is able to impose its will on the potential component unit and/or
* Is in a relationship of financial benefit or burden with the potential component unit;

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

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

The following entities were considered for classification as component units for fiscal year 2011:

* East Greenwich Land Trust (the Trust)

TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - REPORTING ENTITY (CONTINUED)

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Recently Issued Accounting Standards

The Town has adopted the following new accounting pronouncement.

- GASB Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions, effective for the Town's fiscal year ending June 30, 2011.

The impact of this pronouncement is explained further in Note 23.

BASIS OF PRESENTATION

Government-Wide Financial Statements

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

Fund Financial Statements

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

(Continued)

TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

GOVERNMENTAL FUND TYPES

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

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

Special Revenue Funds – are used to account for restricted or committed revenues that comprise a substantial portion of the *inflows* of a fund.

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

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

PROPRIETARY FUND TYPES

Proprietary funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. Operating revenues of the Proprietary Funds consist of customer/taxpayer charges for uses and services and certain other miscellaneous revenues. All other revenues of the Proprietary Funds are considered non-operating sources of revenue. The Sewer Fund is the only Proprietary Fund and is used to account for sewer use fees and the expenses associated with providing sewer services to town residents

FIDUCIARY FUND TYPES

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

(Continued)

TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Agency Funds – are used to account for assets held by the Town in a purely custodial capacity. Since agency funds are custodial in nature (i.e. assets equal liabilities), they do not involve the measurement of results of operations. The Agency Funds are the only Fiduciary Funds and account for funds that are to be used for educational and welfare expenditures and for funds held in escrow for other parties. Agency Funds use the accrual method rather than the modified accrual basis of accounting.

BASIS OF ACCOUNTING

Measurement Focus

On the government-wide Statement of Net Assets and the Statement of Activities both governmental and business-like activities are presented using the economic resources measurement focus as defined in item (b) below.

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

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

Basis of Accounting

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

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

All proprietary funds, fiduciary funds and agency funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

(Continued)

TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Cash and Cash Equivalents

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

Investments

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

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

Receivables

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

In the fund financial statements, material receivables in governmental funds include revenue accruals such as property taxes and grants and other similar intergovernmental revenues since they are usually both measurable and available. Non-exchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivables are based upon historical trends and the periodic aging of accounts receivable.

Prepaid items

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

Inventories

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

TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Property, Plant and Equipment

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

Government-Wide Statements

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

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

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

Fund Financial Statements

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

Equity Classifications

Government-Wide Statements

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

- ***Invested in capital assets, net of related debt*** - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- ***Restricted net assets*** - Consists of net assets with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- ***Unrestricted net assets*** - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

(Continued)

TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Fund Financial Statements

For the fiscal year ended June 30, 2011 the Town has adopted the requirements of the Government Accounting Standards Board GASB Statement No. 54 - *Fund Balance Reporting and Governmental Fund Type Definitions*. Acceptance of this statement has changed the Town's presentation of the elements of fund balances, a key indicator of inter-period equity. Listed below are the new fund balance categories and their definitions.

- **Non-spendable** – are balances that are permanently precluded from conversion to cash such as permanent funds and inventories.
- **Restricted** – requires that inflows and outflows of resources and balances be constrained to a specific purpose of enabling legislation, external parties or constitutional provisions.
- **Committed** – are balances with constraints imposed by the government using the highest level of decision-making authority. These constraints can only be removed or changed by the same decision making authority taking the same type of action.
- **Assigned** – are balances intended for a specific purpose by the government's management and are also appropriations of existing fund balances.
- **Unassigned** – are balances available for any purpose. They are not precluded by a management decision, law constitutional provision in the general fund.

The Town has set classification policies and procedures for the above noted level of fund balance reporting.

- a) For committed fund balances: the Town Council is the highest level of decision making authority and a meeting of the Town Council is required to establish, modify or rescind a fund balance commitment.
- b) For assigned fund balance: The Town's Finance Director is authorized to assign amounts to a purpose and with authorization given by the Town Council.
- c) The Town considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available and considers committed amounts to have been spent when and expenditure is incurred for purposes for which amounts in any other unrestricted fund balance could be used.

Fund Balance Transactions

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

Property Taxes

The Town is permitted by state law to levy property taxes. Taxes are recognized as revenue when they are collected. Taxes are levied each July on (a) 100% of the full and fair value of real and tangible personal property owned within the Town on the previous December 31; and, (b) the value, as determined by the Rhode Island Vehicle Valuation Commission, of vehicles registered within the Town the previous calendar year, prorated for the actual number of days so registered, reduced by the amount exempt under the Motor Vehicle Phase-Out Program. Taxes levied during July are payable in quarterly installments on September 1, December 1, March 1 and June 1, or on September 1, if paid in one payment. Unpaid property taxes at June 30, 2011, include delinquent installments of the current and prior years. The Town does not record interest earned on delinquent taxes until payment is received.

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

TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Deferred Revenues

Deferred revenues represent funds received in advance of being owed or receivables, which will be collected and included in revenues of future fiscal years. In the General Fund, deferred revenues relate to property tax receivables, which will be collected in future years.

Vacation, Sick Leave, and Other Compensated Absences

Unused vacation leave is paid upon an employee's termination. Sick leave not taken is paid only to municipal workers up to 30 days, DPW workers up to 60 days and for police department employees up to 300 days of total accumulated sick leave at 50%, upon retirement. School department employees are paid compensated absences based on various employee agreements. Compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and a fund liability of the governmental fund that will pay it. In governmental funds compensated absence expenditures are only reported when matured. Amounts not expected to be liquidated with expendable available resources are reported as long-term debt in the government-wide financial statements. Long-term debt and other obligations financed by the proprietary funds are reported as liabilities in the appropriate funds. For Proprietary Fund Types accrued compensated absences are recorded as a liability within those funds using the full accrual basis.

Short-Term Interfund Receivable/Payables

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

Advances to Other Funds

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

Uses of Estimates

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

Budgetary Process

In accordance with the East Greenwich Home Rule Charter, the Town has formally established budgetary accounting control for its General Fund. 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 annual operating budgets' appropriated amounts are supported by revenue estimates and take into account the elimination of accumulated deficits and the re-appropriation of accumulated surpluses to the extent necessary. The General Fund annual operating budget is 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.

(Continued)

TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Appropriations in addition to those contained in the annual operating budgets, except for the purpose of meeting a public emergency, are made upon the recommendation of the Town Manager with the Director of Finance's certification as to General Fund surplus to meet such appropriations and with Town Council's approval and approval of the citizens at a Financial Town meeting. There were no additional supplemental appropriations for the year ended June 30, 2011. Amendments to the operating budgets that do not result in additional appropriations may be made within departments by means of a transfer.

NOTE 3 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Legal Debt Margin

The Town's legal debt margin as set forth by State Statute is limited to three percent of total assessed value, which approximates \$74,226,217 based on the December 31, 2009 assessment. As of June 30, 2011 the Town's debt is under the debt limit by \$40,726,217.

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

NOTE 4 - FUND EQUITY

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

The following fund balance categories are recorded on the Balance Sheet of Government Funds in the financial statements at June 30, 2011:

- **Non-spendable** – are balances that are permanently precluded from conversion to cash such as permanent funds, prepaids and inventories. \$233,659
- **Restricted** – requires that inflows and outflows of resources and balances be constrained to a specific purpose of enabling legislation, external parties or constitutional provisions. \$3,392,517
- **Committed** – are balances with constraints imposed by the government using the highest level of decision-making authority. These constraints can only be removed or changed by the same decision making authority taking the same type of action. \$9,574,562
- **Assigned** – are balances intended for a specific purpose by the government's management and are also appropriations of existing fund balances. \$3,604,349
- **Unassigned** – are balances available for any purpose. They are not precluded by a management decision, law constitutional provision in the general fund. \$4,933,946

Deficits of fund equity at June 30, 2011 were as follows: Community Development \$52,849; Revaluation \$41,723; Byrne grant \$28,415; School Lunch \$119,427; Title II \$6; Title IV \$118. The Town of East Greenwich anticipates funding deficits through future Town appropriations and future reimbursements from either the State or the Federal Government.

**TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 5 - CASH AND INVESTMENTS

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

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

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

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

Custodial Credit Risk

Deposits: This is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2011, \$ -0- of the Town's balance of \$23,346,081 was uninsured and uncollateralized.

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

Cash and investments of the Town consist of the following at June 30, 2011

Cash and cash equivalents	
Deposits with financial institutions	\$ 23,318,637
Investments	
Permanent funds	
Corporate stocks	27,444
Total permanent fund investments	<u>27,444</u>
Total cash and investments	<u><u>\$ 23,346,081</u></u>

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

Statement of net assets	
Cash and cash equivalents	\$ 22,714,149
Investments	27,444
	<u>\$ 22,741,593</u>
Fiduciary funds	
Cash and cash equivalents	604,488
	<u>604,488</u>
Total cash and investments	<u><u>\$ 23,346,081</u></u>

(Continued)

TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 5 - CASH AND INVESTMENTS (CONTINUED)

Interest Rate Risk: This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The town does not have any investments that are subject to interest rate risk for the fiscal year ended June 30, 2011. If applicable, information about the exposure of the Town's debt type investments to this risk is reported using the segment time distribution model.

Credit Risk: Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. The Town did not have any debt type investments that were exposed to credit risk as defined by GASB 40 as of June 30, 2011.

NOTE 6 - PROPERTY TAXES

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

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

Current tax collections for the Town were approximately 97.46% of the total July 2010 tax levy.

NOTE 7 - INFORMATION ABOUT CAPITAL ASSETS

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

TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 7 - INFORMATION ABOUT CAPITAL ASSETS (CONTINUED)

Capital asset activity for the fiscal year ended June 30, 2011 was as follows:

	Primary Government				Ending Balance
	Beginning Balance	Increases	Decreases	Adjustments	
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 1,723,703	\$ -	\$ -		\$ 1,723,703
Construction in progress	27,154,034	19,278,449	-	(4,304,300)	42,128,183
	<u>28,877,737</u>	<u>19,278,449</u>	<u>-</u>	<u>(4,304,300)</u>	<u>43,851,886</u>
Total capital assets not being depreciated					
Other capital assets:					
Infrastructure	36,472,762	-	-	-	36,472,762
Buildings and improvements	27,354,616	94,701	-	4,304,300	31,753,617
Land improvements	2,798,231	-	-	-	2,798,231
Office furniture and equipment	261,164	-	-	-	261,164
Motor vehicles	2,019,606	-	(51,034)	-	1,968,572
Machinery and equipment	2,921,244	-	-	-	2,921,244
Total other capital assets at historical cost	<u>71,827,623</u>	<u>94,701</u>	<u>(51,034)</u>	<u>4,304,300</u>	<u>76,175,590</u>
Less accumulated depreciation for:					
Infrastructure	28,021,284	1,088,088	-	-	29,109,372
Buildings and improvements	9,047,992	805,532	-	-	9,853,524
Land improvements	579,331	140,533	-	-	719,864
Office furniture and equipment	196,328	21,060	-	-	217,388
Motor vehicles	936,212	159,644	(30,049)	-	1,065,807
Machinery and equipment	1,930,111	225,936	-	-	2,156,047
Total accumulated depreciation	<u>40,711,258</u>	<u>2,440,793</u>	<u>(30,049)</u>	<u>-</u>	<u>43,122,002</u>
Governmental activities capital assets, net	<u>\$ 59,994,102</u>	<u>\$ 16,932,357</u>	<u>\$ (20,985)</u>	<u>\$ -</u>	<u>\$ 76,905,474</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
Legislative, judicial and general administrative	\$ 24,157
Public safety	319,083
Public works	1,442,314
Parks and recreation	49,320
Education	605,919
Total governmental activities depreciation expense	<u>\$ 2,440,793</u>

TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 7 - INFORMATION ABOUT CAPITAL ASSETS (CONTINUED)

Capital asset activity for the fiscal year ended June 30, 2011 was as follows:

	Primary Government				Ending Balance
	Beginning Balance	Increases	Decreases	Adjustments	
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 15,372	\$ -	\$ -	-	\$ 15,372
Construction in progress	711,759	1,997,193	-	-	2,708,952
Total capital assets not being depreciated	<u>727,131</u>	<u>1,997,193</u>	<u>-</u>	<u>-</u>	<u>2,724,324</u>
Other capital assets:					
Sewer facility	20,820,912	-	-	-	\$ 20,820,912
Equipment and fixtures	331,615	-	-	-	331,615
Motor vehicles	174,072	-	-	-	174,072
Sewer lines	27,346,763	-	-	-	27,346,763
Total other capital assets at historical cost	<u>48,673,362</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,673,362</u>
Less accumulated depreciation for:					
Sewer facility	7,231,153	449,435	-	-	7,680,588
Equipment and fixtures	310,415	2,650	-	-	313,065
Motor vehicles	148,928	4,617	-	-	153,545
Sewer lines	3,268,843	655,650	-	-	3,924,493
Total accumulated depreciation	<u>10,959,339</u>	<u>1,112,352</u>	<u>-</u>	<u>-</u>	<u>12,071,691</u>
Business-type activities capital assets, net	<u>\$ 38,441,154</u>	<u>\$ 884,841</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,325,995</u>

Depreciation expense was charged to functions as follows:

Business-type activities:

Sewer Fund	\$ 1,112,352
Total business-type activities depreciation expense	<u>\$ 1,112,352</u>

TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

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

"Total fund balances" of the Towns' governmental funds \$21,739,033 differs from "net assets" of governmental activities \$31,841,949 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

	<u>Total Governmental Funds</u>	<u>Long-term Assets/ Liabilities (1)</u>	<u>Reclassifications and Eliminations</u>	<u>Statement Net Assets Totals</u>
Assets				
Cash and cash equivalents	\$ 22,709,400	\$ -	\$ -	\$ 22,709,400
Investments	27,444	-	-	27,444
Receivables:				
Property taxes, net	1,873,007	-	-	1,873,007
Intergovernmental	1,819,127	-	-	1,819,127
Other	260,588	-	-	260,588
Internal balances	156,887,210	-	(156,887,210)	-
Inventory	4,532	-	-	4,532
Other assets	920,968	364,051	-	1,285,019
Property, plant and equipment - net	-	75,181,771	-	75,181,771
Assets not being depreciated	-	1,723,703	-	1,723,703
Total assets	<u>\$ 184,502,276</u>	<u>\$ 77,269,525</u>	<u>\$ (156,887,210)</u>	<u>\$ 104,884,591</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued expenses	\$ 5,287,268	\$ 558,103	\$ 146,663	\$ 5,992,034
Internal balances	155,536,693	-	(157,033,873)	(1,497,180)
Deferred revenue	1,939,282	(1,873,200)	-	66,082
Long-term liabilities				
Due within one year	-	36,824,515	-	36,824,515
Due in more than one year	-	31,657,190	-	31,657,190
Total liabilities	<u>162,763,243</u>	<u>67,166,608</u>	<u>(156,887,210)</u>	<u>73,042,641</u>
Fund Balances/Net Assets				
Total fund balances/net assets	21,739,033	10,102,916	-	31,841,949
Total liabilities and fund balances/net assets	<u>\$ 184,502,276</u>	<u>\$ 77,269,525</u>	<u>\$ (156,887,210)</u>	<u>\$ 104,884,591</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	\$ 120,027,476
Accumulated depreciation	(43,122,002)
	<u>\$ 76,905,474</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	\$ 1,873,200
Accrued interest	(271,632)
Bond premiums	(286,471)
Bond issuance costs	364,051
	<u>\$ 1,679,147</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	\$ (64,025,000)
Accrued compensated absences	(919,409)
Net other post employment benefit obligation	(3,537,296)
	<u>\$ (68,481,705)</u>

TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

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

The "net change in the fund balances" for governmental funds (\$5,869,808) differs from the "change in net assets" for governmental activities \$1,274,204 reported in the statement of activities. The differences arise primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

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

	Total Governmental Funds	Long-term Revenues/ Expenses (1)	Capital- related Items (2)	Long-term Debt Transactions (3)	Statement of Activities Totals
Revenues					
General property tax	\$ 43,213,598	\$ (104,344)	\$ -	\$ -	\$ 43,109,254
Intergovernmental and departmental revenues	4,928,030	-	-	-	4,928,030
License and permits	974,565	-	-	-	974,565
Interest on investments	232	-	-	-	232
Other revenues	2,344,348	27,588	-	-	2,371,936
Total revenues	<u>51,460,773</u>	<u>(76,756)</u>	<u>-</u>	<u>-</u>	<u>51,384,017</u>
Expenditures					
Current:					
Legislative, judicial and general administrative	3,096,108	39,535	24,157	1,223,474	4,383,274
Financial administration	501,807	-	-	(128,361)	373,446
Information technology	291,000	-	-	-	291,000
Public safety	3,043,576	-	319,083	-	3,362,659
Public works	2,845,876	-	1,442,314	-	4,288,190
Public health and welfare	405,521	-	-	-	405,521
Parks and recreation	522,161	-	49,320	-	571,481
Town planner	152,036	-	-	-	152,036
Senior and human services	239,353	-	-	-	239,353
Education	33,884,678	-	605,919	-	34,490,597
Library	467,175	-	-	-	467,175
Financing costs	650,037	-	-	-	650,037
Net decrease in FMV of investments	8,538	-	-	-	8,538
Capital outlay	19,373,150	-	(19,373,150)	-	-
Long-term obligations:					
Principal	35,550,000	-	-	(35,550,000)	-
Interest	766,885	(29,044)	-	-	737,841
Total expenditures	<u>101,797,901</u>	<u>10,491</u>	<u>(16,932,357)</u>	<u>(34,454,887)</u>	<u>50,421,148</u>
Other financing sources (uses)					
Issuance of debt	44,135,000	-	-	(44,135,000)	-
BAN premium proceeds	332,320	-	-	-	332,320
Gain (loss) on disposal of equipment	-	-	(20,985)	-	(20,985)
Transfers from other funds	723,640	-	-	-	723,640
Transfers to other funds	(723,640)	-	-	-	(723,640)
Total other financing sources (uses)	<u>44,467,320</u>	<u>-</u>	<u>(20,985)</u>	<u>(44,135,000)</u>	<u>311,335</u>
Net change for the year	<u>\$ (5,869,808)</u>	<u>\$ (87,247)</u>	<u>\$ 16,911,372</u>	<u>\$ (9,680,113)</u>	<u>\$ 1,274,204</u>

TOWN OF EAST GREENWICH, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2011

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

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

Deferred revenue property tax	<u>\$ (104,344)</u>
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Interest expense in the statement of activities differs from the amount reported in the governmental funds for two reasons. Accrued interest was reduced on the calculation for bonds payable and bond issuance costs and premiums are reported as expenditures in governmental funds while in the government-wide financial statements they are capitalized and amortized over the life of the bond.

Accrued interest	\$ 29,044
Bond issuance costs	128,361
Amortization bond issuance costs	(39,535)
Amortization bond premium costs	27,588
Total expenditure adjustment	<u>\$ 145,458</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	\$ 19,373,150
Depreciation expense	(2,440,793)
Difference	<u>\$ 16,932,357</u>

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

Loss on disposal of equipment	<u>\$ (20,985)</u>
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- (3) Repayment of bond principal is reported as an expenditure in the governmental funds and, thus, has the effect of reducing fund balance because current financial resources have been used. For the town as a whole, however, the principal payments reduce the liabilities in the statement of net assets and do not result in an expense in the statement of activities.

Issuance of debt	(44,135,000)
Principal payments made	35,550,000
Difference	<u>\$ (8,585,000)</u>

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

Net increase in the OPEB	\$ (1,224,378)
Net decrease in compensated absences	904
Change	<u>\$ (1,223,474)</u>

TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 10 - CAPITAL LEASES

As of June 30, 2011, future minimum rental commitments under capital leases are as follows \$ -0- .

The Town paid the remaining balance on the Capital Leases as of year ended June 30, 2010 and entered in to no new leases.

NOTE 11 - INTERFUND BALANCES

Inter-fund balances represent loans to various funds for use in operations. These amounts are expected to be repaid at certain future dates. Below are the balances as of June 30, 2011:

	<u>Due from other funds</u>	<u>Due to other funds</u>
General Fund	\$ 93,074,531	\$ 101,591,915
School Bond 52m Capital Fund	41,392,257	33,615,468
Special Revenue Funds:		
School Restricted	5,635,395	6,039,470
Town Restricted	6,343,381	4,466,418
Town Projects Fund	<u>475,472</u>	<u>259,733</u>
Other Non-major Funds		
Capital Projects Funds	9,966,174	9,563,689
Enterprise Funds		
Sewer	-	1,497,180
Fiduciary Funds		
Agency Fund	146,663	-
Totals	<u>\$ 157,033,873</u>	<u>\$ 157,033,873</u>

NOTE 12 - LONG-TERM LIABILITIES

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

Rhode Island general laws cap the amount of each municipality's general obligation bonds that may be outstanding to 3% of its assessed property values. Exceptions apply to bonds financed from non-tax revenues and special exemptions are granted for other purposes as well. The assessed value of the Town's properties at December 31, 2009 was \$2,474,207,226, limiting the amount of non-excepted general obligation bond authority to \$74,226,217. The outstanding bonded debt as of June 30, 2011 was \$33,500,000, which is \$40,726,217 below the maximum level. (See Note 3 page 28 for details.)

**TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 12 - LONG TERM LIABILITIES (CONTINUED)

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

Long-term liability activity for the fiscal year ended June 30, 2011 was as follows:

GOVERNMENTAL ACTIVITIES	Date of Issuance	Interest Rate	Date of Maturity	Authorized	Outstanding July 1, 2010	Additions	Maturities During Year	Outstanding June 30, 2011	Amounts due within one year	Interest Paid
General Obligation Bonds Payable										
Health and Education Building Corp	11/15/2010	0.897%	05/15/29	\$ 10,635,000	\$ -	\$ 10,635,000	\$ -	\$ 10,635,000	\$ 590,633	\$ -
Open Space Bonds	10/1/2001	4.25-4.7%	10/1/2011	1,000,000	200,000	-	100,000	100,000	100,000	6,413
Open Space / School Improvements	3/15/2004	2.0-4.0%	3/15/2019	9,660,000	6,210,000	-	690,000	5,520,000	690,000	204,412
Police Station	9/1/2007	3.85%	6/15/2017	8,000,000	5,635,000	-	805,000	4,830,000	805,000	216,974
Landfill Reclamation	9/1/2007	3.85%	6/15/2017	1,600,000	1,155,000	-	165,000	990,000	165,000	44,441
Town Hall Sidewalk/Step Repair	4/29/2009	2.0-4.0%	4/15/2019	190,000	190,000	-	25,000	165,000	25,000	6,552
Senior Center/Public Works Offices	4/29/2009	2.0-4.0%	4/15/2019	3,050,000	3,050,000	-	335,000	2,715,000	335,000	87,048
School Fields - RIHBC	2/25/2009	2.5-4.125%	5/15/2024	6,000,000	6,000,000	-	430,000	5,570,000	430,000	201,045
Total general obligation bonds payable				40,135,000	22,440,000	10,635,000	2,550,000	30,525,000	3,140,633	766,885
Bond Anticipation Notes Payable										
Bond Anticipation Notes	2/16/2011	0.658%	02/16/12	33,500,000	-	33,500,000	-	33,500,000	33,500,000	-
Bond Anticipation Notes	2/16/2010	1.50%	2/16/2011	33,000,000	33,000,000	-	33,000,000	-	-	492,250
Total bond anticipation notes payable				66,500,000	33,000,000	33,500,000	33,000,000	33,500,000	33,500,000	492,250
Total governmental activates bonds, BANs and leases payable					55,440,000	44,135,000	35,550,000	64,025,000	36,640,633	1,259,135
Accrued expenses										
Compensated absences - Town					901,841	3,371	-	905,212	181,042	-
Compensated absences - School Department					18,472	-	4,275	14,197	2,839	-
Net other post employment benefit obligation					2,312,918	1,224,378	-	3,537,296	-	-
Total accrued expenses					3,233,231	1,227,749	4,275	4,456,705	183,882	-
Total long-term liabilities - governmental activities					\$ 58,673,231	\$ 45,362,749	\$ 35,554,275	\$ 68,481,705	\$ 36,824,515	\$ 1,259,135
BUSINESS TYPE ACTIVITIES										
General Obligation Bonds Payable										
Sewer General Obligation Bonds	11/1/2008	4.0-4.2%	6/30/2023	\$ 6,000,000	\$ 5,800,000	\$ -	\$ 330,000	\$ 5,470,000	\$ 330,000	\$ 237,250
Total general obligation bonds payable				6,000,000	5,800,000	-	330,000	5,470,000	330,000	237,250
Notes payable										
Clean Water	8/25/1999	5.09%	9/1/2019	\$ 8,500,000	\$ 4,473,684	\$ -	\$ 447,368	\$ 4,026,316	\$ 447,368	\$ 142,230
Clean Water	10/30/2002	3.90%	9/1/2022	11,100,000	8,133,003	-	538,136	7,594,867	551,435	121,719
Clean Water	12/21/2006	1.27%	9/1/2027	7,600,000	6,951,000	-	333,000	6,618,000	338,000	123,117
Clean Water	9/14/2009	0.41-2.68%	9/1/2029	2,462,252	2,462,252	-	101,039	2,361,213	120,000	50,068
Clean Water	6/10/2010	0.61-3.25%	9/1/2031	3,000,000	3,000,000	-	-	3,000,000	-	14,757
Total Sewer notes payable				32,662,252	25,019,939	-	1,419,543	23,600,396	1,456,803	451,891
Total business-type activities funds bonds and loans payable					30,819,939	-	1,749,543	29,070,396	1,786,803	689,141
Accrued expenses										
Compensated absences					18,636	3,629	-	22,265	-	-
Total long-term liabilities - business-type activities					\$ 30,838,575	\$ 3,629	\$ 1,749,543	\$ 29,092,661	\$ 1,786,803	\$ 689,141

(Continued)

TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 12 - LONG-TERM LIABILITIES (CONTINUED)

SCHEDULE OF DEBT SERVICE REQUIREMENTS

GOVERNMENTAL ACTIVITIES

<u>Fiscal Year Ended June 30,</u>	<u>Percentage of Maturity</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2012	57.23%	36,640,833	818,064	37,458,897
2013	61.98%	3,040,833	694,194	3,735,027
2014	66.73%	3,040,833	615,187	3,656,020
2015	71.48%	3,040,833	533,517	3,574,350
2016	76.23%	3,040,833	450,047	3,490,880
2017	80.98%	3,040,833	360,552	3,401,385
2018	84.21%	2,070,833	271,057	2,341,890
2019	87.45%	2,070,833	219,607	2,290,440
2020-2024	100.00%	8,038,336	1,127,784	9,166,120
		<u>\$ 64,025,000</u>	<u>\$ 5,090,006</u>	<u>\$ 69,115,006</u>

BUSINESS-TYPE ACTIVITIES

2012	6.15%	1,786,803	696,931	2,483,734
2013	12.68%	1,898,163	670,059	2,568,222
2014	19.28%	1,920,824	626,061	2,546,885
2015	25.90%	1,924,829	580,847	2,505,677
2016	32.61%	1,949,189	535,089	2,484,278
2017	39.40%	1,974,759	488,085	2,462,844
2018	46.29%	2,001,701	439,818	2,441,519
2019	53.27%	2,030,023	390,639	2,420,662
2020-2029	100.00%	13,584,106	1,783,850	15,367,956
		<u>\$ 29,070,396</u>	<u>\$ 6,211,380</u>	<u>\$ 35,281,776</u>

TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 13 - PRIOR PERIOD ADJUSTMENTS

Business-Type Activities – Sewer Assessment Receivables - Prior year sewer assessment receivables are being restated in the amount of \$298,605 due to a correction in the sewer assessment receivables report. In years prior to 2008, this report showed the paid balance rather than the unbilled amount. In 2011 the first sewer assessment tax sale took place and as a result a discrepancy was discovered in the reporting of the old accounts. The report issue has been rectified and receivables are now properly stated.

Permanent Funds – The prior years' fund balances were reclassified among the funds to properly reflect the actual balances. There was no effect on the overall total balance of the Permanent Funds nor any effect for the period ending June 30, 2011.

As required by the Government Accounting Standards Board GASB Statement No. 54 - *Fund Balance Reporting and Governmental Fund Type Definitions* the Town has discontinued reporting its School Department as a special revenue fund and combined its current year operations in with the General Fund. The School Departments prior years cumulative fund balance of \$1,417,251 will now be reported with the General Fund.

NOTE 14 - 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.

NOTE 15 - FUND TRANSFERS

Transfers are made to provide revenue for annual expenditures of various funds. Transfers are not expected to be repaid to the originating (source) fund. Listed below is the transfer activity for fiscal year ended June 30, 2011.

<u>Fund / Department</u>	Transfers from other funds	Transfers to other funds
General Fund	\$ 21,608	\$ (646,136)
Town Special Revenue Funds	673,205	-
School Special Revenue Funds	-	(21,608)
Capital Projects	28,827	(55,896)
Totals	<u>\$ 723,640</u>	<u>\$ (723,640)</u>

(Continued)

TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 16 - RETIREMENT PLANS & POST EMPLOYMENT BENEFITS

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

The Town of East Greenwich participates in the Municipal Employees' Retirement System of the State of Rhode Island ("System"), an agent multiple employer defined benefit plan. The System includes a normal plan for general employees and both a normal and optional plan for police personnel. All full-time Town and non-certified School Department general employees participate in the System. The System issues a publicly available financial report that includes financial statements and required supplementary information for the Town. The financial report may be obtained by writing to Employees Retirement System of Rhode Island, 40 Fountain Street, Providence, Rhode Island, 02903-1854, by calling (401) 222-2203 or by accessing their website at www.ersri.org.

Eligibility: General employees, police officers and firefighters employed by electing municipalities participate in MERS. Teachers and administrators are covered by the separate Employees' Retirement System of Rhode Island, but other school employees may be covered by MERS. Eligible employees become members at their date of employment. Anyone employed by a municipality at the time the municipality joins MERS may elect not to be covered. Elected officials may opt to be covered by MERS. Employees covered under another plan maintained by the municipality may not become members of MERS. Police officers and/or firefighters may be classified as such by the municipality, in which case the special contribution and benefit provisions described below will apply to them, or they may be classified as general employees with no special benefits. Members designated as police officers and/or firefighters are treated as belonging to a separate unit from the general employees, with separate contribution rates applicable.

Employee Contributions: General employees contribute 6.00% of their salary per year, and police officers and firefighters contribute 7.00%. In addition, if the municipality has elected one of the optional cost-of-living provisions, an additional member contribution of 1.00% of salary is required. If a municipality elects the optional 20-year retirement provision for its police officers and/or its firefighters, an additional contribution of 1.00% of salary will be required from these members. The municipality, at its election, may choose to "pick up" the members' contributions for its employees under the provisions of Internal Revenue Code (IRC) Section 414(h).

Salary: Salary includes the member's base earnings plus any payments under a regular longevity or incentive plan. Salary excludes overtime, unused sick and vacation leave, severance pay, and other extraordinary compensation. Certain amounts that are excluded from taxable wages, such as amounts sheltered under a Section 125 plan or amounts picked up by the employer under IRC Section 414(h), are not excluded from salary.

Employer Contributions: Each participating unit's contribution rate is determined actuarially. Contributions determined in a given actuarial valuation go into effect two years after the actuarial valuation.

Service: Employees receive credit for service while a member. In addition, a member may purchase credit for certain periods by making an additional contribution to purchase the additional service. Special rules and limits govern the purchase of additional service and the contribution required.

Final Average Compensation (FAC): The average of the member's highest three consecutive annual salaries. Monthly benefits are based on one-twelfth of this amount.

**TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 16 - RETIREMENT PLANS & POST EMPLOYEMENT BENEFITS

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

Retirement Benefits

Eligibility: General employees are eligible for retirement on or after age 58 if they have credit for 10 or more years of service, or at any age if they have credit for at least 30 years of service. Members designated as police officers or firefighters may retire at or after age 55 with credit for at least 10 years of service, or at any age with credit for 25 or more years of service. Members may retire and receive a reduced benefit if they are at least age 50 and have at least 20 years of service. If the municipality elects to adopt the 20-year retirement provisions for police officers and/or firefighters, then such a member may retire at any age with 20 or more years of service.

Monthly Benefit: 2.00% of the member's monthly FAC for each year of service, up to 37.5 years (75% of FAC maximum). If the optional 20-year retirement provisions are adopted by the municipality and the member has attained 20 years of service, the benefit is 2.50% of the member's monthly FAC for each year of service, up to 30 years (75% of FAC maximum). If a police officer or firefighter not covered by the 20-year retirement provision retires before age 55 with at least 20, but less than 25, years of service, benefits are reduced 0.5% per month that the member's age at retirement is less than 55.

Payment Form: Benefits are paid as a monthly life annuity. Optional forms of payment are available; see below.

Death benefit: After retirement, death benefits are based on the form of annuity elected. If no option is elected, i.e., if payments are made as a life annuity, there is a minimum death benefit equal to the sum of the member's contributions without interest, less the sum of the monthly benefit payments made before the member's death. In addition, a lump-sum death benefit is payable upon the death of any retired member, regardless of option elected. This lump sum is equal to a percentage of the lump-sum death benefit that was available to the member at the time of retirement. The percentage is 100% in the first year of retirement, 75% in the second year, 50% in the third year, and 25% in the fourth and subsequent years of retirement. However, in no event will the lump sum death benefit be less than \$4,000.

**TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 16 - RETIREMENT PLANS & POST EMPLOYEMENT BENEFITS

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

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date June 30,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
General Employees						
2006	8,113,412	5,041,994	(3,071,418)	161%	899,674	-341%
2007	8,680,821	4,872,345	(3,808,476)	178%	1,065,758	-357%
2008	9,233,655	5,444,173	(3,789,482)	170%	1,172,412	-323%
2009	7,611,272	6,218,210	(1,393,062)	122%	1,129,564	-123%
2010	7,235,232	7,132,310	(102,922)	101%	1,131,628	-9%
2011	*N/A	*N/A	*N/A	*N/A	*N/A	*N/A
Police Employees						
2006	9,829,614	10,510,066	680,452	94%	1,738,795	39%
2007	8,662,445	10,523,945	1,861,500	82%	2,112,367	88%
2008	12,227,676	12,050,993	(176,683)	101%	1,914,960	-9%
2009	12,515,512	13,549,427	1,033,915	92%	1,933,255	53%
2010	12,447,820	18,047,649	5,599,829	69%	1,931,364	290%
2011	*N/A	*N/A	*N/A	*N/A	*N/A	*N/A

*Unavailable at time of report

Actuarial Methods and Assumptions

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

Valuation date	June 30, 2010
Actuarial cost method	Entry Age Actuarial Cost Method
Amortization method	Level Percent of Payroll – Closed 30-yr period
Remaining amortization period	18 Years
Asset valuation method	5 Year Smoothed Market
Actuarial assumptions:	
Investment rate of return	7.50%, Compounded Annually
Projected salary increases	4.00-8.00%
Cost-of-living adjustments	2.75%
Inflation Rate	2.75% Annually
Post Retirement Benefit Increases	3.00% Of Original Retirement Benefit

**TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

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

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

Annual Pension Cost - For 2011, the Town contributed \$914,166 for MERS. The required contribution was determined as part of the June 30, 2008 actuarial valuation using the entry age normal cost method with frozen initial liability. The actuarial value of MERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period. MERS unfunded actuarial accrued liability is being amortized using the weighted average method over a 30-year period.

Required contributions:

SCHEDULE OF CONTRIBUTIONS FROM THE TOWN

Year Ended June 30,	Police	General	Total Annual Pension Cost	Total Amount Contributed	Total Percentage Contributed
2008	139,460	451,739	591,199	591,199	100%
2009	200,885	482,723	683,608	683,608	100%
2010	179,893	420,959	600,852	600,852	100%
2011	395,048	519,118	914,166	914,166	100%

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

All Town of East Greenwich, Rhode Island certified school personnel participate in the Employees' Retirement System of the State of Rhode Island ("System"), a cost-sharing multiple-employer public employee retirement system. The System issues a publicly available financial report that includes financial statements and required supplementary information. The financial report may be obtained by writing to Employees Retirement System of Rhode Island, 40 Fountain Street, Providence, Rhode Island, 02903-1854, by calling (401) 222-2203 or by accessing their website at www.ersri.org.

Plan Year: A twelve-month period ending June 30th.

Administration: ERSRI is administered by the State of Rhode Island Retirement Board. However, the State Treasurer is responsible for the investment of the trust assets, including the establishment of the asset allocation policy.

Type of Plan: ERSRI is a qualified governmental defined benefit retirement plan. Separate contribution rates are determined for state employees and for teachers. For Governmental Accounting Standards Board purposes, it is a cost-sharing multiple employer plan.

Eligibility: Most Rhode Island state employees and certified public school teachers participate in ERSRI. Certain employees of the Airport Corporation, the Economic Development Corporation, and the Narragansett Bay Commission participate in the plan as though they were state employees. State police officers, state judges, and teachers and administrators in the public colleges and universities are covered by their own separate systems, and are therefore excluded. Certain elected state officials are excluded unless they make an election to join ERSRI. Superintendents, principals, business agents and other administrators participate as teachers. Non-certified public school employees, such as teacher's aides, janitors, secretaries, and bus drivers, cannot participate in ERSRI, although they may be covered by the Municipal Employees Retirement System (MERS) or a separate plan maintained by the town or city. Eligible employees become members as of their date of employment.

(Continued)

**TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

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

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

Employee Contributions: State Employees generally contribute 8.75% of their salary per year. Teachers contribute 9.50% per year. The state —picks up" the members' contributions for its employees under the provisions of Internal Revenue Code (IRC) Section 414(h). At their option, the city or town employing a Teacher may also pick up their members' contributions.

Salary: Salary includes the member's base earnings plus any payments under a regular longevity or incentive plan. Salary excludes overtime, unused sick and vacation leave, severance pay, and other extraordinary compensation. Certain amounts that are excluded from taxable wages, such as amounts sheltered under a Section 125 plan or amounts picked up by the employer under IRC Section 414(h), are not excluded from salary.

Employer Contributions: For Teachers, the state contributes 40% of the employer contribution rate and the city, town or other local employer contributes the remaining 60%. (This basic 40-60 split is further adjusted, since the State bears the cost of repaying certain amounts taken from the trust in the early 1990's.) Contributions determined in a given actuarial valuation go into effect two years after the actuarial valuation. In fiscal years beginning after June 30, 2005, if the State's contribution on behalf of State Employees decreases, the State shall appropriate an additional amount to the retirement trust. Such amount shall be equal to 20% of any decrease in expected contributions.

Service: Employees receive credit for service while a member. In addition, a member may purchase credit for certain periods, such as time spent teaching at a public school in another state, by making an additional contribution to purchase the additional service and those costs will be determined at full actuarial value, except for purchases of military service and redeposits of previously refunded contributions. Special rules and limits govern the purchase of additional service and the contribution required.

Final Average Compensation (FAC): For members eligible to retire as of September 30, 2009, their Final Average Compensation (FAC) will be based on the highest three consecutive annual salaries. For members not eligible to retire as of September 30, 2009, their FAC will be based on the highest five consecutive years of salary. Monthly benefits are based on one-twelfth of this amount.

Retirement Benefits

Eligibility:

(i) Grandfathered Schedule A members—members with at least 10 years of contributory service at June 30, 2005 and eligible for retirement at September 30, 2009—are eligible to retire on or after age 60 if they have credit for 10 years of service, or at any age if they have credit for 28 years of service.

(ii) Correctional officers who have reached age 50 and have credit for 20 years of service as of September 30, 2009 are eligible to retire and are grandfathered.

(iii) Nurses (RNs) employed by MHRH who have reached age 50 with 25 years of service by September 30, 2009 are eligible to retire and are grandfathered.

(iv) Schedule B members—members with less than 10 years of contributory service as of June 30, 2005 and members hired on or after that date—are eligible for retirement on or after age 65 if they have credit for 10 years of service, or on or after age 62 if they have credit for 29 years of service. In addition, a member who attains age 62 with at least 20 years of service credit may retire with an actuarially reduced retirement benefit. The reduction is based on the difference between 65 and the member's age at retirement.

(Continued)

**TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

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

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

Retirement Benefits

(v) Correctional officers who are hired after September 30, 2009 become eligible to retire when they have reach age 55 and have credit for 25 years of service.

(vi) Nurses (RNs) employed by MHRH who are hired after September 30, 2009 become eligible when they have reach age 55 and have credit for 25 years of service.

(vii) Schedule A members who are not grandfathered, i.e., members who had at least 10 years of creditable service at June 30, 2005 but who were not eligible to retire on September 30, 2009, will be eligible for retirement at an individually determined age. This age is the result of interpolating between the retirement age under the rules applicable to grandfathered employees in (i) above and the retirement age applicable to members hired after September 30, 2009 in (iv) above. The interpolation is based on service as of Sept. 30, 2009 divided by projected service at the retirement age under (i) above.

(viii) Correctional officers hired on or before September 30, 2009 who are not eligible for retirement at that date will have an individually determined retirement age. This age is the result of interpolating between the retirement age for grandfathered employees in (ii) above and the retirement age applicable to members hired after September 30, 2009 in (v) above.

