
TOWN OF WEST WARWICK

COMPREHENSIVE ANNUAL FINANCIAL REPORT

***FOR THE FISCAL YEAR ENDED
JUNE 30, 2011***

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

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

Prepared by: Finance Department

WEST WARWICK, RHODE ISLAND

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

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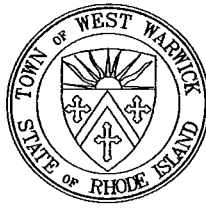
INTRODUCTORY SECTION

This Section Contains the Following Subsections:

Letter of Transmittal
Organizational Chart
List of Town Officials

JAMES H. THOMAS
TOWN MANAGER

MALCOLM A. MOORE
DIRECTOR OF FINANCE



TOWN OF WEST WARWICK

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

December 29, 2011

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

The comprehensive annual financial report of the Town of West Warwick, Rhode Island for the fiscal year ended June 30, 2011, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to fairly present the financial position and results of operations of the various funds of the Town of West Warwick. The reader should see the following Management Discussion & Analysis section of this report in order to gain a broader understanding of the Town and its activities.

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

THE TOWN OF WEST WARWICK

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

The Town of West Warwick's municipal government provides a full range of services including education, police and fire, planning, zoning, construction and maintenance of highways, streets, storm and sanitary sewers and infrastructure, social services, parks and recreational activities and cultural activities. Approximately 800 full-time municipal employees provide services to a community of 8.2 square miles and 29,661 residents.

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

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

LOCAL ECONOMIC CONDITIONS AND OUTLOOK

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

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

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

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

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

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

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

To weather the current recession it will be in the best interest of both management and labor to engage in conversations regarding the future on a quarterly basis rather than past practice of once every three years. The

same can be said of relationships with the School District Administration and School Committee. The past practice of the Town Administration picking up a higher annual percentage cost for education can no longer be sustained under the current financial strain being placed on the residents.

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

ECONOMIC CHARACTERISTICS

Population

Ranked tenth in population among the thirty-nine cities and towns in State, the Town's 2010 population was 29,661, according to the U.S. census of that year.

	<u>Town Population</u>	<u>% Change</u>	<u>State Population</u>	<u>% Change</u>
2010	29,661	6.3%	1,052,567	4.0%
2000	29,581	1.1	1,048,319	4.5
1990	29,268	7.7	1,003,464	5.6
1980	27,026	10.0	947,154	0.3
1970	24,323	12.0	949,723	9.5
1960	21,414	10.8	859,488	7.9
1950	19,096	4.8	791,896	10.0
1940	18,188	2.7	713,346	3.6
1930	17,696	12.6	687,497	12.1

Source: U.S. Bureau of the Census, 2010.

Income Levels

The following table lists the per capita and median family income according to the 2000 U.S. Census. These amounts were unavailable as of the date of this report.

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

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

Unemployment

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

	<u>Annualized</u>									
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Town of West Warwick	5.2%	5.8%	5.7%	5.7%	5.5%	6.0	7.5	11.2	13.1	11.2
State of Rhode Island	5.3	5.4	5.1	5.2	5.1	5.2	7.6	10.8	11.6	10.8
United States	4.5	6.0	5.5	5.1	4.6	4.6	5.8	9.3	9.6	9.2

Source: Department of Labor, Bureau of Labor Statistics.

Employment

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

	12 Months Ended December 31, 2008	
	No. of Units	No. of Employees
Agr., Forestry, Fishing	12	38
Construction	95	391
All Manufacturing	40	1,838
Trans., Comm., Utils.	18	1,157
Wholesale Trade	37	381
Retail Trade	177	1,566
Fin., Ins., Real Estate	55	1,118
Service Industries	<u>190</u>	<u>2,073</u>
Total	624	8,562

Housing

According to the 2010 U.S. Census, there were 12,749 housing units in the Town as of April 2010 as compared to 13,186 in 2010. This represents an decrease of 437 housing units or 3.3%.

Occupied housing units totaled 11,809 in 2010, an decrease of 689 units or 5.5% from the 12,498 occupied units reported in 2000. In 2000, 61% of the occupied housing units were owner-occupied.

Internal Controls

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

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

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

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

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

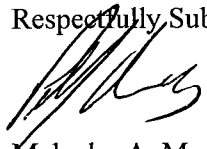
The definition of accounting control presumes reasonable, but not absolute, assurance that the objectives expressed in it will be accomplished by the system. The concept of reasonable assurance recognizes that the

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

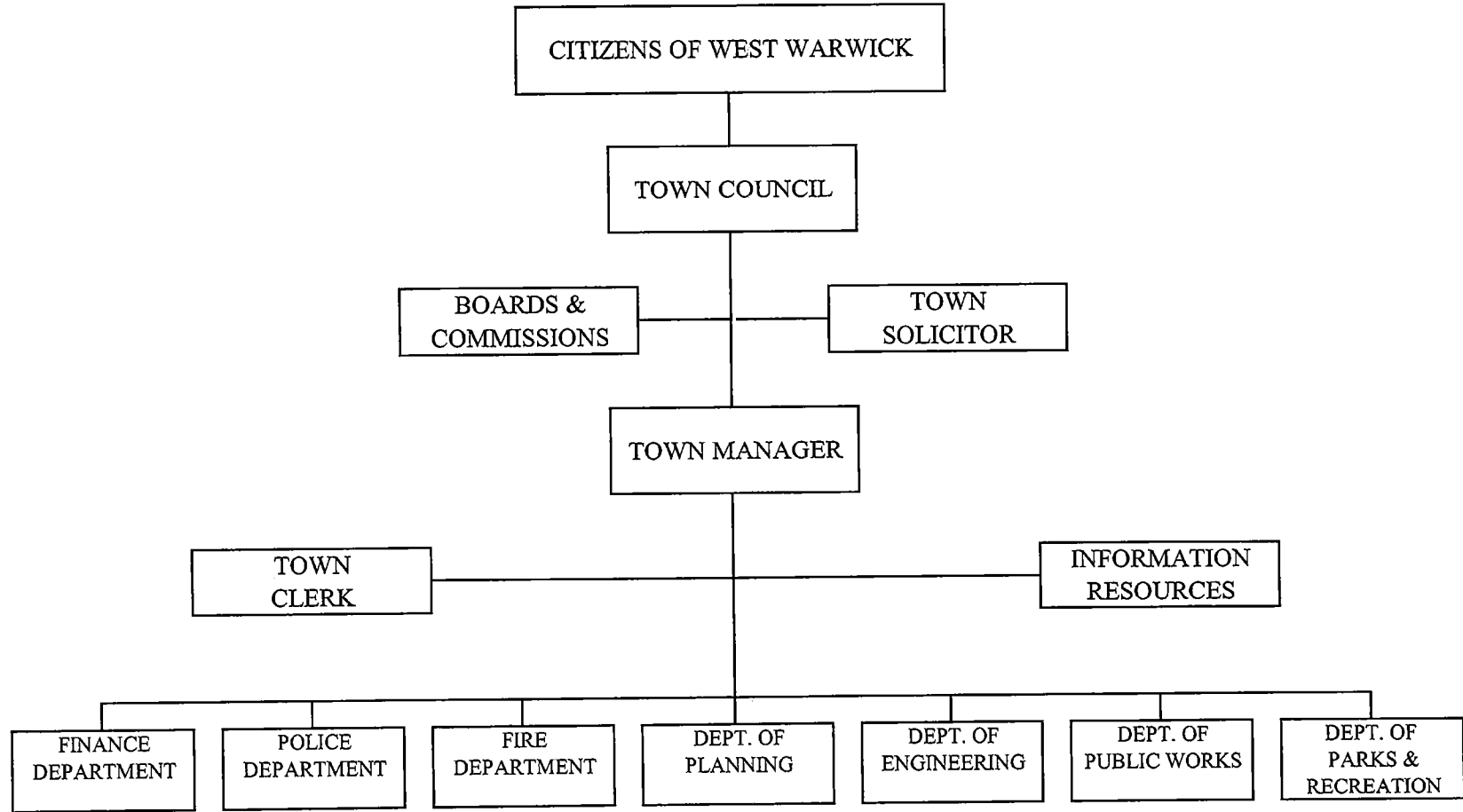
Acknowledgments

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

Respectfully Submitted,


for Malcolm A. Moore
Finance Director

THE TOWN OF WEST WARWICK
GOVERNMENTAL ORGANIZATION



TOWN OF WEST WARWICK, RHODE ISLAND

as of June 30, 2011

TOWN COUNCIL

Angelo A. Padula, Jr. – President
Filomena Gustafson – Vice President
David Gosselin - President
Edward A. Giroux
Mark Bourget

TOWN MANAGER

James H. Thomas

FINANCE DIRECTOR

Malcolm A. Moore

FINANCIAL SECTION

This Section Contains the Following Subsections:

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

INDEPENDENT AUDITORS' REPORT

The Honorable President and
Members of the Town Council
Town of West Warwick
West Warwick, Rhode Island

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

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


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

In accordance with *Government Auditing Standards*, we have also issued a report dated December 29, 2011 on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 12 and 55 through 62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an

appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

A handwritten signature in cursive script that reads "Parmelee, Poirier & Assoc LLP".

Parmelee, Poirier & Associates, LLP
December 29, 2011

Management's Discussion and Analysis

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

Our discussion and analysis of the Town of West Warwick, Rhode Island's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2011. Please read it in conjunction with the letter of transmittal and the Town's financial statements that follow this section.

Financial Highlights

- ❖ The Town's primary government's net assets decreased \$11,242,585 as a result of this year's current operations. Most of this decrease was due to increases in the town liabilities such as the net pension obligation of \$6,025,790 and the net OPEB obligation of \$3,391,158. On a government-wide basis the assets of the Town of West Warwick exceeded its liabilities at the close of the most recent fiscal year by \$39,828,762. Net assets of business activities decreased by \$2,364,060 or 3.7%, while net assets of Governmental Activities decreased by \$8,878,525 or 77.7%.
- ❖ The Town's Government-wide (governmental and business activities) operating expenses were \$107,332,423 a 5.0% decrease from the prior year, while revenues collected were \$96,089,838 a 4.1% decrease.
- ❖ As of the close of the fiscal year, the Town's governmental funds reported combined ending fund balances of \$6,520,453. Over 61.9% of this amount, \$4,037,388 is unreserved and available for use within the Town's designation and fiscal policies.
- ❖ At the end of the current fiscal year, the general fund unreserved fund balance was \$7,644,542 or 9.9% of the total general fund expenditures for the fiscal year. The current fiscal year's revenues and transfers exceeded expenditures and transfers by \$1,700,659. On a budgetary basis revenues and transfers exceeded expenditures and transfers by the same amount.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Proprietary Funds - The Town's proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town has two enterprise funds. The West Warwick Sewer Commission, which accounts for the Town's sewer system and Municipal Court which collects and levies fines and fees.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the West Warwick Sewer Commission since it is considered to be a major fund of the Town. The Internal Service Fund is presented as a Major Fund at the Town's request. The Municipal Court fund, which are not major fund, is presented in the proprietary fund.

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

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

The fiduciary fund financial statements can be found on pages 21 and 22.

Notes to Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are presented on pages 23 through 54.

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information pertinent to the Town's operations. Required Supplementary information is presented on pages 55 through 62.

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

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

Government-wide Financial Analysis

Analysis of the Town of West Warwick's Net Assets

As noted earlier, over time net assets may serve as a useful indicator of a government's financial position and an important determinant of its ability to finance services in the future. The Town of West Warwick, governmental activities liabilities exceeded its assets by \$20,305,904 as of June 30, 2011. This reflects a decrease of \$8,878,525 from this current years activity. The Business Type Activities had a decrease of \$2,364,060. See page 3 financial highlights for a further explanation.

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

Town of West Warwick
Net Assets

	<i>June 30, 2010</i>			<i>June 30, 2011</i>		
	Govern- mental Activities	Business Type Activities	Total	Govern- mental Activities	Business Type Activities	Total
Current and Other Assets	\$ 19,147,799	\$ 18,370,480	\$ 37,518,279	\$ 16,074,422	\$ 16,357,992	\$ 32,432,414
Capital assets	51,989,345	82,610,404	134,599,749	50,143,059	79,684,515	129,827,574
Total Assets	<u>71,137,144</u>	<u>100,980,884</u>	<u>172,118,028</u>	<u>66,217,481</u>	<u>96,042,507</u>	<u>162,259,988</u>
Other Liabilities	11,121,683	12,254,158	23,375,841	7,638,899	11,374,841	19,013,740
Long-Term Liabilities	71,442,840	26,228,000	97,670,840	78,884,486	24,533,000	103,417,486
Total Liabilities	<u>82,564,523</u>	<u>38,482,158</u>	<u>121,046,681</u>	<u>86,523,385</u>	<u>35,907,841</u>	<u>122,431,226</u>
Net Assets:						
Invested in Capital						
Net of Related Debt	24,986,345	56,382,404	81,368,749	24,720,059	55,151,515	79,871,574
Restricted	2,099	-	2,099	2,106	-	2,106
Unrestricted	(36,415,823)	6,116,322	(30,299,501)	(45,028,069)	4,983,151	(40,044,918)
Total Net Assets	<u>\$ (11,427,379)</u>	<u>\$ 62,498,726</u>	<u>\$ 51,071,347</u>	<u>\$ (20,305,904)</u>	<u>\$ 60,134,666</u>	<u>\$ 39,828,762</u>

The largest portion of the Town's net assets \$79,871,574 consists of its investments in capital assets such as land, buildings and improvements, motor vehicles, furniture and equipment and infrastructure, less any debt used to acquire these assets, which is still outstanding. The Town uses these capital assets to provide services to its citizens. Consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves are unlikely to be used to liquidate these liabilities.

