



Basic Financial Statements And Supplementary Information

For the year ended June 30, 2011
Prepared by:

Finance Department

Introductory Section

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Organization Chart
List of Town Officials



TOWN OF WARREN, RHODE ISLAND

YEAR ENDED JUNE 30, 2011

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TOWN OF WARREN, RHODE ISLAND

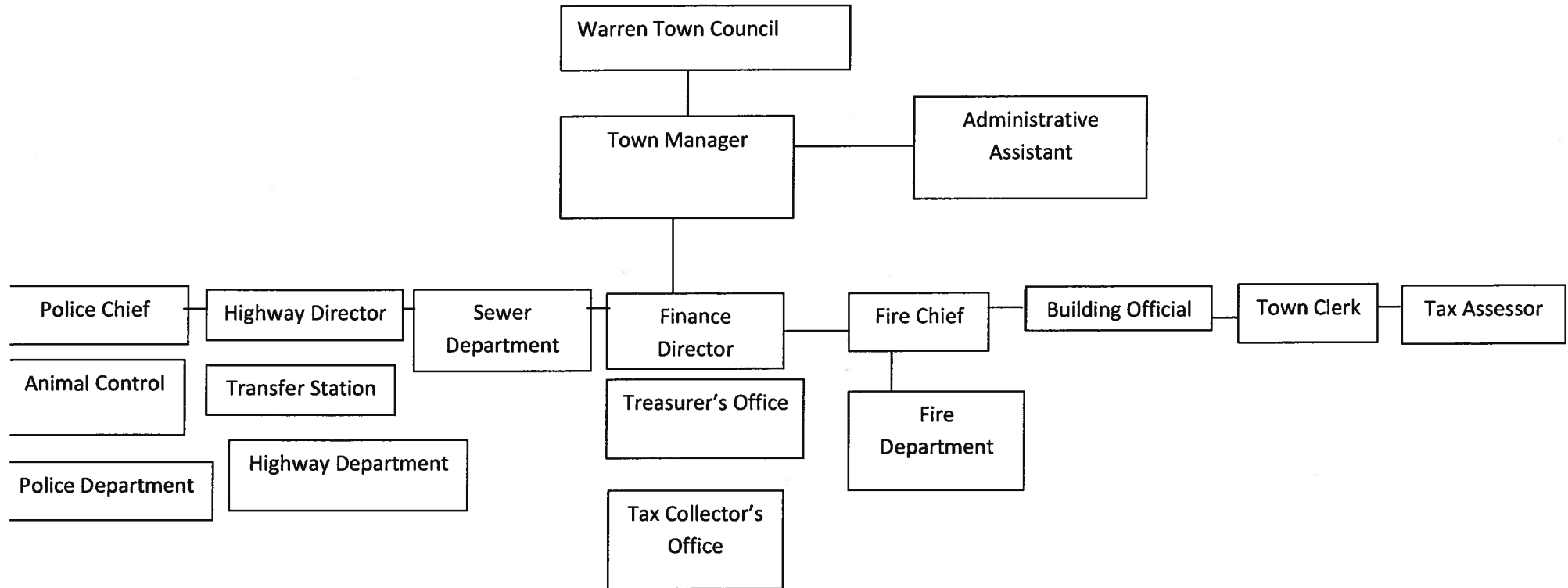
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Organizational Chart – Town of Warren, RI | 2011



TOWN OF WARREN, RHODE ISLAND

JUNE 30, 2011

TOWN COUNCIL

Christopher Stanley
David Frerichs
Cathie Tattrie
Scott Lial
Davison Bolster

TOWN MANAGER...	C Richard Paduch
TOWN SOLICITOR...	Anthony DeSisto
TOWN CLERK...	Julie Coelho
TAX ASSESSOR...	Cathy Maisano
FINANCE DIRECTOR...	Cheryl L Silva
PUBLIC WORKS DIRECTOR...	John Massed
POLICE CHIEF...	Peter T Achilli
FIRE CHIEF...	Alexander Galinelli
BUILDING INSPECTOR...	William Nash
HARBOR MASTER...	Matthew Calouro
TOWN PLANNER...	Caroline Wells

Financial Section

Report of Independent Auditors
Management's Discussion and Analysis
of Financial Results
Basic Financial Statements
Supplementary Information



REPORT OF INDEPENDENT AUDITORS

To the Honorable Town Council
Town of Warren, Rhode Island

We have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the Town of Warren, Rhode Island as of and for the year ended June 30, 2011, which collectively comprise the Town's basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the Town of Warren, Rhode Island's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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 respective financial position of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the Town of Warren, Rhode Island as of June 30, 2011, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2012 on our consideration of the Town of Warren, Rhode Island's internal control over financial reporting and on 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 considered in assessing the results of our audit.

Needham

Boston

Concord

Taunton

The Management's Discussion and Analysis on Pages 3 through 9 and the Required Supplementary Information on pages 47 thru 54 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Warren, Rhode Island's basic financial statements. The introductory section and combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.



Providence, Rhode Island
February 27, 2012

Management's Discussion and Analysis

As management of the Town of Warren, we offer readers of the Town of Warren's financial statements this narrative overview and analysis of the financial activities of the Town of Warren for the fiscal year ended June 30, 2011. We encourage readers to consider the information presented here in conjunction with additional information furnished in our letter of transmittal, which can be found on pages i - iv of this report.

Financial Highlights

- The assets of the Town of Warren exceeded its liabilities as of June 30, 2011, by \$21,844,759 (*net assets*). Of this amount, \$2,692,758 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Town of Warren's total net assets increased by \$520,802 for the current fiscal year.
- As of June 30, 2011, the Town of Warren's governmental funds reported combined ending fund balances of \$5,361,735, an increase of \$160,843, in comparison with the prior year.
- As of June 30, 2011, the total fund balance for the general fund was \$5,086,512, or approximately 22 percent of total general fund expenditures. However, \$2,568,548 of this unreserved fund balance was appropriated to meet 2011-2012 general fund capital expenditures.
- The Town of Warren's total debt of its governmental activities decreased to \$10,599,406, a 10.34% decrease during 2011. The Town paid down principle of \$1,223,240 on existing bond issues.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town of Warren's basic financial statements. These basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Town of Warren's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Town of Warren'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 of Warren is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as 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 future fiscal periods (e.g., uncollected taxes and earned but unused vacation and sick leave).

Both of the Government-wide financial statements distinguish functions of the Town of Warren that are principally 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 governmental activities of the Town of Warren include general government, public safety, public works, parks and recreation. The business type activities of the Town of Warren include the jointly-managed transfer station operation.

The Government-wide financial statements include only the activities of the Town of Warren.

The Government-wide financial statements can be found on pages 10 and 11 of this report.

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 of Warren, 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 of Warren can be divided into three categories: governmental funds, proprietary funds, and fiduciary 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 *near-term inflows and outflows of spend-able 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 fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town of Warren maintains 65 individual 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 which is considered a major fund. Data from the remaining 54 governmental 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* later in this report.

The basic governmental fund financial statements can be found on pages 12, 13 and 14 of this report.

Proprietary funds. *Enterprise funds* are used to report the same functions presented as *business type activities* in the Government-wide financial statements. The Town of Warren uses an enterprise fund to account for its transfer station operations.

The basic proprietary fund financial statements can be found on pages 15, 16 and 17 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the Government-wide financial statement because the resources of those funds are not available to support the Town of Warren's programs. The fiduciary funds maintained by the Town of Warren include several private-purpose trusts and agency funds.

The basic fiduciary fund financial statements can be found on pages 18 and 19 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the Government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 20 of this report.

Other information. In addition to the basic financial statements and accompanying notes, *required supplementary information* presents a budgetary comparison schedule for the General Fund to demonstrate compliance with the budget.

The combining statements referred to earlier in connection with non-major governmental funds and other information related to the individual funds is presented immediately following the required supplementary information.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town of Warren, assets exceeded liabilities by \$21,844,759 at the close of Fiscal Year ended June 30, 2011.

	Governmental Activities		Business-type Activities		Total		Percentage Change
	2011	2010	2011	2010	2011	2010	2010-2009
Current and other assets	\$ 8,341,800	\$ 7,056,592	\$ 45,807	\$ 38,209	\$ 8,387,607	\$ 7,094,801	18.22%
Capital assets	29,691,667	29,645,478	35,371	48,430	29,727,038	29,693,908	0.11%
Total assets	38,033,467	36,702,070	81,178	86,639	38,114,645	36,788,709	3.60%
Long-term debt	11,850,443	12,246,558	11,297	6,064	11,861,740	12,252,622	-3.19%
Other liabilities	4,031,448	3,153,050	376,698	148,650	4,408,146	3,301,700	33.51%
Total liabilities	15,881,891	15,399,608	387,995	154,714	16,269,886	15,554,322	4.60%
Net Assets							
Invested in capital assets	19,092,261	18,441,786			19,092,261	18,441,786	3.53%
Restricted	59,740	59,206			59,740	59,206	0.90%
Unrestricted	2,999,575	2,801,470	(306,817)	(68,075)	2,692,758	2,733,395	-1.49%
Total net assets	\$ 22,151,576	\$ 21,302,462	\$ (306,817)	\$ (68,075)	\$ 21,844,759	\$ 21,234,387	2.87%

The general capital assets (e.g., land, buildings, machinery, and equipment) of the governmental activities of the Town of Warren less outstanding debt equal \$19,092,261. A portion of the outstanding debt of the governmental activities was incurred for the installation of infrastructure.

With the historical infrastructure costs included, the governmental activities have total net assets of \$22,151,576. Included within the total net assets are capital assets net of related debt of \$19,092,261 and restricted net assets of \$59,740 as of June 30, 2011, leaving an unrestricted balance of \$2,999,575. In comparison, governmental activity net assets as of June 30, 2010 totaled \$21,302,462.

Even though these net assets are available for future spending, the investment in capital assets is reported net of related debt. Resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Additional portions of the Town of Warren's net assets are also subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets or \$2,999,575 may be used to meet the government's ongoing obligations to citizens or creditors.

The total net assets of the transfer station operation, reported as a business type activity, decreased \$238,742.

Governmental activities. Governmental activities increased the Town of Warren's net assets by \$849,114, due an increase in property tax general revenue and grant revenue.

Business-type activities. Business-type activities decreased the Town of Warren's net assets by \$238,742. The increase in unrestricted net assets was primarily due to an increase in operating expenses.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>		<u>Percentage Change</u>
	2011	2010	2011	2010	2011	2010	2011-2010
Revenues							
Program revenues-							
Charges for services	\$ 162,142	\$ 379,577	\$ 150,752	\$ 156,341	\$ 312,894	\$ 535,918	-41.62%
Grants	1,129,472	351,624			1,129,472	351,624	221.22%
General revenues-							
Property taxes	21,240,548	20,959,749			21,240,548	20,959,749	1.34%
Intergovernmental	594,599	751,647			594,599	751,647	-20.89%
Licenses, fees, permits and fines	1,100,806	927,801			1,100,806	927,801	18.65%
Investment earnings	231,240	243,780			231,240	243,780	-5.14%
Miscellaneous	79,648	112,735			79,648	112,735	-29.35%
Transfers in/(out)	(1,242)		1,242		-	-	0.00%
Total revenues	24,537,213	23,726,913	151,994	156,341	24,689,207	23,883,254	3.37%
Expenses							
General government	4,991,984	4,374,979			4,991,984	4,374,979	14.10%
Town offices	684,328	773,386			684,328	773,386	-11.52%
Financial administration	225,763	212,346			225,763	212,346	6.32%
Public safety	2,145,993	2,152,310			2,145,993	2,152,310	-0.29%
Fire safety	546,670	631,130			546,670	631,130	-13.38%
Waste water treatment	1,277,390	1,246,106			1,277,390	1,246,106	2.51%
Highway department	2,031,859	2,455,366			2,031,859	2,455,366	-17.25%
Grants and contributions	281,576	294,141			281,576	294,141	-4.27%
Education	11,090,733	10,794,979			11,090,733	10,794,979	2.74%
Debt service	399,864	451,433			399,864	451,433	-11.42%
Unallocated depreciation	11,939	19,468			11,939	19,468	-38.67%
Transfer station			390,736	220,435	390,736	220,435	77.26%
Total expenses	23,688,099	23,405,644	390,736	220,435	24,078,835	23,626,079	1.92%
Increase/-decrease in net assets	849,114	321,269	(238,742)	(64,094)	610,372	257,175	
Net assets - beginning	21,302,462	20,981,193	(68,075)	(3,981)	21,234,387	20,977,212	
Net assets - ending	\$ 22,151,576	\$ 21,302,462	\$ (306,817)	\$ (68,075)	\$ 21,844,759	\$ 21,234,387	

Note: Capital and special appropriations represents minor capital items that do not qualify for capitalization.

Financial Analysis of the Government's Funds

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

Governmental funds. The focus of the Town of Warren'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 of Warren's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2011, the Town of Warren's governmental funds reported combined ending fund balances of \$5,361,735, an increase of \$160,843 in comparison with the prior year. Approximately 94 percent or \$2,186,154 constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is nonspendable to indicate that it is not available for new spending because it represents unexpendable inventory items and the transfer station deficit or permanent funds. The committed fund balances has been designated to fund appropriations of the subsequent fiscal year. The restricted fund balance has been assigned all nonmajor governmental funds fund balances as it is restricted for the legal use of each fund.

The General *Fund* is the chief operating fund of the Town of Warren. As of June 30, 2011, the total fund balance of the general fund was \$5,086,512 of which \$2,186,154 was unassigned. This unassigned fund balance represents approximately twenty two percent of total general fund expenditures.

The General Fund's balance decreased by \$193,602 in fiscal year 2011. The 2011 annual budget for the Town of Warren's general fund identified the re-appropriation of \$3,487,961 in fund balance which represents capital and special appropriations carry-forwards. Actual expenditures were lower than budgeted expenditures by \$60,838 before transfers. Actual revenues and other sources were higher than budgeted revenues in the general fund by \$441,757 before transfers.

The overall increase in expenditures was offset by significant revenue increases: 25% or more over budget, for intergovernmental revenue, investment income, and licenses, fees, permitting and fines' revenue. However, sewer use fees and water revenue were significantly under budget.

Expenditures were \$60,838 higher than the appropriated amounts. Expenditures for general/town government were \$83,134 more than budgeted. Public Works, Public Safety and Fire Department expenditures were less than budgeted. . Expenditures for education totaled \$11,090,733 and accounted for roughly 47% of total General Fund expenditures. General Fund capital expenditures were \$3,487,961 for the fiscal year, with carry-forward appropriations of \$2,567,441 designated for future projects.

Proprietary fund. The Town of Warren's proprietary fund provide the same type of information found in the government-wide financial statements, but in more detail.

Total net assets of the Transfer Station fund at the end of the year amounted to (\$306,817). The total decrease in net assets was \$238,742.

The financial statements and a statement of cash flows for the enterprise funds can be found on pages 15, 16 and 17 of this report.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were relatively minor. There were no additional appropriations necessary during the fiscal year.

As identified earlier, actual revenues and other sources were higher than budgeted revenues by \$441,757, primarily in the third party revenue, road duty revenue, municipal court revenue and interest revenue categories. Expenditures for the Transfer Station exceeded appropriated amounts of \$6,359. General Government expenditures also exceeded appropriated amounts due to employee benefits exceeding appropriation by \$209,906.

Capital Asset and Debt Administration

Capital assets. The Town of Warren's investment in capital assets for its governmental and business type activities as of June 30, 2011, amounts to \$29,727,038 net of accumulated depreciation. This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, and infrastructure. The total increase in the Town of Warren's investment in capital assets for the current fiscal year was a total of approximately \$33,130 net of depreciation. Additional information on the Town of Warren's capital assets can be found in Note 4 to the financial statements, which accompany this report.

Town of Warren's Capital Assets

Several major additions to the Town's capital assets related to its governmental fund activities were realized during the year, including: purchase Fire Department equipment and fire apparatus, infrastructure repairs and improvements, Department of Public Works equipment and sewer infrastructure projects.

There were no major fixed asset additions at the transfer station.

Long-term debt. At the end of the current fiscal year, the Town of Warren has total general obligation debt outstanding of \$10,599,406 entirely backed by the full faith and credit of the government.

State statutes limit the amount of general obligation debt a governmental entity may issue to 3 percent of its total equalized valuation. As of June 30, 2011, the Town of Warren's ratio of Town Debt to net taxable valuation is 1.01%. The current debt limitation for the Town of Warren is \$37,260,091, which significantly exceeds the Town of Warren's current outstanding general obligation debt.

Additional information of the Town of Warren's long-term debt can be found in note 7 to the financial statements and also in the statistical section of this report.

Economic Factors and Next Year's Budgets and Rates

As of June 30, 2011, \$2,568,548 of the committed fund balance in the general fund was appropriated for spending in the 2011-12 budget. In addition, the Town's appropriation to fund its contribution to the regional school district increased by \$658,057, or 5.9%, to \$11,748,790 for the 2011-12 fiscal year.

Economic downturns continue to be a concern for FY 2012 budgeting. RI State Aid is not budgeted as revenue for FY2012 and revenues are expected to decline while Town Officials continue to maintain essential services.

Requests for Information

This financial report is designed to provide a general overview of the Town of Warren's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed in writing to the Treasurer's Office, Town Hall, 514 Main Street, Warren, RI 02885.