(ix) Similarly, MHRH nurses (RNs) hired on or before September 30, 2009 who are not eligible to retire at that date will have an individually determined retirement age. This age is the result of interpolating between the retirement age for grandfathered employees in (iii) above and the retirement age applicable to members hired after September 30, 2009 in (vi) above.

Monthly Benefit: The retirement benefit is a percentage of the member's monthly FAC. This percentage is a function of the member's service as described below.

(i) For grandfathered Schedule A members (members with at least 10 years of contributory service at June 30, 2005 and eligible for retirement at September 30, 2009), benefits are based under this schedule (Schedule A):

For Service In:	Years	Benefit Percentage Earned
The first 10 years of service	1 – 10	1.7% per year
The next 10 years of service	11 – 20	1.9% per year
The next 14 years of service	21 – 34	3.0% per year
The next 1 year of service	35	2.0% per year

The maximum benefit is 80% of FAC.

(Continued)

**TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

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

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

Retirement Benefits

(ii) For Schedule B members (members with less than 10 years of contributory service as of June 30, 2005) and for all future hires, benefits are based on the following schedule (Schedule B):

For Service In:	Years	Benefit Percentage Earned
The first 10 years of service	1 – 10	1.6% per year
The next 10 years of service	11 – 20	1.8% per year
The next 5 years of service	21 – 25	2.0% per year
The next 5 years of service	26 – 30	2.25% per year
The next 7 years of service	31 – 37	2.50% per year
The next 1 year of service	38	2.25% per year

The maximum benefit is 75% of FAC.

(iii) For Schedule A members who are not grandfathered, i.e., members who had at least 10 years of creditable service at June 30, 2005 but who were not eligible to retire on September 30, 2009, benefits are based on Schedule A (under (i) above) for service through September 30, 2009 and on Schedule B (under (ii) above) for service after September 30, 2009. The maximum benefit is 80% of FAC.

(iv) MHRH nurses receive a benefit determined under the appropriate formula above.

(v) Correctional Officers receive a benefit computed under a different formula:

For Service In:	Years	Benefit Percentage Earned
The first 30 years of service	1 – 30	2.0% per year
The next 1 year of service	31	6.0% per year
The next 1 year of service	32	5.0% per year
The next 1 year of service	33	4.0% per year
The next 1 year of service	34	3.0% per year
The next 14 years of service	35	2.0% per year

The maximum benefit for correctional officers is 80% of FAC.

(Continued)

**TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

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

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

Retirement Benefits

Payment Form: Benefits are paid as a monthly life annuity. Optional forms of payment are available.

Death benefit: After retirement, death benefits are based on the form of annuity elected. If no option is elected, i.e., if payments are made as a life annuity, there is a minimum death benefit equal to the sum of the member's contributions without interest, less the sum of the monthly benefit payments made before the member's death. In addition, a lump-sum death benefit is payable upon the death of any retired member, regardless of option elected. This lump sum is equal to a percentage of the lump-sum death benefit that was available to the member at the time of retirement. The percentage is 100% in the first year of retirement, 75% in the second year, 50% in the third year, and 25% in the fourth and subsequent years of retirement. However, in no event will the lump sum death benefit be less than \$4,000.

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 \$1,166,742 for the fiscal year ended June 30, 2011. These on-behalf payments of fringe benefits have been recognized as revenues and expenditures in the fiscal period. The School Department does not have any investments or related party investment with the State Plan.

The amounts contributed to the plan are as follows:

<u>Fiscal Years Ending</u>	<u>Pension Cost</u>	<u>Contributed</u>
June 30, 2008	\$ 2,040,861	100%
June 30, 2009	\$ 1,637,537	100%
June 30, 2010	\$ 1,676,045	100%
June 30, 2011	\$ 1,704,748	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.

TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

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

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

Retirement Benefits

Actuarial Methods and Assumptions

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

Valuation date	June 30, 2010
Actuarial cost method	Entry Age Actuarial Cost Method
Amortization method	Level Percent of Payroll – Closed 30-yr period
Remaining amortization period	18 Years
Asset valuation method	5 Year Smoothed Market
Actuarial assumptions:	
Investment rate of return	7.50%, Compounded Annually
Projected salary increases	3.00-7.00%
Cost-of-living adjustments	2.75%
Inflation Rate	2.75% Annually

Post Retirement Benefit Increases: For grandfathered Schedule A members, i.e., members who were retired or eligible to retire by Sept. 30, 2009, the post-retirement benefit increases set by statute to be 3.00%. They are not a function of the actual increases in the cost of living. Other members receive a compound increase each year equal to the increase in the CPI, but limited to 3.00%. This limit lowers the average expected increase below the inflation assumption of 2.75%. The assumed average increase received for this group of employees is 2.35%. The indexed COLA limitation (\$35,000 for 2010) is also assumed to grow at 2.35% per annum.

C. POST RETIREMENT BENEFITS

Plan Description

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

Groups Covered

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

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

(Continued)

**TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

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

C. POST RETIREMENT BENEFITS (CONTINUED)

Membership

At July 1, 2010, membership consisted of:

Eligible Active Members		345
Retired Members and Spouses		<u>53</u>
Total		398

Funding Policy

Contribution requirements are negotiated between the Town and the respective unions and employees. For the year-ended June 30, 2011, 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.

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date <u>July 1,</u>	Actuarial Value of Assets <u>(a)</u>	Accrued Liability (AAL) <u>(b)</u>	Unfunded AAL (UAAL) <u>(b-a)</u>	Funded Ratio <u>(a/b)</u>	UAAL as a Covered Payroll <u>(c)</u>	Percentage of Covered Payroll <u>((b-a)/c)</u>
7/1/2008	N/A	13,840,762	13,840,762	N/A	20,291,634	68.21%
7/1/2010	N/A	15,655,801	15,655,801	N/A	21,121,119	74.12%

**TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

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

C. POST RETIREMENT BENEFITS (CONTINUED)

Actuarial Methods and Assumptions

The information presented was determined as part of the actuarial valuation. These assumptions and calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of the plan valuation and on the pattern of sharing of cost between the employer and plan members as of the valuation date. Also, actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Additional information as of the last actuarial valuations follows:

Valuation Date:	July 1, 2010
Actuarial Cost Method:	Projected Unit Credit Funding Method
Asset Valuation Method:	Plan is currently unfunded
Amortization Method:	Level dollar thirty year open amortization basis
Remaining Amortization Period	30 Years
Health Care Trend Rate:	8.50% per year graded off 0.50% per year to an ultimate rate of 4.50% per year.

The actuarial; calculations of the OPEB plan reflect a long-term perspective.

Annual OPEB Cost and Net OPEB Obligation: Below are the required OPEB obligation presentations per GASB 45 for the period ending June 30, 2011.

	2011	2010
Annual required contribution	\$ 1,861,270	\$ 1,743,839
Interest on OPEB	98,300	52,638
Adjustment to annual required contribution	<u>(137,847)</u>	<u>(73,814)</u>
Annual OPEB cost	1,821,723	1,722,663
Allocations for implicit Rate Subsidy	(174,572)	(219,444)
*Contributions made	(422,773)	(428,826)
**Adjustment at beginning of year	<u>-</u>	<u>252,198</u>
Increase (decrease) in net OPEB obligation	<u>1,224,378</u>	<u>1,326,591</u>
Net OPEB beginning of year	<u>2,312,918</u>	<u>986,327</u>
Net OPEB obligation end of year	<u>\$ 3,537,296</u>	<u>\$ 2,312,918</u>
Percentage of the annual postemployment benefit cost contributed	<u>23.21%</u>	<u>24.89%</u>

*Assumes pay-as-you-go funding

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

**TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 17 - JOINTLY GOVERNED ORGANIZATION

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

NOTE 18 - RELATED PARTIES

The Town reviews its records on an annual basis to determine if any related party transactions exist that would represent a conflict of interest with parties related to its officers and department heads. No such transactions were noted in the fiscal year ended June 30, 2011.

NOTE 19 - RISK MANAGEMENT

Self-insurance:

The School Department participates in a multi-employer cost reimbursement healthcare self-insurance risk pool managed by West Bay Community Health (WBCH). The School Department pays WBCH monthly premiums based upon "working rates" that are periodically adjusted to reflect changes in actual costs. Funds on deposit with WBCH are made available to pay claims, claim reserves and administrative costs. As of June 30, 2011, the reported premiums exceeded expenditures on deposit by \$447,745. Incurred but not reported (IBNR) claims, of \$105,904 resulted in a \$255,513 balance in the net adjusted reserve.

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

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

	Year ended June 30, 2011	Year ended June 30, 2010
Beginning cumulative surplus(deficit)	\$ (86,328)	\$ (78,967)
Premium deposits	3,843,984	3,668,817
Incurred claims (excluding IBNR)	(3,122,438)	(3,340,718)
Administrative fees	(273,801)	(235,460)
	<hr/>	<hr/>
Ending cash deposit balance	361,417	13,672
Estimated IBNR (two month estimate)	(105,904)	(100,000)
	<hr/>	<hr/>
Net adjusted reserve	<u>\$ 255,513</u>	<u>\$ (86,328)</u>

(Continued)

TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 19 - RISK MANAGEMENT (CONTINUED)

Self-insurance: (continued)

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

NOTE 20 - SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

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, 2011 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 21 – LANDFILL CLOSURE COSTS

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

The prior outlays have been capitalized as outlays to prepare for use property acquired with suspected pollution that was expected to be remediated. For the fiscal year ended June 30, 2011, \$20,974 was included in non-capital expenditures for remediation activities.

The substantial completion of the feasibility study in 2007 is a measurement benchmark requiring the Town to accrue all components of the pollution remediation liability. As of June 30, 2011, the cleanup project was substantially complete.

NOTE 22 – STATE FISCAL STABILIZATION FUNDS

State education aid to school districts was reduced for fiscal year 2011 as part of a State budget crisis. To offset this reduction, Federal State Fiscal Stabilization Funds (SFSF) were allocated to each school district. The fiscal impact to school district operations aid was intended to be neutral. These Stabilization Funds were part of the American Recovery and Reinvestment Act of 2009 (ARRA) and under guidance provided by Rhode Island General Law R.I.G.L. 45-12-22.2. School Departments were required to account for Stabilization Funds in a separate restricted fund, however for financial statement purposes districts are required to include expenditures covered by the Stabilization Funds as part of the General Fund. For fiscal year 2011, the East Greenwich School Department was awarded and received \$21,136 in Stabilization Funds.

(Continued)

TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 23 – GASB 54 – FUND BALANCE REPORTING AND GOVERNMENTAL FUND TYPE DEFINITIONS

For the fiscal year ended June 30, 2011 the Town has adopted the requirements of the Government Accounting Standards Board GASB Statement No. 54 - *Fund Balance Reporting and Governmental Fund Type Definitions*. Acceptance of this statement has changed the Town's presentation of the elements of fund balances, a key indicator of inter-period equity. It has also changed the presentation of the Town's fund reporting. By definition Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt or capital projects. The term *proceeds of specific revenue sources* establish that one or more specific restricted or committed revenues should be the foundation for a special revenue fund. In prior years before the issuance of GASB 54 the Town presented the School Departments revenue and expenditure activity as special revenue fund in their basic financial statements. GASB 54 states that the restricted or committed proceeds of a specific revenue source should be expected to comprise a "substantial portion" of the inflows reported in the special revenue funds. Governments should discontinue reporting a special revenue fund, and instead report the funds remaining resources in the General Fund, if the government no longer expects that a substantial portion of the inflows will derive from restricted or committed revenue sources such as Rhode Island State Aid to Schools. Guidance on what defines "substantial" has not been clear.

Due to the issuance of the Government Accounting Standards Board GASB Statement No. 54 - *Fund Balance Reporting and Governmental Fund Type Definitions* the Town has discontinued reporting the School Departments fund activity as a separate major fund in the basic financial statements and has combined its activity for the fiscal year ended June 30, 2011 with the General Fund.

NOTE 24 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 20, 2011, the date the financial statements were available to be issued. As a result of this review no material subsequent events were noted.

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION
TOWN OF EAST GREENWICH, RHODE ISLAND
Budgetary Comparison Schedule - General Fund
Schedule of Revenues - Non-GAAP Budgetary Basis
For the Fiscal Year Ended June 30, 2011

	<u>Original Budget Revenues</u>	<u>Revised Budget Revenues</u>	<u>Actual Revenues</u>	<u>Variance</u>
General property tax				
Taxes - current	\$ 42,160,805	\$ 42,160,805	\$ 42,029,194	\$ (131,611)
Taxes - prior year	400,000	400,000	1,184,404	784,404
Total general property taxes	<u>42,560,805</u>	<u>42,560,805</u>	<u>43,213,598</u>	<u>652,793</u>
General revenue				
Grants and departmental revenue	15,264	15,264	18,097	2,833
Municipal court	23,000	23,000	25,955	2,955
Other revenue	1,285,384	1,285,384	1,475,914	190,530
Total general revenue	<u>1,323,648</u>	<u>1,323,648</u>	<u>1,519,966</u>	<u>196,318</u>
State aid				
School housing aid	150,000	150,000	395,618	245,618
Telephone tax	125,913	125,913	140,191	14,278
State aid to education	1,275,562	1,275,562	1,296,770	21,208
Pilot	7,589	7,589	7,599	10
Motor vehicle phase out	-	-	121,065	121,065
Meals tax	390,000	390,000	447,765	57,765
Total state aid	<u>1,949,064</u>	<u>1,949,064</u>	<u>2,409,008</u>	<u>459,944</u>
Licenses, permits and usage fees				
Town clerk department	423,750	423,750	524,602	100,852
Department of public works	189,000	189,000	265,119	76,119
Police department	152,500	152,500	184,844	32,344
Total licenses, permits and usage fees	<u>765,250</u>	<u>765,250</u>	<u>974,565</u>	<u>209,315</u>
Total revenues	<u>46,598,767</u>	<u>46,598,767</u>	<u>48,117,137</u>	<u>1,518,370</u>
Other financing sources				
Transfers from other funds	-	-	21,608	21,608
BAN premium proceeds	-	-	332,320	332,320
Total other financing sources	<u>-</u>	<u>-</u>	<u>353,928</u>	<u>353,928</u>
Total revenue and other financing sources	<u>\$ 46,598,767</u>	<u>\$ 46,598,767</u>	<u>\$ 48,471,065</u>	<u>\$ 1,872,298</u>

(Continued)

REQUIRED SUPPLEMENTARY INFORMATION
TOWN OF EAST GREENWICH, RHODE ISLAND
Budgetary Comparison Schedule - General Fund
Schedule of Expenditures - Non-GAAP Budgetary Basis
For the Fiscal Year Ended June 30, 2011

	Original Budgeted Expenditures	Revised Budgeted Expenditures	Actual Expenditures	Variance
Administration				
Town council				
Salaries	\$ 118,771	\$ 118,771	\$ 119,239	\$ (468)
Total town council	<u>118,771</u>	<u>118,771</u>	<u>119,239</u>	<u>(468)</u>
Town manager				
Salaries and wages	61,659	61,659	61,215	444
Outside services	19,690	19,690	17,251	2,439
Supplies	4,700	4,700	2,281	2,419
Total town manager	<u>86,049</u>	<u>86,049</u>	<u>80,747</u>	<u>5,302</u>
Town clerks				
Salaries and wages	251,204	251,204	266,689	(15,485)
Outside services	19,075	19,075	14,983	4,092
Supplies	2,400	2,400	2,255	145
Total town clerks	<u>272,679</u>	<u>272,679</u>	<u>283,927</u>	<u>(11,248)</u>
Town solicitor				
Outside services	157,500	157,500	154,010	3,490
Total town solicitor	<u>157,500</u>	<u>157,500</u>	<u>154,010</u>	<u>3,490</u>
Municipal court and judges				
Salaries	40,306	40,306	40,793	(487)
Outside services	2,200	2,200	772	1,428
Total municipal court and judges	<u>42,506</u>	<u>42,506</u>	<u>41,565</u>	<u>941</u>
Board of canvassers				
Salaries and wages	20,100	20,100	14,809	5,291
Outside services	8,100	8,100	7,010	1,090
Supplies	1,200	1,200	804	396
Total board of canvassers	<u>29,400</u>	<u>29,400</u>	<u>22,623</u>	<u>6,777</u>

(Continued)

REQUIRED SUPPLEMENTARY INFORMATION
TOWN OF EAST GREENWICH, RHODE ISLAND
Budgetary Comparison Schedule - General Fund
Schedule of Expenditures - Non-GAAP Budgetary Basis
For the Fiscal Year Ended June 30, 2011

	Original Budgeted Expenditures	Revised Budgeted Expenditures	Actual Expenditures	Variance
Employee benefits				
Outside services	2,174,468	2,174,468	2,024,251	150,217
Total employee benefits	<u>2,174,468</u>	<u>2,174,468</u>	<u>2,024,251</u>	<u>150,217</u>
Insurance				
Outside services	326,803	326,803	261,937	64,866
Total insurance	<u>326,803</u>	<u>326,803</u>	<u>261,937</u>	<u>64,866</u>
Contingency fund				
Outside services	12,500	12,500	20,537	(8,037)
Total contingency fund	<u>12,500</u>	<u>12,500</u>	<u>20,537</u>	<u>(8,037)</u>
Total Administration	<u>3,220,676</u>	<u>3,220,676</u>	<u>3,008,836</u>	<u>211,840</u>
Finance department				
Salaries	412,215	410,815	411,617	(802)
Outside services	52,575	54,245	51,750	2,495
Supplies	10,800	10,730	9,982	748
Equipment	500	300	-	300
Communications	32,000	32,000	28,458	3,542
Total finance department	<u>508,090</u>	<u>508,090</u>	<u>501,807</u>	<u>6,283</u>
Information technology				
Salaries	64,118	64,118	64,363	(245)
Outside services	97,800	97,800	87,294	10,506
Supplies	11,000	9,000	11,194	(2,194)
Equipment	41,100	43,100	46,721	(3,621)
Communications	77,000	78,391	81,428	(3,037)
Total information technology	<u>291,018</u>	<u>292,409</u>	<u>291,000</u>	<u>1,409</u>
Police department				
Salaries and wages	2,669,836	2,677,836	2,687,359	(9,523)
Police overtime	-	-	-	-
Outside services	40,115	42,345	40,911	1,434
Supplies	82,290	81,940	88,287	(6,347)
Equipment	19,316	18,045	17,958	87
Communications	3,700	3,700	3,667	33
Total police department	<u>2,815,257</u>	<u>2,823,866</u>	<u>2,838,182</u>	<u>(14,316)</u>

(continued)

REQUIRED SUPPLEMENTARY INFORMATION
TOWN OF EAST GREENWICH, RHODE ISLAND
Budgetary Comparison Schedule - General Fund
Schedule of Expenditures - Non-GAAP Budgetary Basis
For the Fiscal Year Ended June 30, 2011

	Original Budgeted Expenditures	Revised Budgeted Expenditures	Actual Expenditures	Variance
Public works administration				
Salaries and wages	1,137,262	1,137,262	1,136,590	672
Outside services	967,068	967,068	891,424	75,644
Supplies and expense	708,495	708,495	817,387	(108,892)
Equipment	475	475	475	-
Total public works administration	<u>2,813,300</u>	<u>2,813,300</u>	<u>2,845,876</u>	<u>(32,576)</u>
Recreation department				
Salaries and wages	163,034	155,034	154,374	660
Outside services	14,080	12,080	10,878	1,202
Supplies	11,450	11,450	9,726	1,724
Total recreation department	<u>188,564</u>	<u>178,564</u>	<u>174,978</u>	<u>3,586</u>
Parks & grounds				
Salaries and wages	271,641	271,641	259,295	12,346
Outside services	53,850	53,850	45,406	8,444
Supplies	51,485	51,485	39,594	11,891
Equipment	2,800	2,800	2,888	(88)
Total recreation department	<u>379,776</u>	<u>379,776</u>	<u>347,183</u>	<u>32,593</u>
Teen center				
Salaries and wages	2,500	2,500	5,000	(2,500)
Supplies and equipment	6,500	6,500	2,581	3,919
Total teen center	<u>9,000</u>	<u>9,000</u>	<u>7,581</u>	<u>1,419</u>
Town planner				
Salaries and wages	157,052	157,052	142,061	14,991
Outside services	11,975	11,975	6,792	5,183
Supplies	1,900	1,900	3,063	(1,163)
Equipment	500	500	120	380
Total town planner	<u>171,427</u>	<u>171,427</u>	<u>152,036</u>	<u>19,391</u>
Senior and human services				
Salaries and wages	194,584	194,584	209,093	(14,509)
Outside services	200	200	120	80
Supplies	1,000	1,000	855	145
Communications	2,000	2,000	624	1,376
Community services	35,000	35,000	28,661	6,339
Total senior and human services	<u>232,784</u>	<u>232,784</u>	<u>239,353</u>	<u>(6,569)</u>