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

An additional portion of the Town's net assets, \$2,106, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets may be used to meet the government's ongoing obligations to its citizens and creditors.

Analysis of the Town of West Warwick's Operations

The following analysis provides a summary of the Town's operations for the year ended June 30, 2011. The Town first implemented GASB Statement 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments for the fiscal year June 30, 2004. Therefore, comparative data is now available and is presented in the following schedules. Governmental activities decreased the Town's net assets by \$8,878,525 for the current period, which is a decrease of 77.7% in the Town's governmental net assets, while business-type activities decreased the Town's net assets by \$2,364,060 accounting for 3.7% decrease in business-type net assets. Overall, the Town's net assets decreased by \$11,242,585, which is a 22.0% decrease over the prior year's net assets.

The net change in fund balance for the fiscal year ended June 30, 2011 was an increase of \$163,595 for the Towns governmental fund types. In the statement of activities, expenses for capital items are not recorded as expenses but shown on the balance sheet, which resulted in an decrease of \$(1,846,286) net of depreciation to our net assets; also increase revenues from the decrease in deferred revenues are recorded as revenues in the statement of activities but in the fund financial statements this resulted in a decrease of \$245,575. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets, which increased net assets by \$1,580,000. Reductions in net assets included an increase in the Town's net pension obligation of \$6,025,790 and the Town was required to record their liability for "Other Post Employment Benefits" per GASB 45, this liability resulted in reduction of net assets of \$3,391,158. See page 17 of the basic financial statements for a more detailed explanation of changes in net assets.

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

TOWN OF WEST WARWICK, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2011
(Un-audited)
Town of West Warwick
Changes in Net Assets

	June 30, 2010			June 30, 2011		
	Governmental Activities	Business Type Activities	Total	Governmental Activities	Business Type Activities	Total
Revenues						
Program revenues						
Charges for services	\$ 3,984,331	\$ 8,914,701	\$ 12,899,032	\$ 3,669,109	\$ 7,387,839	\$ 11,056,948
Operating Grants and Contributions	30,641,384	-	30,641,384	27,647,477	-	27,647,477
Capital Grants and Contributions	236,987	-	236,987	518,993	-	518,993
General Revenues						
Property taxes	51,019,257	-	51,019,257	51,619,198	-	51,619,198
Investment earnings	34,696	-	34,696	159,892	-	159,892
State general revenue sharing	2,005,500	-	2,005,500	2,040,631	-	2,040,631
State motor vehicle phase-out	3,183,440	-	3,183,440	2,917,180	-	2,917,180
Miscellaneous	129,236	-	129,236	129,519	-	129,519
Total revenues	91,234,831	8,914,701	100,149,532	88,701,999	7,387,839	96,089,838
Expenses						
Legislative/judicial/admin	27,993,691	-	27,993,691	20,459,836	-	20,459,836
Financial Administrative	592,732	-	592,732	687,191	-	687,191
Public Safety	12,704,903	-	12,704,903	13,932,866	-	13,932,866
Public Works	4,776,671	-	4,776,671	4,347,074	-	4,347,074
Public Health and Welfare	960,592	-	960,592	1,126,096	-	1,126,096
Parks and Recreation	498,971	-	498,971	810,123	-	810,123
Library	750,945	-	750,945	755,054	-	755,054
Education	55,751,973	-	55,751,973	54,393,470	-	54,393,470
Interest	1,224,128	-	1,224,128	1,068,814	-	1,068,814
Sewer Fund Expenses	-	7,517,909	7,517,909	-	9,533,562	9,533,562
Non-major business types	-	207,316	207,316	-	218,337	218,337
Total expenses	105,254,606	7,725,225	112,979,831	97,580,524	9,751,899	107,332,423
Excess/(deficiency) before transfers	(14,019,775)	1,189,476	(12,830,299)	(8,878,525)	(2,364,060)	(11,242,585)
Transfers	10,000	(10,000)	-	-	-	-
Change in net assets	(14,009,775)	1,179,476	(12,830,299)	(8,878,525)	(2,364,060)	(11,242,585)
Net assets - beginning	2,582,396	61,319,250	63,901,646	(11,427,379)	62,498,726	51,071,347
Net assets - ending	\$ (11,427,379)	\$ 62,498,726	\$ 51,071,347	\$ (20,305,904)	\$ 60,134,666	\$ 39,828,762

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

Financial Analysis of the Town of West Warwick's Funds

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

At the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$6,520,453. Approximately 61.9% of the total amount, or \$4,037,388 constituted unreserved fund balances. The remainder of the fund balance is reserved because of future commitments.

Town of West Warwick
Fund Balances

	General Fund	School Special Revenue Unrestricted Fund	Other Non-Major Governmental Funds	Total Governmental Funds
Fund balances:				
Nonspendable fund balances:				
Inventory	\$ 44,347	\$ -	\$ -	\$ 44,347
Prepaid expenses	5,252	-	-	5,252
Restricted fund balances:				
QZAB bond sinking fund	973,298	-	-	973,298
Trust agreements	-	-	2,106	2,106
Assigned fund balances:				
Capital expenditures	16,605	-	-	16,605
School deficit reduction	1,441,457	-	-	1,441,457
Unassigned, reported in non-major:				
General fund	5,163,583	-	-	5,163,583
Special revenue funds	-	(3,140,177)	409,043	(2,731,134)
Capital projects fund	-		1,604,939	1,604,939
Total fund balances	<u>\$ 7,644,542</u>	<u>\$ (3,140,177)</u>	<u>\$ 2,016,088</u>	<u>\$ 6,520,453</u>

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

Unrestricted net assets of the respective proprietary funds are \$4,983,151.

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

General Fund Budgetary Highlights

Revenues:

Intergovernmental revenues – were under budget by \$94,516 due to decreased collections of school revenues.

Fines and Interest on Late Payments – were over budget by \$314,400 due to economic downturn leading to taxpayers paying taxes at a later date, increasing interest on late payments. The Town also budgets this item on a very conservative basis.

Expenditures:

Legislative, judicial and General Administrative – was under budget by \$220,658 due to favorable insurance premiums in the current year.

Public Safety – was over budget by \$391,042 due to fire department overtime staffing.

Public Works – were over budget by \$185,278 due to various line items including staffing and early retirement.

Other financing sources

Operating transfers to other funds – were under budget by \$1,441,457 due to the Town's hold back of Education revenues as allowed by state law. See the notes to these financial statements for further explanation.

The Town of West Warwick's Capital Assets

The Town of West Warwick's investment in capital assets for its governmental and business-type activities amounts to \$129,827,574 net of accumulated depreciation at June 30, 2011. Included are land, building and improvements, construction in progress, motor vehicles, furniture and equipment and infrastructure.

Additional information on the Town of West Warwick's capital assets is located in note 7 of the notes to the financial statements.

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

Town of West Warwick
Capital Assets (Net of Accumulated Depreciation)

	June 30, 2010			June 30, 2011		
	Govern- mental Activities	Business Type Activities	Total	Govern- mental Activities	Business Type Activities	Total
Land	\$ 6,089,514	\$ 52,900	\$ 6,142,414	\$ 6,100,113	\$ 52,900	\$ 6,153,013
Construction in Progress	3,565,690	1,688,688	5,254,378	207,752	7,525,789	7,733,541
Land improvements	30,779	-	30,779	30,779	-	30,779
Infrastructure	20,241,939	-	20,241,939	19,685,329	-	19,685,329
Buildings and improvements	20,285,541	54,305,692	74,591,233	21,891,543	46,103,055	67,994,598
Motor vehicles	824,456	-	824,456	895,101	-	895,101
Office furniture and equipment	833,350	-	833,350	805,711	-	805,711
Extensions and Mains	-	26,563,124	26,563,124	-	26,002,771	26,002,771
Machinery and equipment	118,076	-	118,076	526,731	-	526,731
Total	<u>\$ 51,989,345</u>	<u>\$ 82,610,404</u>	<u>\$ 134,599,749</u>	<u>\$ 50,143,059</u>	<u>\$ 79,684,515</u>	<u>\$ 129,827,574</u>

The Town of West Warwick's Debt Administration

At the end of the current fiscal year, the Town of West Warwick's Governmental Activities had a total bonded debt of \$25,423,000. Of this amount, 100% comprises bonded debt backed by the full faith and credit of the government. The following is a summary of the Town's long-term debt.

Town of West Warwick
Outstanding Debt
General Obligation Bonds and Notes Payable

	June 30, 2010			June 30, 2011		
	Govern- mental Activities	Business Type Activities	Total	Govern- mental Activities	Business Type Activities	Total
General Obligation Bonds	\$ 27,003,000	\$ -	\$ 27,003,000	\$ 25,423,000	\$ -	\$ 25,423,000
Notes Payable	-	26,228,000	26,228,000	-	24,533,000	24,533,000
Totals	<u>\$ 27,003,000</u>	<u>\$ 26,228,000</u>	<u>\$ 53,231,000</u>	<u>\$ 25,423,000</u>	<u>\$ 24,533,000</u>	<u>\$ 49,956,000</u>

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

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

The Town's general obligation bond rating as assigned by Moody's Investors Service in 2011 is A1 and B- by Fitch Rating Service. The State of Rhode Island imposes a limit of 3 percent of the fair value of all taxable Town property on the general obligation debt that a municipality can issue. The Town of West Warwick's limit is \$63,643,805 at year-end. The Town's outstanding general obligation debt is \$25,423,000 at year-end, which is \$38,220,805 under the State imposed limitation.

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

Economic Factors and Next Year's Budgets and Rates

The Town of West Warwick's total general fund budget for fiscal year 2012 amounts to \$77,000,403 which reflects a decrease of \$2,079,824 under the fiscal 2010 budget of \$79,080,227. Of the Town's 2011 budget of \$77,000,403, 61% is budgeted for educational purposes and 39% is budgeted for general government.

The State of Rhode Island is budgeted to contribute \$18,295,084 to the Town's education department based on State Aide for a Town considered depressed due to population of the School District and the average level of wages earned by its citizens.

The Town's tax rate for fiscal 2012 is \$21.403, with 39% allocated for general government and 61% allocated for education. For fiscal 2011, the Town's tax rate was \$20.40, with 39% allocated for general government and 61% allocated for education.

Request for Information

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

Malcolm A. Moore
Finance Director

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements

TOWN OF WEST WARWICK, RHODE ISLAND

Statement of Net Assets

June 30, 2011

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 10,385,294	\$ 3,089,989	\$ 13,475,283
Accounts receivable:			
Accounts receivable net	2,396,422	6,431,515	8,827,937
Due from other governments	1,312,420	-	1,312,420
Other receivables	203,331	-	203,331
Inventory at cost	44,347	-	44,347
Deferred charges	1,732,608	-	1,732,608
Other assets			
Other assets - net	-	2,583,190	2,583,190
Long-term sewer assessment receivable	-	4,253,298	4,253,298
Capital assets:			
Property, plant and equipment	43,835,194	72,105,825	115,941,019
Construction in progress	207,752	7,525,790	7,733,542
Assets not being depreciated-Land	6,100,113	52,900	6,153,013
Total capital assets	<u>50,143,059</u>	<u>79,684,515</u>	<u>129,827,574</u>
TOTAL ASSETS	<u>66,217,481</u>	<u>96,042,507</u>	<u>162,259,988</u>
LIABILITIES			
Accounts payable	5,953,402	561,662	6,515,064
Accrued expenses	1,930,598	299,004	2,229,602
Unearned revenue	447,211	9,821,863	10,269,074
Internal balances	(692,312)	692,312	-
Long-term liabilities			
Due within one year	1,730,851	1,705,000	3,435,851
Due in more than one year	77,153,635	22,828,000	99,981,635
Total liabilities	<u>86,523,385</u>	<u>35,907,841</u>	<u>122,431,226</u>
NET ASSETS			
Invested in capital assets, net of related debt	24,720,059	55,151,515	79,871,574
Restricted for:			
Trust agreements	16,605	-	16,605
Unrestricted (deficit)	(45,042,568)	4,983,151	(40,059,417)
Total net assets	<u>\$ (20,305,904)</u>	<u>\$ 60,134,666</u>	<u>\$ 39,828,762</u>

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

TOWN OF WEST WARWICK, RHODE ISLAND
Statement of Activities
For the Year Ended June 30, 2011