TOWN OF WARREN, RHODE ISLAND**Statement of Net Assets
June 30, 2011**

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 5,716,852	\$ -	\$ 5,716,852
Investments	543,116		543,116
Receivables (net)	394,043	45,807	439,850
Other receivables	959,972		959,972
Inventories	24,993		24,993
Due from federal and state	702,824		702,824
Noncurrent Assets			
Capital assets (non-depreciable)	1,099,241		1,099,241
Capital assets (net of depreciation)	28,592,426	35,371	28,627,797
TOTAL ASSETS	38,033,467	81,178	38,114,645
LIABILITIES			
Current liabilities			
Accounts payable	856,998	369,816	1,226,814
Accrued expenses	221,649	6,882	228,531
Escrow deposits	106,032		106,032
Notes payable	736,250		736,250
Unearned/deferred revenue	941,469		941,469
Current portion of long-term liabilities	1,169,050		1,169,050
Noncurrent liabilities			
OPEB liabilities (net)	1,087,085		1,087,085
Long-term liabilities (net)	10,763,358	11,297	10,774,655
TOTAL LIABILITIES	15,881,891	387,995	16,269,886
NET ASSETS			
Invested in capital assets, net of related debt	19,092,261		19,092,261
Restricted for permanent trust funds	59,740		59,740
Unrestricted	2,999,575	(306,817)	2,692,758
TOTAL NET ASSETS	\$ 22,151,576	\$ (306,817)	\$ 21,844,759

See Notes to Financial Statements

TOWN OF WARREN, RHODE ISLAND

A - 2

**Statement of Activities
For the year ended June 30, 2011**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:						
General government	\$ 4,991,984	\$ 74,682	\$ 154,309	\$ (4,762,993)		\$ (4,762,993)
Town offices	684,328	-	5,453	(678,875)		(678,875)
Financial administration	225,763	-	-	(225,763)		(225,763)
Public safety	2,145,993	18,015	26,998	(2,100,980)		(2,100,980)
Fire safety	546,670	-	5,000	(541,670)		(541,670)
Waste water treatment	1,277,390	49,944	163,081	(1,064,365)		(1,064,365)
Highway department	2,031,859	19,501	774,631	(1,237,727)		(1,237,727)
Grants and contributions	281,576	-	-	(281,576)		(281,576)
Education	11,090,733	-	-	(11,090,733)		(11,090,733)
Interest on long-term debt	399,864	-	-	(399,864)		(399,864)
Unallocated depreciation	11,939	-	-	(11,939)		(11,939)
Total governmental activities	23,688,099	162,142	1,129,472	(22,396,485)		(22,396,485)
Business-type activity:						
Transfer station	390,736	150,752			\$ (239,984)	(239,984)
Totals	\$ 24,078,835	\$ 312,894	\$ 1,129,472	(22,396,485)	(239,984)	(22,636,469)
General revenues:						
Property taxes				21,240,548		21,240,548
Intergovernmental				594,599		594,599
Licenses, fees, permits and fines				1,100,806		1,100,806
Investment earnings				231,240		231,240
Miscellaneous				79,648		79,648
Transfers in(out)				(1,242)	1,242	-
Total general revenues				23,245,599	1,242	23,246,841
Change in Net Assets				849,114	(238,742)	610,372
Net Assets - beginning				21,302,462	(68,075)	21,234,387
Net Assets - ending				\$ 22,151,576	\$ (306,817)	\$ 21,844,759

See Notes to Financial Statements

Balance Sheet
Governmental Funds
June 30, 2011

	General Fund	Technology Grant	Other Governmental Funds	Total Governmental Funds
ASSETS:				
Current Assets:				
Cash and cash equivalents	\$ 4,978,574	\$ -	\$ 738,278	\$ 5,716,852
Investments	510,602		32,514	543,116
Taxes receivables (net)	394,043			394,043
Other receivables	264,362	500,000	195,610	959,972
Inventories	24,993			24,993
Due from federal & state	532,846		169,978	702,824
Total Current Assets	<u>6,705,420</u>	<u>500,000</u>	<u>1,136,380</u>	<u>8,341,800</u>
TOTAL ASSETS	<u>\$ 6,705,420</u>	<u>\$ 500,000</u>	<u>\$ 1,136,380</u>	<u>\$ 8,341,800</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 354,924	\$ -	\$ 502,074	\$ 856,998
Accrued expenses	111,882		1,115	112,997
Deferred revenue	309,820	500,000	357,968	1,167,788
Escrow deposits	106,032			106,032
Notes payable	736,250			736,250
TOTAL LIABILITIES	<u>1,618,908</u>	<u>500,000</u>	<u>861,157</u>	<u>2,980,065</u>
FUND BALANCES:				
Non-Spendable	331,810	-	59,740	391,550
Restricted		-	215,483	215,483
Committed	2,568,548			2,568,548
Assigned				-
Unassigned	2,186,154	-	-	2,186,154
TOTAL FUND BALANCES	<u>5,086,512</u>	<u>-</u>	<u>275,223</u>	<u>5,361,735</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 6,705,420</u>	<u>\$ 500,000</u>	<u>\$ 1,136,380</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	29,691,667
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	(11,932,408)
Accrued interest related to issuance of long-term liabilities.	(108,652)
Accrual of net OPEB obligation	(1,087,085)
Deferred revenues (net of an allowance for uncollectables) are recorded in the funds, but are not deferred under the measurement focus employed in the Statement of Net Assets	226,319
Net Assets of governmental activities	<u><u>\$22,151,576</u></u>

**Statement of Revenues and Other Financing Sources,
Expenditures and Other Financing Uses
For the year ended June 30, 2011**

	General Fund	Technology Grant	Other Governmental Funds	Total Governmental Funds
Revenues				
General property taxes	\$ 21,158,051	\$ -	\$ -	\$ 21,158,051
Interest and investment income	229,750		1,490	231,240
Licenses, fees, permits and fines	1,080,797		20,009	1,100,806
Water and sewer use fees	18,065			18,065
Intergovernmental	576,534		1,291,614	1,868,148
Other	77,069		2,579	79,648
Total revenues	<u>23,140,266</u>	<u>-</u>	<u>1,315,692</u>	<u>24,455,958</u>
Expenditures				
Current:				
General government	3,050,008		665,475	3,715,483
Town offices	684,328			684,328
Financial administration	225,763			225,763
Public safety	2,091,234		35,007	2,126,241
Fire safety	426,839		885	427,724
Waste water treatment	1,126,518		29,389	1,155,907
Highway department	1,399,836			1,399,836
Grants and contributions	281,576			281,576
Education	11,090,733			11,090,733
Costs of collection	2,557			2,557
Debt Service:				
Principal	1,223,240			1,223,240
Interest and other costs	410,747			410,747
Capital:				
Capital and special appropriations	1,341,957		207,781	1,549,738
Total expenditures	<u>23,355,336</u>	<u>-</u>	<u>938,537</u>	<u>24,293,873</u>
Excess of revenues over (under) expenditures before transfers	<u>(215,070)</u>	<u>-</u>	<u>377,155</u>	<u>162,085</u>
Other financing sources/uses				
Transfers in	85,520		40,152	125,672
Transfers out	(64,052)		(62,862)	(126,914)
Net other financing sources/uses	<u>21,468</u>	<u>-</u>	<u>(22,710)</u>	<u>(1,242)</u>
Net Change in Fund Balances	(193,602)	-	354,445	160,843
Fund balance - beginning of the year	<u>5,280,114</u>	<u>-</u>	<u>(79,222)</u>	<u>5,200,892</u>
Fund balance - end of the year	<u>\$ 5,086,512</u>	<u>\$ -</u>	<u>\$ 275,223</u>	<u>\$ 5,361,735</u>

TOWN OF WARREN, RHODE ISLAND***Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds (B-2) to the Statement of Activities (A-2)
For the year ended June 30, 2011***

Net change in fund balances - total governmental funds (B-2)	\$ 160,843
--	------------

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

	46,189
--	--------

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences.

	885,096
--	---------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds

	82,497
--	--------

Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds

	<u>(325,511)</u>
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Change in Net Assets of Governmental Activities in the Statement of Activities (A-2)	<u><u>\$ 849,114</u></u>
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TOWN OF WARREN, RHODE ISLAND**Statement of Net Assets
Proprietary Fund
June 30, 2011**

	Business-type Activity Transfer Station
ASSETS	
Current assets:	
Cash and cash equivalents	\$ -
Receivables (net)	45,807
	<u>45,807</u>
Capital assets (net)	35,371
TOTAL ASSETS	<u>\$ 81,178</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 369,816
Accrued expenses	6,882
Compensated absences	11,297
TOTAL LIABILITIES	<u>387,995</u>
NET ASSETS	
Unrestricted	(306,817)
TOTAL NET ASSETS	<u>\$ (306,817)</u>

See Notes to Financial Statements

TOWN OF WARREN, RHODE ISLAND

Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Fund
For the year ended June 30, 2011

	Business-type Activity <u>Transfer</u> <u>Station</u>
Operating Revenues:	
Charges for usage and service	\$ 150,752
Operating Expenses:	
Salaries	123,431
Other expenses	249,346
Depreciation	17,959
Total Operating Expenses	<u>390,736</u>
Excess of revenues over (under) expenditures before transfers	<u>(239,984)</u>
Other financing sources/uses	
Transfers in	24,204
Transfers out	<u>(22,962)</u>
Net other financing sources/uses	<u>1,242</u>
Income from operations	(238,742)
Net assets - beginning of the year	<u>(68,075)</u>
Net assets - end of the year	<u>\$ (306,817)</u>

TOWN OF WARREN, RHODE ISLAND

Statement of Cash Flows
Proprietary Fund
For the year ended June 30, 2011

	Business-type Activity Transfer Station
Cash flows from operating activities:	
Cash received from customers	\$ 143,154
Cash paid to suppliers	(26,888)
Cash paid to employees	(112,608)
Net cash provided by operating activities	<u>3,658</u>
Cash Flows from Capital and Related Financing Activities	
Acquisition of capital assets	(4,900)
Net cash used for capital and related financing activities	<u>(4,900)</u>
Cash Flows from noncapital financing activities	
Transfer from other funds	24,204
Transfer to other funds	(22,962)
Net cash provided by noncapital financing activities	<u>1,242</u>
Net increase in cash	-
Cash, beginning of the year	<u>-</u>
Cash, end of the year	<u><u>\$ -</u></u>
Reconciliation of net income to net cash provided by operating activities:	
Income (loss) from operations	\$ (239,984)
Adjustments to reconcile:	
Depreciation	17,959
(Increase) decrease in receivables	(7,598)
Increase (decrease) in accounts payable	222,458
Increase (decrease) in accrued expenses	5,590
Increase (decrease) in compensated absences	5,233
Net cash provided by operating activities	<u><u>\$ 3,658</u></u>

See Notes to Financial Statements

TOWN OF WARREN, RHODE ISLAND**Statement of Net Assets
Fiduciary Funds
June 30, 2011**

	Private- Purpose Trusts	OPEB Trust Fund	Agency Funds
ASSETS			
Cash	\$ 34,912	\$ 14,853	\$ 153,464
Investments	617,757	718,913	
Accounts receivable			7,520
Total Assets	\$ 652,669	\$ 733,766	\$ 160,984
LIABILITIES			
Accounts payable			\$ 5,550
Deposits Held in Custody for Others			155,434
Total Liabilities	-	-	\$ 160,984
NET ASSETS			
Held in Trust for private purposes	\$ 652,669	\$ 733,766	

See Notes to Financial Statements

TOWN OF WARREN, RHODE ISLAND***Statement of Changes in Net Assets
Fiduciary Funds
For the year ended June 30, 2011***

	Private- Purpose Trusts	OPEB Trust Fund
ADDITIONS:		
Investment income	\$ 26,742	\$ 8,396
Total additions	<u>26,742</u>	<u>8,396</u>
DEDUCTIONS:		
Portfolio management fees	<u>10,060</u>	
Total deductions	<u>10,060</u>	<u>-</u>
CHANGE IN NET ASSETS	16,682	8,396
Net Assets - beginning	635,987	725,370
Net Assets - ending	<u>\$ 652,669</u>	<u>\$ 733,766</u>

See Notes to Financial Statements

TOWN OF WARREN, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town complies with generally accepted accounting principles (GAAP). Generally accepted accounting principles (GAAP) includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The Town has elected not to follow subsequent private-sector guidance. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

As a general rule the effect of Interfund activity has been eliminated from the government-wide financial statements. The exceptions to this rule are the charges between the transfer station enterprise fund and the general fund, as elimination of these charges would improperly distort the direct costs and operating revenues reported for the functions concerned.

Reporting Entity

The Town of Warren was founded in 1746 and incorporated in 1747. The Town operates under a "council-manager" form of government, with a five member Town Council headed by a Council President and a Town Manager. The Town Manager exercises the executive power of Town government and is responsible to the Town Council for day to day operation of the Town's affairs. All legislative powers of the Town are vested in the Town Council except such powers that are reserved by Charter to the Financial Town Meeting, including the ordering of any tax making appropriations.

With the Town of Warren's Charter Amendments adopted on November 4, 2008, elected officials serve two year terms, elected at large at the regular biennial elections during even number years. The Town Council is granted all powers to enact, amend or repeal ordinances relating to the Town's property, affairs and government, including the power to create offices, departments or agencies of the Town, preserving the public peace, health and safety, establishing personnel policies, giving effect to any vote of the Financial Town Meeting authorizing the issuance of bonds and providing for an annual audit of the Town's accounts.

An act was passed at the January 1991 session of the General Assembly which authorized the Towns of Warren and Bristol to form a regional school district of all the public schools in the Towns of Bristol and Warren to include all grades and programs currently provided and any other grades and programs specified by the regional school committee.

In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement No. 39. Under GASB Statement No. 39, the financial reporting entity includes both the primary government 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 is fiscally dependent upon the primary government; or
- Test 3 – The financial statements would be misleading if data from the potential component unit were not included

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Transfer Station

Although this entity met certain criteria of the tests listed above, the entity is not deemed to have separate legal status apart from the Town. As a result, the financial data of the above entity has been included as an enterprise fund within the Town's financial statements and budgetary analysis.

Recently Issued Accounting Standards

- ✓ GASB Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions, effective for the Town's fiscal year ending June 30, 2011. The adoption of this Statement required the reclassification of fund balance reporting on the Town's governmental funds financial position.
- ✓ GASB Statement No. 59 – Financial Instruments Omnibus, effective for the Town's fiscal year ending June 30, 2011. The adoption of this Statement did not have an impact on the Town's financial position or results in operation.

The Town will adopt the following new accounting pronouncement in future years:

- ✓ GASB Statement No. 60 – Accounting and Financial Reporting for Service Concession Arrangement, effective for the Town's fiscal year ending June 30, 2013.
- ✓ GASB Statement No. 61 – The Financial Reporting entity: Omnibus an amendment of GASB Statements No. 14 and No. 34, effective for the Town's fiscal year ending June 30, 2013.
- ✓ GASB Statement No. 62 – Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, effective for the Town's fiscal year ending June 30, 2013.
- ✓ GASB Statement No. 63 – Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, effective for the Town's fiscal year ending June 30, 2013.
- ✓ GASB Statement No. 64 – Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53, effective for the Town's fiscal year ending June 30, 2012.

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

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

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

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

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

The 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 legally or administratively required to be accounted for in other funds.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally or administratively restricted to expenditures for certain purposes.

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Permanent Funds

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

Proprietary Fund

Proprietary funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

Fiduciary Funds (Not included in government wide statements)

Agency Funds

Agency funds account for assets held by the Town in a purely custodial capacity. The reporting entity includes three agency funds. 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 as follows:

- Unclaimed estates in Probate Court
- Road Duty
- Performance Bond Funds

Private-purpose Trust Funds

Private-purpose trust funds are used to account for resources legally held in trust for use by parties outside of the Town, and can not be used at the Town's discretion or to support the Town's general operations. These trusts are for the benefit of local educational organizations, social benefit groups, and other private parties.

OPEB Trust Fund

The Other Postemployment Benefits (OPEB) trust fund is used to account for payments of postemployment benefits (health insurance) that the Town provides to qualified retirees in accordance with union contract provisions.

Major and Non-Major Funds

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

<u>Fund</u>	<u>Brief Description</u>
Major:	
General Fund:	See above for description
Proprietary Fund:	See above for description
Technology Grant Fund:	To account for technology grant award and expenditures.

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-Major:

Special Revenue Funds: Enterprise Zone, Senior Center, Kee Farm Preservation, Pump Out Station, Rec. Department Donation, State Paving Grant, Fire Legislative Grant, Gun Buy Back, RI DOT Highway Safety Grant, WPD RI Senatorial Grant, Recycling Grant, Planning Challenge Grant, Champlain Foundation, Historical Street Signs, Community Gardens, ACO Donations, Diesel Equipment Repair, Cops that Care, Social Services Donations, Warren Beautification Donation, Cops Technology, Town Beach Stormwater, Animal Rescue, Homestead Park Fund, Revaluation Fund, Animal Spading, Plumbing & Electrical Inspection, Police Bicycle Patrol Grant, Byrnes Justice Grant, Youth Tobacco Enforcement, AFIS Live Scan Fed. Grant, RI State Byrnes Justice Grant, Road Salt Storage Project, RI JAG Byrne Stimulus Grant, Memorial Tree Fund, Strategic Plan Energy Conserv., Sewer Project – EPA, Stormwater Permitting, Recreational Trails Grant, Summer Concerts, RI EME Grant, Project Playground, Jamiels Park Chafee, Homeland Security, Substance Abuse, Fire Inspections, Jamiel's Park DEM Grant, Fire State Meds Plan, FEMA Flood Event, Community Development Block Grant, Industrial Pretreatment, Veterans Honor Roll, Government Center, Parker Avenue Clean Up, Holiday Committee, Narcotics, and Employee Charity Fund.