(continued)

REQUIRED SUPPLEMENTARY INFORMATION
TOWN OF EAST GREENWICH, RHODE ISLAND
Budgetary Comparison Schedule - General Fund
Schedule of Expenditures - Non-GAAP Budgetary Basis
For the Fiscal Year Ended June 30, 2011

	Original Budgeted Expenditures	Revised Budgeted Expenditures	Actual Expenditures	Variance
Grants and contributions				
Contributions	40,942	40,942	39,356	1,586
Total grants and contributions	<u>40,942</u>	<u>40,942</u>	<u>39,356</u>	<u>1,586</u>
East Greenwich Land Trust				
Insurance	2,000	2,000	-	2,000
Pilot	6,300	6,300	467	5,833
Building maintenance	5,000	5,000	13,237	(8,237)
Boesch farm rehabilitation	35,000	35,000	16,741	18,259
Total East Greenwich Land Trust	<u>48,300</u>	<u>48,300</u>	<u>30,445</u>	<u>17,855</u>
Library				
Town contributions	467,175	467,175	467,175	-
Total library	<u>467,175</u>	<u>467,175</u>	<u>467,175</u>	<u>-</u>
Capital improvements				
Capital outlays	277,000	277,000	86,625	190,375
Total capital improvements	<u>277,000</u>	<u>277,000</u>	<u>86,625</u>	<u>190,375</u>
School department				
Education	31,811,078	31,811,078	31,075,186	735,892
Total school department	<u>31,811,078</u>	<u>31,811,078</u>	<u>31,075,186</u>	<u>735,892</u>
Total expenditures	<u>43,274,387</u>	<u>43,274,387</u>	<u>42,105,619</u>	<u>1,168,768</u>
Other financing uses				
Debt service				
Principal	2,550,000	2,550,000	2,550,000	-
Interest	769,380	769,380	766,885	2,495
Financing costs	5,000	5,000	5,400	(400)
Total debt service	<u>3,324,380</u>	<u>3,324,380</u>	<u>3,322,285</u>	<u>2,095</u>
Other financing uses				
Transfers to other funds	-	-	646,136	(646,136)
Education department appropriation	-	-	-	-
Total other financing uses	<u>-</u>	<u>-</u>	<u>646,136</u>	<u>(646,136)</u>
Total expenditures and other financing uses	<u>\$ 46,598,767</u>	<u>\$ 46,598,767</u>	<u>\$ 46,074,040</u>	<u>\$ 524,727</u>

(Continued)

**TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Budgetary to GAAP basis reconciliation

The following reconciliation summarizes the differences for the Town's General Fund between budgetary and GAAP basis accounting principles for the year ended June 30, 2011:

Excess of revenues and other sources over expenditures and other uses (Non-GAAP Budgetary Basis)	\$2,397,025
Prior year encumbrances expensed in the current year	-
Excess of revenues and other sources over expenditures and other uses (GAAP)	<u>\$2,397,025</u>

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

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

	<u>Revenues and Transfers</u>	<u>Expenditures and Transfers</u>
General Fund:		
Schedule of Revenues, Expenditures and Other Financing Sources (Non-GAAP Budgetary Basis) Budget and Actual	\$48,471,065	\$46,074,040,
Adjustment for pension contribution made by State of Rhode Island on behalf of employees	1,166,742	1,166,742
Stabilization Stimulus reported in School Unrestricted Fund	<u>21,136</u>	<u>21,136</u>
Statement of Revenues, Expenditures, and Changes in Fund Balances	<u>\$49,658,943</u>	<u>\$47,261,918</u>

TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
(UNAUDITED)

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date June 30,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
General Employees						
2006	8,113,412	5,041,994	(3,071,418)	161%	899,674	-341%
2007	8,680,821	4,872,345	(3,808,476)	178%	1,065,758	-357%
2008	9,233,655	5,444,173	(3,789,482)	170%	1,172,412	-323%
2009	7,611,272	6,218,210	(1,393,062)	122%	1,129,564	-123%
2010	7,235,232	7,132,310	(102,922)	101%	1,131,628	-9%
2011	*N/A	*N/A	*N/A	*N/A	*N/A	*N/A
Police Employees						
2006	9,829,614	10,510,066	680,452	94%	1,738,795	39%
2007	8,662,445	10,523,945	1,861,500	82%	2,112,367	88%
2008	12,227,676	12,050,993	(176,683)	101%	1,914,960	-9%
2009	12,515,512	13,549,427	1,033,915	92%	1,933,255	53%
2010	12,447,820	18,047,649	5,599,829	69%	1,931,364	290%
2011	*N/A	*N/A	*N/A	*N/A	*N/A	*N/A

* Unavailable at the time of the report

(continued)

**TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

SCHEDULE OF CONTRIBUTIONS FROM THE TOWN

Year Ended June 30,	Police	General	Total Annual Pension Cost	Total Amount Contributed	Total Percentage Contributed
2008	139,460	451,739	591,199	591,199	100%
2009	200,885	482,723	683,608	683,608	100%
2010	179,893	420,959	600,852	600,852	100%
2011	395,048	519,118	914,166	914,166	100%

Notes to Schedules

Additional information as of the latest actuarial valuation follows:

Valuation date	June 30, 2010
Actuarial cost method	Entry Age Actuarial Cost Method
Amortization method	Level Percent of Payroll – Closed 30-yr period
Remaining amortization period	18 Years
Asset valuation method	5 Year Smoothed Market
Actuarial assumptions:	
Investment rate of return	7.50%, Compounded Annually
Projected salary increases	4.00-8.00%, Compounded Annually
Cost-of-living adjustments	2.75% Non-Compounded
Inflation	2.75% Annually
Post Retirement Benefit Increases	3.00% Of Original Retirement Benefit

SUPPLEMENTARY INFORMATION

SUPPLEMENTARY INFORMATION
TOWN OF EAST GREENWICH, RHODE ISLAND
Budgetary Comparison Schedule - General Fund
Schedule of Revenues and Expenditures - Non-GAAP Budgetary Basis
For the Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues				
General property tax	\$ 42,560,805	\$ 42,560,805	\$ 43,213,598	\$ 652,793
General revenue	1,323,648	1,323,648	1,519,966	196,318
State aid	1,949,064	1,949,064	2,409,008	459,944
License and permits	765,250	765,250	974,565	209,315
Total Revenues	<u>46,598,767</u>	<u>46,598,767</u>	<u>48,117,137</u>	<u>1,518,370</u>
Expenditures				
Administration	3,220,676	3,220,676	3,008,836	211,840
Finance	508,090	508,090	501,807	6,283
Information technology	291,018	292,409	291,000	1,409
Public safety	2,815,257	2,823,866	2,838,182	(14,316)
Public works	2,813,300	2,813,300	2,845,876	(32,576)
Recreation	568,340	558,340	522,161	36,179
Teen center	9,000	9,000	7,581	1,419
Town planner	171,427	171,427	152,036	19,391
Senior and human services	232,784	232,784	239,353	(6,569)
Grants and contributions	40,942	40,942	39,356	1,586
East Greenwich Land Trust	48,300	48,300	30,445	17,855
Library	467,175	467,175	467,175	-
Capital improvements	277,000	277,000	86,625	190,375
School department	31,811,078	31,811,078	31,075,186	735,892
Debt service:				
Principal	2,550,000	2,550,000	2,550,000	-
Interest	769,380	769,380	766,885	2,495
Financing costs	5,000	5,000	5,400	(400)
Total expenditures	<u>46,598,767</u>	<u>46,598,767</u>	<u>45,427,904</u>	<u>1,170,863</u>
Excess of revenues over expenditures before operating transfers	<u>-</u>	<u>-</u>	<u>2,689,233</u>	<u>2,689,233</u>
Operating transfers				
BAN premium proceeds	-	-	332,320	332,320
Transfers from other funds	-	-	21,608	21,608
Transfers to other funds	-	-	(646,136)	(646,136)
Total operating transfers	<u>-</u>	<u>-</u>	<u>(292,208)</u>	<u>(292,208)</u>
Excess of revenues over (under) expenditures and operating transfers	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,397,025</u>	<u>\$ 2,397,025</u>

SUPPLEMENTARY INFORMATION
EAST GREENWICH SCHOOL DEPARTMENT
Budgetary Comparison Schedule
Schedule of Revenues and Expenditures - Non-GAAP Budgetary Basis
For the Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues				
Other revenue	\$ 463,000	\$ 463,000	\$ 545,709	\$ 82,709
State aid	1,275,562	1,275,562	1,296,770	21,208
Total Revenues	<u>1,738,562</u>	<u>1,738,562</u>	<u>1,842,479</u>	<u>103,917</u>
Expenditures				
Operating	31,811,078	31,811,078	31,075,186	735,892
Total Expenditures	<u>31,811,078</u>	<u>31,811,078</u>	<u>31,075,186</u>	<u>735,892</u>
Excess of Revenues Over (Under) Expenditures Before Other Financing Sources	<u>(30,072,516)</u>	<u>(30,072,516)</u>	<u>(29,232,707)</u>	<u>839,809</u>
Other Financing Sources				
Education department appropriation	30,072,516	30,072,516	30,072,516	-
Transfer from other funds	-	-	21,608	21,608
Total Other Financing Sources	<u>30,072,516</u>	<u>30,072,516</u>	<u>30,094,124</u>	<u>21,608</u>
Excess Revenues and Other Sources Over (Under) Expenditures and Other Sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 861,417</u>	<u>\$ 861,417</u>

SUPPLEMENTARY INFORMATION
TOWN OF EAST GREENWICH, RHODE ISLAND
Combining Balance Sheet - Non-Major Governmental Funds
June 30, 2011

	Town Special Revenue Funds	Town Special Revenue Projects Fund	School Special Revenue Funds	Capital Projects Funds	Town Permanent Funds	Total Non-Major Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 114,092	\$ -	\$ 37,587	\$ 1,168,602	\$ 182,836	\$ 1,503,117
Investments	-	-	-	-	27,444	27,444
Internal balances	6,343,381	475,472	5,635,395	9,966,174	-	22,420,422
Due from other governments	-	1,653	512,518	-	-	514,171
Other receivables	34,864	-	-	-	-	34,864
Inventories	-	-	4,532	-	-	4,532
TOTAL ASSETS	\$ 6,492,337	\$ 477,125	\$ 6,190,032	\$ 11,134,776	\$ 210,280	\$ 24,504,550
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable and accrued expenses	\$ 58,506	\$ 798	\$ 153,547	\$ 14,572	\$ -	\$ 227,423
Internal balances	4,466,418	259,733	6,039,470	9,563,689	-	20,329,310
Deferred revenue	800	-	65,282	-	-	66,082
Total liabilities	4,525,724	260,531	6,258,299	9,578,261	-	20,622,815
Fund balances						
<i>Nonspendable</i>						
Inventories	-	-	4,532	-	-	4,532
Permanent fund principal	-	-	-	-	210,280	210,280
<i>Restricted for:</i>						
Educational programs	240,109	-	51,284	-	-	291,393
Public works programs	93,894	-	-	-	-	93,894
Culture and recreation	728,562	-	-	-	-	728,562
<i>Assigned for:</i>						
Legislative, judicial	-	84,799	-	-	-	84,799
Public safety programs	76,682	32,155	-	-	-	108,837
Community programs	-	128,055	-	-	-	128,055
Public works programs	40,856	-	-	416,529	-	457,385
Long term obligations	585,896	-	-	-	-	585,896
Culture and recreation	295,186	-	-	1,139,986	-	1,435,172
Unassigned	(94,572)	(28,415)	(124,083)	-	-	(247,070)
Total fund balances (deficits)	1,966,613	216,594	(68,267)	1,556,515	210,280	3,881,735
TOTAL LIABILITIES AND FUND BALANCES	\$ 6,492,337	\$ 477,125	\$ 6,190,032	\$ 11,134,776	\$ 210,280	\$ 24,504,550

SUPPLEMENTARY INFORMATION
TOWN OF EAST GREENWICH, RHODE ISLAND
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2011

	Town Special Revenue Funds	Town Special Revenue Projects Fund	School Special Revenue Funds	Capital Projects Funds	Town Permanent Funds	Total Non-Major Governmental Funds
Revenues						
Intergovernmental revenue	\$ 78,551	\$ 113,273	\$ 1,135,759	\$ 3,561	\$ -	\$ 1,331,144
Earnings on investments	-	-	-	-	232	232
Other revenue	309,005	-	515,377	-	-	824,382
Total revenues	<u>387,556</u>	<u>113,273</u>	<u>1,651,136</u>	<u>3,561</u>	<u>232</u>	<u>2,155,758</u>
Expenditures						
Public safety	125,319	80,075	-	-	-	205,394
Public health and welfare	298,457	29,682	-	-	-	328,139
Education	-	-	1,621,614	-	-	1,621,614
Non capital expenditures	-	-	-	87,272	-	87,272
Net decrease in FMV of investments	-	-	-	-	8,538	8,538
Capital outlay	245,526	-	-	176,529	-	422,055
Total expenditures	<u>669,302</u>	<u>109,757</u>	<u>1,621,614</u>	<u>263,801</u>	<u>8,538</u>	<u>2,673,012</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	(281,746)	3,516	29,522	(260,240)	(8,306)	(517,254)
Other financing sources (uses)						
Transfers from other funds	673,205	-	-	28,827	-	702,032
Transfers to other funds	-	-	(21,608)	(55,896)	-	(77,504)
Total other financing sources (uses)	<u>673,205</u>	<u>-</u>	<u>(21,608)</u>	<u>(27,069)</u>	<u>-</u>	<u>624,528</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>391,459</u>	<u>3,516</u>	<u>7,914</u>	<u>(287,309)</u>	<u>(8,306)</u>	<u>107,274</u>
Fund balances - beginning	1,575,154	213,078	(76,181)	1,843,824	218,586	3,774,461
Fund balances - ending	<u>\$ 1,966,613</u>	<u>\$ 216,594</u>	<u>\$ (68,267)</u>	<u>\$ 1,556,515</u>	<u>\$ 210,280</u>	<u>\$ 3,881,735</u>

SUPPLEMENTARY INFORMATION
TOWN OF EAST GREENWICH, RHODE ISLAND
Town Special Revenue Funds
Combining Balance Sheet - Non-Major Governmental Funds
June 30, 2011

	Recreation Development Fund	Impact Fees	Courthouse Fund	Community Development	Substance Abuse	EMA Funds	Comprehensive Plan Land Use
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ 50,000	\$ 64,092	\$ -	\$ -	\$ -
Due from other governments	-	-	-	-	-	-	-
Internal balances	165,625	2,032,081	426,000	1,331,155	262,531	22,294	38,260
Other receivables	-	-	-	13,579	-	21,285	-
TOTAL ASSETS	<u>\$ 165,625</u>	<u>\$ 2,032,081</u>	<u>\$ 476,000</u>	<u>\$ 1,408,826</u>	<u>\$ 262,531</u>	<u>\$ 43,579</u>	<u>\$ 38,260</u>
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable and accrued expenses	\$ -	\$ 6,691	\$ 37,887	\$ -	\$ -	\$ 808	\$ -
Internal balances	81,509	962,825	397,257	1,460,875	214,898	13,722	27,368
Deferred revenue	-	-	-	800	-	-	-
Total liabilities	<u>81,509</u>	<u>969,516</u>	<u>435,144</u>	<u>1,461,675</u>	<u>214,898</u>	<u>14,530</u>	<u>27,368</u>
Fund balances							
<i>Restricted for:</i>							
Public works programs	-	93,894	-	-	-	-	-
Education	-	240,109	-	-	-	-	-
Culture and recreation	-	728,562	-	-	-	-	-
<i>Assigned for:</i>							
Public safety programs	-	-	-	-	47,633	29,049	-
Public works programs	-	-	40,856	-	-	-	-
Long term obligations	-	-	-	-	-	-	-
Culture and recreation	84,116	-	-	-	-	-	10,892
<i>Unassigned</i>							
Total fund balances (deficits)	<u>84,116</u>	<u>1,062,565</u>	<u>40,856</u>	<u>(52,849)</u>	<u>47,633</u>	<u>29,049</u>	<u>10,892</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 165,625</u>	<u>\$ 2,032,081</u>	<u>\$ 476,000</u>	<u>\$ 1,408,826</u>	<u>\$ 262,531</u>	<u>\$ 43,579</u>	<u>\$ 38,260</u>

(Continued)

SUPPLEMENTARY INFORMATION
TOWN OF EAST GREENWICH, RHODE ISLAND
Town Special Revenue Funds
Combining Balance Sheet - Non-Major Governmental Funds
June 30, 2011
(Continued)

	Revaluation Fund	Recreation Activities Fund	Farmer's Market	Debt Service	Totals
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 114,092
Due from other governments	-	-	-	-	-
Internal balances	339,283	1,127,291	12,965	585,896	6,343,381
Other receivables	-	-	-	-	34,864
TOTAL ASSETS	<u>\$ 339,283</u>	<u>\$ 1,127,291</u>	<u>\$ 12,965</u>	<u>\$ 585,896</u>	<u>\$ 6,492,337</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable and accrued expenses	\$ 10,124	\$ 2,996	\$ -	\$ -	\$ 58,506
Internal balances	370,882	928,860	8,222	-	4,466,418
Deferred revenue	-	-	-	-	800
Total liabilities	<u>381,006</u>	<u>931,856</u>	<u>8,222</u>	<u>-</u>	<u>4,525,724</u>
Fund balances					
<i>Restricted for:</i>					
Public works programs	-	-	-	-	93,894
Education	-	-	-	-	240,109
Culture and recreation	-	-	-	-	728,562
<i>Assigned for:</i>					
Public safety programs	-	-	-	-	76,682
Public works programs	-	-	-	-	40,856
Long term obligations	-	-	-	585,896	585,896
Culture and recreation	-	195,435	4,743	-	295,186
<i>Unassigned</i>	(41,723)	-	-	-	(94,572)
Total fund balances (deficits)	<u>(41,723)</u>	<u>195,435</u>	<u>4,743</u>	<u>585,896</u>	<u>1,966,613</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 339,283</u>	<u>\$ 1,127,291</u>	<u>\$ 12,965</u>	<u>\$ 585,896</u>	<u>\$ 6,492,337</u>

(Concluded)

SUPPLEMENTARY INFORMATION
TOWN OF EAST GREENWICH, RHODE ISLAND
Town Special Revenue Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2011

	Recreation Development Fund	Impact Fees	Courthouse Fund	Community Development	Substance Abuse	EMA Funds	Comprehensive Plan Land Use
Revenues							
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ 52,315	\$ 23,236	\$ 3,000	\$ -
Interest on investments	-	-	-	-	-	-	-
Other revenue	-	176,620	-	-	-	-	-
Total revenues	<u>-</u>	<u>176,620</u>	<u>-</u>	<u>52,315</u>	<u>23,236</u>	<u>3,000</u>	<u>-</u>
Expenditures							
Public safety	-	-	-	-	20,362	104,957	-
Public health and welfare	-	-	2,606	148,763	-	-	-
Capital outlay	-	111,481	134,045	-	-	-	-
Total expenditures	<u>-</u>	<u>111,481</u>	<u>136,651</u>	<u>148,763</u>	<u>20,362</u>	<u>104,957</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	-	65,139	(136,651)	(96,448)	2,874	(101,957)	-
Other financing sources (uses)							
Operating transfers from (to) other funds	-	-	-	-	-	87,309	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>87,309</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures	<u>-</u>	<u>65,139</u>	<u>(136,651)</u>	<u>(96,448)</u>	<u>2,874</u>	<u>(14,648)</u>	<u>-</u>
Fund balances - beginning	84,116	997,426	177,507	43,599	44,759	43,697	10,892
Fund balances - ending	<u>\$ 84,116</u>	<u>\$ 1,062,565</u>	<u>\$ 40,856</u>	<u>\$ (52,849)</u>	<u>\$ 47,633</u>	<u>\$ 29,049</u>	<u>\$ 10,892</u>

(Continued)

SUPPLEMENTARY INFORMATION
TOWN OF EAST GREENWICH, RHODE ISLAND
Town Special Revenue Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2011
 (Continued)

	Revaluation Fund	Recreation Activities Fund	Farmer's Market	Debt Service	Totals
Revenues					
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ 78,551
Interest on investments	-	-	-	-	-
Other revenue	-	127,990	4,395	-	309,005
Total revenues	<u>-</u>	<u>127,990</u>	<u>4,395</u>	<u>-</u>	<u>387,556</u>
Expenditures					
Public safety	-	-	-	-	125,319
Public health and welfare	34,906	108,753	3,429	-	298,457
Capital outlay	-	-	-	-	245,526
Total expenditures	<u>34,906</u>	<u>108,753</u>	<u>3,429</u>	<u>-</u>	<u>669,302</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	(34,906)	19,237	966	-	(281,746)
Other financing sources (uses)					
Operating transfers from (to) other funds	-	-	-	585,896	673,205
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>585,896</u>	<u>673,205</u>
Excess of revenues and other sources over (under) expenditures	(34,906)	19,237	966	585,896	391,459
Fund balances - beginning	(6,817)	176,198	3,777	-	1,575,154
Fund balances - ending	<u>\$ (41,723)</u>	<u>\$ 195,435</u>	<u>\$ 4,743</u>	<u>\$ 585,896</u>	<u>\$ 1,966,613</u>