		Program revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for	Operating	Capital	Governmental	Business-type	Total
	Expenses	Services	Grants and Contributions	Grants and Contributions	Activities	Activities	
Functions/ Programs							
Primary government							
Governmental activities:							
Legislative, judicial and general administrative	\$ 20,459,836	\$ 751,847	\$ -	\$ -	\$ (19,707,989)		\$ (19,707,989)
Financial administration	687,191	821,050	-	-	133,859		133,859
Public safety	13,932,866	1,209,390	50,170	314,215	(12,359,091)		(12,359,091)
Public works	4,347,074	199,306	74,975	204,778	(3,868,015)		(3,868,015)
Public Health and Welfare	1,126,096	177,534	1,019,468	-	70,906		70,906
Parks and recreation	810,123	10,290	-	-	(799,833)		(799,833)
Library	755,054	-	-	-	(755,054)		(755,054)
Education	54,393,470	499,692	26,502,864	-	(27,390,914)		(27,390,914)
Interest	1,068,814	-	-	-	(1,068,814)		(1,068,814)
Total governmental activities	97,580,524	3,669,109	27,647,477	518,993	(65,744,945)		(65,744,945)
Business type activities:							
Sewer fund	9,533,562	7,204,014	-	-	-	\$ (2,329,548)	(2,329,548)
Non-major business type activities	218,337	183,825	-	-	-	(34,512)	(34,512)
Total business-type activities	9,751,899	7,387,839	-	-	-	(2,364,060)	(2,364,060)
Total primary government	\$ 107,332,423	\$ 11,056,948	\$ 27,647,477	\$ 518,993	(65,744,945)	(2,364,060)	(68,109,005)
General revenues:							
Taxes:							
Property taxes, levied for general purposes					51,619,198	-	51,619,198
Unrestricted investment earnings					159,892	-	159,892
State general revenue sharing					2,040,631	-	2,040,631
State motor vehicle phase-out					2,917,180	-	2,917,180
Miscellaneous					129,519	-	129,519
Total general revenues and transfers					56,866,420	-	56,866,420
Change in net assets					(8,878,525)	(2,364,060)	(11,242,585)
Net assets-beginning					(11,427,379)	62,498,726	51,071,347
Net assets-ending					\$ (20,305,904)	\$ 60,134,666	\$ 39,828,762

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

Fund Financial Statements

TOWN OF WEST WARWICK, RHODE ISLAND
Balance Sheet
Governmental Funds
June 30, 2011

	<u>General Fund</u>	<u>School Special Revenue Unrestricted Fund</u>	<u>Other Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 9,306,405	\$ 200	\$ 1,078,689	\$ 10,385,294
Accounts receivable:				
Real estate and personal property taxes (net)	2,396,422		-	2,396,422
Due from other governments	73,688		1,238,732	1,312,420
Other receivables	127,603	71,004	-	198,607
Internal balances	1,191,035	1,817,200	1,487,555	4,495,790
Inventory	44,347		-	44,347
Other Assets - net	1,241,149	58,271	-	1,299,420
TOTAL ASSETS	<u>\$ 14,380,649</u>	<u>\$ 1,946,675</u>	<u>\$ 3,804,976</u>	<u>\$ 20,132,300</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 531,822	\$ 4,125,455	\$ 787,891	\$ 5,445,168
Accrued expenditures	1,515,227	121,433	-	1,636,660
Internal balances	2,466,027	839,964	1,000,997	4,306,988
Deferred revenue	2,223,031	-	-	2,223,031
Total liabilities	<u>6,736,107</u>	<u>5,086,852</u>	<u>1,788,888</u>	<u>13,611,847</u>
Fund balances:				
Nonspendable fund balances	49,599	-	-	49,599
Restricted fund balances	973,298	-	2,106	975,404
Assigned fund balances	1,458,062	-	-	1,458,062
Unassigned, reported in:				
General fund	5,163,583	-	-	5,163,583
Capital projects funds	-	-	409,043	409,043
Special revenue funds	-	(3,140,177)	1,604,939	(1,535,238)
Total fund balances	<u>7,644,542</u>	<u>(3,140,177)</u>	<u>2,016,088</u>	<u>6,520,453</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 14,380,649</u>	<u>\$ 1,946,675</u>	<u>\$ 3,804,976</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. (see note 8)	50,143,059
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. (see note 8)	1,915,070
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. (see note 8)	(78,884,486)
Net assets of governmental activities	<u>\$ (20,305,904)</u>

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

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

	<u>General Fund</u>	<u>School Special Revenue Unrestricted Fund</u>	<u>Other Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
General property tax	\$ 51,373,623	\$ -	\$ -	\$ 51,373,623
Intergovernmental and departmental revenues	24,479,104	1,990,894	6,128,313	32,598,311
Federal revenue - SFSF	-	506,154	-	506,154
License and permits	1,843,211	-	-	1,843,211
Fines and interest on late payments	539,400	-	-	539,400
Interest on investments	72,628	-	87,264	159,892
Other revenues	167,064	50,947	1,201,381	1,419,392
Total revenues	<u>78,475,030</u>	<u>2,547,995</u>	<u>7,416,958</u>	<u>88,439,983</u>
Expenditures				
Current:				
Legislative, judicial and general administrative	9,441,293	-	-	9,441,293
Financial administration	649,338	-	-	649,338
Public safety	12,678,261	-	1,102,114	13,780,375
Public works	4,191,142	-	628,754	4,819,896
Public Health and Welfare	177,085	-	949,011	1,126,096
Parks and recreation	231,181	-	-	231,181
Library	732,760	-	-	732,760
Education	-	48,736,299	5,086,091	53,822,390
Capital	312,459	-	674,137	986,596
Debt service:				
Principal	1,580,000	-	-	1,580,000
Interest	1,090,463	-	-	1,090,463
Other expenditures	16,000	-	-	16,000
Total expenditures	<u>31,099,982</u>	<u>48,736,299</u>	<u>8,440,107</u>	<u>88,276,388</u>
Excess of revenues over (under) expenditures before other financing sources (uses)	<u>47,375,048</u>	<u>(46,188,304)</u>	<u>(1,023,149)</u>	<u>163,595</u>
Other financing sources (uses)				
Transfers from other funds	83,206	45,757,595	14,852	45,855,653
Transfers to other funds	(45,757,595)	-	(98,058)	(45,855,653)
Total other financing sources (uses)	<u>(45,674,389)</u>	<u>45,757,595</u>	<u>(83,206)</u>	<u>-</u>
Net change in fund balances	1,700,659	(430,709)	(1,106,355)	163,595
Fund balances - beginning	5,943,883	(2,709,468)	3,122,443	6,356,858
Fund balances - ending	<u>\$ 7,644,542</u>	<u>\$ (3,140,177)</u>	<u>\$ 2,016,088</u>	<u>\$ 6,520,453</u>

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

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

Net change in fund balances-total governmental funds	\$ 163,595
Amounts reported for governmental activities in the statement of activities are different from the amounts reported as fund expenditures because:	
Governmental funds reported capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense (\$3,717,381) exceed capital outlays of (\$1,871,095) in the current period.	(1,846,286)
Increases in deferred revenues provide current financial resources in the statement of activities, but are reported as decreases in revenues in the governmental funds.	245,575
Some expenditures reported in the governmental funds that require the use of current financial resources are not reported as expenditures in the statement of activities.	237
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which long-term borrowings were reduced.	1,580,000
Other certain accrued expenditures that do not use current financial resources are not reported in the fund financial statements. However, in the statement of activities these accrued expenses are recognized and charged to current activities.	<u>(9,021,646)</u>
Change in net assets of governmental activities	<u><u>\$ (8,878,525)</u></u>

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

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

TOWN OF WEST WARWICK, RHODE ISLAND
Statement of Net Assets
Proprietary Funds
June 30, 2011

	<u>Enterprise Funds</u>			<u>Internal Service Fund</u>
	<u>Sewer Fund</u>	<u>Non-Major Funds</u>	<u>Total</u>	
ASSETS				
Current assets				
Cash and cash equivalents	\$ 3,089,989	\$ -	\$ 3,089,989	\$ -
Accounts receivable				
User fees (Net)	6,431,515	-	6,431,515	-
Internal balances	-	39,255	39,255	501,531
Total current assets	<u>9,521,504</u>	<u>39,255</u>	<u>9,560,759</u>	<u>501,531</u>
Non-current assets				
Property, plant and equipment				
Land	52,900	-	52,900	-
Plant facilities and equipment in service	70,964,501	-	70,964,501	-
Extensions and main	26,493,069	-	26,493,069	-
Construction in progress	7,525,790	-	7,525,790	-
Total property, plant and equipment	<u>105,036,260</u>	<u>-</u>	<u>105,036,260</u>	<u>-</u>
Less accumulated depreciation	25,351,745	-	25,351,745	-
Net property, plant and equipment	<u>79,684,515</u>	<u>-</u>	<u>79,684,515</u>	<u>-</u>
Other Assets				
Other assets - net	2,583,190	-	2,583,190	-
Long-term sewer assessment receivable	4,253,298	-	4,253,298	-
Total non-current assets	<u>86,521,003</u>	<u>-</u>	<u>86,521,003</u>	<u>-</u>
TOTAL ASSETS	<u>96,042,507</u>	<u>39,255</u>	<u>96,081,762</u>	<u>501,531</u>
LIABILITIES				
Current liabilities				
Accounts payable	556,398	5,264	561,662	501,531
Accrued expenses	298,658	346	299,004	-
Deferred revenues	5,568,565	-	5,568,565	-
Internal balances	731,567	-	731,567	-
Current portion of long-term debt	1,705,000	-	1,705,000	-
Total current liabilities	<u>8,860,188</u>	<u>5,610</u>	<u>8,865,798</u>	<u>501,531</u>
Non-current liabilities				
Notes and bonds payable	22,828,000	-	22,828,000	-
Deferred revenue	4,253,298	-	4,253,298	-
Total non-current liabilities	<u>27,081,298</u>	<u>-</u>	<u>27,081,298</u>	<u>-</u>
Total liabilities	<u>35,941,486</u>	<u>5,610</u>	<u>35,947,096</u>	<u>501,531</u>
Net Assets				
Invested in Capital assets, net of related debt	55,151,515	-	55,151,515	-
Unrestricted	4,949,506	33,645	4,983,151	-
Total Net Assets	<u>\$ 60,101,021</u>	<u>\$ 33,645</u>	<u>\$ 60,134,666</u>	<u>\$ -</u>

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

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

	<u>Enterprise Funds</u>			
	<u>Sewer Fund</u>	<u>Non-Major Funds</u>	<u>Total</u>	<u>Internal Service Fund</u>
Operating revenues				
Usage sales and fees	\$ 5,517,297	\$ 183,825	\$ 5,701,122	\$ -
Sewer assessment revenue	967,812	-	967,812	-
Other income	696,597	-	696,597	6,445,744
Total operating revenues	<u>7,181,706</u>	<u>183,825</u>	<u>7,365,531</u>	<u>6,445,744</u>
Operating expenses				
Salaries and benefits	2,169,132	132,265	2,301,397	-
Materials, supplies, repairs and maintenance	512,220	16,769	528,989	-
Depreciation and amortization	1,825,091	-	1,825,091	-
Other operating expenses	1,279,823	69,303	1,349,126	6,445,744
Capital outlay	3,428,503	-	3,428,503	-
Total operating expenses	<u>9,214,769</u>	<u>218,337</u>	<u>9,433,106</u>	<u>6,445,744</u>
Operating income	<u>(2,033,063)</u>	<u>(34,512)</u>	<u>(2,067,575)</u>	<u>-</u>
Non-operating revenues (expenses)				
Investment income	22,308	-	22,308	-
Sewer bond interest expense	(318,793)	-	(318,793)	-
Total non-operating (expenses)	<u>(296,485)</u>	<u>-</u>	<u>(296,485)</u>	<u>-</u>
Income (loss) before transfers	<u>(2,329,548)</u>	<u>(34,512)</u>	<u>(2,364,060)</u>	<u>-</u>
Change in Net Assets	<u>(2,329,548)</u>	<u>(34,512)</u>	<u>(2,364,060)</u>	<u>-</u>
Total Net Assets - Beginning	<u>62,430,569</u>	<u>68,157</u>	<u>62,498,726</u>	<u>-</u>
Total Net Assets - Ending	<u>\$ 60,101,021</u>	<u>\$ 33,645</u>	<u>\$ 60,134,666</u>	<u>\$ -</u>

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

TOWN OF WEST WARWICK, RHODE ISLAND
Statement of Cash Flows-Proprietary Funds
For the Fiscal Year Ended June 30, 2011