Permanent Funds: Sara B. Burtis Fund, Police Trust, and Town Trust.

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) The proprietary fund and private purpose trust funds utilize "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. 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.

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 are presented on the modified accrual basis of accounting. The major revenue sources that is susceptible to accrual is property tax revenue. 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 within 60 days 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, agency funds, and private purpose trust funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

Amounts reported as program revenues include charges to customers or applicants for 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.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the proprietary fund's principal operation. The principal operating revenues of the transfer station enterprise fund are charges for waste disposal services. Operating expenses for the transfer station enterprise fund include the costs of providing its services, including administration and depreciation on capital assets. All other revenue and expense items not meeting these criteria are reported as nonoperating revenues and expenses.

Assets, Liabilities, and Fund Equity

Cash

Cash and cash equivalents are carried at cost. Cash equivalents are all highly liquid investments with a maturity of three months or less when purchased. Substantially, all of the Town's cash and cash equivalents are held in public deposit institutions, except for \$640 in unsecured petty cash. The Town pools cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. Cash in excess of current requirements is invested in short-term treasury securities or as disclosed as part of the Town's investments.

Investments

The Town invests in various types of investments, which are stated at fair value. There are no investments reported at amortized cost.

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Fund Equity (Continued)

Accounts Receivable

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. The allowance for uncollectible accounts receivable amounted to \$255,000 at June 30, 2011. Major receivable balances for the governmental activities include property taxes (29% of balance) and intergovernmental grants and aid (71% of balance). 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 receivable are based upon historical trends and the periodic aging of accounts receivable.

Accounts Payable

Payable balances consist primarily of payables to vendors. Accrued expenses consist primarily of accrued salaries and benefits to employees.

Property Taxes

Real and personal property taxes are based on values assessed as of each December 31 (lien date) and attach as an enforceable lien on property as of July 1 (levy date). Taxes are due and payable in quarterly installments on the August 1, November 1, February 1, and May 1 following the levy date. Taxes due and unpaid after the respective due dates are subject to interest and penalties. The Town has the ultimate right to foreclose on property for which taxes have not been paid by the following July 1 when the next year's tax is levied. Property taxes levied are recorded as receivables in the fiscal year of the levy. Property tax revenues are recorded in accordance with the modified accrual basis of accounting.

Inventory

The Town maintains an "inventory" of fuel for use by the Town owned vehicles in various departments and buses used by the Regional School District. Inventory is maintained on a periodic system and is stated at cost (first in, first out method of inventory valuation). Inventories in the Governmental Funds are recorded as expenditures when consumed.

Prepays

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid assets. Prepaid expenditures recorded in governmental type funds do not reflect current appropriate resources and, thus, an equivalent portion of the fund balance is non spendable.

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Fund Equity (Continued)

Property, Plant and Equipment

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

Government-Wide Statements

In the government-wide financial statements, long-lived assets are accounted for as capital assets. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets, which are recorded at their estimated fair value at the date of donation. Estimated historical cost was used to value the majority of the assets acquired prior to June 30, 1993.

Capital assets are defined by the Town as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of two years.

Infrastructure assets, (such as sidewalks, curbs, drainage systems, and road improvements) acquired by the Town have been capitalized and reported within the financial statements.

Depreciation of all exhaustible capital assets is recorded, as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net 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:

Buildings and land improvements	25 - 40 years
Infrastructure	25 - 40 years
Equipment and Heavy machinery	10 - 20 years
Motor vehicles	5 - 10 years
Office equipment	5 - 10 years
Other assets	5 - 10 years

Fund Financial Statements

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

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 are assessed on December 31.

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Fund Equity (Continued)

Interfund Transactions

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

- Reciprocal interfund activities:
 - Interfund loans are reported as interfund receivables in the lending fund and interfund payables in borrower funds.
 - Interfund services are reported as revenues in the seller fund and as expenditures or expenses in the purchasing fund.
- Non-reciprocal interfund activities:
 - Interfund transfers are reported in governmental funds as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers. In proprietary funds transfers are reported after nonoperating revenues and expenses.
 - Interfund reimbursements are repayments from the fund responsible for particular expenditures or expenses to other funds that initially paid for them. Reimbursements are not displayed separately within the financial statements.

Equity Classifications

Government-Wide Statements

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

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

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Fund Equity (Continued)

Fund Financial Statements

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

- Non-Spendable – the amount of fund balance that cannot be spent because it is either not in spendable form or there is a legal or contractual requirement for the funds to remain intact. At the end of each fiscal year, the Finance Director will report the portion of the fund balance that is not in spendable form as Non-Spendable on the annual financial statements.
- Restricted – the amount of fund balance that can only be spent on specific expenses due to constraints on the spending because of legal restrictions, outside party creditors, and grantor/donor requirements. The Town's restricted fund balance amounts are considered to have been spent when an expenditure has been incurred satisfying such restriction. At the end of each fiscal year, the Finance Director will report restricted fund balance amounts that have applicable legal restrictions per GASB No. 54.
- Committed – the Town Council, as the Town's highest level of decision-making authority, may commit fund balance for specific purposes pursuant to constraints imposed by formal actions taken, such as an ordinance or resolution. These committed amounts cannot be used for any other purpose unless the Town Council removes or changes the specific use through the same type of formal action taken to establish the commitment. This constraint must be imposed prior to the fiscal year end, but the specific amount may be determined at a later date. At the end of each fiscal year, the Finance Director will report committed fund balances that have been committed by self-imposed actions by the Town of Warren's Town Council.
- Assigned – the amount of fund balance that includes the portion of the spendable fund balance that reflects funds intended to be used by the government for specific purposed assigned by information operational planning. The assigned fund balance represents a "plan" for spending the amount, but it is not restricted or committed. The authority to "assign" fund balance has not been delegated by the Town Council.
- Unassigned – the amount of fund balance that remains from residual positive net resources of the General Fund in excess of what can properly be classified in one of the other four categories, not subject to any constraints or intended use, no external or self-imposed limitations, no set spending plan and are available for any purposes. Unassigned fund balance is commonly used for emergency expenditures not previously considered. In addition, the resources classified as unassigned can be used to cover expenditures for revenues not yet received. At the end of each fiscal year, the Finance Director will report the portion of the unassigned fund balance.

The Town does not maintain a formal spending policy in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. It shall be the Finance Director's responsibility to ensure the Town's expenditures are appropriately classified based on the restrictions (both external and internal) of the revenue and fund balance(s) in accordance with the definitions listed above. See Note 10 for current year classification of fund balance.

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

Employees are granted vacation and sick leave in varying amounts. Upon retirement, termination or death, certain employees are compensated for unused vacation and sick leave (subject to certain limitations) at their current rates of pay. The amount recorded is the unused days earned at the current rate of pay. For governmental activities the general fund is used to satisfy this liability as it becomes due, while the transfer station enterprise fund accounts for all settlement of business-type liabilities for compensated absences.

Town (including enterprise fund)

Town employees are entitled to vacation based on length of service. Up to two weeks of vacation days are allowed to carry over to succeeding years.

Town employees are entitled to 1.5 days sick leave per month worked. Sick leave may be accumulated to a maximum of 180 days. Upon retirement or termination, employees have a vested interest in 75% of their accumulated sick time.

Full time Town employees retiring between the ages of 62 and 65 will continue to receive medical insurance coverage until age 65. Full-time Town employees retiring at age 65 will have applicable medical coverage paid for by the Town for a period of three years.

Police

Police are entitled to vacation based on length of service. Vacation days may be carried over, but must be used within three years.

Police are entitled to 1.5 days of sick leave for each month in which they work a minimum number of hours. Sick leave may be accumulated to a maximum of 180 days. Upon retirement or termination, police have a vested interest in 75% of their accumulated sick time and they may receive medical coverage for a period of four years.

Reconciliation of Government-wide and Fund Financial Statements

The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this (\$11,932,408) difference are as follows:

Bonds payable	(\$10,599,406)
Compensated absences	<u>(1,333,002)</u>
Total	<u>(\$11,932,408)</u>

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Fund Equity (Continued)

Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense." The details of this \$46,189 difference are as follows:

Capital outlays (net of disposals).....	\$1,549,738
Depreciation expense.....	<u>(1,503,549)</u>
Net adjustment.....	<u>\$ 46,189</u>

Another element of that reconciliation states that "the issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net assets." The details of this \$885,096 difference are as follows:

Change in interest accrued.....	\$ 10,883
Decrease in compensated absences	(349,027)
Principal repayments	<u>1,223,240</u>
Net adjustment.....	<u>\$ 885,096</u>

Another element of that reconciliation states that, "Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds." The details of this \$82,497 difference are as follows:

Deferred revenue - beginning.....	\$ 143,822
Deferred revenue – ending.....	<u>(61,325)</u>
Net difference	<u>\$ 82,497</u>

Another element of that reconciliation states that "Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The detail of this (\$325,511) difference is the accrual for OPEB liabilities (net).

Reclassifications

Some of the 2010 balances have been reclassified to conform to the 2011 presentation.

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

2. BUDGETARY AND LEGAL COMPLIANCE

Budgetary Data

The Town Council adopts an annual budget for the General Fund. The Town Council is authorized to transfer budgeted amounts within and among departments and to authorize emergency expenditures. Any revisions that alter total expenditures must be approved by the taxpayers by a vote at the Financial Town Meeting. Management cannot make any transfers without prior Council approval. The governing Council made no supplemental budgetary appropriation during the fiscal year. The budget for the General Fund is presented in the Statement of Revenues, Expenditures, and Changes in Fund Balances-Budgeted and Actual. All annual appropriations lapse at fiscal year end unless specifically approved for carryover to the following year by the taxpayers by a vote at a Financial Town Meeting. The budget for the General Fund is appropriated at the individual account level, also known as the line item level.

The Town does not budget for the combined Special Revenue Funds or the Capital Project Funds, since budgetary control is maintained on an individual basis. Since grant periods may differ from the Town's fiscal year, a comparison of budgetary information may not be meaningful and has not been presented in the accompanying financial statements.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of funds are recorded in order to preserve that portion of the applicable appropriation, is employed in the General Fund Budget. Encumbrances do not constitute expenditures or liabilities.

Excess of Expenditures Over Appropriations

For the year ended June 30, 2011, expenditures exceeded budget at the department level as follows:

<u>Department</u>	<u>Excess</u>
General Government.....	\$83,134
Transfer Station.....	\$6,359

3. CASH AND INVESTMENTS

Deposits

Deposits are in various financial institutions and are carried at cost, which approximates market value. The carrying amount of deposits is separately displayed on the balance sheet as "Cash" and includes \$640 of petty cash.

At year-end, the Town's carrying amount of deposits was \$5,134,902 and the bank balance was \$5,207,181. Of the bank balance, \$2,666,912 was covered by Federal Depository Insurance. The remaining balance, \$2,540,269 was collateralized with securities held by the pledging financial institution, or its trust department or agent but not in the Town's name.

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

3. CASH AND INVESTMENTS (Continued)

Custodial Credit Risk-Deposits

Deposits and Investments. Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The collateralization of certificates of deposit or repurchase agreements must be in an amount of at least 102% of market value to the amount of the deposit is the Town's investment policy for custodial credit risk.

Interest Rate Risk. It is the policy of the Town to limit the length of its investment maturities in order to manage the exposure to fair value losses arising from increasing interest rates.

Credit Risk. As of June 30, 2011, the Town's investments in Money Markets are not rated, as the fund invests in short-term Government obligations and other instruments collateralized or secured by U.S. Treasury obligations. The U.S. Treasury does not directly or indirectly insure or guarantee the performance of the fund. Treasury obligations have historically involved minimal risk of loss if held to maturity. However, fluctuations in market interest rates may cause the value of Treasury obligations in the Fund's portfolio to fluctuate.

Concentration of Credit Risk. The Town places the following limits on the maximum percent of portfolio it may invest in any one specific instrument: the portfolio shall at all times comprise of at least three separate investment instruments; with no one instrument holding more than 50% of total fund principal. Furthermore, at least 30% of the invested funds shall be in instruments that can be redeemed by the Town on demand within one day.

Investments

The Town invests in various types of investments which are stated at fair value. The Finance Director has control over the type of investments made. Neither the Town Charter nor any other legally contracted agreements limits the type of investments that may be made.

At June 30, 2011, the Town held the following investments:

<u>Description</u>	<u>Maturity</u>	<u>Market Value</u>
American Express	05/02/2013	\$ 37,679
Bank America	11/15/2014	21,222
Boeing Co.	02/15/2012	25,927
Citigroup, Inc.	05/07/2015	15,631
Cisco Systems Inc	1/15/2020	20,809
Emerson Electrical Co.	11/01/2011	10,175
E I DU Pont De Nemours & CO	01/15/2020	15,851
Federal Farm Cr	01/12/2016	21,497
JP Morgan Chase and CO	3/25/2020	20,659
Merck & Co., Inc.	03/01/2015	27,844
Common Stocks	N/A	432,977
Certificates of Deposit	Various	1,229,515
Total		<u>\$ 1,879,786</u>

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

3. CASH AND INVESTMENTS (Continued)

Investments (continued)

Interest Rate Risk

The Town has investments in corporate bonds which have interest rates that are fixed for long periods and are subject to more variability in their fair value as a result of future changes in interest rates. The Town does not have a formal policy which addresses the interest rate risks associated with its investments. The following investments are subject to interest rate risk:

<u>Description</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Market Value</u>
American Express	5.875%	05/02/2013	\$ 37,679
Bank America	5.125%	11/15/2014	\$ 21,222
Boeing Co.	6.500%	02/15/2012	\$ 25,927
Citigroup, Inc.	4.875%	05/07/2015	\$ 15,631
Cisco Systems Inc	4.450%	1/15/2020	\$ 20,809
Emerson Electrical Co.	5.750%	11/01/2011	\$ 10,175
E I DU Pont De Nemours & CO	4.625%	01/15/2020	\$ 15,851
Federal Farm Cr	3.680%	01/12/2016	\$ 21,497
JP Morgan Chase and CO	4.950%	3/25/2020	\$ 20,659
Merck & Co., Inc.	4.750%	03/01/2015	\$ 27,844

Credit Risk

The Town does not have a formal policy which addresses the credit risks associated with its investments. The following investments are subject to credit risk:

<u>Description</u>	<u>Standard & Poors</u>	<u>Moody's Investor Service</u>
American Express	BBB+	A2
Bank America	A	A2
Boeing Co.	A	A2
Citigroup, Inc.	A-	BAA1
Cisco Systems Inc	A+	A1
Emerson Electrical Co.	A	A2
E I DU Pont De Nemours & CO	A	A2
Federal Farm Cr	AAA	AA3
JP Morgan Chase and CO	A+	AA3
Merck & Co., Inc.	AA	AA3

Concentration of Credit Risk

The Town does not have a formal policy that limits the amount that may be invested in any one issuer. All of the Trust Funds' investments are held in an internal investment pool. Net investment income for the year is allocated to each Trust Fund based on the ratio of each fund's fund balance to the total combined fund balance at the beginning of the year. Operating transfers out to Trust beneficiaries are allocated to the Trust Funds for which the withdrawals are allowable. Each withdrawal is allocated to the applicable Trust Funds based on the ratio of each fund's fund balance to the combined fund balance of the applicable funds at the beginning of the year.

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

4. CAPITAL ASSETS

Activity for governmental activity capital assets is summarized below:

	Balances June 30, 2010	Additions	Deductions	Balances June 30, 2011
<u>Governmental activity capital assets</u>				
Land (not being depreciated)	\$ 1,094,009	\$ 5,232	\$ -	\$ 1,099,241
Construction in progress (not being depreciated)	319,716		319,716	-
Buildings and land improvements	15,521,523	816,799		16,338,322
Motor Vehicles	4,931,249	289,711		5,220,960
Equipment	9,873,127	104,635		9,977,762
Infrastructure	35,953,516	653,077		36,606,593
Total Cost	67,693,140	1,869,454	319,716	69,242,878
Less: accumulated depreciation:				
Buildings and improvements	(9,682,873)	(360,496)		(10,043,369)
Motor Vehicles	(2,451,716)	(115,197)		(2,566,913)
Equipment	(7,708,095)	(220,154)		(7,928,249)
Infrastructure	(18,204,978)	(807,702)		(19,012,680)
Total accumulated depreciation	(38,047,662)	(1,503,549)	-	(39,551,211)
Net capital assets	\$ 29,645,478	\$ 365,905	\$ 319,716	\$ 29,691,667

Activity for the Proprietary Fund capital assets is summarized below:

	Balances June 30, 2010	Additions	Deductions	Balances June 30, 2011
<u>Business activity capital assets</u>				
Land	\$ -	\$ 4,900	\$ -	\$ 4,900
Vehicles	73,952	-	-	73,952
Equipment and Trailers	318,830			318,830
Total Cost	392,782	4,900	-	397,682
Less: accumulated depreciation				
Vehicles	(73,952)			(73,952)
Equipment and Trailers	(270,400)	(17,959)		(288,359)
Total accumulated depreciation	(344,352)	(17,959)	-	(362,311)
Net Proprietary Fund Assets	\$ 48,430	\$ (13,059)	\$ -	\$ 35,371

Depreciation expense was charged to the following functions/programs of the Town:

Governmental activities:	
General government	\$ 599,406
Public Safety	19,752
Fire Safety	118,946
Waste Water Treatment	121,483
Highway Department	632,023
Unallocated	11,939
Total	\$ 1,503,549
Business-type activity:	
Transfer Station	\$ 17,959

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

5. OTHER POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

In addition to the pension benefits described in Note 12, the Town provides postemployment benefits (health insurance) in accordance with union contract provisions. For the year ended June 30, 2011, six (6) municipal retirees met the eligibility requirements for Town provided coverage. The Town pays 100% of the cost of these benefits on a pay-as-you-go basis, which amounted to approximately \$58,296.