(Concluded)

SUPPLEMENTARY INFORMATION
TOWN OF EAST GREENWICH, RHODE ISLAND
Combining Balance Sheet - Non-Major Governmental Funds
Special Revenue Project Funds - Town
June 30, 2011

	Juvenile Hearing Board	Police Seizures	Main Street Stroll	Tobacco Grant	Affordable Housing	Alcohol Compliance	Holiday Basket	LLEBG Vests
ASSETS								
Due from other governments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,653	\$ -	\$ -
Internal balances	4,504	18,016	53,206	245	65,199	1,399	51,882	10,696
TOTAL ASSETS	<u>\$ 4,504</u>	<u>\$ 18,016</u>	<u>\$ 53,206</u>	<u>\$ 245</u>	<u>\$ 65,199</u>	<u>\$ 3,052</u>	<u>\$ 51,882</u>	<u>\$ 10,696</u>
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts payable and accrued expenses	\$ -	\$ -	\$ 798	\$ -	\$ -	\$ -	\$ -	\$ -
Internal balances	796	8,117	40,371	245	-	3,052	44,969	10,696
Total liabilities	<u>796</u>	<u>8,117</u>	<u>41,169</u>	<u>245</u>	<u>-</u>	<u>3,052</u>	<u>44,969</u>	<u>10,696</u>
Fund balances								
<i>Assigned for:</i>								
Legislative, judicial	-	-	-	-	-	-	-	-
Public safety programs	3,708	9,899	-	-	-	-	-	-
Community programs	-	-	12,037	-	65,199	-	6,913	-
<i>Unassigned</i>	-	-	-	-	-	-	-	-
Total fund balances (deficits)	<u>3,708</u>	<u>9,899</u>	<u>12,037</u>	<u>-</u>	<u>65,199</u>	<u>-</u>	<u>6,913</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 4,504</u>	<u>\$ 18,016</u>	<u>\$ 53,206</u>	<u>\$ 245</u>	<u>\$ 65,199</u>	<u>\$ 3,052</u>	<u>\$ 51,882</u>	<u>\$ 10,696</u>

(Continued)

SUPPLEMENTARY INFORMATION
TOWN OF EAST GREENWICH, RHODE ISLAND
Combining Balance Sheet - Non-Major Governmental Funds
Special Revenue Project Funds - Town
June 30, 2011
 (Continued)

	Byrne Grant	NHTSA Grant	Animal Enforcement	Senior Services	Document Preservation & Technology	Historic Trust Fund	Totals
ASSETS							
Due from other governments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,653
Internal balances	-	58,879	18,548	60,197	96,223	36,478	475,472
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 58,879</u>	<u>\$ 18,548</u>	<u>\$ 60,197</u>	<u>\$ 96,223</u>	<u>\$ 36,478</u>	<u>\$ 477,125</u>
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	798
Internal balances	28,415	58,879	-	16,291	39,880	8,022	259,733
Total liabilities	<u>28,415</u>	<u>58,879</u>	<u>-</u>	<u>16,291</u>	<u>39,880</u>	<u>8,022</u>	<u>260,531</u>
Fund balances							
<i>Assigned for:</i>							
Legislative, judicial	-	-	-	-	56,343	28,456	84,799
Public safety programs	-	-	18,548	-	-	-	32,155
Community programs	-	-	-	43,906	-	-	128,055
<i>Unassigned</i>	(28,415)	-	-	-	-	-	(28,415)
Total fund balances (deficits)	<u>(28,415)</u>	<u>-</u>	<u>18,548</u>	<u>43,906</u>	<u>56,343</u>	<u>28,456</u>	<u>216,594</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ 58,879</u>	<u>\$ 18,548</u>	<u>\$ 60,197</u>	<u>\$ 96,223</u>	<u>\$ 36,478</u>	<u>\$ 477,125</u>

(Concluded)

SUPPLEMENTARY INFORMATION
TOWN OF EAST GREENWICH, RHODE ISLAND
Town Special Revenue Projects Fund
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2011

	Juvenile Hearing Board	Police Seizures	Main Street Stroll	Tobacco Grant	Affordable Housing	Alcohol Compliance	Holiday Basket	LLEBG Vests
Revenues								
Intergovernmental revenue	\$ -	\$ -	\$ 6,080	\$ 245	\$ -	\$ 3,052	\$ 7,925	\$ -
Other revenue	-	-	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>6,080</u>	<u>245</u>	<u>-</u>	<u>3,052</u>	<u>7,925</u>	<u>-</u>
Expenditures								
Public safety	-	-	-	245	-	3,052	-	-
Public health and welfare	-	-	8,009	-	-	-	12,552	-
Total expenditures	<u>-</u>	<u>-</u>	<u>8,009</u>	<u>245</u>	<u>-</u>	<u>3,052</u>	<u>12,552</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	-	-	(1,929)	-	-	-	(4,627)	-
Other financing sources (uses)								
Transfers from other funds	-	-	-	-	-	-	-	-
Transfers to other funds	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	-	-	(1,929)	-	-	-	(4,627)	-
Fund balances - beginning	3,708	9,899	13,966	-	65,199	-	11,540	-
Fund balances - ending	<u>\$ 3,708</u>	<u>\$ 9,899</u>	<u>\$ 12,037</u>	<u>\$ -</u>	<u>\$ 65,199</u>	<u>\$ -</u>	<u>\$ 6,913</u>	<u>\$ -</u>

(Continued)

SUPPLEMENTARY INFORMATION
TOWN OF EAST GREENWICH, RHODE ISLAND
Town Special Revenue Projects Fund
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2011
 (Continued)

	Byrne Grant	NHTSA Grant	Animal Enforcement	Senior Services	Document Preservation & Technology	Historic Trust Fund	Totals
Revenues							
Intergovernmental revenue		\$ 58,879	\$ 1,908	\$ 12,701	\$ 19,137	\$ 3,346	\$ 113,273
Other revenue	-	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>58,879</u>	<u>1,908</u>	<u>12,701</u>	<u>19,137</u>	<u>3,346</u>	<u>113,273</u>
Expenditures							
Public safety	17,899	58,879	-	-	-	-	80,075
Public health and welfare	-	-	-	160	8,040	921	29,682
Total expenditures	<u>17,899</u>	<u>58,879</u>	<u>-</u>	<u>160</u>	<u>8,040</u>	<u>921</u>	<u>109,757</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	(17,899)	-	1,908	12,541	11,097	2,425	3,516
Other financing sources (uses)							
Transfers from other funds	-	-	-	-	-	-	-
Transfers to other funds	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(17,899)	-	1,908	12,541	11,097	2,425	3,516
Fund balances - beginning	(10,516)	-	16,640	31,365	45,246	26,031	213,078
Fund balances - ending	<u>\$ (28,415)</u>	<u>\$ -</u>	<u>\$ 18,548</u>	<u>\$ 43,906</u>	<u>\$ 56,343</u>	<u>\$ 28,456</u>	<u>\$ 216,594</u>

(Concluded)

SUPPLEMENTARY INFORMATION
TOWN OF EAST GREENWICH, RHODE ISLAND
School Special Revenue Restricted Funds
Combining Balance Sheet - Non-Major Governmental Funds
June 30, 2011

	<u>Title I</u>	<u>RI Learn & Serve</u>	<u>ARRA IDEA Part B</u>	<u>Computer Fund</u>	<u>IDEA Preschool</u>	<u>Title V Innovative Strategies</u>
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Internal balances	554,226	40,898	359,599	10,148	80,408	20,327
Due from other governments	21,316	-	209,927	-	-	-
Inventory	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 575,542</u>	<u>\$ 40,898</u>	<u>\$ 569,526</u>	<u>\$ 10,148</u>	<u>\$ 80,408</u>	<u>\$ 20,327</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable and accrued expenses	\$ -	\$ -	\$ 25,223	\$ -	\$ -	\$ -
Internal balances	575,542	40,898	544,303	1,533	80,408	20,327
Deferred revenues	-	-	-	-	-	-
Total liabilities	<u>575,542</u>	<u>40,898</u>	<u>569,526</u>	<u>1,533</u>	<u>80,408</u>	<u>20,327</u>
Fund balances						
<i>Nonspendable</i>						
Inventories	-	-	-	-	-	-
<i>Restricted for:</i>						
Educational programs	-	-	-	8,615	-	-
<i>Unassigned</i>	-	-	-	-	-	-
Total fund balances (deficit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,615</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 575,542</u>	<u>\$ 40,898</u>	<u>\$ 569,526</u>	<u>\$ 10,148</u>	<u>\$ 80,408</u>	<u>\$ 20,327</u>

(Continued)

SUPPLEMENTARY INFORMATION
TOWN OF EAST GREENWICH, RHODE ISLAND
School Special Revenue Restricted Funds
Combining Balance Sheet - Non-Major Governmental Funds
June 30, 2011

	<u>School Lunch</u>	<u>Title II</u>	<u>Title IV</u>	<u>IDEA Part B</u>	<u>Strategic Support</u>	<u>ARRA IDEA Preschool</u>
ASSETS						
Cash and cash equivalents	\$ 37,587	\$ -	\$ -	\$ -	\$ -	\$ -
Internal balances	1,511,639	464,872	66,657	2,361,157	40,698	9,363
Due from other governments	16,954	28,265	3,748	212,556	-	7,865
Inventory	4,532	-	-	-	-	-
TOTAL ASSETS	<u>\$ 1,570,712</u>	<u>\$ 493,137</u>	<u>\$ 70,405</u>	<u>\$ 2,573,713</u>	<u>\$ 40,698</u>	<u>\$ 17,228</u>
 LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable and accrued expenses	\$ 119,819	\$ 74	\$ 1,031	\$ 4,434	\$ -	\$ 2,966
Internal balances	1,505,038	493,069	69,492	2,569,279	2,231	14,262
Deferred revenues	65,282	-	-	-	-	-
Total liabilities	<u>1,690,139</u>	<u>493,143</u>	<u>70,523</u>	<u>2,573,713</u>	<u>2,231</u>	<u>17,228</u>
 Fund balances						
<i>Nonspendable</i>						
Inventories	4,532	-	-	-	-	-
<i>Restricted for:</i>						
Educational programs	-	-	-	-	38,467	-
<i>Unassigned</i>	(123,959)	(6)	(118)	-	-	-
Total fund balances (deficit)	<u>(119,427)</u>	<u>(6)</u>	<u>(118)</u>	<u>-</u>	<u>38,467</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,570,712</u>	<u>\$ 493,137</u>	<u>\$ 70,405</u>	<u>\$ 2,573,713</u>	<u>\$ 40,698</u>	<u>\$ 17,228</u>

(Continued)

SUPPLEMENTARY INFORMATION
TOWN OF EAST GREENWICH, RHODE ISLAND
School Special Revenue Restricted Funds
Combining Balance Sheet - Non-Major Governmental Funds
June 30, 2011

	<u>Title II Part D</u>	<u>E-Rate</u>	<u>Perkins</u>	<u>Legislative Tech</u>	<u>RI State Council on Arts</u>	<u>Totals</u>
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37,587
Internal balances	32,000	-	72,299	10,304	800	5,635,395
Due from other governments	-	-	11,887	-	-	512,518
Inventory	-	-	-	-	-	4,532
TOTAL ASSETS	<u>\$ 32,000</u>	<u>\$ -</u>	<u>\$ 84,186</u>	<u>\$ 10,304</u>	<u>\$ 800</u>	<u>\$ 6,190,032</u>
 LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 153,547
Internal balances	32,000	-	84,186	6,102	800	6,039,470
Deferred revenues	-	-	-	-	-	65,282
Total liabilities	<u>32,000</u>	<u>-</u>	<u>84,186</u>	<u>6,102</u>	<u>800</u>	<u>6,258,299</u>
 Fund balances						
<i>Nonspendable</i>						
Inventories	-	-	-	-	-	4,532
<i>Restricted for:</i>						
Educational programs	-	-	-	4,202	-	51,284
<i>Unassigned</i>	-	-	-	-	-	(124,083)
Total fund balances (deficit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,202</u>	<u>-</u>	<u>(68,267)</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 32,000</u>	<u>\$ -</u>	<u>\$ 84,186</u>	<u>\$ 10,304</u>	<u>\$ 800</u>	<u>\$ 6,190,032</u>

(Concluded)

SUPPLEMENTARY INFORMATION
TOWN OF EAST GREENWICH, RHODE ISLAND
School Special Revenue Restricted Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2011

	Title I	RI Learn & Serve	ARRA IDEA Part B	Computer Fund	IDEA Preschool	Title V Innovative Strategies
Revenues						
Intergovernmental revenue	\$ 82,758	\$ -	\$ 323,249	\$ -	\$ 12,297	\$ -
Other	-	-	-	-	-	-
Total revenues	<u>82,758</u>	<u>-</u>	<u>323,249</u>	<u>-</u>	<u>12,297</u>	<u>-</u>
Expenditures						
Education	82,758	-	323,249	-	12,297	-
Total expenditures	<u>82,758</u>	<u>-</u>	<u>323,249</u>	<u>-</u>	<u>12,297</u>	<u>-</u>
Excess revenues over (under) expenditures	-	-	-	-	-	-
Other financing sources (uses)						
Transfers from other funds	-	-	-	-	-	-
Transfers to other funds	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,615</u>	<u>-</u>	<u>-</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,615</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

SUPPLEMENTARY INFORMATION
TOWN OF EAST GREENWICH, RHODE ISLAND
School Special Revenue Restricted Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2011
 (Continued)

	<u>School Lunch</u>	<u>Title II</u>	<u>Title IV</u>	<u>IDEA Part B</u>	<u>Strategic Support</u>	<u>ARRA IDEA Preschool</u>
Revenues						
Intergovernmental revenue	\$ 89,675	\$ 48,727	\$ 9,333	\$ 514,378	\$ -	\$ 10,655
Other	515,377	-	-	-	-	-
Total revenues	<u>605,052</u>	<u>48,727</u>	<u>9,333</u>	<u>514,378</u>	<u>-</u>	<u>10,655</u>
Expenditures						
Education	575,406	48,733	9,451	514,378	-	10,655
Total expenditures	<u>575,406</u>	<u>48,733</u>	<u>9,451</u>	<u>514,378</u>	<u>-</u>	<u>10,655</u>
Excess revenues over (under) expenditures	29,646	(6)	(118)	-	-	-
Other financing sources (uses)						
Transfers from other funds	-	-	-	-	-	-
Transfers to other funds	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures	<u>29,646</u>	<u>(6)</u>	<u>(118)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - beginning	(149,073)	-	-	-	38,467	-
Fund balances - ending	<u>\$ (119,427)</u>	<u>\$ (6)</u>	<u>\$ (118)</u>	<u>\$ -</u>	<u>\$ 38,467</u>	<u>\$ -</u>

(Continued)

**SUPPLEMENTARY INFORMATION
TOWN OF EAST GREENWICH, RHODE ISLAND
School Special Revenue Restricted Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2011**

	<u>Title II Part D</u>	<u>E-Rate</u>	<u>Perkins</u>	<u>Legislative Tech</u>	<u>RI State Council on Arts</u>	<u>Totals</u>
Revenues						
Intergovernmental revenue	\$ 32,000	\$ -	\$ 11,887	\$ -	\$ 800	\$ 1,135,759
Other	-	-	-	-	-	515,377
Total revenues	<u>32,000</u>	<u>-</u>	<u>11,887</u>	<u>-</u>	<u>800</u>	<u>1,651,136</u>
Expenditures						
Education	32,000	-	11,887	-	800	1,621,614
Total expenditures	<u>32,000</u>	<u>-</u>	<u>11,887</u>	<u>-</u>	<u>800</u>	<u>1,621,614</u>
Excess revenues over (under) expenditures	-	-	-	-	-	29,522
Other financing sources (uses)						
Transfers from other funds	-	-	-	-	-	-
Transfers to other funds	-	(21,608)	-	-	-	(21,608)
Total other financing sources (uses)	<u>-</u>	<u>(21,608)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(21,608)</u>
Excess of revenues and other sources over (under) expenditures	<u>-</u>	<u>(21,608)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,914</u>
Fund balances - beginning	<u>-</u>	<u>21,608</u>	<u>-</u>	<u>4,202</u>	<u>-</u>	<u>(76,181)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,202</u>	<u>\$ -</u>	<u>\$ (68,267)</u>

(Concluded)

SUPPLEMENTARY INFORMATION
TOWN OF EAST GREENWICH, RHODE ISLAND
Capital Projects Funds
Combining Balance Sheet - Non-Major Governmental Funds
June 30, 2011

	School Renovations Fund	Police Station Fund	King Street Project Fund	Swift Comm Center/DPW Renovations	Landfill Project Fund	School Fields Fund	Town Hall Steps	Totals
ASSETS								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,168,602	\$ -	\$ 1,168,602
Internal balances	-	-	-	3,050,000	1,894,777	4,831,397	190,000	9,966,174
TOTAL ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,050,000</u>	<u>\$ 1,894,777</u>	<u>\$ 5,999,999</u>	<u>\$ 190,000</u>	<u>\$ 11,134,776</u>
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts payable	\$ -	\$ -	\$ -	\$ 1,196	\$ 307	\$ 13,069	\$ -	\$ 14,572
Internal balances	-	-	-	2,809,483	1,866,112	4,846,944	41,150	9,563,689
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,810,679</u>	<u>1,866,419</u>	<u>4,860,013</u>	<u>41,150</u>	<u>9,578,261</u>
Fund balances								
<i>Assigned for:</i>								
Culture and recreation	-	-	-	-	-	1,139,986	-	1,139,986
Public works programs	-	-	-	239,321	28,358	-	148,850	416,529
Total fund balances (deficit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>239,321</u>	<u>28,358</u>	<u>1,139,986</u>	<u>148,850</u>	<u>1,556,515</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,050,000</u>	<u>\$ 1,894,777</u>	<u>\$ 5,999,999</u>	<u>\$ 190,000</u>	<u>\$ 11,134,776</u>

SUPPLEMENTARY INFORMATION
TOWN OF EAST GREENWICH, RHODE ISLAND
Capital Project Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2011

	School Renovations Fund	Police Station 2006	King Street Project	Swift Comm. Center/DPW Renovations	Landfill Project Fund	School Fields Fund	Town Hall Steps	Totals
Revenues								
Intergovernmental Revenue	\$ -	\$ -	\$ 1,826	\$ -	\$ 1,735	\$ -	\$ -	\$ 3,561
Total revenues	<u>-</u>	<u>-</u>	<u>1,826</u>	<u>-</u>	<u>1,735</u>	<u>-</u>	<u>-</u>	<u>3,561</u>
Expenditures								
Capital	-	-	-	91,108	-	63,547	21,874	176,529
Non capital expenditures	22,363	-	-	43,935	20,974	-	-	87,272
Total expenditures	<u>22,363</u>	<u>-</u>	<u>-</u>	<u>135,043</u>	<u>20,974</u>	<u>63,547</u>	<u>21,874</u>	<u>263,801</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources	(22,363)	-	1,826	(135,043)	(19,239)	(63,547)	(21,874)	(260,240)
Other financing sources (uses)								
Transfers from other funds	-	28,827	-	-	-	-	-	28,827
Transfers to other funds	(55,896)	-	-	-	-	-	-	(55,896)
Total other financing sources (uses)	<u>(55,896)</u>	<u>28,827</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(27,069)</u>
Excess of revenues and other sources over (under) expenditures	(78,259)	28,827	1,826	(135,043)	(19,239)	(63,547)	(21,874)	(287,309)
Fund balances - beginning	78,259	(28,827)	(1,826)	374,364	47,597	1,203,533	170,724	1,843,824
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 239,321</u>	<u>\$ 28,358</u>	<u>\$ 1,139,986</u>	<u>\$ 148,850</u>	<u>\$ 1,556,515</u>

SUPPLEMENTARY INFORMATION
TOWN OF EAST GREENWICH, RHODE ISLAND
Town Permanent Funds
Combining Balance Sheet - Non-Major Governmental Funds
June 30, 2011