	Enterprise Funds			Internal Service Fund
	Sewer Fund	Non-Major Funds	Total	
Cash flows from operating activities				
Cash received from customers	\$ 7,417,421	\$ 183,825	\$ 7,601,246	\$ 6,445,744
Cash payments to suppliers for goods and services	(5,390,290)	(18,320)	(5,408,610)	(6,433,148)
Cash payments to employees for services	(2,169,132)	(132,265)	(2,301,397)	-
Payment of administrative expense	(1,255,430)	(69,303)	(1,324,733)	-
Net cash provided by (used for) operating activities	(1,397,431)	(36,063)	(1,433,494)	12,596
Cash flows from non-capital financing activities				
Interfund loans	535,738	36,063	571,801	(12,596)
Net cash provided by (used for) non-capital financing activities	535,738	36,063	571,801	(12,596)
Cash flows from capital and related financing activities				
Acquisition and construction of capital assets	1,125,483	-	1,125,483	-
Principal paid on bonds, notes and loans	(1,695,000)	-	(1,695,000)	-
Interest paid on bonds, notes and loans	(318,793)	-	(318,793)	-
Net cash provided (used for) capital and related financing activities	(888,310)	-	(888,310)	-
Cash flows from investing activities				
Interest and dividends on investments	22,308	-	22,308	-
Net cash provided by (used for) investing activities	22,308	-	22,308	-
Net increase (decrease) in cash and cash equivalents	(1,727,695)	-	(1,727,695)	-
Cash and cash equivalents at beginning of year	4,817,684	-	4,817,684	-
Cash and cash equivalents at end of year	\$ 3,089,989	\$ -	\$ 3,089,989	\$ -
Reconciliation of operating income to net cash provided by operating activities				
Operating income	\$ (2,033,063)	\$ (34,512)	\$ (2,067,575)	\$ -
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	1,825,091	-	1,825,091	-
Changes in assets and liabilities:				
(Increase) decrease in use accounts receivable	235,715	-	235,715	-
Increase (decrease) in accounts payable and accrued expenses	(960,588)	(1,551)	(962,139)	12,596
(Increase) decrease in other assets	24,393	-	24,393	-
(Decrease) in deferred revenues	(488,979)	-	(488,979)	-
Total adjustments	635,632	(1,551)	634,081	12,596
Net cash provided by operating activities	\$ (1,397,431)	\$ (36,063)	\$ (1,433,494)	\$ 12,596

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

TOWN OF WEST WARWICK, RHODE ISLAND
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2011

	<u>Employee Retirement Plan</u>	<u>Agency Funds</u>
ASSETS		
Cash	\$ -	\$ 179,272
Receivables:		
Internal balances	-	6,703
Total receivables	-	6,703
Investments, at fair value:		
Cash management investment funds	1,801,998	-
Government bond funds	4,254,511	-
Corporate debt	2,375,799	-
Domestic stocks	24,543,912	-
Total investments	32,976,220	-
TOTAL ASSETS	<u>32,976,220</u>	<u>185,975</u>
LIABILITIES		
Deposits payable to others	-	185,975
Internal balances	4,724	-
Accounts payable and accrued expenses	232	-
TOTAL LIABILITIES	<u>4,956</u>	<u>\$ 185,975</u>
NET ASSETS		
Held in trust for pension benefits and other purposes	<u>\$ 32,971,264</u>	

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

TOWN OF WEST WARWICK, RHODE ISLAND
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2011

	<u>Employee Retirement Plan</u>
Additions	
Contributions	
Employer contributions	\$ 1,289,098
Plan members contributions	1,358,263
Total contributions	<u>2,647,361</u>
Investment earnings	
Net (decrease) in fair value of investments	5,450,208
Interest and dividends	<u>807,982</u>
Total investment earnings	<u>6,258,190</u>
Total additions	<u>8,905,551</u>
Deductions	
Benefits paid	7,210,615
Operating expenses	<u>343,592</u>
Total deductions	<u>7,554,207</u>
Change in net assets	<u>1,351,344</u>
Net assets - beginning	<u>31,619,920</u>
Net assets - ending	<u><u>\$ 32,971,264</u></u>

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

Notes to Financial Statements

TOWN OF WEST WARWICK, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

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

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

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

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

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

TOWN OF WEST WARWICK, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Although the West Warwick School System and the West Warwick Library meet certain criteria of the tests listed above, these entities are not deemed to have separate legal status apart from the Town. As a result, the financial data of these entities have been included as Special Revenue Funds within the Town's financial statements. The Housing Authority and Senior Center met none of the tests as described above and therefore, are not considered a component unit of the Town.

BASIS OF PRESENTATION

Government-Wide Financial Statements

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

Fund Financial Statements

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

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

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

TOWN OF WEST WARWICK, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

GOVERNMENTAL FUND TYPES

Major Governmental Funds

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

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

PROPRIETARY FUND TYPE

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

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

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

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

FIDUCIARY FUND TYPES

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

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

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

TOWN OF WEST WARWICK, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BASIS OF ACCOUNTING

Measurement Focus – Government Wide Financial Statements

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

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

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

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

Measurement Focus – Fund Financial Statements

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

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

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

TOWN OF WEST WARWICK, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BASIS OF ACCOUNTING (continued)

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

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

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

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

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

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

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

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

Cash Equivalents

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

TOWN OF WEST WARWICK, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BASIS OF ACCOUNTING (continued)

Investments

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

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

Receivables

Accounts receivable are recorded in the General, Special Revenue and Enterprise funds. The Town uses the direct write off method to account for bad debt in both the Government - Wide Financial Statements and the Fund Financial Statements. Allowances for uncollectible accounts receivables are based upon historical trends and the periodic aging of accounts receivable. The current years allowance is \$865,585.

Inventories

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

Capital Assets

Capital assets in Governmental Fund type operations are accounted for using the "current financial resources" measurement focus. Capital assets, which include property, plant and equipment, and infrastructure (e.g. road, curbs and gutters, streets and sidewalks, and drainage systems), are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. The Town defines capital assets as assets with an individual cost of more than \$10,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost (for certain assets acquired prior to 1960). Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets (retroactive to January 1, 1979) is included as part of the governmental capital assets reported in the government-wide statements. Donated assets are recorded at estimated fair market value at the date of donation.

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

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

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

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

TOWN OF WEST WARWICK, RHODE ISLAND

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BASIS OF ACCOUNTING (continued)

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

Deferred Revenues

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

Vacation, Sick Leave, and Other Compensated Absences

Unused vacation leave is paid upon an employee's termination. Sick leave not taken by municipal workers is paid 100% up to 100 days, for police and fire departments employees are paid 100% up to 130 days and 50% for the next 50 days and 25% for the next 50 days. School department employees are paid compensated absences based on various employee agreements. For Governmental Fund Types accrued compensated absences are presented as a current liability for those amounts expected to be paid with current financial resources. In governmental funds compensated absence expenditures are only reported when matured. For those compensated absences not to be paid with current financial resources, the liability is recorded in the Statement of Net Assets of the Government-Wide Financial Statements. At June 30, 2011 the long-term portion that amount was \$3,281,830. For Proprietary Fund Types accrued compensated absences are recorded as a liability within those funds. The Town's policy has been to use the general fund to liquidate the liability for compensated absences. However, there are amounts other than those which are liabilities on proprietary funds.

Inter-fund Transactions

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

Property Taxes

The Town is permitted by state law to levy property taxes. Current tax collections for the Town were approximately 95.9% of the total December 31, 2009 levy net of adjustments.

The Town's fiscal 2011 property taxes were levied in July of 2010 on assessed valuation as of December 31, 2009. Upon levy, taxes are billed quarterly and are due on July 15, October 15, January 15, and April 15. Failure to mail payments by due dates will result in lien on taxpayer's property. Assessed values are established by Tax Assessor's Office and are currently calculated at 100% of assessed value for real estate and 100% of market value for motor vehicles. A revaluation of all real estate was completed as of December 31, 2003.

TOWN OF WEST WARWICK, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BASIS OF ACCOUNTING (continued)

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Town is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

- **Nonspendable** - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.
- **Restricted** - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (Town ordinances). Enabling legislation authorizes the Town to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Town can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.
- **Committed** - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of Town Council. Those committed amounts cannot be used for any other purpose unless Town Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Town Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.
- **Assigned** – Amounts in the assigned fund balance classification are intended to be used by the Town for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Town Council.
- **Unassigned** - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

Application of Funds

The Town applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

TOWN OF WEST WARWICK, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BASIS OF ACCOUNTING (continued)

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The Town applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Revenues, Expenditures and Expenses

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

Program Revenues and Expenses

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

NOTE 2 – BUDGETARY DATA AND BUDGETARY COMPLIANCE

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

Appropriations in addition to those contained in the annual operating budgets, except for the purpose of meeting a public emergency, are made upon the recommendation of the Town Manager with the Director of Finance's certification as to General Fund surplus to meet such appropriations and with Town Council's approval and approval of the citizens at a Financial Town meeting. There were no additional supplemental appropriations for

TOWN OF WEST WARWICK, RHODE ISLAND

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 2 – BUDGETARY DATA AND BUDGETARY COMPLIANCE (continued)

the year ended June 30, 2011. Amendments to the operating budgets that do not result in additional appropriations may be made within departments by means of a transfer. The Finance Director has authority to make such transfers within departments for the first nine months of the fiscal year. Any other departmental transfers made and transfers made outside the departmental level in the last three months of the fiscal year require Town Council approval by ordinance.

CHARTER PROVISION DESIGNATED FUND BALANCE

The Town has established a formal policy on the minimum level of unreserved fund balance that should be maintained in the general fund. The Town's Home Rule Charter Section 509 Cash Reserve fund states: The town council shall provide for a cash reserve fund which shall be used as a source of funds to meet Town obligations in anticipation of tax receipts, anticipated from state or federal government or other sources. The Town manager shall include in his budget recommendations a sum equal to no less than .35 percent (.0035) of the total operating budget to be paid into the said cash reserve fund until said reserve shall equal 5 percent (.05) of the operating budget.

NOTE 3 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Legal Debt Margin

The Town's legal debt margin as set forth by State Statute is limited to three percent of total assessed value, which approximates \$2,121,460,176 based on the December 31, 2009 assessment. As of June 30, 2011 the Town's debt is under the debt limit by \$38,220,805. In addition to the bonding authority granted under §45-12-2 of the RI General Laws, the Town of West Warwick can authorize bond issues pursuant to a special act of the RI General Assembly. Bond issues authorized by a special act of the General Assembly are normally not subject to any legal debt limit, but are subject to financial constraints such as the Town's ability and willingness to service the bonded debt. See page 106 in the statistical section for computation of the legal debt margin.

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

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

Governmental Funds

Highway Safety Jaws of Life	\$11,515	**
Open Space Recreation	\$31,163	**
JAG ARRA	\$32,395	**
School Unrestricted Fund	\$3,140,177	*
Assistance to Firefighters	\$4,287	**
Energy Fund	\$16,715	**
Byrne Grant JAG 2008	\$4,134	**
Private Grants	\$765	**
School QZAB Bond Fund	\$46,962	**

* The deficit balance will require a future administrative plan to either reduce its future expenditures or to fund this deficit.

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

TOWN OF WEST WARWICK, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 5 – CASH AND INVESTMENTS

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

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

Interest Rate Risk: The Town limits its exposure to fair value losses arising from changes in interest rates by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and investing operating funds primarily in shorter-term securities, money market funds, or similar investment pools, although the Government does not have a formal policy relating to a specific investment-related risk.

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

Custodial Credit Risk

Deposits: This is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2011, all of the Town's balances of \$13,654,555 on deposit with financial institutions were both insured and collateralized.

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

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

TOWN OF WEST WARWICK, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 5 – CASH AND INVESTMENTS (continued)

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

Cash and Cash Equivalents	
Deposits with financial institutions	\$ 13,654,555

Investments	
Pension Trust Fund:	
Cash and Money Funds	1,801,998
U.S. Government Bonds	4,254,511
Corporate Debt	2,375,799
Equities	24,543,912
Total Pension Investments	32,976,220
Total Cash and Investments	\$ 46,630,775

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

Statement of Net Assets	
Cash and cash equivalents	\$ 13,475,283
Fiduciary Funds	
Cash and cash equivalents	179,272
Investments	32,976,220
	33,155,492
Total Cash and Investments	\$ 46,630,775

Interest Rate Risk: This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. Information about the exposure of the town's debt type investments to this risk using the segment time distribution model is as follows:

Type of Investment	Fair Value	Investment Maturities (in Years)			
		Less Than 1 Year	1-5 Years	6-10 Years	Over 10 Years
Government Bonds	\$ 4,254,511	\$ -	\$ 612,192	\$ 924,284	\$ 2,718,035
Corporate Debt	2,375,799	-	404,378	1,265,634	705,787
Total	\$ 6,630,310	\$ -	\$ 1,016,571	\$ 2,189,918	\$ 3,423,822

TOWN OF WEST WARWICK, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 5 – CASH AND INVESTMENTS (continued)

Credit Risk: Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. The list below provides a rating of all corporate debt held by the Town.

Average Rating	Corporate Bonds
Aaa	\$ 683,463
Aa1	32,376
Aa2	55,556
Aa3	158,347
A1	248,936
A2	498,698
A3	118,608
Baa1	98,177
Baa2	407,028
Baa3	42,720
Caa2	31,891
	<u>\$ 2,375,799</u>

NOTE 6 - PROPERTY TAXES

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

All property taxes for fund statement purposes are recognized in compliance with NCGA Interpretation-3 (Revenue Recognition - Property Taxes), which states that such revenue is recorded when it becomes measurable and available. Available means due, or past due and receivable within the current period and collected no longer than 60 days after the close of the current period. The Town does not use an allowance method for bad debts. It directly writes off receivables as they become un-collectible as per state law.