The Town's annual other post employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the Town (ARC) under the accrual basis of accounting. The Town has engaged an actuary to calculate the ARC and related information per the provisions of GASB Statement 45 for employers with plans including more than 100 total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the components of the Town's annual OPEB cost for the year ended June 30, 2011, the amount actually contributed to the plan, and the Town's net OPEB obligation to the plan as of June 30, 2011.

<u>Annual OPEB Cost</u>	<u>Year ended June 30, 2011</u>
Normal Cost	\$ 391,647
Amortization of UAAL	(12,843)
Interest	5,003
Annual Required Contribution (expense)	<u>383,807</u>
Contributions made during year	(58,296)
Net OPEB obligation at beginning of year	<u>761,574</u>
Net OPEB obligation at end of year	<u><u>\$ 1,087,085</u></u>

Town contributions to the plan for the year ended June 30, 2011 represented 15% of annual OPEB expense, of \$383,807. The difference represents the Town's OPEB obligation to the plan and has been accrued as an expense in the government-wide financial statements.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and annual required contributions are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information on page 47 will, over time, present multi-year trend information about whether the actuarial value of plan assets (none at present) is increasing or decreasing relative to the actuarial accrued liabilities for benefits.

Funding Policy

The Town's funding policy provides for actuarially determined periodic contributions to the plans at rates that, for individual employees, increase gradually over time so that sufficient assets will be available to pay benefits when due.

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

5. OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Funded Status of Plan

The required supplementary information which follows the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Listed below are the details of the funding progress of the General Municipal Employees' Pension Plan with a valuation date of June 30, 2009 which is the most recent report available from the State who administers this plan:

- Actuarial value of assets - \$700,000
- Actuarial accrued liability - \$3,018,423
- Unfunded actuarial accrued liability (UAAL) - \$2,318,423
- Funded Ratio - 23.19%
- Annual covered payroll - \$3,019,466
- UAAL as percentage of payroll - 76.78%

Projections of benefits for financial reporting purposes are based on the substantive plan (as understood by the employees and management) and include the type of benefit provided at the time of each valuation. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The following assumptions were made:

The age adjustment factor applied to premiums during the valuation process to better approximate the actual costs associated with retiree benefits in situations where blended premiums are charged to actives and retirees. This factor is used in the financial reporting process to similarly adjust the contribution made toward OPEB.

- Valuation date – June 30, 2009
- Discount rate - 4.00%
- Participation - All eligible retirees are assumed to elect medical and dental coverage.
- Payroll Growth Rate - 3.50%
- Amortization Period - 10 years
- Amortization Method - Level Percent of Payroll Amortization
- Age Adjustment Factor - 55

6. DEFERRED REVENUES

General Fund deferred revenues relate to revenue that is measurable but not available. General Fund deferred revenues are summarized as follows:

Property taxes receivable (net).....	\$ 394,043
Less: current year 60 day accrual	<u>(84,223)</u>
Total deferred tax revenue.....	<u>\$ 309,820</u>

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

7. LONG-TERM DEBT

General long-term debt consists of the long-term liabilities that are not recorded as fund liabilities (i.e., debt of the proprietary fund). Amounts are as follows:

	<u>Date of Issue</u>	<u>Amount Issued</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance Outstanding June 30, 2010</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance Outstanding June 30, 2011</u>	<u>Current Portion</u>
Public improvements	04/01/02	\$ 1,800,000	1.27%	9/1/03-22	\$ 1,288,646	\$ -	\$ 82,240	\$ 1,206,406	\$ 84,750
Public improvements	08/15/02	\$ 805,000	4.64%	1/15/03-22	565,000		35,000	530,000	40,000
Public improvements	07/15/02	\$ 3,195,000	3.75-4.88%	7/15/02-22	1,800,000		150,000	1,650,000	150,000
Public improvements	08/15/04	\$ 725,000	0.05	8/15/05-24	525,000		35,000	490,000	35,000
Public improvements	12/15/05	\$ 905,000	1.11%-1.56%	9/1/06-25	749,000		41,000	708,000 *	41,000
Public improvements	02/15/06	\$ 1,010,000	3.95%	2/15/06-11	200,000		200,000	-	-
Public improvements	02/15/06	\$ 310,000	3.95%	2/15/06-26	240,000		15,000	225,000	15,000
Public improvements	05/07/07	\$ 1,690,000	4.05%	5/15/08-27	1,375,000		105,000	1,270,000	110,000
Public improvements	05/01/08	\$ 3,885,000	3.5%	5/15/09-28	3,095,000		390,000	2,705,000	390,000
Public improvements	08/15/09	\$ 1,985,000	2.25-4.75%	08/15/10-29	1,985,000		170,000	1,815,000	170,000
Total general obligations bonds					11,822,646	-	1,223,240	10,599,406	1,035,750
Compensated Absences					983,975	549,027	200,000	1,333,002	133,300
Total long-term debt					\$ 12,806,621	\$ 549,027	\$ 1,423,240	\$ 11,932,408	\$ 1,169,050

* As of June 30, 2011, \$289,576 remains in custody of funding agency and is available for future draw downs. The Town of Warren entered into a loan agreement with the Rhode Island Clean Water Finance Agency on March 29, 2011 for \$2,000,000. There have no monies drawn down on the loan as of June 30, 2011.

Total interest expense paid on long term debt for the year ended June 30, 2011 was approximately \$401,000

Schedule of long-term debt by purpose is as follows:

	<u>Amount</u>	<u>Percent</u>
Public improvements	\$ 10,599,406	88.8%
Compensated absences	1,333,002	11.2%
Total	\$ 11,932,408	100%

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

7. LONG-TERM DEBT (Continued)

The ratio of Town debt to net taxable valuation at June 30, 2011 was as follows:

Net taxable valuation	\$1,242,003,030
Town debt outstanding	\$ 10,599,406
Ratio of Town debt to net taxable valuation	0.85%

Schedule of long-term bond and debt requirements:

<u>Fiscal Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 1,035,750	\$ 367,174	\$ 1,402,924
2013	1,004,338	331,156	1,335,494
2014	753,005	298,196	1,051,201
2015	761,753	274,566	1,036,319
2016	764,584	250,309	1,014,893
2017-2021	3,778,514	852,945	4,631,459
2022-2026	2,071,462	278,900	2,350,362
2027-2030	430,000	27,735	457,735
	<u>\$ 10,599,406</u>	<u>\$ 2,680,981</u>	<u>\$ 13,280,387</u>

8. NOTES PAYABLE

Notes payable at June 30, 2011 consisted of the following general obligation bond anticipation note:

Date of issue	April 26, 2011
Maturity date	April 25, 2012
Amount of issue	\$736,250
Amount of repayments during fiscal year 2011	\$0
Net Interest rate	1.25%
Balance outstanding at June 30, 2011	\$736,250

9. OPERATING LEASES

During January 2011 the Town of Warren entered into a five year operating lease for a copier ending January 2016. The lease payments for these copiers during the year ended June 30, 2011 amounted to \$1,325.

Future minimum lease payments are as follows:

2012	\$ 3,180
2013	3,180
2014	3,180
2015	3,180
2016	1,855
Total	<u>\$14,575</u>

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

10. NET ASSETS

a) Fund Deficits

The following individual funds had deficit fund equity balances as of June 30, 2011:

State Paving Grant	\$146,846
Recycling Grant	\$4,358
Planning Challenge Grant	\$21,851
Cops Technology Grant.....	\$1,233
Revaluation Fund.....	\$7,304
Youth Tobacco Enforcement.....	\$171
Road Salt Storage Project	\$102,346
RI State Byrnes Justice Grant	\$5,414
Strategic Plan Energy Conservation.....	\$4,403
Sewer Project – EPA	\$3,733
Recreation Trails Grant.....	\$4,665
RI EME Grant	\$171
Jamiel's Park Chafee.....	\$7,786
Jamiel's Park Grant	\$66,616
Community Development Block Grant	\$110,592
Park Avenue Clean Up	\$6,969

The proprietary fund, Transfer Station, had a deficit of \$306,817 as of June 30, 2011. The deficits are expected to be funded through transfers from the Town's general fund.

b) Fund Balances

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the Town has classified governmental fund balances at June 30, 2011 as follows:

Non-Spendable	
Permanent Funds	\$ 59,740
Transfer station deficit	306,817
Inventory	24,993
Total Non-Spendable fund balance	391,550
Restricted:	
Restricted for special revenue funds	215,483
Total Restricted fund balance	215,483
Committed:	
Committed funds for General Fund encumbrances	1,107
Committed for FY12 operating budget	2,567,441
Total Committed fund balance	2,568,548
Unassigned:	
Fund balance not designated for future expenditures ..	2,186,154
Total	\$5,361,735

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

10. NET ASSETS (Continued)

(c) Transfers In and Out

The principal purpose of interfund transfers is to provide a financing source to various funds that may not have the ability to cover all costs with revenue generated by the fund. The composition of interfund transfers for the year ended June 30, 2011 is as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 85,520	\$ 64,052
Transfer Station	24,204	22,962
Pump Out Station	13,337	
State Paving Grant		22,993
Fire Legislative Grant	1,500	
RI DOT Highway Safety Grant	482	6,191
WPD RI Senatorial Grant		183
Recycling Grant		860
Champlain Foundation	18,621	
Community Gardens	1,000	
Diesel Equipment Repair		304
Plumbing and Electrical Repair	2,380	829
Byrnes Justice Grant	28	
Youth Tobacco Enforcement		171
Road Salt Storage Project		132
Sewer Project - EPA		113
Summer Concerts	2,500	
RI EME Grant		171
Substance Abuse		661
Jamiels Park DEM Grant	304	
FEMA Flood Event		30,188
Town Trust - Permanent Fund		66
Total	\$ 149,876	\$ 149,876

11. RISK MANAGEMENT

The Town is exposed to various risks of losses related to torts; theft of, damage to, and destruction of Town assets; errors and omissions; injuries to employees; and natural disasters. These risks are insured through the Town's participation in the RI Interlocal Risk Management Trust (Trust), a public entity risk pool operated for the benefit of the State's various public entities. The Town pays an annual premium for Worker's Compensation, Property and Liability, and Excess Liability insurance coverage. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

The Town is also involved in several lawsuits which are not covered by the risk management insurance. Legal Counsel has expressed an opinion as to the ultimate outcome of all the cases, and as a result, an accrued contingency has been recorded in the accompanying financial statements.

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

12. CONTINGENCIES AND COMMITMENTS

The Town has a contract with a commercial management company for the operation and maintenance of the sewer treatment facility and pump stations. The contract is renewable annually every July 1, with the annual cost determined through the Town's annual budget process.

The Town has an agreement with the local water authority which requires annual rental payments for fire hydrants. The agreement expires June 30, 2018 and requires annual payments of \$400 per hydrant. The minimum payments under this agreement for each of the fiscal years remaining in the agreement are expected to be approximately \$73,600.

The Town has a commitment to fund its proportionate share of the 2011-2012 budget of the Bristol-Warren Regional School District in the amount of \$11,748,790.

The government is a defendant in various lawsuits. Although the outcome of most of these lawsuits is not presently determinable, it is the opinion of the government's counsel that resolution of these matters which may have a material adverse effect on the financial condition of the government have been appropriately provided for.

13. PENSION PLAN

Plan Description

The State of Rhode Island through the Retirement Board, administers the Municipal Employee's Retirement System that acts as a common investment and administrative agent for pension benefits to be provided to employees of municipalities, housing authorities, water and sewer districts, and municipal police and fireman that have elected to participate. The MERS receives all member and employer contributions with investment earnings being added to the fund and available for reinvestment. Assets are invested by the State Investment Commission. The State of Rhode Island and Providence Plantations issues a publicly available annual financial report that includes financial statements and required supplementary information for the MERS. The financial report may be obtained by writing to Employees' Retirement System of Rhode Island, 50 Service Avenue, Warwick, RI 02886 or by calling (401) 462-7600.

All full-time employees of the Town of Warren are covered by the Municipal Employees Retirement System (MERS) of Rhode Island, which is an agent multiple-employer Public Employee Retirement System (PERS).

All full-time employees are eligible and must participate in the State MERS. The pension plan provides retirement, deferred allowances, disability and survivor benefits to state employees, public school teachers, and municipal employees who are employed by the participating municipality. The laws governing retirement differ according to employment status as a State employee, public school teacher or municipal employee. Under the MERS, there is one plan for general employees of the Town and two optional plans for police and firemen. Benefits vest after 10 years of creditable service.

General employees may retire after reaching the age of 58 with 10 years of contributing service or accumulating 30 years of service, regardless of age. Employees who retire with 10 or more years of creditable service are entitled to pension payments for the remainder of their lives equal to 2% of their final three year average salary times the number of years for which they were employed by a participant in the State PERS. The final three year average salary is the average salary of the employee during the final three consecutive years of full-time employment exclusive of overtime, bonuses or severance pay. The maximum benefit for municipal employees is 75% of their final three year average salary.

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

13. PENSION PLAN (Continued)

Plan Description (Continued)

Under the optional plans available for police and firemen, the Town's police and firemen have elected the 20 year service option. Police and fire members may retire after reaching the age of 50 with twenty years of contributing service or after 25 years of contributing service, regardless of age. This optional plan provides a benefit equal to 2.5% of their final three average salaries, with a maximum benefit of 75% of final average salary. In addition, any police member retiring after July 1, 1994 shall be entitled to C.O.L.A. Plan C as defined in the General Laws of Rhode Island Title 45, Chapter 21-52, as amended.

Pension provisions include deferred allowances whereby an employee may terminate his or her employment with the Town after accumulating 10 years of contributing service but before reaching the age of 58. If the employee does not withdraw his or her accumulated contributions, the employee is entitled to all pension benefits upon reaching the age of 58.

The MERS also provides nonservice-connected disability benefits after 5 years of service, service-connected disability benefits with no minimum service requirement, vested benefits after 10 years of service, surviving spouse benefits and certain lump sum death benefits. The disabled employee is entitled to receive disability payments for life, while the surviving spouse may receive death benefits for life or as long as he or she does not remarry. Benefits are determined by state statute.

As of June 30, 2010, the most recent valuation report date, employee membership data related to the pension plan was as follows:

	<u>General Employees</u>	<u>Police/Fire</u>	<u>Total</u>
Active member	43	24	67
Retired member	48	25	73
	<u>91</u>	<u>49</u>	<u>140</u>

Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the MERS are prepared in accordance with generally accepted accounting principles using the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when incurred. Dividend income is recorded on the ex-dividend date. Interest income is accrued daily.

GASB No. 25 and GASB No. 27

Effective for periods beginning after June 15, 1997, the Governmental Accounting Standards Board (GASB) requires the disclosure of pension related liabilities for public employer financial statements in accordance with Statements, which replace GASB Statement No. 5, must be adhered to by any public employee retirement system that follows Generally Accepted Accounting Principles (GAAP).

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

13. PENSION PLAN (Continued)

Summary of Significant Accounting Policies (Continued)

These disclosures are intended to establish a reporting framework that distinguishes between:

- Current financial information about plan assets and financial activities
- Actuarially determined information from a long-term perspective
- The funded status of the plan, and
- Progress being made in accumulating sufficient assets to pay benefits when due

Method Used to Value Investments

MERS assets are invested under the direction and authority of the State Investment Commission (SIC) and are recorded at fair value. The cost of investments sold is determined using the average cost method.

Mortgage – Backed Securities

The System invests in various mortgage-backed securities, such as collateralized mortgage obligations, interest-only strips, and principal-only strips. These securities are reported at cost.

Investments

The Municipal Employees' Retirement System's investments are pooled with other funds.

Administration of the System

The System is administered by the State of Rhode Island Retirement Board which consists of 15 members: the General Treasurer; the Director of Administration or his or her designee; the President of the League of Cities and Towns or his or her designee; two (2) active teacher members of the retirement system or officials from a teachers union to be elected by active teachers; one active municipal employee member of the retirement system or an official from a municipal employees union to be elected by active municipal employees; one retired member of the retirement system to be elected by retired members of the System; the Chairperson of the House Finance Committee or his or her designee; the Chairperson of the Senate Finance Committee or his or her designee; and two (2) public representatives, one of whom shall be a C.L.U. competent in the area of pension benefits, shall be appointed by the governor and whose term shall be four (4) years, or until their successors are appointed.

The State Investment Commission oversees all investments made by the State of Rhode Island, including those made for the System. Certain investments are made by investment managers, engaged by the Commission, at their discretion in accordance with the investment objectives and guidelines for the System. Short-term investments are made on a daily basis by the General Treasurer.

Rhode Island General Laws, Section 35-10-11 (b)(3) requires that all investments shall be made in securities as would be acquired by prudent persons of discretion and intelligence who are seeking a reasonable income and the preservation of capital.

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

13. PENSION PLAN (Continued)

Funding Policy

Section 45-21-41 of the Rhode Island General Laws requires that employees contribute a fixed percentage of their compensation to the MERS. For the year ended June 30, 2011, this percentage was 7.0% for general employees, 9.0% for firemen and 9.0% for police under the elected option. Section 45-21-42 of the Rhode Island General Laws contains the contribution requirements for participating employers. These rates are actuarially determined for each participating employer on an annual basis in accordance with Section 45-21-42 of the Rhode Island General Laws. For the year ended June 30, 2011, the actuarially determined contribution rates for the Town were 13.20% of covered payroll for general employees, 24.18% of covered payroll for police and firemen.