	Briggs Fund	Spencer Maxwell Fund	Tillinghast Fund	Casey Fund	Darius Allen Fund	Estate of Thomas Johnson Fund	F. Robert E. Bergsten Fund	Howland Family Trust Fund	Totals
ASSETS									
Cash and cash equivalents	\$ 6,565	\$ 78,775	\$ 4,376	\$ 53,734	\$ 2,187	\$ 15,317	\$ 6,565	\$ 15,317	\$ 182,836
Investments	-	-	-	27,444	-	-	-	-	27,444
TOTAL ASSETS	<u>\$ 6,565</u>	<u>\$ 78,775</u>	<u>\$ 4,376</u>	<u>\$ 81,178</u>	<u>\$ 2,187</u>	<u>\$ 15,317</u>	<u>\$ 6,565</u>	<u>\$ 15,317</u>	<u>\$ 210,280</u>
LIABILITIES AND FUND BALANCES									
Liabilities									
Other liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances									
Nonspendable	6,565	78,775	4,376	81,178	2,187	15,317	6,565	15,317	210,280
Total fund balances (deficit)	<u>6,565</u>	<u>78,775</u>	<u>4,376</u>	<u>81,178</u>	<u>2,187</u>	<u>15,317</u>	<u>6,565</u>	<u>15,317</u>	<u>210,280</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 6,565</u>	<u>\$ 78,775</u>	<u>\$ 4,376</u>	<u>\$ 81,178</u>	<u>\$ 2,187</u>	<u>\$ 15,317</u>	<u>\$ 6,565</u>	<u>\$ 15,317</u>	<u>\$ 210,280</u>

SUPPLEMENTARY INFORMATION
TOWN OF EAST GREENWICH, RHODE ISLAND
Town Permanent Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2011

	Briggs Fund	Spencer Maxwell Fund	Tillinghast Fund	Casey Fund	Darius Allen Fund	Estate of Thomas Johnson Fund	F. Robert E. Bergsten Fund	Howland Family Trust Fund	Totals
Revenues									
Earnings on investments	\$ 7	\$ 83	\$ 4	\$ 95	\$ 3	\$ 16	\$ 8	\$ 16	\$ 232
Total revenues	<u>7</u>	<u>83</u>	<u>4</u>	<u>95</u>	<u>3</u>	<u>16</u>	<u>8</u>	<u>16</u>	<u>232</u>
Expenditures									
Net decrease in FMV of investment	-	-	-	8,538	-	-	-	-	8,538
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,538</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,538</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources	<u>7</u>	<u>83</u>	<u>4</u>	<u>(8,443)</u>	<u>3</u>	<u>16</u>	<u>8</u>	<u>16</u>	<u>(8,306)</u>
Fund balances - beginning	4,842	60,433	2,980	120,990	1,371	11,346	5,278	11,346	218,586
Prior period reclassifications Note 13	1,716	18,259	1,392	(31,369)	813	3,955	1,279	3,955	-
Fund balances - ending	<u>\$ 6,565</u>	<u>\$ 78,775</u>	<u>\$ 4,376</u>	<u>\$ 81,178</u>	<u>\$ 2,187</u>	<u>\$ 15,317</u>	<u>\$ 6,565</u>	<u>\$ 15,317</u>	<u>\$ 210,280</u>

SUPPLEMENTARY INFORMATION
TOWN OF EAST GREENWICH, RHODE ISLAND
Fiduciary Funds
Combining Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended June 30, 2011

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2011</u>
PERFORMANCE BOND FUND				
ASSETS				
Cash and cash equivalents	\$ 27,881	\$ 326,967		\$ 354,848
Internal balances	195,782	-	49,119	146,663
TOTAL ASSETS	<u>\$ 223,663</u>	<u>\$ 326,967</u>	<u>\$ 49,119</u>	<u>\$ 501,511</u>
LIABILITIES				
Deposits held in custody for others	\$ 223,663	\$ 326,967	\$ 49,119	\$ 501,511
TOTAL LIABILITIES	<u>\$ 223,663</u>	<u>\$ 326,967</u>	<u>\$ 49,119</u>	<u>\$ 501,511</u>
PUPIL ACTIVITY FUNDS				
ASSETS				
Cash and cash equivalents	\$ 212,051	\$ 655,475	\$ 617,886	\$ 249,640
TOTAL ASSETS	<u>\$ 212,051</u>	<u>\$ 655,475</u>	<u>\$ 617,886</u>	<u>\$ 249,640</u>
LIABILITIES				
Deposits held in custody for others	\$ 212,051	\$ 655,475	\$ 617,886	\$ 249,640
TOTAL LIABILITIES	<u>\$ 212,051</u>	<u>\$ 655,475</u>	<u>\$ 617,886</u>	<u>\$ 249,640</u>
TOTAL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	\$ 239,932	\$ 982,442	\$ 617,886	\$ 604,488
Internal balances	195,782	-	49,119	146,663
TOTAL ASSETS	<u>\$ 435,714</u>	<u>\$ 982,442</u>	<u>\$ 667,005</u>	<u>\$ 751,151</u>
LIABILITIES				
Deposits held in custody for others	\$ 435,714	\$ 982,442	\$ 667,005	\$ 751,151
TOTAL LIABILITIES	<u>\$ 435,714</u>	<u>\$ 982,442</u>	<u>\$ 667,005</u>	<u>\$ 751,151</u>

**SUPPLEMENTARY INFORMATION
TOWN OF EAST GREENWICH, RHODE ISLAND
Fiduciary Funds - Pupil Activity Funds
Combining Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended June 30, 2011**

	<u>Cash Balance July 1, 2010</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Cash Balance June 30, 2011</u>
PUPIL ACTIVITY FUNDS				
East Greenwich High School:				
Checking	\$ 67,021	\$ 363,893	\$ 336,146	\$ 94,768
Savings	21,291	17	-	21,308
CD	44,000	108	108	44,000
Athletic Officials Fund	3,774	23,104	23,836	3,042
Athletic Camp Fund	9,939	31,151	29,230	11,860
EGHS Football Club	-	-	-	-
Cole Middle School:				
Checking	45,181	166,599	159,350	52,430
Money Market	3,960	1	-	3,961
Eldridge	7,078	29,735	28,527	8,286
Eldridge Student Council	1,587	656	483	1,760
Frenchtown School	4,798	5,905	5,247	5,456
Meadowbrook	258	9,522	8,489	1,291
Meadowbrook Library	34	206	209	31
Hanaford	3,130	24,578	26,261	1,447
Hanaford Music Fund	-	-	-	-
TOTALS	<u>\$ 212,051</u>	<u>\$ 655,475</u>	<u>\$ 617,886</u>	<u>\$ 249,640</u>

School Department Operations

**SUPPLEMENTARY INFORMATION
EAST GREENWICH SCHOOL DEPARTMENT
Budgetary Comparison Schedule
Schedule of Revenues - Non-GAAP Budgetary Basis
For the Fiscal Year Ended June 30, 2011**

	Original Budgeted Revenues	Revised Budgeted Revenues	Actual Revenues	Variance
Revenues				
Hanaford fund revenue	\$ 20,000	\$ 20,000	\$ 36,613	\$ 16,613
Tuition revenue	118,000	118,000	180,900	62,900
Rentals	-	-	4,582	4,582
Medicaid revenue	325,000	325,000	323,614	(1,386)
Total revenues	<u>463,000</u>	<u>463,000</u>	<u>545,709</u>	<u>82,709</u>
State and federal aid and transfers				
State aid to education	1,275,562	1,275,562	1,296,770	21,208
Total state and federal aid and transfers	<u>1,275,562</u>	<u>1,275,562</u>	<u>1,296,770</u>	<u>21,208</u>
Transfer from other funds				
Transfers from other funds	-	-	21,608	21,608
Town appropriation	\$ 30,072,516	\$ 30,072,516	\$ 30,072,516	-
Total transfers from other funds	<u>30,072,516</u>	<u>30,072,516</u>	<u>30,094,124</u>	<u>21,608</u>
Total revenue and other financing sources	<u>\$ 31,811,078</u>	<u>\$ 31,811,078</u>	<u>\$ 31,936,603</u>	<u>\$ 125,525</u>

(Continued)

SUPPLEMENTARY INFORMATION
EAST GREENWICH SCHOOL DEPARTMENT
Budgetary Comparison Schedule
Schedule of Expenditures - Non-GAAP Budgetary Basis
Fiscal Year Ended June 30, 2011

	Original Budgeted Expenditures	Revised Budgeted Expenditures	Actual Expenditures	Variance
Expenditures				
Instructional teachers	\$ 15,318,913	\$ 16,242,973	\$ 16,196,016	\$ 46,957
Substitute teachers	367,021	328,143	498,090	(169,947)
Instructional paraprofessionals	750	1,027,500	718,020	309,480
Pupil-use tech/software	162,973	156,406	167,618	(11,212)
Instructional materials/trips/supplies	216,259	548,075	501,210	46,865
Guidance services	678,771	677,896	585,005	92,891
Library and media	631,918	631,668	620,138	11,530
Extracurricular	169,448	524,420	454,225	70,195
Student health and services	1,429,560	610,960	605,278	5,682
Curriculum development	25,600	25,600	8,219	17,381
Staff development	66,913	125,862	75,080	50,782
Program management	75,905	481,561	299,368	182,193
Therapists/psychologists/evaluation	4,867,704	1,723,979	1,756,087	(32,108)
Academic student assessment	71,545	71,545	72,703	(1,158)
Transportation	1,515,406	1,275,406	1,299,482	(24,076)
Safety	15,800	38,360	16,283	22,077
Building upkeep/maintenance/utilities	2,822,171	2,799,611	2,907,573	(107,962)
Data processing	339,006	412,992	332,574	80,418
Business operations	297,347	317,691	253,717	63,974
Budget contingencies	301,912	166,912	233,986	(67,074)
All school pass through	36,148	1,090,148	1,259,028	(168,880)
Principals and asst principals	1,722,477	1,308,617	1,093,029	215,588
School office	10,874	454,561	540,693	(86,132)
Superintendent/school board	571,622	447,082	400,509	46,573
Legal	-	125,000	141,789	(16,789)
Reappropriation undesignated	31,924	-	45	(45)
Other expenses	63,111	198,110	39,421	158,689
Total expenditures	31,811,078	31,811,078	31,075,186	735,892
 Total expenditures and transfers	 \$ 31,811,078	 \$ 31,811,078	 \$ 31,075,186	 \$ 735,892

(Continued)

TOWN OF EAST GREENWICH, RHODE ISLAND
Balance Sheet
School Department
June 30, 2011

	School Department
ASSETS	
Cash and cash equivalents	\$ -
Accounts receivable:	
Other	225,724
Internal balances	4,142,505
Deposits with institutions	587,712
Prepays	314,409
TOTAL ASSETS	\$ 5,270,350
 LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable and accrued expenses	\$ 2,870,586
Internal balances	121,096
Total liabilities	2,991,682
 Fund balances:	
<i>Nonspendable:</i>	
Prepays	314,409
<i>Restricted for:</i>	
Educational programs	1,194,939
Public health and welfare	587,712
<i>Committed for:</i>	
Educational programs	60,000
Capital outlay	100,000
<i>Assigned for:</i>	
Educational programs	21,608
<i>Unassigned:</i>	
	-
Total fund balances	2,278,668
TOTAL LIABILITIES AND FUND BALANCES	\$ 5,270,350

TOWN OF EAST GREENWICH, RHODE ISLAND
School Department Operations
Schedule of Revenues, Expenditures
For the Fiscal Year Ended June 30, 2011

	School Department
Revenues	
Hanaford fund revenue	\$ 36,613
State aid to education	1,296,770
Tuition revenue	180,900
Rentals	4,582
Medicaid revenue	323,614
Intergovernmental on behalf payments	1,166,742
Federal revenue - State fiscal stabilization	21,136
Total revenues	3,030,357
Expenditures	
Instructional teachers	16,196,016
Substitute teachers	498,090
Instructional paraprofessionals	718,020
Pupil-use tech/software	167,618
Instructional materials/trips/supplies	501,210
Guidance services	585,005
Library and media	620,138
Extracurricular	454,225
Student health and services	605,278
Curriculum development	8,219
Staff development	75,080
Program management	299,368
Therapists/psychologists/evaluation	1,756,087
Academic student assessment	93,839
Transportation	1,299,482
Safety	16,283
Building upkeep/maintenance/utilities	2,907,573
Data processing	332,574
Business operations	253,717
Budget contingencies	233,986
All school pass through	1,259,028
Principals and asst principals	1,093,029
School office	540,693
Superintendent/school board	400,509
Legal	141,789
Reappropriation undesignated	45
Other expenses	39,421
Intergovernmental on behalf payments	1,166,742
Total expenditures	32,263,064
Excess (deficiency) of Revenues Over (Under) Expenditures Before Operating Transfers	(29,232,707)
Operating transfers	
Transfers from other funds	21,608
Town appropriation	30,072,516
Total transfers from other funds	30,094,124
Net changes from operations	861,417
Operational reserves - beginning	1,417,251
Operational reserves - ending	2,278,668

STATISTICAL SECTION

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

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

**TOWN OF EAST GREENWICH, RHODE ISLAND
TAX COLLECTOR'S ANNUAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

REAL ESTATE AND PERSONAL PROPERTY TAXES

Tax Roll Year	Balance July 1, 2010	Current Year Assessment	Additions and Adjustments	Abatements and Adjustments	Amount to be Collected	Collections	Balance June 30, 2011
2010	\$ -	\$ 43,145,379	\$ 84,601	\$ 77,702	43,152,278	\$ 42,049,016	\$ 1,103,262
2009	1,292,186	-	1,071	11,152	1,282,105	1,151,160	130,945
2008	126,565	-	3,530	7,507	122,588	28,812	93,776
2007	102,000	-	-	3,144	98,856	8,287	90,569
2006	83,747	-	-	-	83,747	4,546	79,201
2005	44,782	-	-	-	44,782	1,105	43,677
2004	48,117	-	65	-	48,182	380	47,802
2003	60,542	-	-	-	60,542	599	59,943
2002	67,583	-	30	135	67,478	363	67,115
2001	60,453	-	-	-	60,453	339	60,114
2000 and prior	154,030	-	-	-	154,030	427	153,603
Subtotal	2,040,005	\$ 43,145,379	\$ 89,297	\$ 99,640	\$ 45,175,041	\$ 43,245,034	1,930,007
Allowance for uncollectible taxes	57,000						57,000
	<u>\$ 1,983,005</u>						<u>\$ 1,873,007</u>

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

Description of Property	Valuations	Levy	Current year collections
Real property	\$ 2,405,615,200	\$ 41,496,862	\$ 43,245,034
Motor vehicles	146,417,556	3,350,034	
Tangible personal	60,011,867	1,035,205	
	-	-	
Total	<u>2,612,044,623</u>	<u>45,882,101</u>	
Exemptions:			
Real property	73,031,039	1,259,785	
Motor vehicles	63,642,195	1,456,133	
Tangible personal	1,164,163	20,082	
Miscellaneous adjustment	-	722	
Total exemptions	<u>137,837,397</u>	<u>2,736,722</u>	
Net assessed value	<u>\$ 2,474,207,226</u>	<u>43,145,379</u>	
Current year assessment		<u>\$ 43,145,379</u>	
			Adjustments, refunds net <u>(31,436)</u>
			Total property tax revenues <u>\$ 43,213,598</u>

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

Exhibit 1

	Fiscal Year							
	2011	2010	2009	2008	2007	2006	2005	2004
Governmental Activities								
Invested in capital assets, net of related debt	\$ 16,161,958	\$ 19,176,359	\$ 20,744,380	\$ 14,653,361	\$ 19,342,095	\$ 4,476,275	\$ 517,034	\$ (2,446,108)
Restricted	-	-	-	-	3,603,644	2,463,577	2,414,680	1,414,386
Unrestricted	15,679,990	11,391,385	8,392,337	13,641,861	5,539,243	9,843,336	12,063,925	13,638,119
Total governmental activities net assets	<u>\$ 31,841,948</u>	<u>\$ 30,567,744</u>	<u>\$ 29,136,717</u>	<u>\$ 28,295,222</u>	<u>\$ 28,484,982</u>	<u>\$ 16,783,188</u>	<u>\$ 14,995,639</u>	<u>\$ 12,606,397</u>
Business-type activities								
Invested in capital assets, net of related debt	\$ 10,255,599	\$ 7,621,215	\$ 11,732,800	\$ 15,346,522	\$ 13,343,742	\$ 11,612,669	\$ 11,631,418	\$ 11,528,174
Unrestricted	14,660,591	16,318,603	9,919,947	2,005,368	4,389,133	5,539,988	6,203,596	4,938,852
Total business-type activities net assets	<u>\$ 24,916,190</u>	<u>\$ 23,939,818</u>	<u>\$ 21,652,747</u>	<u>\$ 17,351,890</u>	<u>\$ 17,732,875</u>	<u>\$ 17,152,657</u>	<u>\$ 17,835,014</u>	<u>\$ 16,467,026</u>
Primary government								
Invested in capital assets, net of related debt	\$ 26,417,557	\$ 26,797,574	\$ 32,477,180	\$ 29,999,883	\$ 32,685,837	\$ 16,088,944	\$ 12,148,452	\$ 9,082,066
Restricted	-	-	-	-	3,603,644	2,463,577	2,414,680	1,414,386
Unrestricted	30,340,581	27,709,988	18,312,284	15,647,229	9,928,376	15,383,324	18,267,521	18,576,971
Total primary government net assets	<u>\$ 56,758,138</u>	<u>\$ 54,507,562</u>	<u>\$ 50,789,464</u>	<u>\$ 45,647,112</u>	<u>\$ 46,217,857</u>	<u>\$ 33,935,845</u>	<u>\$ 32,830,653</u>	<u>\$ 29,073,423</u>
Component Unit - Land Trust								
Invested in capital assets, net of related debt	\$ 5,018,500	\$ 5,018,500	\$ 5,018,500	\$ 5,018,500	\$ 5,018,500	\$ 5,018,500	\$ 4,998,500	\$ 4,978,500
Unrestricted	152,118	147,656	137,565	133,344	143,631	116,244	105,255	143,251
Total component unit - land trust	<u>\$ 5,170,618</u>	<u>\$ 5,166,156</u>	<u>\$ 5,156,065</u>	<u>\$ 5,151,844</u>	<u>\$ 5,162,131</u>	<u>\$ 5,134,744</u>	<u>\$ 5,103,755</u>	<u>\$ 5,121,751</u>

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

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

Exhibit 2

	Fiscal Year							
	2011	2010	2009	2008	2007	2006	2005	2004
Expenses								
Governmental activities:								
Legislative, judicial and general administrative	\$ 4,383,274	\$ 4,339,118	\$ 4,185,051	\$ 3,132,955	\$ 3,306,789	\$ 2,849,524	\$ 2,915,661	\$ 2,913,521
Financial administration	373,446	499,059	498,266	486,637	453,747	434,951	418,003	-
Information technology	291,000	329,333	347,956	279,149	258,937	246,951	-	-
Public safety	3,362,659	3,937,506	3,719,021	3,775,116	3,643,029	3,344,962	2,985,733	3,399,364
Public works	4,288,190	4,305,209	4,264,987	3,884,001	3,772,241	2,599,762	2,591,029	3,163,207
Public Health and Welfare	405,521	457,285	474,880	715,504	809,787	725,611	806,418	842,411
Parks and recreation	571,481	607,466	598,106	176,116	188,772	174,782	178,363	402,388
Town planner	152,036	191,610	190,516	185,712	182,181	168,074	282,993	-
Senior and Human services	239,353	229,342	245,204	228,993	193,227	190,719	183,352	-
Education	34,490,597	34,270,489	35,045,679	33,162,664	31,663,741	29,999,180	28,800,766	27,512,563
Library	467,175	467,175	467,175	455,775	434,071	417,376	396,399	-
Net decrease in FMV of investments	8,538	-	-	-	-	-	-	-
Financing costs	650,037	-	-	-	-	-	-	-
Capital	-	-	-	1,698,602	504,915	-	-	-
Other	-	-	28,342	129,581	141,339	122,212	158,323	-
Interest	737,841	1,182,573	679,380	597,214	333,085	394,589	328,915	196,922
Total governmental activities expenses	<u>50,421,148</u>	<u>50,816,165</u>	<u>50,744,563</u>	<u>48,908,019</u>	<u>45,885,861</u>	<u>41,668,693</u>	<u>40,045,955</u>	<u>38,430,376</u>
Business-type activities:								
Sewer fund	2,876,482	2,756,904	2,077,958	2,234,066	2,136,408	2,057,618	2,101,181	1,912,411
Total business-type activities expenses	<u>2,876,482</u>	<u>2,756,904</u>	<u>2,077,958</u>	<u>2,234,066</u>	<u>2,136,408</u>	<u>2,057,618</u>	<u>2,101,181</u>	<u>1,912,411</u>
Total primary government expenses	<u>\$ 53,297,630</u>	<u>\$ 53,573,069</u>	<u>\$ 52,822,521</u>	<u>\$ 51,142,085</u>	<u>\$ 48,022,269</u>	<u>\$ 43,726,311</u>	<u>\$ 42,147,136</u>	<u>\$ 40,342,787</u>
Component unit - Land Trust								
Public Health and Welfare	\$ 29,240	\$ 24,773	\$ 37,652	\$ 57,970	\$ 14,623	\$ 2,391	\$ 17,996	\$ 977,522
Total component unit expenses	<u>\$ 29,240</u>	<u>\$ 24,773</u>	<u>\$ 37,652</u>	<u>\$ 57,970</u>	<u>\$ 14,623</u>	<u>\$ 2,391</u>	<u>\$ 17,996</u>	<u>\$ 977,522</u>