NOTE 7 – PROPERTY, PLANT & EQUIPMENT

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

TOWN OF WEST WARWICK, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 7 - INFORMATION ABOUT CAPITAL ASSETS (continued)

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

	Primary Government			
	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 6,089,514	\$ 10,599	\$ -	\$ 6,100,113
Construction in Progress	3,565,690	199,192	3,557,130	207,752
Total capital assets not being depreciated	<u>9,655,204</u>	<u>209,791</u>	<u>3,557,130</u>	<u>6,307,865</u>
Other capital assets:				
Land improvements	1,041,755	-	-	1,041,755
Infrastructure	47,716,393	674,143	-	48,390,536
Buildings and improvements	77,124,298	3,557,130	-	80,681,428
Motor vehicles	1,856,161	221,407	98,522	1,979,046
Office furniture and equipment	2,162,079	-	-	2,162,079
Machinery and equipment	3,513,450	765,754	456,916	3,822,288
Total other capital assets at historical cost	<u>133,414,136</u>	<u>5,218,434</u>	<u>555,438</u>	<u>138,077,132</u>
Less accumulated depreciation for:				
Land improvements	1,010,976	-	-	1,010,976
Infrastructure	27,474,454	1,230,753	-	28,705,207
Buildings and improvements	56,838,757	1,951,128	-	58,789,885
Motor vehicles	1,031,705	150,762	98,522	1,083,945
Office furniture and equipment	1,328,729	27,639	-	1,356,368
Machinery and equipment	3,395,374	357,099	456,916	3,295,557
Total accumulated depreciation	<u>91,079,995</u>	<u>3,717,381</u>	<u>555,438</u>	<u>94,241,938</u>
Governmental activities capital assets, net	<u>\$ 51,989,345</u>	<u>\$ 1,710,844</u>	<u>\$ 3,557,130</u>	<u>\$ 50,143,059</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
Legislative, judicial and general administrative	\$ 1,991,496
Public safety	432,174
Public works	103,121
Parks and recreation	578,942
Library	22,294
Education	589,354
Total governmental activities depreciation expense	<u>\$ 3,717,381</u>

TOWN OF WEST WARWICK, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 7 - INFORMATION ABOUT CAPITAL ASSETS (continued)

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

	Primary Government			Ending Balance
	Beginning Balance	Increases	Decreases	
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 52,900	\$ -	\$ -	\$ 52,900
Construction in progress	1,688,688	5,837,101	-	7,525,789
Total capital assets not being depreciated	<u>1,741,588</u>	<u>5,837,101</u>	<u>-</u>	<u>7,578,689</u>
Other capital assets:				
Plant facilities and equipment	66,933,083	561,413	7,525,790	59,968,706
Extensions and mains	37,488,865	-	-	37,488,865
Total other capital assets at historical cost	<u>104,421,948</u>	<u>561,413</u>	<u>7,525,790</u>	<u>97,457,571</u>
Less accumulated depreciation for:				
Plant facilities and equipment	12,627,391	1,238,260	-	13,865,651
Extensions and mains	10,925,741	560,353	-	11,486,094
Total accumulated depreciation	<u>23,553,132</u>	<u>1,798,613</u>	<u>-</u>	<u>25,351,745</u>
Business-type activities capital assets, net	<u>\$ 82,610,404</u>	<u>\$ 4,599,901</u>	<u>\$ 7,525,790</u>	<u>\$ 79,684,515</u>

Depreciation expense was charged to functions as follows:

Business-type activities:	
Sewer Fund	\$ 1,798,613
Total business-type activities depreciation expense	<u>\$ 1,798,613</u>

**TOWN OF WEST WARWICK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

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

"Total fund balances" of the Towns' governmental funds \$6,520,453 differs from "net assets" of governmental activities \$ (\$20,305,904) reported in the statement of net assets. This difference primarily results from the long-term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheets. The effect of the differences is illustrated below.

Balance Sheet/Statement of Net Assets				
	Total Governmental Funds	Long-term Assets/ Liabilities (1)	Reclassifications and Eliminations (2)	Statement Net Assets Totals
Assets				
Cash and cash equivalents	\$ 10,385,294	\$ -	\$ -	\$ 10,385,294
Receivables:				
Property taxes, net	2,396,422	-	-	2,396,422
Intergovernmental	1,312,420	-	-	1,312,420
Other	198,607	-	4,724	203,331
Internal balances	4,495,790	-	(4,495,790)	-
Inventory	44,347	-	-	44,347
Other assets (net)	1,299,420	-	-	1,299,420
Deferred charges	-	433,188	-	433,188
Property, plant and equipment - net	-	43,835,194	-	43,835,194
Assets not being depreciated-CIP	-	207,752	-	207,752
Assets not being depreciated-Land	-	6,100,113	-	6,100,113
Total assets	\$ 20,132,300	\$ 50,576,247	\$ (4,491,066)	\$ 66,217,481
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued items	\$ 5,445,168	\$ -	\$ 508,234	\$ 5,953,402
Accrued expenses	1,636,660	293,938	-	1,930,598
Internal balances	4,306,988	-	(4,999,300)	(692,312)
Deferred revenue	2,223,031	(1,775,820)	-	447,211
Long-term liabilities				
Due within one year	-	1,730,851	-	1,730,851
Due in more than one year	-	77,153,635	-	77,153,635
Total liabilities	13,611,847	77,402,604	(4,491,066)	86,523,385
Fund Balances/Net Assets				
Total fund balances/net assets	6,520,453	(26,826,357)	-	(20,305,904)
Total liabilities and fund balances/net assets	\$ 20,132,300	\$ 50,576,247	\$ (4,491,066)	\$ 66,217,481

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

Cost of capital assets	\$ 144,384,997
Accumulated depreciation	(94,241,938)
	\$ 50,143,059

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

Adjustment of deferred revenue	\$ 2,035,857
Deferred bond cost	433,188
Bond premium	(260,037)
Accrued interest	(293,938)
	\$ 1,915,070

Long-term liabilities applicable to the Towns' governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term are reported in the statement of net assets.

Bonds payable	\$ (25,423,000)
Accrued compensated absences	(3,281,830)
Net OPEB obligation	(14,906,606)
Net pension obligation	(35,273,050)
	\$ (78,884,486)

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

Accounts payable	\$ (501,531)
Internal balances	501,531
	\$ -

**TOWN OF WEST WARWICK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

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

The "net change in the fund balances" for governmental funds \$163,595 differs from the "change in net assets" for governmental activities \$(8,878,525) reported in the statement of activities. The differences arise primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The effect of the differences are illustrated below with explanations on page 39.

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

	Total Governmental Funds	Long-term Revenues/ Expenses (1)	Capital- related Items (2)	Long-term Debt Transactions (3)	Statement of Activities Totals
Revenues					
General property tax	\$ 51,373,623	\$ 245,575	\$ -	\$ -	\$ 51,619,198
Intergovernmental and departmental revenues	32,598,311	-	-	-	32,598,311
Federal revenue SFSF	506,154	-	-	-	506,154
License and permits	1,843,211	-	-	-	1,843,211
Fines and interest on late payments	539,400	-	-	-	539,400
Interest on investments	159,892	-	-	-	159,892
Other revenues	1,419,392	-	-	16,441	1,435,833
Total revenues	88,439,983	245,575	-	16,441	88,701,999
Expenditures					
Current:					
Legislative, judicial and general administrative	9,441,293	-	1,980,897	9,021,646	20,443,836
Financial administration	649,338	-	-	37,853	687,191
Public safety	13,780,375	-	152,491	-	13,932,866
Public works	4,819,896	-	(472,822)	-	4,347,074
Public Health and Welfare	1,126,096	-	-	-	1,126,096
Parks and recreation	231,181	-	578,942	-	810,123
Library	732,760	-	22,294	-	755,054
Education	53,822,390	-	571,080	-	54,393,470
Capital	986,596	-	(986,596)	-	-
Long-term obligations:					
Principal	1,580,000	-	-	(1,580,000)	-
Interest	1,090,463	(21,649)	-	-	1,068,814
Other	16,000	-	-	-	16,000
Total expenditures	88,276,388	(21,649)	1,846,286	7,479,499	97,580,524
Other financing sources (uses)					
Transfers from other funds	45,855,653	-	-	-	45,855,653
Transfers to other funds	(45,855,653)	-	-	-	(45,855,653)
Total other financing sources (uses)	-	-	-	-	-
Net change for the year	\$ 163,595	\$ 267,224	\$ (1,846,286)	\$ (7,463,058)	\$ (8,878,525)

**TOWN OF WEST WARWICK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

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

- (1) Increases in deferred revenues do not provide current financial resources to governmental funds but are reported as revenues in the statement of activities.

Deferred revenue property tax	\$ 245,575
	<u> </u>

Interest expense in the statement of activities differs from the amount reported in the governmental funds for two reasons. Accrued interest was reduced on the calculation for bonds payable. Cost associated with debt financing are expensed in the fund financial statements while in the government-wide financial statements they are capitalized and amortized over the life of the bond, also premiums received from bond issuance which are recorded in the governmental funds as revenue are amortized in the statement of activities.

Accrued interest	\$ 21,649
Amortization of bond premium	16,441
Amortization bond issuance cost	(37,853)
Total expenditure adjustment	<u>\$ 237</u>

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

Capital outlay	\$ 1,871,095
Depreciation expense	(3,717,381)
Difference	<u>\$ (1,846,286)</u>

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

Principal payments made	\$ 1,580,000
	<u>\$ 1,580,000</u>

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

Net decrease in compensated absences	\$ 395,302
Net increase in the OPEB obligation	(3,391,158)
Net increase in the net pension obligation	(6,025,790)
Change	<u>\$ (9,021,646)</u>

TOWN OF WEST WARWICK
NOTES TO FINANCIAL STATEMENTS
JUNE 30,2011

NOTE 10 - INFORMATION ABOUT LONG-TERM LIABILITIES

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

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

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

	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2011</u>	<u>Amounts Due within One Year</u>
Governmental Activities					
Bonds Payable	\$ 27,003,000	\$ -	\$ 1,580,000	\$ 25,423,000	\$ 1,605,000
Total bonds payable	<u>27,003,000</u>	<u>-</u>	<u>1,580,000</u>	<u>25,423,000</u>	<u>1,605,000</u>
Other liabilities:					
Accrued compensated absences	3,677,132	-	395,302	3,281,830	125,851
Net OPEB Obligation	11,515,448	3,391,158	-	14,906,606	-
Net Pension Benefit	29,247,260	6,025,790	-	35,273,050	-
Total other liabilities	<u>44,439,840</u>	<u>9,416,948</u>	<u>395,302</u>	<u>53,461,486</u>	<u>125,851</u>
Governmental Activities long-term liabilities	<u>\$ 71,442,840</u>	<u>\$ 9,416,948</u>	<u>\$ 1,975,302</u>	<u>\$ 78,884,486</u>	<u>\$ 1,730,851</u>
Business-Type Activities					
Sewer Department notes payable	26,228,000	-	1,695,000	24,533,000	1,705,000
Total notes payable	<u>26,228,000</u>	<u>-</u>	<u>1,695,000</u>	<u>24,533,000</u>	<u>1,705,000</u>
Total long-term liabilities	<u>\$ 26,228,000</u>	<u>\$ -</u>	<u>\$ 1,695,000</u>	<u>\$ 24,533,000</u>	<u>\$ 1,705,000</u>

The following schedule summarizes the Town's bonds and notes

	<u>Interest Rates</u>	<u>Principal</u>	<u>Due Dates</u>
Governmental bonds	1.47.% - 7.45%	\$25,423,000	2011-2029
Enterprise Funds notes payable	0% - 1.645%	24,533,000	2011-2028
Total All Funds		<u>\$49,956,000</u>	

**TOWN OF WEST WARWICK
NOTES TO FINANCIAL STATEMENTS
JUNE 30,2011**

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

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

Fiscal Year Ended June 30	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 1,605,000	\$ 1,022,887	\$ 2,627,887
2013	1,630,000	958,046	2,588,046
2014	1,535,000	894,460	2,429,460
2015	1,495,000	832,658	2,327,658
2016	1,525,000	770,597	2,295,597
2017	1,555,000	705,216	2,260,216
2018	1,590,000	636,003	2,226,003
2019	1,395,000	564,441	1,959,441
Thereafter	13,093,000	2,149,284	15,242,284
TOTALS	<u>\$ 25,423,000</u>	<u>\$ 8,533,592</u>	<u>\$ 33,956,592</u>

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

Fiscal Year Ended June 30	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 1,705,000	\$ 304,158	\$ 2,009,158
2013	1,716,000	285,048	2,001,048
2014	1,726,000	265,418	1,991,418
2015	1,735,000	245,289	1,980,289
2016	1,705,000	225,037	1,930,037
2017	1,717,000	204,678	1,921,678
2018	1,728,000	183,853	1,911,853
2019	1,740,000	162,572	1,902,572
Thereafter	10,761,000	531,972	11,292,972
TOTALS	<u>\$ 24,533,000</u>	<u>\$ 2,408,025</u>	<u>\$ 26,941,025</u>

TOWN OF WEST WARWICK, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 11 - INTERFUND RECEIVABLES AND PAYABLES

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

Below are balances at June 30, 2011.