Employer contributions to the MERS include normal cost and a payment, where applicable, to amortize the unfunded actuarial liability over a period of 25 years from the date the municipality joined the system. The normal cost is determined using the entry age normal cost method. Modifications were adopted by the Retirement Board, effective with the June 30, 1989 actuarial valuation which provides for the following:

An optional smoothing of contribution rates for municipalities with a rate increase over 2% in one year, and

For those municipalities that are unfunded, changes in the unfunded actuarial liability after June 30, 1998 are to be funded over projected future salaries of active members, rather than on a fixed funding scale.

For the year ended June 30, 2011, the Town's total payroll was approximately \$4,056,366 and the Town's contribution to the MERS was based on covered approximate payroll of \$1,991,044 for general employees, \$1,394,776 for police and fire.

The total contribution made to MERS during fiscal year 2011 amounted to \$859,557 of which \$609,398 was made by the Town and \$250,159 was made by employees. These employee contributions represented 7.0% (Town), and 9.0% (Fire).

Annual Pension Cost

For fiscal year 2011, the Town's annual pension cost of \$609,398 for MERS was equal to the Town's required and actuarial contributions. The required contribution was determined as part of the June 30, 2008 actuarial valuation using the entry age normal cost method, and "Level Percentage Closed" amortization method. Significant actuarial assumptions used in that valuation include (a) 8.25% annual percent rate of return on investments, compounded annually; (b) projected annual salary increases of 4.5% to 9.0% (5.00% to 15.50% for Police and Fire), compounded annually; (c) mortality rates based on the 1994 group annuity mortality table; (d) a retirement age of 65 for general employees and 60 for police and fire personnel, or completion of service requirement, if later. For police and fire departments electing the 20 year service plan with unreduced 15% of all disabilities are considered occupational for general employees and 50% of disabilities are considered occupational for police and firemen; (f) 3% cost of living adjustment, not compounded, beginning January 1 following a participant's retirement; (g) the actuarial value of assets spreads investment gains and losses relative to the assumed return of 8%, over a three year period; (h) unknown employee characteristics are estimated using a bond-type averaging method, and; (i) inflation rate of 3.75%. Due to large fluctuations in contribution rates, the Retirement Board adopted a procedure which allows an employer the option of paying a contribution rate equal to the previous year's rate plus the cost of any benefit improvements. The existing funding excess in 1999 is being amortized over the remainder of a 25 year period which commenced on the date the Town joined the System. The amortization period is open. Subsequent divergence from actuarial assumptions will be amortized over the projected future salaries of active members.

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

13. PENSION PLAN (Continued)

Annual Pension Cost (Continued)

The Town's fiscal 2011 required contribution to the State PERS represents 100% of the total current-year actuarially determined contribution requirements for all employers covered by the pension plan.

Trend Information

Three-year trend information for the Town of Warren is presented below:

<u>Fiscal Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/09	\$609,442	100%	\$0
6/30/10	\$603,215	100%	\$0
6/30/11	\$609,398	100%	\$0

Ten-year historical trend information is presented in the fiscal 2010 State of Rhode Island and Providence Plantations Employees' Retirement System annual financial report. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they become due.

Related Party Investments

The assets of the MERS are held in the custody of the State Treasurer as an undivided single fund and the system is administered by the State Retirement Board.

Required Supplementary Information

The required supplementary information which follows the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Listed below are the details of the funding progress of the General Municipal Employees' Pension Plan with a valuation date of June 30, 2010 which is the most recent report available from the State who administers this plan, as revised to reflect pension reform legislation enacted on November 18, 2011.

- Actuarial value of assets - \$12,109,679
- Actuarial accrued liability - \$17,839,289
- Unfunded actuarial accrued liability (UAAL) - \$5,729,610
- Funded Ratio - 67.88%
- Annual covered payroll - \$3,156,690
- UAAL as percentage of payroll - 181.51%

Subsequent to June 30, 2011, the State of Rhode Island passed legislation under the Pension Reform Security Act (Act) of 2011. The legislation has made changes to the current pension plan provisions noted above and such changes will be effective July 1, 2012.

(CONCLUDED)

Required Supplementary Information



TOWN OF WARREN, RHODE ISLAND

**MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF RHODE ISLAND
AND OTHER POSTEMPLOYMENT BENEFITS
JUNE 30, 2011**

E-1

Town of Warren, Rhode Island

Schedule of funding Progress for the Municipal Employees' Retirement System

Actuarial Valuation Date (1)	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as Percentage of Covered Payroll
6/30/2005	\$ 9,643,134	\$ 14,569,068	\$ (4,925,934)	66.19%	\$ 2,661,784	-185.06%
6/30/2006	\$ 10,130,235	\$ 14,990,904	\$ (4,860,669)	67.58%	\$ 2,767,079	-175.66%
6/30/2007	\$ 11,236,283	\$ 16,255,654	\$ (5,019,371)	69.12%	\$ 2,888,716	-173.76%
6/30/2008	\$ 12,291,025	\$ 17,061,933	\$ (4,770,908)	72.04%	\$ 3,094,800	-154.16%
6/30/2009	\$ 12,302,595	\$ 17,552,341	\$ (5,249,746)	70.09%	\$ 3,116,101	-168.47%
6/30/2010 *	\$ 12,109,679	\$ 17,839,289	\$ (5,729,610)	67.88%	\$ 3,156,690	-181.51%

(1) The actuarial Valuation Dates are presented for the most recent years of available information provided by the State of Rhode Island.

* As revised 11/18/2011 – the State of Rhode Island passed legislation under the Pension Reform Security Act (Act) of 2011 which made changes to current plan provisions. Such changes will be effective July 1, 2012.

Schedule of funding Progress for Other Postemployment Benefits.

Actuarial Valuation Date (1)	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as Percentage of Covered Payroll
7/1/2007	\$ 700,000	\$ 3,018,423	\$ (2,318,423)	23.19%	\$ 3,019,466	-76.78%
7/1/2009	\$ 700,000	\$ 3,018,423	\$ (2,318,423)	23.19%	\$ 3,019,466	-76.78%

(CONCLUDED)

Schedule of Revenues and Expenses (Non-GAAP Budgetary Basis)
Budget and ActualGeneral Fund
For the year ended June 30, 2011

	Continuing Appropriation June 30, 2010	Originally Adopted Budget	Final Approved Budget	Actual (Budgetary Basis)	Continuing Appropriation June 30, 2011	Under Over (Unfavorable)
Revenues						
General property taxes	\$ -	\$ 21,156,561	\$ 21,181,561	\$ 21,158,051	\$ -	\$ (23,510)
Intergovernmental		430,000	430,000	576,534		146,534
Licenses, fees, permits and fines		952,100	937,100	1,158,450		221,350
Water and sewer use fees		62,500	62,500	18,065		(44,435)
Interest and investment income (loss)		145,000	145,000	229,750		84,750
Other		93,100	93,100	150,168		57,068
Total revenues	-	22,839,261	22,849,261	23,291,018	-	441,757
Expenditures						
General government		3,301,310	3,301,310	3,384,444		(83,134)
Town offices		782,287	782,287	762,564		19,723
Financial administration		226,712	226,712	225,763		949
Public safety		2,070,062	2,070,062	2,054,105		15,957
Fire safety		439,504	439,504	426,839		12,665
Transfer station		374,377	384,377	390,736		(6,359)
Waste water treatment		1,195,255	1,195,255	1,135,283		59,972
Highway department		1,441,434	1,441,434	1,399,836		41,598
Grants and contributions		283,600	283,600	281,576		2,024
Education		11,090,733	11,090,733	11,090,733		-
Debt services		1,633,987	1,633,987	1,633,987		-
Cost of collections		-	-	2,557		(2,557)
Capital	2,451,711	1,036,250	3,487,961	920,520	2,567,441	-
Total expenditures	2,451,711	23,875,511	26,337,222	23,708,943	2,567,441	60,838
Excess of revenues over (under) expenditures before other financing sources (uses)	(2,451,711)	(1,036,250)	(3,487,961)	(417,925)	(2,567,441)	502,595
Other financing sources (uses)						
Transfer from fund balance	2,451,711	1,036,250	3,487,961	3,487,961		-
Transfers in/(out)		-	-	22,710		22,710
Net other financing sources (uses)	2,451,711	1,036,250	3,487,961	3,510,671	-	22,710
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$ -	\$ -	\$ -	\$ 3,092,746	\$ (2,567,441)	\$ 525,305

Reconciliation to Exhibit B-2:

Transfer station revenues and expenditures (see page 16)	238,742
Increase/(decrease) in reserve for encumbrances	(37,129)
Reappropriation of Fund Balance	(3,487,961)
Excess of revenues and other sources over expenditures and other uses, GAAP Basis	(193,602)
(Increase)/decrease in reserves and designations	(649,379)
Net decrease in Unreserved Fund Balance	<u>\$ (842,981)</u>

(Continued)

Schedule of Revenues and Expenses (Non-GAAP Budgetary Basis)
Budget and Actual

General Fund
For the year ended June 30, 2011

	Continuing Appropriation June 30, 2010	Originally Adopted Budget	Final Approved Budget	Actual (Budgetary Basis)	Continuing Appropriation June 30, 2011	Under Over (Unfavorable)
General property taxes:						
Real estate, tangible and motor vehicle	\$ -	\$ 21,156,561	\$ 21,181,561	\$ 21,158,051	\$ -	\$ (23,510)
Total general property taxes	-	21,156,561	21,181,561	21,158,051	-	(23,510)
Intergovernmental and departmental:						
Excise Tax/State				82,235		82,235
General state aid				12,642		12,642
PILOT - BCWA		120,000	120,000	91,410		(28,590)
Restaurant (Meals) tax		200,000	200,000	247,306		47,306
Telephone tax transfer		110,000	110,000	122,997		12,997
Tax sale revenue		-	-	19,944		19,944
Total intergovernmental and departmental	-	430,000	430,000	576,534	-	146,534
Licenses, fees, permits and fines:						
Government center rent		-	-	21,734		21,734
Marriage, birth & death certificate		10,000	10,000	5,813		(4,187)
Municipal court revenue		60,000	60,000	103,641		43,641
MVQ - Head Start rental		15,000	15,000	13,912		(1,088)
PILOT - Housing Authority		32,500	32,500	37,976		5,476
Police fines and penalties		10,000	10,000	13,010		3,010
Police AFIS fingerprinting		1,000	1,000	41		(959)
Police reports		3,000	3,000	4,010		1,010
Revenue - Building/plumbing permits & fees		50,000	50,000	63,585		13,585
Revenue - Business taxes & licenses		40,800	40,800	61,750		20,950
Revenue - Completion fees		15,000	15,000	9,970		(5,030)
Revenue - Dog & kennel licenses		1,000	1,000	1,994		994
Revenue - Harbor		108,500	108,500	94,273		(14,227)
Revenue - Pavilion rental		6,000	6,000	6,350		350
Revenue - Photo copy		9,000	9,000	8,266		(734)
Revenue - Probate court fees		15,000	15,000	13,113		(1,887)
Revenue - Realty transfers		65,000	65,000	38,891		(26,109)
Revenue - Recording fees		90,000	90,000	84,166		(5,834)
Road cut permits		300	300	510		210
Road duty revenue		15,000		86,574		86,574
Third party billing		250,000	250,000	309,660		59,660
Zoning & planning fees		10,000	10,000	25,060		15,060
Transfer station		135,000	135,000	150,752		15,752
Business taxes/certified copies		10,000	10,000	3,399		(6,601)
Total licenses, fees, permits and fines	-	952,100	937,100	1,158,450	-	221,350
Water and sewer user fees						
Sewer use fees		62,000	62,000	15,935		(46,065)
Sewer permits		500	500	1,250		750
Septage fees		-	-	880		880
Total water and sewer fees	-	62,500	62,500	18,065	-	(44,435)
Interest:						
Property tax interest		125,000	125,000	216,667		91,667
General fund investment earnings		20,000	20,000	13,083		(6,917)
Total interest	-	145,000	145,000	229,750	-	84,750
Other:						
Other miscellaneous receipts		20,000	20,000	77,068		57,068
Other sources/social services/senior center		73,100	73,100	73,100		-
Total other	-	93,100	93,100	150,168	-	57,068
Total Operating Revenues	-	22,839,261	22,849,261	23,291,018	-	441,757
Other financing sources:						
Transfer from fund balance	2,451,711	1,036,250	3,487,961	3,487,961		-
Transfers in				109,724		109,724
Total other financing sources	2,451,711	1,036,250	3,487,961	3,597,685	-	109,724
Total revenue and other financing sources	\$ 2,451,711	\$ 23,875,511	\$ 26,337,222	\$ 26,888,703	\$ -	\$ 551,481

(Continued)

Schedule of Revenues and Expenses (Non-GAAP Budgetary Basis)
Budget and Actual

General Fund
For the year ended June 30, 2011

	Continuing Appropriation June 30, 2010	Originally Adopted Budget	Final Approved Budget	Actual (Budgetary Basis)	Continuing Appropriation June 30, 2011	Under Over (Unfavorable)
EXPENDITURES:						
GENERAL GOVERNMENT						
ADVERTISING	\$ -	\$ 15,000	\$ 15,000	\$ 13,347	\$ -	\$ 1,653
ATTENDANCE PREMIUMS	-	40,000	40,000	22,206	-	17,794
COMPUTER SERVICES	-	20,000	20,000	61,769	-	(41,769)
COPYING EXPENSE	-	6,000	6,000	3,384	-	2,616
ELECTRICITY/WATER AT PARKS	-	10,000	10,000	9,597	-	403
EMPLOYEE BENEFITS	-	1,040,000	1,040,000	1,249,906	-	(209,906)
FINANCING EXPENSES	-	10,000	10,000	5,592	-	4,408
FIRE HYDRANTS	-	76,000	76,000	56,700	-	19,300
GASB 45	-	8,500	8,500	-	-	8,500
GOVERNMENT CENTER	-	80,000	80,000	75,392	-	4,608
GOVERNMENT CENTER CUSTODIAN	-	41,682	41,682	45,180	-	(3,498)
LEAGUE OF CITIES & TOWNS	-	4,522	4,522	4,522	-	-
LONGEVITY	-	143,000	143,000	168,100	-	(25,100)
MARY V /MAIN /LIBERTY SCHOOLS	-	50,000	50,000	48,999	-	1,001
POSTAGE	-	25,000	25,000	23,776	-	1,224
PROP. & LIAB. INSURANCE	-	497,000	497,000	433,119	-	63,881
RETIREE BENEFIT ADJUSTMENT	-	10,924	10,924	10,843	-	81
SOCIAL SECURITY TAX	-	315,000	315,000	312,470	-	2,530
STREET LIGHTING	-	150,000	150,000	149,383	-	617
TELEPHONE	-	10,000	10,000	6,622	-	3,378
TOWN AUDIT	-	18,000	18,000	18,000	-	-
TOWN EMPL. PENSION COST	-	625,000	625,000	566,185	-	58,815
TOWN HALL EXPENSES	-	60,000	60,000	57,211	-	2,789
TOWN HALL CUSTODIAN	-	41,682	41,682	42,141	-	(459)
UNEMPLOYMENT RESERVE ACCT.	-	4,000	4,000	-	-	4,000
Total General Government	-	3,301,310	3,301,310	3,384,444	-	(83,134)
TOWN OFFICES						
Boards and Commissions						
ADMINISTRATIVE OFFICER	-	5,356	5,356	5,356	-	-
CONSERVATION BOARD EXPENSE	-	1,500	1,500	1,256	-	244
ECONOMIC DEVELOPMENT	-	800	800	361	-	439
HISTORICAL COMMISSION	-	2,500	2,500	2,650	-	(150)
JUVENILE HEARING BOARD	-	2,000	2,000	1,950	-	50
PLANNING BOARD EXPENSES	-	2,000	2,000	1,094	-	906
PLANNING/ZONING STENOGRAPHER	-	4,800	4,800	1,600	-	3,200
TREE COMMISSION	-	500	500	506	-	(6)
ZONING BOARD EXPENSES	-	2,000	2,000	2,066	-	(66)
Total Boards and Commissions	-	21,456	21,456	16,839	-	4,617
Building Inspector						
BUILDING OFFICIAL SALARY	-	52,593	52,593	50,281	-	2,312
BLDG. OFFICIAL CLERK	-	27,971	27,971	30,143	-	(2,172)
BLDG. OFFICE EXPENSE	-	4,300	4,300	4,210	-	90
OUTSIDE SERVICES	-	4,900	4,900	4,612	-	288
Total Building Inspector	-	89,764	89,764	89,246	-	518
Town Clerk						
TOWN CLERKS SALARY	-	54,982	54,982	50,868	-	4,114
DEPUTY TOWN CLERK	-	43,745	43,745	41,822	-	1,923
INDEXING/COMPUTER FILING	-	15,000	15,000	13,998	-	1,002
PROBATE JUDGE	-	3,000	3,000	3,000	-	-
TOWN CLERK'S OFFICE EXPENSE	-	15,000	15,000	14,871	-	129
TOWN CLERKS STAFF	-	55,952	55,952	65,877	-	(9,925)
MUNICIPAL COURT JUDGE	-	8,000	8,000	8,000	-	-
MUNICIPAL COURT EXPENSES	-	1,500	1,500	1,500	-	-
MUNICIPAL COURT CLERKS	-	7,000	7,000	8,067	-	(1,067)
CANVASSER'S EXPENSE	-	6,500	6,500	4,878	-	1,622
BOARD OF CANVASSERS	-	1,625	1,625	813	-	812
ELECTION OFFICIAL'S PAY	-	12,000	12,000	8,535	-	3,465
	-	224,304	224,304	222,229	-	2,075