(Continued)

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

Exhibit 2

	Fiscal Year							
	2011	2010	2009	2008	2007	2006	2005	2004
Program revenues								
Governmental activities:								
<i>Charges for services:</i>								
Legislative, judicial and general administrative	\$ 550,557	\$ 599,011	\$ 639,690	\$ 691,384	\$ 675,892	\$ 770,393	\$ 800,947	\$ 1,347,575
Public safety	184,844	402,727	618,109	195,899	178,486	231,606	158,890	520,556
Public works	265,119	579,712	254,332	267,875	374,505	473,275	327,663	-
Public health and welfare	176,620	50,007	55,045	-	-	-	-	-
Parks and recreation	127,990	128,079	126,491	31,806	14,532	21,627	14,326	130,508
Town planner	930,205	344,517	296,856	-	-	-	-	-
Education	515,377	501,357	961,299	37,197	180,452	105,648	85,762	2,520,853
Public Health and Welfare	-	-	-	-	-	-	-	21,098
<i>Operating and grants contributions</i>								
Legislative, judicial and general administrative	-	-	-	-	-	-	-	284
Public safety	7,988	524,963	27,283	-	-	-	-	118,517
Public works	30,408	2,657	-	-	-	-	-	323,911
Parks and recreation	4,395	5,749	3,408	-	-	-	-	150,000
Public health and welfare	145,289	208,867	295,974	-	-	-	-	382,623
Education	1,531,377	1,320,089	2,549,745	370,018	230,462	215,410	412,272	2,081,732
Other	-	-	-	2,033,706	2,058,336	1,952,930	1,812,264	-
<i>Capital grants and contributions</i>								
Legislative, judicial and general administrative	3,561	276,176	408,777	-	-	-	-	-
Public safety	26,236	17,412	57,541	-	-	-	-	-
Public health and welfare	-	-	50,000	-	-	-	-	-
Total governmental activities program revenues	<u>4,499,966</u>	<u>4,961,323</u>	<u>6,344,550</u>	<u>3,627,885</u>	<u>3,712,665</u>	<u>3,770,889</u>	<u>3,612,124</u>	<u>7,597,657</u>
Business-type activities:								
<i>Charges for services:</i>								
Sewer fund	3,600,454	4,401,777	6,170,324	1,485,497	2,366,389	1,407,347	2,823,752	841,501
Total business-type activities program revenues	<u>3,600,454</u>	<u>4,401,777</u>	<u>6,170,324</u>	<u>1,485,497</u>	<u>2,366,389</u>	<u>1,407,347</u>	<u>2,823,752</u>	<u>841,501</u>
Total primary government program revenues	<u>\$ 8,100,420</u>	<u>\$ 9,363,100</u>	<u>\$ 12,514,874</u>	<u>\$ 5,113,382</u>	<u>\$ 6,079,054</u>	<u>\$ 5,178,236</u>	<u>\$ 6,435,876</u>	<u>\$ 8,439,158</u>
Net (Expense)/Revenue								
Governmental activities	\$ (45,921,182)	\$ (45,854,842)	\$ (44,400,013)	\$ (45,280,134)	\$ (42,173,196)	\$ (37,897,804)	\$ (36,433,831)	\$ (30,832,719)
Business-type activities	723,972	1,644,873	4,092,366	(748,569)	229,981	(650,271)	722,571	(1,070,910)
Total primary government net expenses	<u>\$ (45,197,210)</u>	<u>\$ (44,209,969)</u>	<u>\$ (40,307,647)</u>	<u>\$ (46,028,703)</u>	<u>\$ (41,943,215)</u>	<u>\$ (38,548,075)</u>	<u>\$ (35,711,260)</u>	<u>\$ (31,903,629)</u>
Total component unit net expenses	<u>\$ 29,240</u>	<u>\$ 24,773</u>	<u>\$ 37,652</u>	<u>\$ 57,970</u>	<u>\$ 14,623</u>	<u>\$ 2,391</u>	<u>\$ 17,996</u>	<u>\$ 977,522</u>
General Revenues and Other Changes in Net Assets								
Governmental activities:								
Property taxes, levied for general purposes	\$ 43,109,254	\$ 41,833,892	\$ 39,648,780	\$ 37,851,734	\$ 35,134,479	\$ 34,339,914	\$ 33,215,904	\$ 32,391,223
Unrestricted investment earnings	232	89,386	94,635	204,322	353,610	269,296	194,009	108,367
Miscellaneous	4,106,885	5,362,591	3,847,486	6,289,962	5,610,041	5,399,351	5,446,902	136,790
Transfers	-	-	-	-	25,041	-	-	(957,838)
<i>Special item - Loss on disposal of equipment</i>	(20,985)	-	(64,575)	-	(32,012)	(427,421)	-	-
Total general revenues	<u>47,195,386</u>	<u>47,285,869</u>	<u>43,526,326</u>	<u>44,346,018</u>	<u>41,091,159</u>	<u>39,581,140</u>	<u>38,856,815</u>	<u>31,678,542</u>
Business-type activities:								
Unrestricted investment earnings	551,005	553,883	472,065	367,584	315,278	796,754	-	182,009
Transfers	-	-	-	-	(25,041)	-	645,417	(12,591)
Total business-type activities	<u>551,005</u>	<u>553,883</u>	<u>472,065</u>	<u>367,584</u>	<u>290,237</u>	<u>796,754</u>	<u>645,417</u>	<u>169,418</u>
Total primary government	<u>\$ 47,746,391</u>	<u>\$ 47,839,752</u>	<u>\$ 43,998,391</u>	<u>\$ 44,713,602</u>	<u>\$ 41,381,396</u>	<u>\$ 40,377,894</u>	<u>\$ 39,502,232</u>	<u>\$ 31,847,960</u>
Change in Net Assets								
Governmental activities	\$ 1,274,204	\$ 1,431,027	\$ (873,687)	\$ (934,116)	\$ (1,082,037)	\$ 1,683,336	\$ 2,422,984	\$ 845,823
Business-type activities	1,274,977	2,198,756	4,564,431	(380,985)	520,218	146,483	1,367,988	(901,492)
Total primary governmental	<u>\$ 2,549,181</u>	<u>\$ 3,629,783</u>	<u>\$ 3,690,744</u>	<u>\$ (1,315,101)</u>	<u>\$ (561,819)</u>	<u>\$ 1,829,819</u>	<u>\$ 3,790,972</u>	<u>\$ (55,669)</u>
Component Unit - Land Trust								
Miscellaneous	\$ 33,702	\$ 34,864	\$ 41,873	\$ 47,683	\$ 42,010	\$ 33,380	\$ -	\$ -
Total general revenues	<u>\$ 33,702</u>	<u>\$ 34,864</u>	<u>\$ 41,873</u>	<u>\$ 47,683</u>	<u>\$ 42,010</u>	<u>\$ 33,380</u>	<u>\$ -</u>	<u>\$ -</u>
Change in Net Assets - component unit	<u>\$ 4,462</u>	<u>\$ 10,091</u>	<u>\$ 4,221</u>	<u>\$ (10,287)</u>	<u>\$ 56,633</u>	<u>\$ 35,771</u>	<u>\$ 17,996</u>	<u>\$ 977,522</u>

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

TOWN OF EAST GREENWICH
Balance Sheet Fund Balances Governmental Funds
(Modified Accrual Basis of Accounting)
Last Eight Years

Exhibit 3	Fiscal Year							
	2011	2010	2009	2008	2007	2006	2005	2004
General Fund - Fund Balance Categories:								
Nonspendable:	18,847	*	*	*	*	*	*	*
Restricted:	2,278,668	*	*	*	*	*	*	*
Committed:	1,247,870	*	*	*	*	*	*	*
Assigned:	804,205	*	*	*	*	*	*	*
Unassigned:	5,181,016	*	*	*	*	*	*	*
Reserved								
Reserved for contingency	-	210,000	210,000	210,000	210,000	400,000	-	-
Reserved for prepaids	-	29,077	288,675	101,868	-	104,394	-	45,683
Reserved for encumbrances	-	-	-	-	-	-	-	160,999
Unreserved:								
Designated for capital reserve vehicles	-	595,145	595,145	963,410	1,324,100	1,529,949	1,695,339	-
Designated for other improvements	-	436,638	444,327	1,082,424	648,529	345,611	245,420	-
Unreserved	-	4,445,470	2,622,685	1,988,024	2,937,042	3,237,463	3,168,705	5,129,192
Total general fund	\$ 9,530,606	\$ 5,716,330	\$ 4,160,832	\$ 4,345,726	\$ 5,119,671	\$ 5,617,417	\$ 5,109,464	\$ 5,335,874
School Unrestricted Fund *								
Reserved								
Reserved for healthcare	-	225,372	259,900	221,172	-	-	-	-
Reserved for settlements	-	-	-	-	-	-	40,000	-
Reserved for capital projects	-	-	-	-	-	-	300,024	-
Reserved for prepaids	-	314,355	-	438,265	373,926	83,623	77,873	77,053
Reserved for inventory	-	-	-	-	-	-	-	7,345
Reserved for encumbrances	-	-	-	-	-	-	-	179,174
Unreserved: Designated for other improvements	-	100,000	100,000	100,000	-	-	-	-
Unreserved	-	777,524	360,374	83,893	2,070	416,823	309,077	629,402
Total school unrestricted fund	\$ -	\$ 1,417,251	\$ 720,274	\$ 843,330	\$ 375,996	\$ 500,446	\$ 726,974	\$ 892,974
School Bond 52m Capital Fund								
Committed for: Education	8,326,692	*	*	*	*	*	*	*
Unreserved	-	16,700,799	7,939,707	-	-	-	-	-
Total School Bond 52m Capital Fund	\$ 8,326,692	\$ 16,700,799	\$ 7,939,707	\$ -				
School Renovations Fund								
Reserved for capital projects	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 56,024	\$ 554,948
Unreserved	-	-	-	-	-	-	5,768,232	6,400,607
Total School Renovations Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,824,256	\$ 6,955,555
Non-Major Governmental Funds								
Nonspendable:								
Inventories	4,532	*	*	*	*	*	*	*
Permanent fund principal	210,280	*	*	*	*	*	*	*
Restricted for:								
Education	291,393	*	*	*	*	*	*	*
Culture and recreation	728,562	*	*	*	*	*	*	*
Public works programs	93,894	*	*	*	*	*	*	*
Assigned for:								
Legislative, judicial	84,799	*	*	*	*	*	*	*
Long term obligations	585,896	*	*	*	*	*	*	*
Public safety programs	108,837	*	*	*	*	*	*	*
Community programs	128,055	*	*	*	*	*	*	*
Public works programs	457,385	*	*	*	*	*	*	*
Culture and recreation	1,435,172	*	*	*	*	*	*	*
Unassigned:	(247,070)	*	*	*	*	*	*	*
Reserved								
Reserved by trust agreements	-	218,586	215,288	240,495	297,548	-	-	-
Reserved for inventory	-	5,303	11,201	9,313	15,601	17,559	-	-
Reserved for prepaids	-	-	5,847	-	-	-	-	-
Reserved for encumbrances	-	-	-	-	-	-	-	35,767
Unreserved, reported in:								
Capital Projects Funds	-	1,843,824	6,844,984	5,931,848	1,274,643	3,895,076	201,399	164,421
Permanent Funds	-	-	-	-	-	288,272	276,626	265,062
Special Revenue Funds	-	1,706,748	1,617,191	1,467,074	1,429,856	1,267,518	1,380,104	837,315
Total non-major governmental funds	\$ 3,881,735	\$ 3,774,461	\$ 8,694,511	\$ 7,648,730	\$ 3,017,648	\$ 5,468,425	\$ 1,858,129	\$ 1,302,565

* : GASB 54 implemented in 2011, This data is not available for prior years

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

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

Exhibit 4

	Fiscal Year							
	2011	2010	2009	2008	2007	2006	2005	2004
Revenues								
General property tax	\$ 43,213,598	\$ 41,561,575	\$ 39,757,548	\$ 37,755,081	\$ 34,936,384	\$ 34,525,136	\$ 32,873,170	\$ 31,150,423
Intergovernmental and departmental revenues	4,928,030	7,159,798	6,957,190	6,375,848	5,572,917	6,010,198	6,259,685	6,326,886
License and permits	974,565	1,233,467	1,064,372	1,155,158	1,228,883	1,475,274	1,287,500	1,187,697
Fines and interest on late payments	-	164,840	234,271	186,159	143,619	138,690	171,336	-
Interest on investments	232	89,386	94,635	204,322	353,610	269,296	194,009	83,578
Other revenues	2,344,348	1,446,143	1,999,295	2,187,885	2,364,183	1,538,050	1,332,477	1,822,049
Total revenues	<u>51,460,773</u>	<u>51,655,209</u>	<u>50,107,311</u>	<u>47,864,453</u>	<u>44,599,596</u>	<u>43,956,644</u>	<u>42,118,177</u>	<u>40,570,633</u>
Expenditures								
Current:								
Legislative, judicial and general administrative	3,096,108	3,002,019	3,153,800	3,147,094	\$ 3,006,065	2,810,819	3,019,306	2,365,797
Financial administration	501,807	499,059	498,266	486,637	453,747	434,951	418,003	367,226
Information technology	291,000	329,333	347,956	279,149	258,937	246,951	-	-
Public safety	3,043,576	3,606,847	3,458,574	3,684,137	3,513,905	3,244,210	2,911,557	3,084,875
Public works	2,845,876	2,793,583	2,903,501	2,537,042	2,428,387	2,352,814	2,361,295	2,509,608
Public Health and Welfare	405,521	457,285	474,880	715,504	809,787	725,611	806,418	157,651
Parks and recreation	522,161	557,343	542,383	121,236	138,963	128,370	134,445	577,570
Town planner	152,036	191,610	190,516	185,712	182,181	168,074	282,993	168,139
Senior and human services	239,353	229,342	245,204	228,993	193,227	190,719	183,352	-
Education	33,884,678	33,760,544	34,417,055	32,604,632	31,097,374	29,642,890	28,535,002	27,641,219
Library	467,175	467,175	467,175	455,775	434,071	417,376	396,399	372,676
Land trust	-	4,600	-	30,828	14,532	1,627	13,826	-
Other	650,037	-	28,342	96,603	124,707	116,804	122,397	534,955
Capital	19,373,150	20,972,534	10,314,538	6,924,789	3,747,244	4,151,237	2,170,962	2,297,927
Debt service:								
Principal	35,550,000	10,940,000	1,940,000	1,840,000	970,000	995,000	1,275,000	1,299,186
Interest	766,885	1,054,545	604,260	587,889	322,383	362,159	399,525	169,312
Other expenditures	8,538	-	-	2,150	2,100	3,781	22,100	11,156
Total expenditures	<u>101,797,901</u>	<u>78,865,819</u>	<u>59,586,450</u>	<u>53,928,170</u>	<u>47,697,610</u>	<u>45,993,393</u>	<u>43,052,580</u>	<u>41,557,297</u>
Excess of revenues over (under) expenditures before other financing sources (uses)	<u>(50,337,128)</u>	<u>(27,210,610)</u>	<u>(9,479,139)</u>	<u>(6,063,717)</u>	<u>(3,098,014)</u>	<u>(2,036,749)</u>	<u>(934,403)</u>	<u>(986,664)</u>
Other financing sources (uses)								
Issuance of debt	44,135,000	33,000,000	18,240,000	9,600,000	-	-	9,600,000	9,774,400
BAN premium proceeds	332,320	304,127	-	-	-	-	-	-
Transfers from other funds	723,640	30,032,915	31,291,902	28,582,517	27,433,721	26,345,824	25,446,196	26,405,317
Transfers to other funds	(723,640)	(30,032,915)	(31,291,902)	(28,582,517)	(27,408,680)	(26,345,824)	(25,446,196)	(27,363,155)
Total other financing sources (uses)	<u>44,467,320</u>	<u>33,304,127</u>	<u>18,240,000</u>	<u>9,600,000</u>	<u>25,041</u>	<u>-</u>	<u>9,600,000</u>	<u>(957,838)</u>
Net change in fund balances	<u>(5,869,808)</u>	<u>6,093,517</u>	<u>8,760,861</u>	<u>3,536,283</u>	<u>(3,072,973)</u>	<u>(2,036,749)</u>	<u>8,665,597</u>	<u>(1,944,502)</u>
Fund balances - beginning	<u>26,191,590</u>	<u>21,515,324</u>	<u>12,837,786</u>	<u>8,513,315</u>	<u>11,586,288</u>	<u>13,518,823</u>	<u>14,486,968</u>	<u>6,657,070</u>
Prior period adjustments	<u>1,417,251</u>	<u>-</u>	<u>(83,323)</u>	<u>788,188</u>	<u>-</u>	<u>104,214</u>	<u>(33,742)</u>	<u>-</u>
Fund balances - ending	<u>\$ 21,739,033</u>	<u>\$ 27,608,841</u>	<u>\$ 21,515,324</u>	<u>\$ 12,837,786</u>	<u>\$ 8,513,315</u>	<u>\$ 11,586,288</u>	<u>\$ 23,118,823</u>	<u>\$ 4,712,568</u>
Debt service as a percentage of noncapital expenditures	<u>78.77%</u>	<u>26.13%</u>	<u>5.44%</u>	<u>5.45%</u>	<u>3.03%</u>	<u>3.35%</u>	<u>4.27%</u>	<u>3.89%</u>

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

**TOWN OF EAST GREENWICH
 ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS
 UNAUDITED**

Exhibit 5

Fiscal Year	REAL PROPERTY		PERSONAL PROPERTY		TOTAL		Total Direct Tax Rate	Ratio of Total Assessed Value to Total Estimated Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
2002	926,948,502	946,025,670	123,505,096	161,761,740	1,050,453,598	1,107,787,410	27.12	94.82%
2003	952,035,031	971,164,940	119,773,257	166,330,031	1,071,808,288	1,137,494,971	27.14	94.23%
2004	1,656,109,702	1,698,166,135	129,547,903	177,504,167	1,785,657,605	1,875,670,302	17.68	95.20%
2005	1,682,891,427	1,726,858,715	126,633,488	174,791,008	1,809,524,915	1,901,649,723	18.35	95.16%
2006	1,732,551,743	1,773,579,875	138,876,212	192,611,780	1,871,427,955	1,966,191,655	18.74	95.18%
2007	2,539,740,260	2,619,166,280	147,873,277	210,263,290	2,687,613,537	2,829,429,570	13.80	94.99%
2008	2,586,013,339	2,669,036,190	151,455,900	215,802,125	2,737,469,239	2,884,838,315	14.38	94.89%
2009	2,619,904,759	2,704,309,590	150,203,612	215,813,070	2,770,108,371	2,920,122,660	14.76	94.86%
2010	2,324,960,270	2,408,085,400	142,421,444	130,387,443	2,467,381,714	2,538,472,843	17.12	97.19%
2011	2,332,584,161	2,405,615,200	141,623,065	82,775,361	2,474,207,226	2,552,032,756	17.25	97.00%

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

Exhibit 6

Fiscal Year		General Fund	Fiscal Year		General Fund
2002	Real Estate Residential	27.59	2007	Real Estate Residential	12.86
	Motor Vehicles	22.88		Motor Vehicles	22.88
	Tangible	27.59		Tangible	12.86
	Inventory	16.59		Inventory	4.74
2003	Real Estate Residential	27.58	2008	Real Estate Residential	13.54
	Motor Vehicles	22.88		Motor Vehicles	22.88
	Tangible	27.58		Tangible	13.54
	Inventory	14.22		Inventory	2.37
2004	Real Estate Residential	17.14	2009	Real Estate Residential	16.64
	Motor Vehicles	22.88		Motor Vehicles	22.88
	Tangible	17.14		Tangible	16.64
	Inventory	11.85			
2005	Real Estate Residential	17.91	2010	Real Estate Residential	17.25
	Motor Vehicles	22.88		Motor Vehicles	22.88
	Tangible	17.91		Tangible	17.25
	Inventory	9.48			
2006	Real Estate Residential	18.33	2011	Real Estate Residential	17.49
	Motor Vehicles	22.88		Motor Vehicles	22.88
	Tangible	18.33		Tangible	17.49
	Inventory	7.11			