INTERFUND RECEIVABLES AND PAYABLES

	<u>Due from other funds</u>	<u>Due to other funds</u>
General Fund	\$ 1,191,035	\$ 2,466,027
Special Revenue Funds:		
School Unrestricted	1,817,200	839,964
School Restricted	441,084	518,045
Town Restricted	573,178	449,838
Capital Projects:	2,831,462	1,807,847
	473,293	33,114
Trust and Agency Funds:		
Pension Trust Fund	-	4,724
Agency Funds	6,703	
Proprietary Funds		
Sewer	-	731,567
Municipal Court	39,255	-
Internal Service	501,531	-
	<u>540,786</u>	<u>731,567</u>
	<u>\$ 5,043,279</u>	<u>\$ 5,043,279</u>

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

INTERFUND TRANSFERS

<u>Fund / Department</u>	<u>Transfers from other funds</u>	<u>Transfers to other funds</u>
General Fund	\$ 83,206	\$45,757,595
Special Revenue (School Department)	45,757,595	-
Special Revenue Funds (Town)	14,852	98,058
Capital Project Funds	-	-
Enterprise Funds	-	-
Totals	<u>\$45,855,653</u>	<u>\$45,855,653</u>

TOWN OF WEST WARWICK, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 12 - FUND EQUITY RESERVES

The following reserves are recorded in the fund financial statements at June 30, 2011:

	General Fund	School Special Revenue Unrestricted Fund	Other Non-Major Governmental Funds	Total Governmental Funds
Fund balances:				
Nonspendable fund balances:				
Inventory	\$ 44,347	\$ -	\$ -	\$ 44,347
Prepaid expenses	5,252	-	-	5,252
Restricted fund balances:				
QZAB bond sinking fund	973,298	-	-	973,298
Trust agreements	-	-	2,106	2,106
Assigned fund balances:				
Capital expenditures	16,605	-	-	16,605
School deficit reduction	1,441,457	-	-	1,441,457
Unassigned, reported in non-major:				
General fund	5,163,583	-	-	5,163,583
Special revenue funds	-	(3,140,177)	409,043	(2,731,134)
Capital projects fund	-	-	1,604,939	1,604,939
Total fund balances	<u>\$ 7,644,542</u>	<u>\$ (3,140,177)</u>	<u>\$ 2,016,088</u>	<u>\$ 6,520,453</u>

NOTE 13 - SEGMENT INFORMATION FOR THE ENTERPRISE FUNDS

Segment information for the Sewer Fund at June 30, 2011 and for the year then ended is presented as follows:

	Sewer Fund
Operating Revenues	\$ 7,181,706
Depreciation and Amortization	\$ 1,825,091
Operating Income (loss)	\$ (2,033,063)
Change in Net Assets	\$ (2,329,548)
Net Working Capital	\$ 661,316
Total Assets	\$ 96,042,507
Total Indebtedness	\$ 24,533,000
Total Net Assets	\$ 60,101,021

NOTE 14 - SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

A. Litigation

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

TOWN OF WEST WARWICK, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 14 - SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES (continued)

During fiscal year ended June 30, 2008 the West Warwick School Department filed a claim for additional appropriations under Rhode Island's "Caruolo Act" in the amount of \$1,162,343. Subsequently, there arose a question by the School Department as to whether these additional payments would be qualified for inclusion under the "Maintenance of Effort" regulations as issued by the State of Rhode Island. The issue at hand is whether these payments would be considered as a "One time payment" for fiscal year 2008, or would be required to be remitted to the School Department as part of every subsequent fiscal year budget appropriation starting in the fiscal year of 2009. As of the date of this restatement, the issue has not been resolved, but is presently in litigation between the two parties. The Town intends to pursue the matter vigorously to its conclusion.

In January of 2011, the State of Rhode Island passed a law allowing municipal governments to reduce funding to their school departments based on a decrease in funding from the State. The Town chose to decrease its funding to the schools based on this law. The school department believes that the funds are due to them based on a vote at the financial town meeting approving the budget in its entirety, which included full funding to the schools, and as such, the amount should be transferred for use by the schools.

Based on the diverse positions, the Town has set aside funds by creating a cash reserve account in November 2011 and has also set up a restriction of the fund balance until such time as this matter is either litigated or resolved.

B. Federally Assisted Programs - Compliance Audits

The Town participates in a number of federally assisted programs. The audits of these programs through the year ended June 30, 2011 were audited in connection with the accompanying financial statements under the Single Audit Concept and the auditor's reports thereon are presented in the Single Audit Report. Management believes that the amounts, if any, of expenditures, which may be disallowed, will not be material to the financial position of the Town.

NOTE 15 – OTHER POST RETIREMENT BENEFITS

Plan Description

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

Plan Types

Medical: Blue Cross/Blue Shield Classic or Healthmate

Dental: Delta Dental of Rhode Island

Eligibility

Police & Fire: Any age with 20 years.

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

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

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

TOWN OF WEST WARWICK, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 15 – OTHER POST RETIREMENT BENEFITS (continued)

Benefit/Cost Sharing

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

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

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

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

Spouse Benefit - Yes

Surviving Spouse Benefit – Yes until Medicare eligible

Membership

At June 30, 2011, active membership consisted of 601 employees

Funding Policy

Contribution requirements are negotiated between the Town and the respective unions. The Town is required to contribute the cost of medical/drug and dental benefits, less the amount of any applicable co-payment in effect at the time of retirement. For the year-ended June 30, 2011, the plan operated on a pay as you go basis and no provision has been made to fund future benefits to be provided to plan members.

Annual OPEB Funded Status and net OPEB Obligation

Actuarial Valuation Date <u>July 1,</u>	Actuarial Value of Assets (a)	Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2008	\$ 0	\$136,587,286	\$136,587,286	0.0%	N/A	N/A
2010	\$ 0	\$85,956,352	\$85,956,352	0.0%	N/A	N/A

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

	<u>6/30/2010</u>	<u>6/30/2011</u>
Annual required contribution	\$9,327,511	\$7,694,525
Intersect on OPEB obligation	230,892	460,618
Adjustment to annual required contribution	(241,842)	(532,911)
Annual OPEB cost	9,316,561	7,622,232
Contributions made	<u>3,573,395</u>	<u>4,231,074</u>
Increase (decrease) in OPEB obligation	<u>5,743,166</u>	<u>3,391,158</u>
Net OPEB obligation beginning of year	<u>5,772,282</u>	<u>11,515,448</u>
Net OPEB obligation end of year	<u>\$11,515,448</u>	<u>\$14,906,606</u>

TOWN OF WEST WARWICK, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 15 – OTHER POST RETIREMENT BENEFITS (continued)

Actuarial Methods and Assumptions

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

Valuation Date:	July 1, 2011
Interest Rate	4.00%
2008 Medical Trend Rate	9.00%
Ultimate Medical Trend Rate	5.00%
Year Ultimate Medical Trend Rate Reached	2014
Remaining Amortization Period	25.97 Years
Annual Payroll Increase	2.50%

NOTE 16 - PENSION PLANS

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

All Town of West Warwick, Rhode Island certified school personnel participate in the Employees' Retirement System of the State of Rhode Island ("System"), a cost-sharing multiple-employer public employee retirement system.

Plan Description

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

Schedule A Benefits

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

TOWN OF WEST WARWICK, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 16 - PENSION PLANS (continued)

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

Plan Description (continued)

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

Schedule B Benefits

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

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

Funding Policy

Rhode Island general laws set the contribution rates for participating State employees at 9.5% of salary. Annual contributions by both employers and the State on behalf of those employees are determined by actuaries and assessed as percentage of participants' payroll. The Town was required to contribute 11.25%, 11.25%, and 11.89%, for all full-time employees for fiscal years 2011, 2010, and 2009, respectively. The required contributions include (a) normal costs; (b) payments to amortize the unfunded frozen actuarial accrued liability as of June 30, 1999 over 30 years; and (c) interest on the unfunded frozen actuarial liability. Normal cost is determined using the entry age normal cost method with frozen initial liability. Both employers and employees contribute 1% of the first \$9,600 of salary for survivor benefits. A variety of significant actuarial assumptions are used and these assumptions are summarized below:

As prescribed by Rhode Island general law, the State pays the entire portion of the annual required contribution attributable to the costs of contributions deferred by the State in prior years plus 40% of contributions assessed to employers on payroll not reimbursable through Federal programs. This resulted in contribution rates paid by the State on behalf of the School Department of 8.18% of non-federally reimbursable payrolls totaling \$1,577,790 for the fiscal year ended June 30, 2011. These on-behalf payments of for the Town's employees were recognized as revenues and expenditures during the period.

TOWN OF WEST WARWICK, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 16 - PENSION PLANS (continued)

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

Plan Description (continued)

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

Required contributions:

<u>Fiscal Years Ending</u>	<u>Required Pension Cost</u>	<u>Percentage Contributed</u>
June 30, 2009	\$ 2,798,442	88%
June 30, 2010	\$ 2,700,405	100%
June 30, 2011	\$ 2,720,817	100%

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

The plans trend information showing the System's progress in accumulating sufficient assets to pay benefits when due is presented in the State of Rhode Island's Employee Retirement System's June 30, 2010 annual financial report which, may be obtained from the administrative offices of the State of Rhode Island Retirement Board, 40 Fountain Street, Providence, Rhode Island. This report is the most recent report available from the State who administers the Plan.

B. Municipal Employees' Retirement System (Town Plan)

Plan Description

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

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

The Plan's eligibility requirements are as follows:

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

TOWN OF WEST WARWICK, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 16 - PENSION PLANS (continued)

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

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

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

Normal Retirement Requirements:

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

Other Departments – the earliest of:

Age 60 and completion of 10 years of service;

Completion of 25 years of service with no age requirement.

Plan Description

Monthly Pension:

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

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

Average Monthly Compensation:

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

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

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

Normal Form of Benefit:

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

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

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

Summary of Significant Accounting Policies

Basis of Accounting

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

TOWN OF WEST WARWICK, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 16 - PENSION PLANS (continued)

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

Method Used to Value Investments

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

Contributions and reserves

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

Actuarial Cost Method

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

1. The first step is to determine the plan's liability for the promised benefits. For employees, this involves estimating the dollar value of benefits when employees reach retirement age, and estimating how many employees will actually stay with the Town long enough to receive those benefits. Once benefits start being paid, an estimate must be made as to how long the retiree will live and continue to collect benefits. All of those future benefit payments are then stated in terms of today's dollars, and the end result is termed ***Represent value of future benefits***.
2. For current employees, a portion of those ***future benefits*** have already been earned, and the rest will be earned over their remaining working lifetime. The actuarial cost method divides the ***present value of future benefits*** into three pieces: the ***accrued liability***, which is the portion allocated to past years, the ***normal cost***, which is the piece allocated to the current year, and ***Represent value of future normal costs***, which is the piece allocated to future years.
3. For terminated employees and retirees, all benefits have already been earned, so the actuarial cost method assigns the ***entire present value of future benefits*** to the ***accrued liability***.

TOWN OF WEST WARWICK, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 16 - PENSION PLANS (continued)

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

Plan Description

4. Once the liabilities have been determined, the next step is to look at the plan's assets. These are held in a trust and are invested in a variety of stocks and bonds. Because of financial market conditions, the market value of the plan's assets can be volatile. The actuaries calculate an *actuarial value of assets* that smoothes out this volatility so that the Town's contribution does not swing about as much as the stock market does. Beginning July 1, 2001, the *actuarial value of assets* is determined by first projecting the *actuarial value* from the beginning of the prior fiscal year based on the actual cash flow during the fiscal year and the assumed interest rate. The difference between this expected *actuarial value* and the actual market value is recognized over a five year period, subject to the *actuarial value* remaining within + 15% of the Market Value. For prior years, the *actuarial value of assets* was equal to the Market Value of Assets.
5. The plan's assets represent the accumulation of all contributions that have been made in past years. Similarly, the plan's accrued liability represents the accumulation of all benefits that have been earned in past years. If the assets exceed the liabilities, the Town has in effect paid more than necessary in past years, and so can pay *less* in future years. Likewise, if the assets are smaller than the liabilities, then the Town should pay *more* in future years to make up the shortfall. The actuarial cost method factors this into the contribution via the *past service cost*. First, we subtract the *actuarial value of assets* from the *accrued liability*. The result is called the *unfunded accrued liability*. The *unfunded accrued liability* is then amortized over a 26 year period (30 years starting with the July 1, 2000 valuation) to determine the *past service cost*.
6. The Town's annual contribution is then calculated by adding together the *normal cost* and the *past service cost*. The annual contribution is divided by the current annual payroll to get a *contribution rate*. The contribution rate should remain relatively stable over the years, unless there are unexpected changes in the employee and retiree populations, unusual investment results, or changes in the benefit provisions.

Actuarial Assumptions

Inflation Rate: The plan assumes a rate of 3.00% - 3.50%.

Investment Returns: The plan assumes a return rate of 8.00%.

Projected Salary Increases: Projected salary increases are assumed at 3.5%.