(Continued)

Schedule of Revenues and Expenses (Non-GAAP Budgetary Basis)
Budget and Actual

General Fund
For the year ended June 30, 2011

	Continuing Appropriation June 30, 2010	Originally Adopted Budget	Final Approved Budget	Actual (Budgetary Basis)	Continuing Appropriation June 30, 2011	Under Over (Unfavorable)
Harbor Master						
HARBOR MASTER PAY	\$ -	\$ 18,248	\$ 18,248	\$ 18,318	\$ -	\$ (70)
ASST. HARBOR MASTER PAY		8,400	8,400	9,128		(728)
OPERATING EXPENSES		15,400	15,400	14,749		651
Total Harbor Master	<u>-</u>	<u>42,048</u>	<u>42,048</u>	<u>42,195</u>	<u>-</u>	<u>(147)</u>
Town Manager						
TOWN MANAGER SALARY		70,000	70,000	70,270		(270)
TOWN MANAGER EXPENSE		4,000	4,000	3,603		397
OFFICE CLERK		27,971	27,971	30,489		(2,518)
Total Town Manager	<u>-</u>	<u>101,971</u>	<u>101,971</u>	<u>104,362</u>	<u>-</u>	<u>(2,391)</u>
Town Offices						
COUNCIL CONTINGENCY		15,000	15,000	20,936		(5,936)
PLANNING/ZONING SOLICITOR		12,000	12,000	12,000		-
TOWN COUNCIL PAY		6,000	6,000	4,800		1,200
TOWN MODERATOR'S PAY		100	100	-		100
TOWN SERGEANT'S PAY		100	100	100		-
TOWN SOLICITOR'S PAY		71,374	71,374	71,374		-
TREE WARDEN		3,000	3,000	3,081		(81)
Total Town Offices	<u>-</u>	<u>107,574</u>	<u>107,574</u>	<u>112,291</u>	<u>-</u>	<u>(4,717)</u>
Town Planner						
TOWN PLANNER		51,000	51,000	51,196		(196)
PLANNER EXPENSES		1,500	1,500	1,455		45
GIS MAPPING SOFTWARE/EQUIPMENT		6,200	6,200	4,900		1,300
BUSINESS OUTREACH SERVICES (EZ)		10,000	10,000	7,528		2,472
WEBSITE		150	150	125		25
Total Town Planner	<u>-</u>	<u>68,850</u>	<u>68,850</u>	<u>65,204</u>	<u>-</u>	<u>3,646</u>
Recreation						
RECREATION BOARD EXPENSE		50,000	50,000	48,350		1,650
RECREATION DIRECTOR WAGES		15,000	15,000	5,024		9,976
Total Recreation	<u>-</u>	<u>65,000</u>	<u>65,000</u>	<u>53,374</u>	<u>-</u>	<u>11,626</u>
Senior Center						
SENIOR CENTER DIRECTOR		32,933	32,933	28,873		4,060
SENIOR CENTER ASSISTANT		-	-	-		-
SENIOR CENTER MAINTENANCE		2,500	2,500	2,600		(100)
Total Senior Center	<u>-</u>	<u>35,433</u>	<u>35,433</u>	<u>31,473</u>	<u>-</u>	<u>3,960</u>
Social Services						
SOCIAL SERVICE DIRECTOR'S PAY		15,887	15,887	15,351		536
SOCIAL SERVICE EXPENSE		10,000	10,000	10,000		-
Total Social Services	<u>-</u>	<u>25,887</u>	<u>25,887</u>	<u>25,351</u>	<u>-</u>	<u>536</u>
TOTAL TOWN OFFICES	<u>-</u>	<u>782,287</u>	<u>782,287</u>	<u>762,564</u>	<u>-</u>	<u>19,723</u>
FINANCIAL ADMINISTRATION						
Treasury						
FINANCE DIRECTOR'S SALARY		61,200	61,200	61,435		(235)
FINANCE CLERKS		55,942	55,942	62,243		(6,301)
OFFICE EXPENSE		7,500	7,500	6,924		576
PAYROLL PROCESSING & SERVICES		10,000	10,000	8,989		1,011
OUTSIDE SERVICES		13,200	13,200	15,027		(1,827)
Total Treasury	<u>-</u>	<u>147,842</u>	<u>147,842</u>	<u>154,618</u>	<u>-</u>	<u>(6,776)</u>
Assessor						
TAX ASSESSOR'S SALARY		48,516	48,516	45,304		3,212
ASSESSOR'S CLERK		11,079	11,079	11,126		(47)
ASSESSOR'S REVIEW BOARD		525	525	415		110
OFFICE EXPENSE		6,500	6,500	4,605		1,895
OUTSIDE SERVICES		12,250	12,250	9,695		2,555
Total Assessor	<u>-</u>	<u>78,870</u>	<u>78,870</u>	<u>71,145</u>	<u>-</u>	<u>7,725</u>
TOTAL FINANCIAL ADMINISTRATION	<u>-</u>	<u>226,712</u>	<u>226,712</u>	<u>225,763</u>	<u>-</u>	<u>949</u>

(Continued)

Schedule of Revenues and Expenses (Non-GAAP Budgetary Basis)
Budget and ActualGeneral Fund
For the year ended June 30, 2011

	Continuing Appropriation June 30, 2010	Originally Adopted Budget	Final Approved Budget	Actual (Budgetary Basis)	Continuing Appropriation June 30, 2011	Under Over (Unfavorable)
FIRE SAFETY						
FIRE CHIEF SALARY	\$ -	\$ 68,409	\$ 68,409	\$ 62,626	\$ -	\$ 5,783
FIRE/EMS COORDINATOR		18,070	18,070	18,892		(822)
EMA/EMS DIRECTOR (FIRE CHIEF)		4,800	4,800	4,818		(18)
APPARATUS REPAIR		30,000	30,000	25,125		4,875
ASSISTANT CHIEFS/DEPUTY		3,600	3,600	3,600		-
BAKER STREET STATION		2,500	2,500	2,751		(251)
COMMUNICATIONS		15,000	15,000	16,687		(1,687)
COMPANY FEES		14,000	14,000	14,000		-
COMPANY STEWARDS		11,250	11,250	10,781		469
EQUIPMENT EXPENSES		45,000	45,000	44,355		645
FUEL/DIESEL		27,500	27,500	26,198		1,302
MEDICAL SUPPLIES		24,000	24,000	23,092		908
OPERATING EXPENSES		74,125	74,125	75,573		(1,448)
RESCUE STIPEND		92,250	92,250	89,518		2,732
TRAINING EXPENSES		9,000	9,000	8,823		177
TOTAL FIRE SAFETY	<u>-</u>	<u>439,504</u>	<u>439,504</u>	<u>426,839</u>	<u>-</u>	<u>12,665</u>
GRANTS & CONTRIBUTIONS						
BAND CONCERTS		2,500	2,500	2,500		-
EAST BAY ARC OF RI		3,000	3,000	3,000		-
EAST BAY CENTER		26,000	26,000	26,000		-
EAST BAY COMM. ACTION PROG.		17,000	17,000	17,000		-
GEORGE HAILE LIBRARY		231,000	231,000	231,000		-
MEMORIAL DAY		1,600	1,600	2,076		(476)
VISITING NURSES		1,000	1,000	-		1,000
WOMEN'S RESOURCE CENTER		1,500	1,500	-		1,500
TOTAL GRANTS & CONTRIBUTIONS	<u>-</u>	<u>283,600</u>	<u>283,600</u>	<u>281,576</u>	<u>-</u>	<u>2,024</u>
PUBLIC SAFETY						
POLICE CHIEF SALARY		77,138	77,138	77,435		(297)
ADMINISTRATIVE ASSISTANT		15,836	15,836	15,896		(60)
ADVANCED DEGREE INCENTIVE		9,400	9,400	7,100		2,300
CLOTHING		33,600	33,600	31,500		2,100
COMMUNICATIONS EXPENSE		7,000	7,000	6,091		909
COMPUTER SYSTEM COSTS		15,000	15,000	14,353		647
DISABILITY EXPENSE		83,556	83,556	83,548		8
FUEL - CRUISER EXPENSE		45,000	45,000	56,031		(11,031)
HOLIDAY PAY		74,436	74,436	69,443		4,993
INCENTIVE EDUCATION ACT		17,424	17,424	6,287		11,137
IN-SERVICE TRAINING		20,000	20,000	21,675		(1,675)
OVER-TIME REGULAR		225,000	225,000	244,801		(19,801)
POLICE OPERATION EXPENSE		49,500	49,500	40,470		9,030
SERVING OFFICERS		1,088,203	1,088,203	1,059,777		28,426
DISPATCHERS		191,610	191,610	208,492		(16,882)
DISPATCH OVERTIME		28,527	28,527	26,008		2,519
CLOTHING ALLOWANCE-DISP		4,000	4,000	3,854		146
HOLIDAY PAY-DISPATCHERS		13,455	13,455	13,032		423
ANIMAL CONTROL OFFICER		38,077	38,077	41,755		(3,678)
ASSIST. ANIMAL CONTROL OFFICER		13,000	13,000	9,854		3,146
OVERTIME		2,000	2,000	1,829		171
CLOTHING		550	550	550		-
GENERAL & OPERATING EXPENSES		17,750	17,750	14,324		3,426
TOTAL PUBLIC SAFETY	<u>-</u>	<u>2,070,062</u>	<u>2,070,062</u>	<u>2,054,105</u>	<u>-</u>	<u>15,957</u>

(Continued)

Schedule of Revenues and Expenses (Non-GAAP Budgetary Basis)
Budget and Actual

General Fund
For the year ended June 30, 2011

	Continuing Appropriation June 30, 2010	Originally Adopted Budget	Final Approved Budget	Actual (Budgetary Basis)	Continuing Appropriation June 30, 2011	Under Over (Unfavorable)
PUBLIC WORKS						
DIRECTOR'S SALARY	\$ -	\$ 69,602	\$ 69,602	\$ 63,887	\$ -	\$ 5,715
CLOTHING		9,350	9,350	11,550		(2,200)
CONTRACTUAL PAYROLL		775,000	775,000	725,330		49,670
ENGINEERING SERVICE		4,000	4,000	3,598		402
EQUIPMENT EXPENSES		100,000	100,000	96,836		3,164
FIELD MAINT		8,000	8,000	6,809		1,191
FOREMAN'S SALARY		54,982	54,982	50,868		4,114
FUEL/DIESEL		53,000	53,000	67,693		(14,693)
MOSQUITO CONTROL		2,500	2,500	2,500		-
OPERATIONS' EXPENSE		95,000	95,000	117,963		(22,963)
OTHER PART TIME/DITCH CLEANING		40,000	40,000	45,677		(5,677)
OUTSIDE SERVICES		20,000	20,000	20,134		(134)
OVERTIME		50,000	50,000	50,635		(635)
TRASH COLLECTION		160,000	160,000	136,356		23,644
TOTAL PUBLIC WORKS	<u>-</u>	<u>1,441,434</u>	<u>1,441,434</u>	<u>1,399,836</u>	<u>-</u>	<u>41,598</u>
TRANSFER STATION						
TIPPING FEES		200,000	200,000	188,784		11,216
OVERTIME		15,000	15,000	25,214		(10,214)
TRANSFER STATION OPERATOR SALARY		41,963	41,963	43,763		(1,800)
TRAILER TRUCK DRIVER SALARY		46,414	46,414	44,679		1,735
GENERAL EXPENSES		12,000	12,000	14,645		(2,645)
VEHICLE & EQUIPMENT MAINTENANCE		42,500	42,500	52,418		(9,918)
UTILITIES & FUEL		16,500	26,500	21,233		5,267
TOTAL TRANSFER STATION	<u>-</u>	<u>374,377</u>	<u>384,377</u>	<u>390,736</u>	<u>-</u>	<u>(6,359)</u>
WATER TREATMENT						
OPERATION CONTRACT		579,755	579,755	578,068		1,687
PLANT OPERATION EXPENSE		395,000	395,000	341,520		53,480
RI WATER RESOURCE PERMIT		8,000	8,000	8,000		-
SLUDGE DISPOSAL		212,500	212,500	207,695		4,805
TOTAL WATER TREATMENT	<u>-</u>	<u>1,195,255</u>	<u>1,195,255</u>	<u>1,135,283</u>	<u>-</u>	<u>59,972</u>
COSTS OF COLLECTIONS	-	-	-	2,557		(2,557)
CAPITAL EXPENDITURES	2,451,711	1,036,250	3,487,961	920,520	2,567,441	-
DEBT SERVICE		1,633,987	1,633,987	1,633,987		-
EDUCATION GENERAL COST (NET)		11,090,733	11,090,733	11,090,733		-
Total Expenditures	<u>2,451,711</u>	<u>23,875,511</u>	<u>26,337,222</u>	<u>23,708,943</u>	<u>2,567,441</u>	<u>60,838</u>
Other financing sources/(uses):						
Transfers (out)			-	(87,014)		(87,014)
Total Other financing sources/(uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(87,014)</u>	<u>-</u>	<u>(87,014)</u>
Total Expenditures and other financing source:	<u>\$ 2,451,711</u>	<u>\$ 23,875,511</u>	<u>\$ 26,337,222</u>	<u>\$ 23,621,929</u>	<u>\$ 2,567,441</u>	<u>\$ (26,176)</u>

(Concluded)

TOWN OF WARREN, RHODE ISLAND

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2011**

Budgetary To GAAP Basis Reconciliation

The following reconciliation summarizes the difference between budgetary and GAAP basis accounting principles for the year ended June 30, 2011:

	<u>General Fund</u>
Excess of revenues and other sources over expenditures and other uses Non-GAAP Budgetary Basis)	\$ 3,092,746
Transfer station revenues and expenditures (see page 16)	238,742
Decrease reserve for encumbrances	(37,129)
Use of accumulated fund balance	<u>(3,487,961)</u>
Excess of revenues and other sources under expenditures and other uses (GAAP)	<u>\$ (193,602)</u>

Other Supplementary Information



Non-major Governmental Funds:

Enterprise Zone—accounts for activity of the regional Enterprise Zone coordinator and related economic development initiatives.

Senior Center—accounts for revenues and expenditures related to activities at the Senior Center.

Kee Farm Preservation—accounts for revenue and expenditures related to activity for the Kee Farm Preservation.

Pump Out Station—accounts for revenue and expenditures for Pump Out Station activities.

Rec. Department Donation—accounts for revenue from donations towards the recreation department activity.

Fire Legislative Grant—accounts for revenues and expenditures dedicated to rescue equipment needs.

Gun Buy Back—accounts for revenues and expenditures of periodic gun buy-back programs.

RI DOT Highway Safety Grant—accounts for revenue and expenditures related to the RI DOT Highway Safety Grant.

WPD RI Senatorial Grant—accounts for grant revenues and expenditures for reconstruction expenditures due to accidents.

Recycling Grant—accounts for grant monies and expenditures related to recycling activities.



Non-major Governmental Funds:

Planning Challenge Grant—accounts for revenue and expenditures related to.

Historical Street Signs—accounts for revenue and expenditures relating to restoration and replacement of street signs.

Community Gardens— accounts for revenue and expenditures for the use of Town's Open Space for Community Gardens. Townspeople pay rent for a plot of land to farm as they see fit.

ACO Donations—accounts for donations for ACO activities.

Cops that Care—accounts for revenues and expenditures related to activities for Cops that Care program.

Social Services Donations— accounts for donations to be used for various social service activities.

Warren Beautification Donation - accounts for activity related to the Beautification Donation Program.

Cops Technology—accounts for revenue and expenditures related to technology used by Public safety.

Town Beach Stormwater—accounts for revenue and expenditures related to control of beach stormwater.



Non-major Governmental Funds:

Animal Rescue—accounts for revenue and expenditures related to medical care of animals to ready for adoption or for necessary medical care. Funded by a portion of each pet license issued.

Homestead Park Fund - Grant funds for the Homestead playground equipment.

Revaluation Fund—accounts for expenditures relating to revaluation activities.

Animal Spading—accounts for revenue and expenditures relating to the spading of local animals within the Town to minimize stray animal population.

Community Development Block Grant —account for revenues and expenditures related to federally funded Community Development Block Grant programs.

Police Bike Patrol Grant- Senate grant funds for revenue and expenses related to conducting bike path and street/foot patrols.



Non-major Governmental Funds:

Byrnes Justice Grant—accounts for federal revenue, via reimbursement, and expenditures related to purchases of police technology equipment.

AFIS Live Scan Fed Grant—accounts for revenue and expenditures relating to the AFIS Live Scan Fed Grant.

RI State Byrnes Justice Grant—accounts for revenue and expenditures related to cell service fees for the police vehicle's mobile data terminals and command staff and investigators' cell phone service fees.

Road Salt Storage Project—accounts for revenue and expenditures related to construction of a salt shed to limit the migration of salt and sediments into two Town water sheds. RI DEM partially funded project; payment on a reimbursement basis.

RI JAG Byrne Stimulus Grant—accounts for revenue and expenses related to cell service fees for police vehicle's mobile data terminals and command staff & investigators' cell phone service fees.

Memorial Tree Fund—accounts for expenditures relating to Memorial Tree.

Strategic Plan Energy Conservation—accounts for revenue and expenditures related to improve the energy efficiency of the Town's municipal buildings.