The average total direct rate for 2011 is \$17.79

Note: Taken from annual certified tax role

TOWN OF EAST GREENWICH
 PRINCIPAL TAXPAYERS
 JUNE 30, 2011
 UNAUDITED

Exhibit 7

<u>Taxpayer</u>	<u>Type of Business</u>	<u>(1) Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
East Greenwich Square LLC	Real Estate	22,195,900	0.85%
Saint Elizabeth Development	Nursing	20,999,000	0.80%
Valley Place Office Park LLC	Medical Offices	17,098,200	0.65%
Stanley Bostitch	Manufacturer	15,227,700	0.58%
National Grid	Utilities	9,420,752	0.36%
Cove Homes, Inc.	Elderly Housing	8,367,200	0.32%
CNL Retirement LP	Real Estate	7,895,900	0.30%
Esmond Realty Corp	Shopping Center	7,162,700	0.27%
SBN Reo LLC	Medical Offices	6,856,900	0.26%
		<u>\$ 115,224,252</u>	<u>4.41%</u>
Total assessed valuation (gross)		<u><u>\$ 2,612,044,623</u></u>	

(1) Source tax assessors office

Note: Information for prior nine years was not available

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

Exhibit 8

Fiscal Year	Taxes Levied for the Tax Year	Current Year Tax Collections	Percent of Levy Collected	Collections in Subsequent Years	Total Collections to Date	
					Amount	Percentage of Levy
2002	28,667,338	27,523,820	96.01%	1,078,016	28,601,836	99.77%
2003	29,338,936	28,301,902	96.47%	956,816	29,258,718	99.73%
2004	31,085,500	30,034,280	96.62%	972,470	31,006,750	99.75%
2005	32,902,972	31,978,115	97.19%	852,319	32,830,434	99.78%
2006	34,571,313	33,649,074	97.33%	830,539	34,479,613	99.73%
2007	35,290,852	34,074,641	96.55%	1,070,681	35,145,322	99.59%
2008	37,726,180	36,636,049	97.11%	1,098,698	37,734,747	100.02%
2009	39,575,719	38,591,813	97.51%	951,505	39,543,318	99.92%
2010	41,524,344	40,155,545	96.70%	1,027,942	41,183,487	99.18%
2011	43,145,379	42,049,016	97.46%	1,196,018	43,245,034	100.23%

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

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

Exhibit 9

Fiscal Year	Governmental Activities			Business-Type Activities		Total Primary Government	Population	Personal Income	Per Capita ¹	Total Debt per Personal Income
	General Obligation Bonds	Bond Anticipation Notes	Capital Leases	General Obligation Bonds	Notes Payable					
2002	5,790,000	-	117,071	-	8,052,632	13,959,703	*	*	*	*
2003	4,155,000	-	15,929	-	18,705,264	22,876,193	*	*	*	*
2004	12,679,033	-	-	-	18,252,896	30,931,929	*	*	*	*
2005	11,396,005	-	118,113	-	17,345,707	28,859,825	*	*	*	*
2006	10,392,977	-	59,981	-	16,422,031	26,874,989	*	*	*	*
2007	9,429,873	-	293,832	-	23,086,586	32,810,291	*	*	*	*
2008	17,080,000	3,900,000	216,583	-	22,139,078	43,335,661	11,865	582,192	3,652.39	74.44
2009	24,380,000	9,000,000	33,333	6,000,000	20,857,215	60,270,548	13,293	652,261	4,534.01	92.40
2010	22,440,000	33,000,000	-	5,800,000	25,019,939	86,259,939	13,648	652,261	6,320.34	132.25
2011	30,525,000	33,500,000	-	5,470,000	23,600,396	93,095,396	13,382	665,261	6,956.76	139.94

* Information unavailable as of date of report

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

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

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

Exhibit 10

Legal Debt Margin Calculation for the Fiscal Year 2011

Assessed Value (net)	\$ 2,474,207,226
Debt Limit 3% of Assessed Value	74,226,217
<i>Debt Applicable to Limit:</i>	
Total Bonded Debt	33,500,000
Legal Debt Margin	\$ 40,726,217

	2011	2010	2009	2008	2007	2006
Debt Limit	74,226,217	\$ 74,021,451	\$ 83,103,251	\$ 82,124,077	\$ 81,206,687	\$ 56,142,839
Total net debt applicable to limit	33,500,000	28,240,000	30,380,000	17,080,000	9,320,000	10,270,000
Legal debt margin	\$ 40,726,217	\$ 45,781,451	\$ 52,723,251	\$ 65,044,077	\$ 71,886,687	\$ 45,872,839
Total net debt applicable to the limit as a percentage of the debt limit	45.13%	38.15%	36.56%	20.80%	11.48%	18.29%

Note: Information for prior five years was not available

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

Exhibit 11

Fiscal Year	Principal	Interest	Total Debt Service	Total General Expenditures (1)	Ratio of Annual Debt Service to Total General Expenditures Estimated
2002	1,540,000	318,995	1,858,995	35,418,533	5.25%
2003	1,736,142	136,283	1,872,425	37,261,519	5.03%
2004	1,299,186	169,312	1,468,498	41,557,297	3.53%
2005	1,275,000	399,525	1,674,525	43,052,580	3.89%
2006	995,000	362,159	1,357,159	45,993,393	2.95%
2007	970,000	322,383	1,292,383	47,697,610	2.71%
2008	1,840,000	587,889	2,427,889	53,928,170	4.50%
2009	1,940,000	604,260	2,544,260	59,586,450	4.27%
2010	1,940,000	875,046	2,815,046	54,626,911	5.15%
2011	2,550,000	766,885	3,316,885	200,922,790	1.65%

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

TOWN OF EAST GREENWICH
 PRINCIPAL EMPLOYERS
 JUNE 30, 2011
 UNAUDITED

Exhibit 12

Name	Type of Business	Number of Employees			Percentage of Total Town Employment		Number of Employees		Number of Employees		Number of Employees		Number of Employees	
		2011	2010	2009	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Picerne-Military Housing LLC	Construction	806	*	*	*	*	*	*	*	*	*	*	*	*
Stanley Bostich, Inc	Manufacturing	*	200	550	*	3.43%	9.44%	*	*	*	*	*	*	*
Town of East Greenwich	Government	463	463	488	#DIV/0!	7.95%	8.38%	*	*	*	*	*	*	*
Dave's Market Palce	Retail	237	*	*	#DIV/0!	*	*	*	*	*	*	*	*	*
University Orthopedics Inc	Medical	229	*	*	#DIV/0!	*	*	*	*	*	*	*	*	*
Infor Distribution Essentials	Commerce Management	225	225	225	#DIV/0!	3.86%	3.86%	*	*	*	*	*	*	*
Berkshire Construction Services, Inc.	Construction	200	200	200	#DIV/0!	3.43%	3.43%	*	*	*	*	*	*	*
Saint Elizabeth Home	Nursing Home	200	185	200	#DIV/0!	3.18%	3.43%	*	*	*	*	*	*	*
On Semiconductor Corp.	Manufacturing	103	110	110	#DIV/0!	1.89%	1.89%	*	*	*	*	*	*	*
Paul Bailey's EG Ford Inc.	Auto Sales	103	103	103	#DIV/0!	#DIV/0!	#DIV/0!	*	*	*	*	*	*	*

*Information unavailable as of date of report

**EAST GREENWICH PUBLIC SCHOOLS
MISCELLANEOUS STATISTICS
JUNE 30, 2011
UNAUDITED**

Exhibit 13

BUILDINGS

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

STUDENTS

	K-6	Middle	High	Total
2011	1169	400	741	2310
2010	1223	419	760	2402
2009	1187	405	784	2376
2008	1180	417	789	2386
2007	1185	422	778	2385
2006	1243	433	793	2469
2005	1270	450	711	2431
2004	1320	464	666	2450
2003	1348	415	674	2437
2002	1372	397	662	2431

Administrative

Certified Staff:

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

Non- Certified Staff

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

Total FTE's

338

Data collected from School Department

**TOWN OF EAST GREENWICH
MISCELLANEOUS STATISTICS
JUNE 30, 2011
UNAUDITED**

Exhibit 14

Founded	1644	Police Protection	
Town Incorporation	1677	Buildings	1
		Employees:	
		Law Enforcement	32
Type of Government	Council / Town Manager	Civilian	8
		Community Service Officers	15
Fiscal Year begins	July 1		
		Recreation	
Population	Official US Census	Natural Parks	5
	1950 4,923	Playgrounds	12
	1960 6,100	Ball Diamonds	
	1970 9,577	Hard Ball	3
	1980 10,211	Soft Ball	3
	1990 11,865	Multi-purpose fields	14
	2000 12,948		
	2010 13,146		
		Inline Rink	1
Area of Town	16.7 square miles	Skating Arenas	1
Land Area	16.6 square miles	Basketball Courts	6
		Walking Paths	1
		Running Tracks	1
Miles of Streets		Tennis Courts	12
Local Paved	80		
State Paved	11	Historical Cemeteries	85
Elections - November 2008		Municipal Buildings	
Registered Voters	10,210	Town Hall	1
Number of Votes Cast	7,671	Public Works Garage	1
Percentage Voting	75%	Parks & Recreation	3
Fire Protection			
# Fire Stations	2	Other Municipal Employees:	
Employees : Uniformed	38	Directors and admin	11
		Other municipal full-time	62
Library		Part time	51
Full Time Employees	5		
Part Time Employees	12		
Town Unemployment Rate:	10.70%		

Note: Data collected from various Town departments

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

Exhibit 15

Function	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Government	*	*	*	*	*	*	22	22	22	21
Public Safety										
Police										
Officers	*	*	*	*	*	*	30	29	32	32
Civilians	*	*	*	*	*	*	8	8	8	8
Parks	*	*	*	*	*	*	11	11	10	10
Public Works	*	*	*	*	*	*	23	23	24	24
Senior Services	*	*	*	*	*	*	5	5	4	4
Sewer	*	*	*	*	*	*	1	1	5	5
Total	*	*	*	*	*	*	100	99	105	104

* Information unavailable as of date of report
Source: Various Government Departments

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

Exhibit 16

Function	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Public Safety										
Police:										
Stations	*	*	*	*	*	*	1	1	1	1
Patrol units	*	*	*	*	*	*	30	29	32	32
Fire Stations	*	*	*	*	*	*	2	2	2	2
Highways and Streets										
Streets (miles)	*	*	*	*	*	*	80	80	80	80
Culture and recreation										
Parks	*	*	*	*	*	*	4	4	5	5
Skating Arenas	*	*	*	*	*	*	1	1	1	1
Tennis Courts	*	*	*	*	*	*	12	12	12	12
Ball Diamonds	*	*	*	*	*	*	5	5	6	6
Playgrounds	*	*	*	*	*	*	12	12	12	12
Basketball Courts	*	*	*	*	*	*	6	6	6	6
Running Tracks		*	*	*	*	*	1	1	1	1

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

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

Exhibit 17

Function	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Police										
Physical Arrests	*	*	*	*	*	*	380	331	439	212
Parking Violations	*	*	*	*	*	*	971	1,112	902	1,052
Traffic Violations	*	*	*	*	*	*	1,620	1,126	2,619	1,542
Highway and Street										
Street Resurfacing (miles)	*	*	*	*	*	*	4.50	3.00	3.00	5.90
Sanitation										
Refuse Collected (tons/day)	*	*	*	*	*	*	13.44	11.83	12.07	12.09
Paper Recyclables Collected (tons/day)	*	*	*	*	*	*	1.77	1.79	2.89	2.71
Mixed Recyclables Collected (tons/day)	*	*	*	*	*	*	3.09	3.03	1.91	1.93
Wastewater										
Average Daily Sewage Treatment (thousands of gallons)	*	*	*	*	*	*	974	1,080	1,240	1,006

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

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

Exhibit 18

Fiscal Year Ended June 30	Population ¹	Median Family Income ¹	Median Home Price ¹	Personal Income ² (amounts expressed in thousands)	Per Capita Personal Income ⁴	Median Age ²	School Enrollment ³	Unemployment Rate ⁴
2002	*	*	*	*	*	*	2,431	*
2003	*	*	*	*	*	*	2,437	*
2004	*	*	*	*	*	*	2,450	*
2005	*	*	*	*	*	*	2,431	*
2006	*	*	*	*	*	*	2,469	*
2007	*	*	*	*	*	*	2,385	*
2008	11,865	85,620	475,000	582,192	49,068	40.5	2,386	7.10%
2009	13,293	79,691	463,750	652,261	49,068	41.30	2,376	10.06%
2010	13,648	79,691	450,000	652,261	49,068	40.50	2,402	10.90%
2011	13,146	112,484	460,000	665,269	45,703	44.60	2,310	10.70%

* Information unavailable as of date of report

Data sources

¹ US Census Bureau

² City-Data.com

³ East Greenwich School Department

⁴ Rhode Island Department of Labor and Training

⁵ riliving.com

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

Exhibit 19

Fiscal Year	General Obligation Bonds	Estimated Actual Value of Property 1	Per Capita 2
2011	35,995,000	2,552,032,756	0.037%
2010	28,240,000	2,538,472,843	0.048%
2009	24,380,000	2,920,122,660	0.055%
2008	17,080,000	2,884,838,315	0.069%
2007	9,429,873	2,829,429,570	*
2006	10,392,977	1,966,191,655	*
2005	11,396,005	1,901,649,723	*
2004	12,679,033	1,875,670,302	*
2003	4,155,000	1,137,494,971	*
2002	5,790,000	1,107,787,410	*

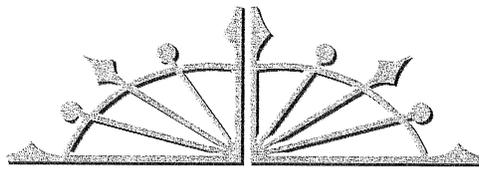
1 - See the Schedule of Assessed Value and Estimated Value of Taxable Property on page 93 for property value data

2 - See the Schedule of Demographic and Economic Statistics on page 106 for population data

* - Information unavailable as of the date of this report

TOWN OF EAST GREENWICH, RHODE ISLAND

SINGLE AUDIT SECTION



BAXTER DANSEREAU & ASSOCIATES, LLP

Accounting, Consulting & Tax Services

Partners

William J. Baxter, Jr., CPA

Paul L. Dansereau, CPA

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of East Greenwich, Rhode Island, as of and for the year fiscal ended June 30, 2011, and have issued our report thereon dated November 20, 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

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

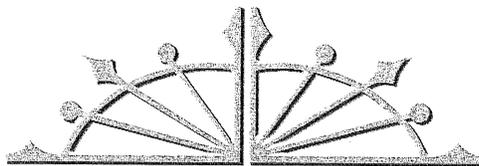
Compliance and Other Matter

As part of obtaining reasonable assurance about whether Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations,

contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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


Baxter Dansereau & Associates, LLP
November 20, 2011



BAXTER DANSEREAU & ASSOCIATES, LLP
Accounting, Consulting & Tax Services

Partners
William J. Baxter, Jr., CPA
Paul L. Dansereau, CPA

**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**

INDEPENDENT AUDITOR'S REPORT

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

Compliance

We have audited the Town of East Greenwich, Rhode Island, compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended June 30, 2011. The Town of East Greenwich's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Town of East Greenwich's management. Our responsibility is to express an opinion on the Town of East Greenwich's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Town's compliance with those requirements.

In our opinion, the Town, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

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 to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

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


Baxter Dansereau & Associates, LLP

November 20, 2011

TOWN OF EAST GREENWICH, RHODE ISLAND
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2011

	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
U.S. Department of Agriculture			
Passed through the State of Rhode Island Department of Education			
<i>Child Nutrition Cluster:</i>			
National School Breakfast Program	10.553	N/A	\$ 6,578
National School Lunch Program	10.555	N/A	77,384
Food Donation (Note 4)	10.550	N/A	14,974
Total Passed through State of RI Department of Education			<u>98,936</u>
Passed through the State of Rhode Island Department of Environmental Management			
Wildlife Habitat Incentive Program	10.914	WHIP	20,974
Total U.S. Department of Agriculture			<u>\$ 119,910</u>
U.S. Department of Housing and Urban Development			
Passed through the State of Rhode Island Office of Housing and Community Development			
Community Development Block Grant/States Program	14.228	Various	\$ 148,763
Total U.S. Department of Housing and Urban Development			<u>\$ 148,763</u>
U.S. Department of Justice			
Passed through the State of Rhode Island Department of Justice			
Enforcing Underage Drinking Laws Program	16.727	15-0405-0-1-754	\$ 3,052
ARRA - Edward Byrne Memorial Justice Assistance Program			
Grants to Units of Local Government	16.804	2009-SB-B9-2059	17,899
Total U.S. Department of Justice			<u>\$ 20,951</u>
U.S. Department of Transportation			
Passed-through the State of Rhode Island Department of Transportation			
Federal Aid Highway Program	20.205	N/A	\$ 1,325
<i>Transportation Cluster:</i>			
State and Community Highway Safety	20.600	NHTSA1906	49,835
Alcohol Impaired Driving Countermeasures Incentive Grant I	20.601	NHTSA1906	9,045
Total U.S. Department of Transportation			<u>\$ 60,205</u>
U.S. Department of Education			
Passed-through the State of Rhode Island Department of Education			
Title I Grants to Local Education Agencies	84.010A	2725-11702-001	\$ 82,758
<i>Special Education Cluster:</i>			
Special Education - Grants to States	84.027A	2725-13202-001	514,378
Special Education - Preschool Grants	84.173A	2725-13502-001	12,297
ARRA - Special Education - Grants to States	84.391	4572-10202-001	323,250
ARRA - Special Education - Preschool Grants	84.392	4572-10802-001	10,655
Safe and Drug Free Schools and Communities State Grants	84.186A	2725-12602-001	9,451
Improving Teacher Quality State Grants	84.367A	2725-16402-001	48,733
Education Technology State Grants	84.318	2725-12902-130	32,000
ARRA -State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	4572-10502-001	21,136
Passed-through the State of Rhode Island Department of Education and the Warwick School Department			
Career and Technical Education - Basic Grants to States	84.048A	10-2725-15302-35-01	11,887
Total U.S. Department of Education			<u>\$ 1,066,545</u>
U.S. Department of Homeland Security			
Passed-through the State of Rhode Island Emergency Management Agency			
Disaster Grants - Public Assistance	97.036	N/A	\$ 103,633
Total U.S. Department of Homeland Security			<u>\$ 103,633</u>
Total Federal Expenditures			<u>\$ 1,520,007</u>

TOWN OF EAST GREENWICH, RHODE ISLAND
Schedule of Findings and Questioned Costs
For The Fiscal Year Ended June 30, 2011

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness (es) identified? yes X no

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

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

Material weakness (es) identified? yes X no

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

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

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

Identification of major programs:

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>
	<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

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

Auditee qualified as low risk auditee? X yes no

TOWN OF EAST GREENWICH, RHODE ISLAND
Schedule of Findings and Questioned Costs
For The Fiscal Year Ended June 30, 2011
(continued)

SECTION II – FINANCIAL STATEMENT FINDINGS

_____ yes X none

**SECTION III – FEDERAL AWARDS FINDINGS AND
QUESTIONED COSTS**

_____ yes X none

TOWN OF EAST GREENWICH, RHODE ISLAND
Schedule of Findings and Questioned Costs
For The Fiscal Year Ended June 30, 2011
(continued)

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

A. Significant Deficiency in Internal Control

None Reported

B. Compliance

None Reported

SECTION III – FINDINGS AND QUESTIONED COST FOR FEDERAL AWARDS

A. Findings

None Reported

B. Questioned Costs

None Reported

TOWN OF EAST GREENWICH, RHODE ISLAND
Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2011

PRIOR YEAR FINDINGS AND QUESTIONED COST FOR FEDERAL AWARDS

A. Findings

None Reported

B. Questioned Costs

None Reported

TOWN OF EAST GREENWICH, RHODE ISLAND
Notes to Schedule of Expenditures of Federal Awards
June 30, 2011

1. **General** - The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal programs of the Town of East Greenwich, Rhode Island.
2. **Basis of Accounting** - The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting.
3. **Determination of Type A, Type B and Major Programs** - The determination of Type A and Type B federal programs was based upon the expenditures for all federal programs for the Town of East Greenwich, Rhode Island. As such, the threshold for determining Type A vs. Type B programs is determined at the entity level. For the fiscal year-ended June 30, 2011, grants with expenditures exceeding \$300,000 were determined to be Type A programs and all other grants were considered Type B programs. The following programs were considered major programs:

<u>CFDA</u>	<u>Program Name</u>
	<i>Special Education Cluster</i>
84.027	Special Education Grants to States
84.173	Special Education Preschool Grants
84.391	ARRA Special Education Grants to States
84.392	ARRA Special Education Preschool Grants

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 \$14,974 represents the market value of such commodities used during the period.