Post Retirement Benefit Increases: N/A

Amortization method: Level Percent

Amortization Period: 25 Year (decreasing)

Valuation type: Closed Group

TOWN OF WEST WARWICK, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 16 - PENSION PLANS (continued)

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

Concentrations

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

Annual Pension Cost and Net Pension Obligation: Below are the required pension obligation presentations per GASB 25 and 27 for the period ending June 30, 2010 and 2011.

	<u>6/30/2010</u>	<u>6/30/2011</u>
Annual required contribution	\$5,799,056	\$6,912,110
Inter-set on Pension obligation	2,107,084	2,412,899
Adjustment to annual required contribution	(1,699,296)	(2,010,121)
Annual Pension cost	6,206,844	7,314,888
Contributions made	<u>2,500,000</u>	<u>1,289,098</u>
Increase (decrease) in Pension obligation	<u>3,706,844</u>	<u>6,025,790</u>
Net Pension obligation beginning of year	<u>25,540,416</u>	<u>29,247,260</u>
Net Pension obligation end of year	<u>\$29,247,260</u>	<u>\$35,273,050</u>

REQUIRED SUPPLEMENTARY INFORMATION

Trend Information

Fiscal Year Ended <u>June 30,</u>	Annual Required <u>Contribution</u>	Percentage <u>Contributed</u>	<u>NPO</u>	Actual <u>Contribution</u>
2011	\$6,912,110	18.65%	\$35,273,050	\$1,289,098
2010	5,799,056	43.11%	29,247,260	2,500,000
2009	4,676,096	21.30%	25,540,416	1,000,000
2008	4,082,436	55.83%	21,458,620	2,279,340
2007	3,553,780	56.31%	19,256,290	2,001,206
2006	3,100,394	47.42%	17,315,472	1,470,276

Funded Status

Actuarial Valuation <u>Date</u>	Actuarial Value of Assets <u>(a)</u>	Actuarial Accrued Liability (AAL) <u>(b)</u>	Unfunded AAL (UAAL) <u>(b-a)</u>	Funded Ratio <u>(a/b)</u>	Covered Payroll <u>(c)</u>	UAAL as a Percentage of Covered Payroll <u>(b-a)/c)</u>
7/1/10	\$35,007,723	\$133,014,168	\$98,006,445	26.32%	\$16,303,378	601.14%
7/1/09	\$35,588,039	\$119,658,016	\$84,069,977	29.74%	\$16,891,909	497.69%
7/1/08	44,536,601	112,769,635	68,233,034	39.49%	17,047,080	400.26%
7/1/07	43,413,194	100,619,756	57,206,562	43.10%	16,862,318	339.30%
7/1/06	41,254,601	91,322,808	50,068,207	45.17%	15,720,077	318.50%
7/1/05	40,301,196	84,051,416	43,750,220	47.95%	14,781,683	295.98%

TOWN OF WEST WARWICK, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE 17 - RISK MANAGEMENT

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

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

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

NOTE 18 - RELATED PARTIES

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

NOTE 19 – STATE FISCAL STABILIZATION FUNDS

State education aid to school districts was reduced for fiscal year 2011 as part of a State budget crisis. To offset this reduction in state aid, an equal amount of State Fiscal Stabilization Funds (SFSF) were allocated to each school district. The fiscal impact to school district operations aid was intended to be neutral. These Stabilization Funds were part of the American Recovery and Reinvestment Act of 2009 (ARRA) and under guidance provided by Rhode Island General Law R.I.G.L. 45-12-22.2, school districts were required to account for Stabilization Funds in a separate restricted fund, however for financial statement purposes districts are required to include expenditures covered by the Stabilization Funds as part of the School Unrestricted (General) Fund. For fiscal year 2011, the West Warwick Public School System was awarded and received \$506,154 in Stabilization Funding.

NOTE 20 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 29, 2011 the date the financial statements were available to be issued. As a result of this review no material subsequent events were noted.

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION
TOWN OF WEST WARWICK, RHODE ISLAND
Budgetary Comparison Schedule - General Fund
Schedule of Revenues - (Budgetary Basis)
For the Fiscal Year Ended June 30, 2011

	Original Budget Revenues	Revised Budget Revenues	Actual Revenues	Variance
General property taxes				
Real estate and personal property tax	\$ 51,189,519	\$ 51,189,519	\$ 51,373,623	\$ 184,104
Total general property taxes	<u>51,189,519</u>	<u>51,189,519</u>	<u>51,373,623</u>	<u>184,104</u>
Intergovernmental and departmental revenues				
State of Rhode Island	24,006,970	24,006,970	23,994,114	(12,856)
Departmental	566,650	566,650	484,990	(81,660)
Total intergovernmental and departmental revenue	<u>24,573,620</u>	<u>24,573,620</u>	<u>24,479,104</u>	<u>(94,516)</u>
Licenses, permits and usage fees				
Business fees	1,693,000	1,693,000	1,783,824	90,824
Non-business fees	69,750	69,750	59,387	(10,363)
Total licenses, permits and usage fees	<u>1,762,750</u>	<u>1,762,750</u>	<u>1,843,211</u>	<u>80,461</u>
Fines and interest on late payments	225,000	225,000	539,400	314,400
Interest on investments	100,000	100,000	72,628	(27,372)
Other revenues	99,000	99,000	167,064	68,064
Total revenues	<u>77,949,889</u>	<u>77,949,889</u>	<u>78,475,030</u>	<u>525,141</u>
Other financing sources				
Transfer from other funds	-	-	83,206	83,206
Total other financing sources	<u>-</u>	<u>-</u>	<u>83,206</u>	<u>83,206</u>
Total revenue and other financing sources	<u>\$ 77,949,889</u>	<u>\$ 77,949,889</u>	<u>\$ 78,558,236</u>	<u>\$ 608,347</u>

REQUIRED SUPPLEMENTARY INFORMATION
TOWN OF WEST WARWICK, RHODE ISLAND
Budgetary Comparison Schedule - General Fund
For the Fiscal Year Ended June 30, 2011

	<u>Original Budgeted Expenditures</u>	<u>Revised Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Variance</u>
<i>Legislative, judicial and general administrative</i>				
<i>Town council</i>				
Salaries	\$ 26,000	\$ 26,000	\$ 23,392	\$ 2,608
Fees and supplies	17,000	17,000	10,545	6,455
Contribution - non profit	12,000	12,000	12,000	-
<i>Total council</i>	<u>55,000</u>	<u>55,000</u>	<u>45,937</u>	<u>9,063</u>
<i>Town Administrator</i>				
Salaries and wages	206,168	206,168	184,246	21,922
Office expense	6,400	6,400	5,249	1,151
Travel/training	4,000	4,000	4,397	(397)
<i>Total Administrator</i>	<u>216,568</u>	<u>216,568</u>	<u>193,892</u>	<u>22,676</u>
<i>Clerks and records</i>				
Salaries and wages	202,895	202,895	211,184	(8,289)
Office expense	19,000	19,000	20,068	(1,068)
Restoration of records	35,000	35,000	22,579	12,421
<i>Total clerks</i>	<u>256,895</u>	<u>256,895</u>	<u>253,831</u>	<u>3,064</u>
<i>Legal</i>				
Administration	100,000	100,000	122,848	(22,848)
Labor specialist	40,000	40,000	102,482	(62,482)
Claims paid	45,500	45,500	49,817	(4,317)
Probate	22,500	22,500	21,375	1,125
<i>Total legal</i>	<u>208,000</u>	<u>208,000</u>	<u>296,522</u>	<u>(88,522)</u>
<i>Board of Canvassers</i>				
Salaries and wages	50,188	50,188	43,549	6,639
Supplies & expense	5,500	5,500	5,315	185
Election expenses	45,000	45,000	31,807	13,193
<i>Total board of canvassers</i>	<u>100,688</u>	<u>100,688</u>	<u>80,671</u>	<u>20,017</u>
<i>Emergency Management Agency</i>				
Salaries and wages	7,500	7,500	7,625	(125)
Supplies & expense	1,000	1,000	-	1,000
<i>Total board of emergency management agency</i>	<u>8,500</u>	<u>8,500</u>	<u>7,625</u>	<u>875</u>
<i>Law Enforcement</i>				
Town sergeant	700	700	560	140
<i>Total law enforcement</i>	<u>700</u>	<u>700</u>	<u>560</u>	<u>140</u>
<i>General Government</i>				
Pensions	1,000,000	1,000,000	970,577	29,423
Employee benefits	6,557,280	6,557,280	6,820,496	(263,216)
Insurance	602,909	602,909	343,193	259,716
Unemployment	70,000	70,000	106,763	(36,763)
Services and utilities	232,911	232,911	248,145	(15,234)
Advertising	45,000	45,000	41,501	3,499
Cash Reserve Fund	270,000	270,000	-	270,000
<i>Total general government</i>	<u>8,778,100</u>	<u>8,778,100</u>	<u>8,530,675</u>	<u>247,425</u>

(continued)

**REQUIRED SUPPLEMENTARY INFORMATION
TOWN OF WEST WARWICK, RHODE ISLAND
Budgetary Comparison Schedule - General Fund
For the Fiscal Year Ended June 30, 2011
(continued)**

	<u>Original Budgeted Expenditures</u>	<u>Revised Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Variance</u>
<i>Town Planner</i>				
Salaries and wages	36,000	36,000	28,892	7,108
Fees, supplies and postage	1,500	1,500	2,688	(1,188)
<i>Total town planner</i>	<u>37,500</u>	<u>37,500</u>	<u>31,580</u>	<u>5,920</u>
<i>Total Legislative, judicial and general administrative</i>	<u>9,661,951</u>	<u>9,661,951</u>	<u>9,441,293</u>	<u>220,658</u>
<i>Financial Administration</i>				
Salaries and wages	227,302	227,302	237,599	(10,297)
IT Consultant	38,000	38,000	38,000	-
Fees, supplies and postage	12,250	12,250	10,644	1,606
<i>Total financial administration</i>	<u>277,552</u>	<u>277,552</u>	<u>286,243</u>	<u>(8,691)</u>
<i>Audit of Accounts</i>				
Professional services	23,100	23,100	20,250	2,850
<i>Total audit of accounts</i>	<u>23,100</u>	<u>23,100</u>	<u>20,250</u>	<u>2,850</u>
<i>Total for Financial Administration</i>	<u>300,652</u>	<u>300,652</u>	<u>306,493</u>	<u>(5,841)</u>
<i>Tax Collector</i>				
Salaries and wages	150,382	150,382	157,464	(7,082)
Fees and supplies	16,085	16,085	14,129	1,956
Advertising, postage and printing	11,528	11,528	17,275	(5,747)
<i>Total Tax Collector</i>	<u>177,995</u>	<u>177,995</u>	<u>188,868</u>	<u>(10,873)</u>
<i>Tax Assessor</i>				
Salaries and wages	116,929	116,929	123,373	(6,444)
Fees and supplies	7,268	7,268	7,669	(401)
Professional services	21,250	21,250	20,840	410
<i>Total Tax Assessor</i>	<u>145,447</u>	<u>145,447</u>	<u>151,882</u>	<u>(6,435)</u>
<i>Board of Assessment Review</i>				
Salaries and wages	2,830	2,830	1,964	866
Fees and supplies	300	300	131	169
<i>Total Board of Assessment Review</i>	<u>3,130</u>	<u>3,130</u>	<u>2,095</u>	<u>1,035</u>
<i>Public Safety</i>				
<i>Police Department</i>				
Salaries and wages	4,308,712	4,308,712	4,177,160	131,552
Police benefits overtime and sick leave	695,000	695,000	955,489	(260,489)
Insurance	23,600	23,600	23,600	-
Education	20,000	20,000	33,214	(13,214)
Supplies and services	347,350	347,350	301,689	45,661
Maintenance of police cars	60,000	60,000	87,270	(27,270)
Gas and tires	90,000	90,000	108,571	(18,571)
<i>Total police department</i>	<u>5,544,662</u>	<u>5,544,662</u>	<u>5,686,993</u>	<u>(142,331)</u>

(continued)

REQUIRED SUPPLEMENTARY INFORMATION
TOWN OF WEST WARWICK, RHODE ISLAND
Budgetary Comparison Schedule - General Fund
For the Fiscal Year Ended June 30, 2011
(continued)