Sewer Project—EPA—accounts for activity related to Sewer Project .

Summer Concerts - accounts for activity related to the Summer Concerts Program.



Non-major Governmental Funds:

Project Playground—accounts for the revenue and expenditures related to equipment and upkeep of the Community playground located in the Hugh Cole Recreation Area (Town Open Space).

Fire Department Reserve—accounts for accumulation of funds for fire department capital equipment purchases.

Jamiel's Park Chafee—accounts for revenue and expenditures related to \$247,000 federal grant awarded in 2007 for facility improvements at the Jamiel's Park (Town Open Space).

Homeland Security - accounts for activity related to the Homeland Security Program.

Substance Abuse—accounts for State grant funding of Substance Abuse Prevention Program.

Fire Inspections—accounts for revenue and expenditures for periodic fire inspections.

Jamiel's Park Grant DEM Grant—accounts for revenue and expenditures related to \$300,000 State Recreation Grant awarded in 2006 for facility improvements at the Jamiel's Park Recreation Development (Town Open Space).

Fire State Med Plans—accounts for revenue and expenditures related to the authorization and procurement of vaccinations and/or medications as dictated by the RI Center of Emergency Management and Response.



Non-major Governmental Funds:

Police Forfeiture—accounts for revenue and expenditures related to asset forfeitures resulting from police investigations.

FEMA Flood Grant—accounts for revenue and expenditures related to the local flood activity.

Industrial Pretreatment—accounts for activity related to industrial pretreatment initiative.

Veterans Honor Roll—accounts for revenues and expenditures for the construction and maintenance of Honor Roll monument.

Government Center—accounts for activity related to operation of Government Center.

Pagers and Radios—accounts for Fire Department radio technology expenditures.

Holiday Committee—accounts for activity for the holiday committee at the Town Hall.

Narcotics —accounts for revenues and expenditures of police participation with Narcotics Strike Force.

Employee Charity Fund - accounts for employees pay for Friday Casual Day participation.

State Paving Grant—accounts for revenues and expenditures related to road paving activities.



Non-major Governmental Funds:

Town Trust—accounts for revenues and expenditures to preservation of Town documents, including land evidence records; and birth/death/marriage certificates; and Town meeting minutes.

Police Trust - accounts for revenues and expenditures of Police Trust, dedicated to public safety needs.

Sara B. Burtis-accounts for revenue and expenditures of Sara B. Burtis Trust.



Non-major Governmental Funds:

Champlin Foundation Grant— accounts for revenues and expenditures related to the Champlin Foundation Award.

COPS Technology Grant—accounts for revenues and expenditures related to the COPS Technology Grant award.

DEM Diesel Emissions Reduction Act—accounts for revenues and expenditures related to the DEM Diesel Emissions reduction Act.

Behavior Health Youth Tobacco Enforcement—accounts for revenues and expenditures related to the Behavior Health/Youth Tobacco Enforcement Grant.

Recreational Trails Grant—accounts for revenues and expenditures related to the Recreational Trails Grant.

Parker Ave Clean Up—accounts for revenues and expenditures related to the Parker Avenue clean up.



TOWN OF WARREN, RHODE ISLAND
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2011

	<u>Special Revenue Funds</u>						
	<u>Enterprise Zone</u>	<u>Senior Center</u>	<u>Kee Farm Preservation</u>	<u>Pump Out Station</u>	<u>Rec Department Donation</u>	<u>State Paving Grant</u>	<u>Fire Legislative Grant</u>
ASSETS							
Cash and cash equivalents	\$ 9,182	\$ 29,275	\$ 445,205	\$ -	\$ 1,815	\$ -	\$ -
Investments							
Due from state							
Receivables (net)	16,591	2,330				6,010	
TOTAL ASSETS	<u>25,773</u>	<u>31,605</u>	<u>445,205</u>	<u>-</u>	<u>1,815</u>	<u>6,010</u>	<u>-</u>
LIABILITIES							
Accounts payable						146,846	
Accrued expenses							
Deferred revenue	18,879					6,010	
TOTAL LIABILITIES	<u>18,879</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>152,856</u>	<u>-</u>
FUND BALANCES							
Non-Spendable							
Restricted	6,894	31,605	445,205	-	1,815	(146,846)	-
Committed							
Assigned							
Unassigned							
TOTAL FUND BALANCES	<u>\$ 6,894</u>	<u>\$ 31,605</u>	<u>\$ 445,205</u>	<u>\$ -</u>	<u>\$ 1,815</u>	<u>\$ (146,846)</u>	<u>\$ -</u>

(Continued)

TOWN OF WARREN, RHODE ISLAND
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2011

	<u>Special Revenue Funds</u>						
	<u>Gun Buy Back</u>	<u>RI DOT Hwy Safety Grant</u>	<u>WPD RI Senatorial Grant</u>	<u>Recycling Grant</u>	<u>Planning Challenge Grant</u>	<u>Champlain Foundation</u>	<u>Historical Street Signs</u>
ASSETS							
Cash and cash equivalents	\$ 2,000	\$ 564	\$ -	\$ -	\$ -	\$ 48,081	\$ 63
Investments							
Due from state							
Receivables (net)		17,672			24,547		
TOTAL ASSETS	2,000	18,236	-	-	24,547	48,081	63
LIABILITIES							
Accounts payable				4,358	21,851		
Accrued expenses							
Deferred revenue		17,672			24,547		
TOTAL LIABILITIES	-	17,672	-	4,358	46,398	-	-
FUND BALANCES							
Non-Spendable							
Restricted	2,000	564	-	(4,358)	(21,851)	48,081	63
Committed							
Assigned							
Unassigned							
TOTAL FUND BALANCES	\$ 2,000	\$ 564	\$ -	\$ (4,358)	\$ (21,851)	\$ 48,081	\$ 63

(Continued)

TOWN OF WARREN, RHODE ISLAND
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2011

	<u>Special Revenue Funds</u>							
	<u>Community Gardens</u>	<u>ACO Donations</u>	<u>Diesel Equipment Repair</u>	<u>Cops that Care</u>	<u>Social Services Donations</u>	<u>Warren Beautification Donation</u>	<u>Cops Technology</u>	
ASSETS								
Cash and cash equivalents	\$ 2,144	\$ 6,474	\$ -	\$ 21	\$ 1,501	\$ 2,122	\$ -	
Investments								
Due from state								
Receivables (net)			12,410					30,100
TOTAL ASSETS	<u>2,144</u>	<u>6,474</u>	<u>12,410</u>	<u>21</u>	<u>1,501</u>	<u>2,122</u>		<u>30,100</u>
LIABILITIES								
Accounts payable			7,578					1,233
Accrued expenses								
Deferred revenue			4,832					30,100
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>12,410</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>31,333</u>
FUND BALANCES								
Non-Spendable								
Restricted	2,144	6,474	-	21	1,501	2,122		(1,233)
Committed								
Assigned								
Unassigned								
TOTAL FUND BALANCES	<u>\$ 2,144</u>	<u>\$ 6,474</u>	<u>\$ -</u>	<u>\$ 21</u>	<u>\$ 1,501</u>	<u>\$ 2,122</u>	<u>\$</u>	<u>(1,233)</u>

(Continued)

TOWN OF WARREN, RHODE ISLAND
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2011

	<u>Special Revenue Funds</u>						
	<u>Town Beach Stormwater</u>	<u>Animal Rescue</u>	<u>Homestead Park Fund</u>	<u>Revaluation Fund</u>	<u>Animal Spading</u>	<u>Plumbing & Electrical Inspector</u>	<u>Police Bicycle Patrol Grant</u>
ASSETS							
Cash and cash equivalents	\$ -	\$ 25,926	\$ -	\$ -	\$ 1,436	\$ 7,184	\$ 3,264
Investments							
Due from state							
Receivables (net)							
TOTAL ASSETS	-	25,926	-	-	1,436	7,184	3,264
LIABILITIES							
Accounts payable				7,304			
Accrued expenses						415	
Deferred revenue							
TOTAL LIABILITIES	-	-	-	7,304	-	415	-
FUND BALANCES							
Non-Spendable							
Restricted	-	25,926	-	(7,304)	1,436	6,769	3,264
Committed							
Assigned							
Unassigned							
TOTAL FUND BALANCES	\$ -	\$ 25,926	\$ -	\$ (7,304)	\$ 1,436	\$ 6,769	\$ 3,264

(Continued)

TOWN OF WARREN, RHODE ISLAND
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2011

	Special Revenue Funds						
	Byrnes Justice Grant	Youth Tobacco Enforcement	AFIS Live Scan Fed Grant	RI State Byrnes Justice Grant	Road Salt Storage Project	RI JAG Byrne Stimulus Grant	Memorial Tree Fund
ASSETS							
Cash and cash equivalents	\$ 28	\$ -	\$ 250	\$ 1,373	\$ -	\$ -	\$ 787
Investments							
Due from state					166,700	3,278	
Receivables (net)		300					
TOTAL ASSETS	28	300	250	1,373	166,700	3,278	787
LIABILITIES							
Accounts payable		171			102,346	5,414	
Accrued expenses							
Deferred revenue		300			166,700	3,278	
TOTAL LIABILITIES	-	471	-	-	269,046	8,692	-
FUND BALANCES							
Non-Spendable							
Restricted	28	(171)	250	1,373	(102,346)	(5,414)	787
Committed							
Assigned							
Unassigned							
TOTAL FUND BALANCES	\$ 28	\$ (171)	\$ 250	\$ 1,373	\$ (102,346)	\$ (5,414)	\$ 787

(Continued)

TOWN OF WARREN, RHODE ISLAND
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2011

	<u>Special Revenue Funds</u>						
	<u>Strategic Plan Energy Consv</u>	<u>Sewer Project - EPA</u>	<u>Stormwater Permitting</u>	<u>Recreational Trails Grant</u>	<u>Summer Concerts</u>	<u>RI EME Grant</u>	<u>Project Playground</u>
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ 26,923	\$ -	\$ 2,934	\$ -	\$ 1,000
Investments							
Due from state							
Receivables (net)				63,200			
TOTAL ASSETS	-	-	26,923	63,200	2,934	-	1,000
LIABILITIES							
Accounts payable	4,403	3,733		4,665		171	
Accrued expenses							
Deferred revenue				63,200			
TOTAL LIABILITIES	4,403	3,733	-	67,865	-	171	
FUND BALANCES							
Non-Spendable							
Restricted	(4,403)	(3,733)	26,923	(4,665)	2,934	(171)	1,000
Committed							
Assigned							
Unassigned							
TOTAL FUND BALANCES	\$ (4,403)	\$ (3,733)	\$ 26,923	\$ (4,665)	\$ 2,934	\$ (171)	\$ 1,000

(Continued)

TOWN OF WARREN, RHODE ISLAND
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2011

	<u>Special Revenue Funds</u>						
	<u>Jamiels Park Chafee</u>	<u>Homeland Security</u>	<u>Substance Abuse</u>	<u>Fire Inspections</u>	<u>Jamiel's Park DEM Grant</u>	<u>Fire State Meds Plan</u>	<u>FEMA Flood Event</u>
ASSETS							
Cash and cash equivalents	\$ -	\$ 1,074	\$ 3,762	\$ 10,224	\$ -	\$ 11,030	\$ 16,289
Investments							
Due from state							
Receivables (net)			22,450				
TOTAL ASSETS	-	1,074	26,212	10,224	-	11,030	16,289
LIABILITIES							
Accounts payable	7,786		38		66,616		
Accrued expenses			700				
Deferred revenue			22,450				
TOTAL LIABILITIES	7,786	-	23,188	-	66,616	-	-
FUND BALANCES							
Non-Spendable							
Restricted	(7,786)	1,074	3,024	10,224	(66,616)	11,030	16,289
Committed							
Assigned							
Unassigned							
TOTAL FUND BALANCES	\$ (7,786)	\$ 1,074	\$ 3,024	\$ 10,224	\$ (66,616)	\$ 11,030	\$ 16,289

(Continued)

TOWN OF WARREN, RHODE ISLAND
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2011

	<u>Special Revenue Funds</u>						
	<u>Community Development Block Grant</u>	<u>Industrial Pretreatment</u>	<u>Veterans Honor Roll</u>	<u>Government Center</u>	<u>Parker Avenue Clean Up</u>	<u>Holiday Committee</u>	<u>Narcotics</u>
ASSETS							
Cash and cash equivalents	\$ -	\$ 20,384	\$ 16,226	\$ 2,107	\$ -		\$ 10,177
Investments							
Due from state							
Receivables (net)							
TOTAL ASSETS	-	20,384	16,226	2,107	-	-	10,177
LIABILITIES							
Accounts payable	110,592				6,969		
Accrued expenses							
Deferred revenue							
TOTAL LIABILITIES	110,592	-	-	-	6,969	-	-
FUND BALANCES							
Non-Spendable							
Restricted	(110,592)	20,384	16,226	2,107	(6,969)	-	10,177
Committed							
Assigned							
Unassigned							
TOTAL FUND BALANCES	\$ (110,592)	\$ 20,384	\$ 16,226	\$ 2,107	\$ (6,969)	\$ -	\$ 10,177

(Continued)

TOWN OF WARREN, RHODE ISLAND
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2011

	<u>Permanent Funds</u>					
	Employee Charity <u>Fund</u>	Town <u>Trust</u>	Police <u>Trust</u>	Sara B. <u>Burtis</u>	GRAND <u>TOTALS</u>	
ASSETS						
Cash and cash equivalents	\$ 227	\$ 22,212	\$ 3,177	\$ 1,837	\$ 738,278	
Investments				32,514	32,514	
Due from state					169,978	
Receivables (net)					195,610	
TOTAL ASSETS	<u>227</u>	<u>22,212</u>	<u>3,177</u>	<u>34,351</u>	<u>1,136,380</u>	
LIABILITIES						
Accounts payable					502,074	
Accrued expenses					1,115	
Deferred revenue					357,968	
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>861,157</u>	
FUND BALANCES						
Non-Spendable		22,212	3,177	34,351	59,740	
Restricted	227				215,483	
Committed					-	
Assigned					-	
Unassigned					-	
TOTAL FUND BALANCES	<u>\$ 227</u>	<u>\$ 22,212</u>	<u>\$ 3,177</u>	<u>\$ 34,351</u>	<u>\$ 275,223</u>	

(Concluded)

TOWN OF WARREN, RHODE ISLAND
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
For the year ended June 30, 2011

	<u>Special Revenue Funds</u>						
	<u>Enterprise Zone</u>	<u>Senior Center</u>	<u>Kee Farm Preservation</u>	<u>Pump Out Station</u>	<u>Rec Department Donation</u>	<u>State Paving Grant</u>	<u>Fire Legislative Grant</u>
REVENUES							
Interest and investment income	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, fees, permits and fines							
Intergovernmental		40,745	472,500		775	243,989	
Other							
TOTAL REVENUES	-	40,745	472,500	-	775	243,989	-
EXPENDITURES							
General government		37,600	5,373			312,339	1,918
Public safety							
Fire safety							
Waste water treatment							
Capital and special appropriations			5,232			55,503	
TOTAL EXPENDITURES	-	37,600	10,605	-	-	367,842	1,918
EXCESS OF REVENUES OVER EXPENDITURES BEFORE TRANSFERS	-	3,145	461,895	-	775	(123,853)	(1,918)
OTHER FINANCING SOURCES/USES							
Transfers in				13,337			1,500
Transfers out						(22,993)	
NET OTHER SOURCES/USES	-	-	-	13,337	-	(22,993)	1,500
NET CHANGE IN FUND BALANCE	-	3,145	461,895	13,337	775	(146,846)	(418)
FUND BALANCE - BEGINNING	6,894	28,460	(16,690)	(13,337)	1,040	-	418
FUND BALANCE - ENDING	\$ 6,894	\$ 31,605	\$ 445,205	\$ -	\$ 1,815	\$ (146,846)	\$ -

(Continued)

TOWN OF WARREN, RHODE ISLAND
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
For the year ended June 30, 2011

	<u>Special Revenue Funds</u>						
	<u>Gun Buy Back</u>	<u>RI DOT Hwy Safety Grant</u>	<u>WPD RI Senatorial Grant</u>	<u>Recycling Grant</u>	<u>Planning Challenge Grant</u>	<u>Champlain Foundation</u>	<u>Historical Street Signs</u>
REVENUES							
Interest and investment income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 81	\$ -
Licenses, fees, permits and fines							
Intergovernmental		15,442	2,000		5,453	29,379	
Other							
TOTAL REVENUES	-	15,442	2,000	-	5,453	29,460	-
EXPENDITURES							
General government			2,000	10,185	27,304		
Public safety		7,313					
Fire safety							
Waste water treatment							
Capital and special appropriations							
TOTAL EXPENDITURES	-	7,313	2,000	10,185	27,304	-	-
EXCESS OF REVENUES OVER EXPENDITURES BEFORE TRANSFERS	-	8,129	-	(10,185)	(21,851)	29,460	-
OTHER FINANCING SOURCES/USES							
Transfers in		482				18,621	
Transfers out		(6,191)	(183)	(860)			
NET OTHER SOURCES/USES	-	(5,709)	(183)	(860)	-	18,621	-
NET CHANGE IN FUND BALANCE	-	2,420	(183)	(11,045)	(21,851)	48,081	-
FUND BALANCE - BEGINNING	2,000	(1,856)	183	6,687	-	-	63
FUND BALANCE - ENDING	\$ 2,000	\$ 564	\$ -	\$ (4,358)	\$ (21,851)	\$ 48,081	\$ 63

(Continued)

TOWN OF WARREN, RHODE ISLAND
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
For the year ended June 30, 2011

	<u>Special Revenue Funds</u>						
	<u>Community Gardens</u>	<u>ACO Donations</u>	<u>Diesel Equipment Repair</u>	<u>Cops that Care</u>	<u>Social Services Donations</u>	<u>Warren Beautification Donation</u>	<u>Cops Technology</u>
REVENUES							
Interest and investment income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, fees, permits and fines							
Intergovernmental	1,189		7,578		3,460	830	
Other		2,579					
TOTAL REVENUES	1,189	2,579	7,578	-	3,460	830	-
EXPENDITURES							
General government			7,274		4,390		
Public safety							
Fire safety							
Waste water treatment							
Capital and special appropriations							
TOTAL EXPENDITURES	-	-	7,274	-	4,390	-	-
EXCESS OF REVENUES OVER EXPENDITURES BEFORE TRANSFERS	1,189	2,579	304	-	(930)	830	-
OTHER FINANCING SOURCES/USES							
Transfers in	1,000						
Transfers out			(304)				
NET OTHER SOURCES/USES	1,000	-	(304)	-	-	-	-
NET CHANGE IN FUND BALANCE	2,189	2,579	-	-	(930)	830	-
FUND BALANCE - BEGINNING	(45)	3,895	-	21	2,431	1,292	(1,233)
FUND BALANCE - ENDING	\$ 2,144	\$ 6,474	\$ -	\$ 21	\$ 1,501	\$ 2,122	\$ (1,233)

(Continued)

TOWN OF WARREN, RHODE ISLAND
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
For the year ended June 30, 2011

	<u>Special Revenue Funds</u>						
	<u>Town Beach Stormwater</u>	<u>Animal Rescue</u>	<u>Homestead Park Fund</u>	<u>Revaluation Fund</u>	<u>Animal Spading</u>	<u>Plumbing & Electrical Inspector</u>	<u>Police Bicycle Patrol Grant</u>
REVENUES							
Interest and investment income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, fees, permits and fines							
Intergovernmental	19,616	17,518	6,502		374	15,165	
Other							
TOTAL REVENUES	19,616	17,518	6,502	-	374	15,165	-
EXPENDITURES							
General government		7,942					
Public safety					645	9,947	
Fire safety							
Waste water treatment	26,922						
Capital and special appropriations							
TOTAL EXPENDITURES	26,922	7,942	-	-	645	9,947	-
EXCESS OF REVENUES OVER EXPENDITURES BEFORE TRANSFERS	(7,306)	9,576	6,502	-	(271)	5,218	-
OTHER FINANCING SOURCES/USES							
Transfers in						2,380	
Transfers out						(829)	
NET OTHER SOURCES/USES	-	-	-	-	-	1,551	-
NET CHANGE IN FUND BALANCE	(7,306)	9,576	6,502	-	(271)	6,769	-
FUND BALANCE - BEGINNING	7,306	16,350	(6,502)	(7,304)	1,707	-	3,264
FUND BALANCE - ENDING	\$ -	\$ 25,926	\$ -	\$ (7,304)	\$ 1,436	\$ 6,769	\$ 3,264

(Continued)

TOWN OF WARREN, RHODE ISLAND
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
For the year ended June 30, 2011

	<u>Special Revenue Funds</u>						
	<u>Byrnes Justice Grant</u>	<u>Youth Tobacco Enforcement</u>	<u>AFIS Live Scan Fed Grant</u>	<u>RI State Byrnes Justice Grant</u>	<u>Road Salt Storage Project</u>	<u>RI JAG Byrne Stimulus Grant</u>	<u>Memorial Tree Fund</u>
REVENUES							
Interest and investment income	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, fees, permits and fines							
Intergovernmental	3,140			4,899		16,959	
Other							
TOTAL REVENUES	3,140	-	-	4,899	-	16,959	-
EXPENDITURES							
General government					16,223	2,145	
Public safety	3,168		11,400	2,037			
Fire safety							
Waste water treatment							
Capital and special appropriations					132,580		
TOTAL EXPENDITURES	3,168	-	11,400	2,037	148,803	2,145	-
EXCESS OF REVENUES OVER EXPENDITURES BEFORE TRANSFERS	(28)	-	(11,400)	2,862	(148,803)	14,814	-
OTHER FINANCING SOURCES/USES							
Transfers in	28						
Transfers out		(171)			(132)		
NET OTHER SOURCES/USES	28	(171)	-	-	(132)	-	-
NET CHANGE IN FUND BALANCE	-	(171)	(11,400)	2,862	(148,935)	14,814	-
FUND BALANCE - BEGINNING	28	-	11,650	(1,489)	46,589	(20,228)	787
FUND BALANCE - ENDING	\$ 28	\$ (171)	\$ 250	\$ 1,373	\$ (102,346)	\$ (5,414)	\$ 787

(Continued)

TOWN OF WARREN, RHODE ISLAND
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
For the year ended June 30, 2011

	<u>Special Revenue Funds</u>						
	<u>Strategic Plan Energy Consv</u>	<u>Sewer Project - EPA</u>	<u>Stormwater Permitting</u>	<u>Recreational Trails Grant</u>	<u>Summer Concerts</u>	<u>RI EME Grant</u>	<u>Project Playground</u>
REVENUES							
Interest and investment income	\$ -	\$ -		\$ -	\$ -		\$ -
Licenses, fees, permits and fines							-
Intergovernmental	9,104	27,653	26,923		1,000		800
Other							
TOTAL REVENUES	9,104	27,653	26,923	-	1,000	-	800
EXPENDITURES							
General government	11,512	32,660		4,665	4,875		
Public safety							
Fire safety							
Waste water treatment							
Capital and special appropriations							
TOTAL EXPENDITURES	11,512	32,660	-	4,665	4,875	-	-
EXCESS OF REVENUES OVER EXPENDITURES BEFORE TRANSFERS	(2,408)	(5,007)	26,923	(4,665)	(3,875)	-	800
OTHER FINANCING SOURCES/USES							
Transfers in					2,500		
Transfers out		(113)				(171)	
NET OTHER SOURCES/USES	-	(113)	-	-	2,500	(171)	-
NET CHANGE IN FUND BALANCE	(2,408)	(5,120)	26,923	(4,665)	(1,375)	(171)	800
FUND BALANCE - BEGINNING	(1,995)	1,387	-	-	4,309	-	200
FUND BALANCE - ENDING	\$ (4,403)	\$ (3,733)	\$ 26,923	\$ (4,665)	\$ 2,934	\$ (171)	\$ 1,000

(Continued)

TOWN OF WARREN, RHODE ISLAND
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
For the year ended June 30, 2011

	<u>Special Revenue Funds</u>						
	<u>Jamiels Park Chafee</u>	<u>Homeland Security</u>	<u>Substance Abuse</u>	<u>Fire Inspections</u>	<u>Jamiel's Park DEM Grant</u>	<u>Fire State Meds Plan</u>	<u>FEMA Flood Event</u>
REVENUES							
Interest and investment income	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -
Licenses, fees, permits and fines				1,905			
Intergovernmental		497	\$ 30,315		42,700	5,000	135,428
Other							
TOTAL REVENUES	-	497	30,315	1,905	42,700	5,000	135,428
EXPENDITURES							
General government			29,144		32,740	2,150	3,073
Public safety		497					
Fire safety				885			
Waste water treatment							
Capital and special appropriations					14,466		
TOTAL EXPENDITURES	-	497	29,144	885	47,206	2,150	3,073
EXCESS OF REVENUES OVER EXPENDITURES BEFORE TRANSFERS	-	-	1,171	1,020	(4,506)	2,850	132,355
OTHER FINANCING SOURCES/USES							
Transfers in					304		
Transfers out			(661)				(30,188)
NET OTHER SOURCES/USES	-	-	(661)	-	304	-	(30,188)
NET CHANGE IN FUND BALANCE	-	-	510	1,020	(4,202)	2,850	102,167
FUND BALANCE - BEGINNING	(7,786)	1,074	2,514	9,204	(62,414)	8,180	(85,878)
FUND BALANCE - ENDING	\$ (7,786)	\$ 1,074	\$ 3,024	\$ 10,224	\$ (66,616)	\$ 11,030	\$ 16,289

(Continued)

TOWN OF WARREN, RHODE ISLAND
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
For the year ended June 30, 2011

	<u>Special Revenue Funds</u>						
	<u>Community Development Block Grant</u>	<u>Industrial Pretreatment</u>	<u>Veterans Honor Roll</u>	<u>Government Center</u>	<u>Parker Avenue Clean Up</u>	<u>Holiday Committee</u>	<u>Narcotics</u>
REVENUES							
Interest and investment income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, fees, permits and fines							7,100
Intergovernmental	74,999	23,021	1,500			4,745	
Other							
TOTAL REVENUES	74,999	23,021	1,500	-	-	4,745	7,100
EXPENDITURES							
General government	84,661				6,969	4,745	1,355
Public safety							
Fire safety							
Waste water treatment		2,467					
Capital and special appropriations							
TOTAL EXPENDITURES	84,661	2,467	-	-	6,969	4,745	1,355
EXCESS OF REVENUES OVER EXPENDITURES BEFORE TRANSFERS	(9,662)	20,554	1,500	-	(6,969)	-	5,745
OTHER FINANCING SOURCES/USES							
Transfers in							
Transfers out							
NET OTHER SOURCES/USES	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCE	(9,662)	20,554	1,500	-	(6,969)	-	5,745
FUND BALANCE - BEGINNING	(100,930)	(170)	14,726	2,107		-	4,432
FUND BALANCE - ENDING	\$ (110,592)	\$ 20,384	\$ 16,226	\$ 2,107	\$ (6,969)	\$ -	\$ 10,177

(Continued)

TOWN OF WARREN, RHODE ISLAND
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
For the year ended June 30, 2011

	<u>Permanent Funds</u>				
	<u>Employee Charity Fund</u>	<u>Town Trust</u>	<u>Police Trust</u>	<u>Sara B. Burtis</u>	<u>GRAND TOTALS</u>
REVENUES					
Interest and investment income	\$ -	\$ -	\$ 2	\$ 1,407	\$ 1,490
Licenses, fees, permits and fines		11,004			20,009
Intergovernmental	416				1,291,614
Other					2,579
TOTAL REVENUES	416	11,004	2	1,407	1,315,692
EXPENDITURES					
General government	420	11,284		529	665,475
Public safety					35,007
Fire safety					885
Waste water treatment					29,389
Capital and special appropriations					207,781
TOTAL EXPENDITURES	420	11,284	-	529	938,537
EXCESS OF REVENUES OVER EXPENDITURES BEFORE TRANSFERS	(4)	(280)	2	878	377,155
OTHER FINANCING SOURCES/USES					
Transfers in					40,152
Transfers out		(66)			(62,862)
NET OTHER SOURCES/USES	-	(66)	-	-	(22,710)
NET CHANGE IN FUND BALANCE	(4)	(346)	2	878	354,445
FUND BALANCE - BEGINNING	231	22,558	3,175	33,473	(79,222)
FUND BALANCE - ENDING	\$ 227	\$ 22,212	\$ 3,177	\$ 34,351	\$ 275,223

(Concluded)

Private-purpose Trust Funds

These trust funds account for gifts and bequests restricted as to use for the benefit of parties outside of the Town, and can not be used at the Town's discretion or to support the Town's general operations. Certain of these trusts are for the benefit of local educational organizations, social benefit groups, and other private parties.



TOWN OF WARREN, RHODE ISLAND
Combining Statement of Net Assets
Private-purpose Trusts
June 30, 2011

	<u>Samuel P. Colt Fund</u>	<u>Joseph Martin Fund</u>	<u>Abby A. Cole Fund</u>	<u>Asylum Farm Fund</u>	<u>Joseph W. Smith Fund</u>	<u>C. Richard Gardener Fund</u>	<u>Totals</u>
ASSETS							
Cash	\$ 10,290	\$ 7,350	\$ 2,572	\$ 4,777	\$ 8,452	\$ 1,471	\$ 34,912
Investments	182,076	130,054	45,519	84,535	149,562	26,011	617,757
TOTAL ASSETS	<u>192,366</u>	<u>137,404</u>	<u>48,091</u>	<u>89,312</u>	<u>158,014</u>	<u>27,482</u>	<u>652,669</u>
LIABILITIES	-	-	-	-	-	-	-
NET ASSETS							
Held in Trust for private purposes	<u>\$ 192,366</u>	<u>\$ 137,404</u>	<u>\$ 48,091</u>	<u>\$ 89,312</u>	<u>\$ 158,014</u>	<u>\$ 27,482</u>	<u>\$ 652,669</u>

TOWN OF WARREN, RHODE ISLAND
Combining Statement of Changes in Net Assets
Private-purpose Trusts
For the year ended June 30, 2011

	<u>Samuel P. Colt Fund</u>	<u>Joseph Martin Fund</u>	<u>Abby A. Cole Fund</u>	<u>Asylum Farm Fund</u>	<u>Joseph W. Smith Fund</u>	<u>C. Richard Gardener Fund</u>	<u>Totals</u>
ADDITIONS:							
Investment income	\$ 7,882	\$ 5,630	\$ 1,970	\$ 3,659	\$ 6,473	\$ 1,128	\$ 26,742
DEDUCTIONS:							
Portfolio management fees	2,965	2,118	741	1,377	2,435	424	10,060
Other expenses							
Total Deductions	2,965	2,118	741	1,377	2,435	424	10,060
CHANGE IN NET ASSETS	4,917	3,512	1,229	2,282	4,038	704	16,682
Net Assets - beginning	187,449	133,892	46,862	87,030	153,976	26,778	635,987
Net Assets - ending	<u>\$ 192,366</u>	<u>\$ 137,404</u>	<u>\$ 48,091</u>	<u>\$ 89,312</u>	<u>\$ 158,014</u>	<u>\$ 27,482</u>	<u>\$ 652,669</u>

Agency Funds

These funds account for assets held on behalf of others on a temporary basis.

Unclaimed Estates in Probate Court – accounts for monies unclaimed as a result of court decisions.

Road Duty—accounts for monies received for Sworn Constables and off-duty police assignments and resulting wage disbursements.

Performance Bonds—accounts for monies held by Town while contractors perform expected duties.



TOWN OF WARREN, RHODE ISLAND**Statement of Changes in Assets and Liabilities
Agency Funds
For the year ended June 30, 2011**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<u>Unclaimed Estates in Probate Court</u>				
ASSET				
Cash	<u>\$ 6,701</u>	<u>\$ 72,996</u>	<u>\$ 49,799</u>	<u>\$ 29,898</u>
LIABILITY				
Deposits Held in Custody for Others	<u>\$ 6,701</u>	<u>\$ 73,036</u>	<u>\$ 49,839</u>	<u>\$ 29,898</u>
<u>Road Duty</u>				
ASSET				
Cash	<u>\$ -</u>	<u>\$ 23,082</u>	<u>\$ 18,489</u>	<u>\$ 4,593</u>
Accounts receivable	<u>5,499</u>	<u>2,021</u>		<u>7,520</u>
Total Assets	<u>\$ 5,499</u>	<u>\$ 25,103</u>	<u>\$ 18,489</u>	<u>\$ 12,113</u>
LIABILITY				
Accounts payable	<u>\$ -</u>	<u>\$ 5,550</u>	<u>\$ -</u>	<u>\$ 5,550</u>
Deposits Held in Custody for Others	<u>5,499</u>	<u>232,005</u>	<u>230,941</u>	<u>6,563</u>
Total Liabilities	<u>\$ 5,499</u>	<u>\$ 237,555</u>	<u>\$ 230,941</u>	<u>\$ 12,113</u>
<u>Performance Bonds</u>				
ASSET				
Cash	<u>\$ 44,934</u>	<u>\$ 74,039</u>	<u>\$ -</u>	<u>\$ 118,973</u>
LIABILITY				
Deposits Held in Custody for Others	<u>\$ 44,934</u>	<u>\$ 74,039</u>	<u>\$ -</u>	<u>\$ 118,973</u>
<u>Totals</u>				
ASSET				
Cash	<u>\$ 51,635</u>	<u>\$ 170,117</u>	<u>\$ 68,288</u>	<u>\$ 153,464</u>
Accounts receivable	<u>5,499</u>	<u>2,021</u>	<u>-</u>	<u>7,520</u>
Total assets	<u>\$ 57,134</u>	<u>\$ 172,138</u>	<u>\$ 68,288</u>	<u>\$ 160,984</u>
LIABILITY				
Accounts payable	<u>\$ -</u>	<u>\$ 5,550</u>	<u>\$ -</u>	<u>\$ 5,550</u>
Deposits Held in Custody for Others	<u>57,134</u>	<u>379,080</u>	<u>280,780</u>	<u>155,434</u>
Total Liabilities	<u>\$ 57,134</u>	<u>\$ 384,630</u>	<u>\$ 280,780</u>	<u>\$ 160,984</u>

Internal Control and Compliance Section



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

To the Honorable Town Council
Town of Warren, Rhode Island

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Warren, Rhode Island as of and for the year ended June 30, 2011, which collectively comprise The Town of Warren's basic financial statements and have issued our report thereon dated February 27, 2012. 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 Warren is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Town of Warren'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 of Warren, Rhode Island's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Warren's internal control over financial reporting.

Our consideration of the 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 significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described a separate letter dated February 27, 2012, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness and other deficiencies that we consider to be significant deficiencies

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

Needham

Boston

Concord

Taunton

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Warren'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 that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Town of Warren, in a separate letter dated February 27, 2012.

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

A handwritten signature in blue ink that reads "Braver PC".

Providence, Rhode Island
February 27, 2012