	<u>Original Budgeted Expenditures</u>	<u>Revised Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Variance</u>
Public Safety (continued)				
Fire Department				
Salaries and wages	4,555,590	4,555,590	4,515,606	39,984
Benefits overtime and sick leave	1,392,500	1,392,500	1,649,670	(257,170)
Education	25,000	25,000	25,000	-
Insurance	28,000	28,000	27,600	400
Supplies & expense	72,866	72,866	66,511	6,355
Clothing allowance	114,000	114,000	113,767	233
Fuel	54,000	54,000	58,332	(4,332)
Utilities	19,500	19,500	26,569	(7,069)
Hydrants	375,101	375,101	369,667	5,434
Maintenance	57,000	57,000	64,727	(7,727)
Ambulance	31,000	31,000	54,770	(23,770)
Alarm and radio	18,000	18,000	19,049	(1,049)
Total fire department	<u>6,742,557</u>	<u>6,742,557</u>	<u>6,991,268</u>	<u>(248,711)</u>
Total Public Safety	<u>12,287,219</u>	<u>12,287,219</u>	<u>12,678,261</u>	<u>(391,042)</u>
Public Works				
Administration				
Salaries and wages	1,796,423	1,796,423	1,443,721	352,702
Supplies and expense	294,000	294,000	370,292	(76,292)
Dumping fees	400,000	400,000	929,884	(529,884)
Fuel	125,000	125,000	129,162	(4,162)
Fleet maintenance	202,000	202,000	203,778	(1,778)
Maintenance	195,000	195,000	162,533	32,467
Total administration	<u>3,012,423</u>	<u>3,012,423</u>	<u>3,239,370</u>	<u>(226,947)</u>
Recycling				
Salaries and wages	185,716	185,716	194,539	(8,823)
Fuel	20,000	20,000	-	20,000
Supplies	10,000	10,000	2,095	7,905
Total recycling	<u>215,716</u>	<u>215,716</u>	<u>196,634</u>	<u>19,082</u>
Engineering				
Salaries and wages	20,000	20,000	-	20,000
Supplies and fuel	2,000	2,000	3,639	(1,639)
Total engineering	<u>22,000</u>	<u>22,000</u>	<u>3,639</u>	<u>18,361</u>
Street Lighting				
Electric	370,000	370,000	383,149	(13,149)
Total street lighting	<u>370,000</u>	<u>370,000</u>	<u>383,149</u>	<u>(13,149)</u>
Other Public Works				
Zoning	5,800	5,800	4,120	1,680
Total other public works	<u>5,800</u>	<u>5,800</u>	<u>4,120</u>	<u>1,680</u>

(continued)

REQUIRED SUPPLEMENTARY INFORMATION
TOWN OF WEST WARWICK, RHODE ISLAND
Budgetary Comparison Schedule - General Fund
For the Fiscal Year Ended June 30, 2011
(continued)

	<u>Original Budgeted Expenditures</u>	<u>Revised Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Variance</u>
<i>Public Works (continued)</i>				
<i>Building Inspector</i>				
Salaries and wages	233,762	233,762	230,220	3,542
Repairs and maintenance	80,584	80,584	86,281	(5,697)
Supplies heat and fuel	63,979	63,979	46,994	16,985
Other	1,600	1,600	735	865
<i>Total building inspector</i>	<u>379,925</u>	<u>379,925</u>	<u>364,230</u>	<u>15,695</u>
<i>Total Public Works</i>	<u>4,005,864</u>	<u>4,005,864</u>	<u>4,191,142</u>	<u>(185,278)</u>
<i>Public Health and Welfare</i>				
Tenant affairs	1,800	1,800	2,085	(285)
Senior center	175,000	175,000	175,000	-
<i>Total Public Health and Welfare</i>	<u>176,800</u>	<u>176,800</u>	<u>177,085</u>	<u>(285)</u>
<i>Library</i>				
Salaries and wages	544,844	544,844	517,169	27,675
Benefits overtime and sick leave	110,277	110,277	110,277	-
Repairs and maintenance	8,808	8,808	10,900	(2,092)
Supplies and utilities	58,830	58,830	84,414	(25,584)
Memberships	10,000	10,000	10,000	-
<i>Total Library</i>	<u>732,759</u>	<u>732,759</u>	<u>732,760</u>	<u>(1)</u>
<i>Parks and Recreation</i>				
Salaries and wages	148,239	148,239	152,815	(4,576)
Supplies	79,050	79,050	78,366	684
<i>Total Parks and Recreation</i>	<u>227,289</u>	<u>227,289</u>	<u>231,181</u>	<u>(3,892)</u>
<i>Capital Budget</i>				
Capitalized capital budget	188,097	188,097	312,459	(124,362)
<i>Total Capital Budget</i>	<u>188,097</u>	<u>188,097</u>	<u>312,459</u>	<u>(124,362)</u>
<i>Total expenditures</i>	<u>27,907,203</u>	<u>27,907,203</u>	<u>28,413,519</u>	<u>(506,316)</u>
<i>Debt Service</i>				
Principal	1,735,671	1,735,671	1,580,000	155,671
Interest	1,090,463	1,090,463	1,090,463	-
Other bond cost	17,500	17,500	16,000	1,500
<i>Total Debt Service</i>	<u>2,843,634</u>	<u>2,843,634</u>	<u>2,686,463</u>	<u>157,171</u>
<i>Other financing uses</i>				
<i>Transfer to other funds</i>				
West Warwick school appropriation	47,199,052	47,199,052	45,757,595	1,441,457
<i>Total other financing uses</i>	<u>47,199,052</u>	<u>47,199,052</u>	<u>45,757,595</u>	<u>1,441,457</u>
<i>Total expenditures and other financing uses</i>	<u>\$ 77,949,889</u>	<u>\$ 77,949,889</u>	<u>\$ 76,857,577</u>	<u>\$ 1,092,312</u>

(concluded)

REQUIRED SUPPLEMENTARY INFORMATION
WEST WARWICK PUBLIC SCHOOLS
Budgetary Comparison Schedule - School Unrestricted Fund
Schedule of Revenues - Budgetary Basis
For the Fiscal Year Ended June 30, 2011

	<u>Original Budgeted Revenues</u>	<u>Revised Budgeted Revenues</u>	<u>Actual Revenues</u>	<u>Variance</u>
Revenues				
Medicaid	\$ 400,000	\$ 400,000	\$ 413,104	\$ 13,104
Federal revenue - State Fiscal Stabilization	506,154	506,154	506,154	-
Other revenues	245,000	245,000	50,947	(194,053)
Total revenues	<u>1,151,154</u>	<u>1,151,154</u>	<u>970,205</u>	<u>(180,949)</u>
Other financing sources				
Transfer from other funds				
Town appropriation	28,829,147	28,829,147	27,387,690	(1,441,457)
State and Federal Aid Transfers from Town				
General aid	14,219,223	14,219,223	14,219,223	-
State aid - Permanent funds	421,957	421,957	421,957	-
Student equity	1,715,906	1,715,906	1,715,906	-
Early childhood	169,583	169,583	169,583	-
Language assistance	98,620	98,620	98,620	-
Technology	85,696	85,696	85,696	-
Targeted	1,571,420	1,571,420	1,571,420	-
Full day kindergarten	3,000	3,000	3,000	-
Vocational equity	84,500	84,500	84,500	-
Total other financing sources	<u>47,199,052</u>	<u>47,199,052</u>	<u>45,757,595</u>	<u>(1,441,457)</u>
Total revenue and other financing sources	<u><u>\$ 48,350,206</u></u>	<u><u>\$ 48,350,206</u></u>	<u><u>\$ 46,727,800</u></u>	<u><u>\$(1,622,406)</u></u>

REQUIRED SUPPLEMENTARY INFORMATION
WEST WARWICK PUBLIC SCHOOLS
Budgetary Comparison Schedule - School Unrestricted Fund
Schedule of Expenditures - Budgetary Basis
Fiscal Year Ended June 30, 2011

	<u>Original Budgeted Expenditures</u>	<u>Revised Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Variance</u>
Expenditures				
Instructional Teachers	\$ 24,615,557	\$ 24,615,557	\$ 23,810,509	\$ 805,048
Substitute Teachers	743,500	743,500	677,230	66,270
Instructional Paraprofessionals	1,689,274	1,689,274	1,597,613	91,661
Pupil Use Technology and Software	260,700	260,700	367,891	(107,191)
Instructional Materials, Trips and Supplies	383,000	383,000	375,347	7,653
Guidance and Counseling	1,043,400	1,043,400	1,015,437	27,963
Libraries and Media	782,500	782,500	749,321	33,179
Extracurricular	495,800	495,800	448,520	47,280
Student Health and Services	982,090	982,090	1,029,402	(47,312)
Curriculum Development	480,900	480,900	469,671	11,229
In-Service, Staff Development and Support	298,200	298,200	305,891	(7,691)
Program Management	539,600	539,600	556,938	(17,338)
Therapists, Psychologists, Evaluators, Social Workers	2,262,500	2,262,500	2,125,781	136,719
Academic Student Assessments	33,000	33,000	66,813	(33,813)
Transportation	1,662,000	1,662,000	1,680,964	(18,964)
Safety	66,000	66,000	61,687	4,313
Building Upkeep, Utilities and Maintenance	3,054,100	3,054,100	3,103,873	(49,773)
Data Processing	150,200	150,200	153,535	(3,335)
Business Operations	752,600	752,600	748,664	3,936
Capital Projects	-	-	47,127	(47,127)
Public, Parochial, Private and Charter Schools	2,305,500	2,305,500	2,384,081	(78,581)
Retiree Benefits and Other	2,820,585	2,820,585	2,363,724	456,861
Principals and Assistant Principals	1,223,100	1,223,100	1,174,163	48,937
School Office	931,600	931,600	987,541	(55,941)
Deputies, Senior Administrators	103,800	103,800	102,222	1,578
Superintendent and School Board	413,800	413,800	397,851	15,949
Legal	10,000	10,000	64,085	(54,085)
Workers' Compensation and Unemployment	246,900	246,900	292,628	(45,728)
Subtotal expenditures	<u>48,350,206</u>	<u>48,350,206</u>	<u>47,158,509</u>	<u>1,191,697</u>
Total expenditures	<u>\$ 48,350,206</u>	<u>\$ 48,350,206</u>	<u>\$ 47,158,509</u>	<u>\$ 1,191,697</u>

TOWN OF WEST WARWICK, RHODE ISLAND
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2011

BUDGETARY - GAAP REPORTING RECONCILIATION

The accompanying Required Supplementary Information Statements of Revenues, Expenditures/Expenses (GAAP or Non-GAAP Basis) presents comparisons of the legally adopted budget (more fully described in Note 2) with actual data on a budgetary basis. Because accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with GAAP, a reconciliation of resultant basis, entity and timing differences in the excess (deficiency) of revenues and other sources of financial resources over expenditures/expenses and other uses of financial resources for the year ended June 30, 2011 is presented below:

	General Fund GAAP Basis	Special Revenue GAAP Basis
Excess (deficiency) of revenues and other sources over (under) expenditures/expenses and other uses (Budgetary Non-GAAP basis)	\$ 1,700,659	(\$ 430,709)
<i>Adjustments:</i>		
To adjust for use of appropriated fund balance	-	-
<i>Excess (deficiency) of revenues and other sources over (under) expenditures/expenses and other uses (GAAP basis)</i>	<u>\$ 1,700,659</u>	<u>(\$ 430,709)</u>

For Fiscal Year 2011, the Town has no reconciling items from Budget to Modified Accrual basis.

SUPPLEMENTARY INFORMATION

SUPPLEMENTARY INFORMATION
TOWN OF WEST WARWICK, RHODE ISLAND
Budgetary Comparison Schedule - General Fund
Schedule of Revenues and Expenditures
For the Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues				
General property tax	\$ 51,189,519	\$ 51,189,519	\$ 51,373,623	\$ 184,104
Intergovernmental and departmental revenue	24,573,620	24,573,620	24,479,104	(94,516)
License and permits	1,762,750	1,762,750	1,843,211	80,461
Fines and interest on late payments	225,000	225,000	539,400	314,400
Interest on investments	100,000	100,000	72,628	(27,372)
Other revenue	99,000	99,000	167,064	68,064
Total Revenues	<u>77,949,889</u>	<u>77,949,889</u>	<u>78,475,030</u>	<u>525,141</u>
Expenditures				
Legislative, judicial, and general administrative	9,661,951	9,661,951	9,441,293	220,658
Financial administration, tax collection and assessment	627,224	627,224	649,338	(22,114)
Public safety	12,287,219	12,287,219	12,678,261	(391,042)
Public works	4,005,864	4,005,864	4,191,142	(185,278)
Public health & welfare	176,800	176,800	177,085	(285)
Parks and recreation	227,289	227,289	231,181	(3,892)
Library	732,759	732,759	732,760	(1)
Capital budget	188,097	188,097	312,459	(124,362)
Debt service:				
Principal	1,735,671	1,735,671	1,580,000	155,671
Interest	1,090,463	1,090,463	1,090,463	-
Other	17,500	17,500	16,000	1,500
Total expenditures	<u>30,750,837</u>	<u>30,750,837</u>	<u>31,099,982</u>	<u>(349,145)</u>
Excess of revenues over expenditures before operating transfers	<u>47,199,052</u>	<u>47,199,052</u>	<u>47,375,048</u>	<u>175,996</u>
Other financing sources and (uses)				
Operating transfers to other funds	(47,199,052)	(47,199,052)	(45,757,595)	1,441,457
Operating transfers from other funds	-	-	83,206	83,206
Total operating transfers	<u>(47,199,052)</u>	<u>(47,199,052)</u>	<u>(45,674,389)</u>	<u>1,524,663</u>
Excess of revenues over expenditures and operating transfers	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,700,659</u>	<u>\$ 1,700,659</u>

SUPPLEMENTARY INFORMATION
WEST WARWICK PUBLIC SCHOOLS
Budgetary Comparison Schedule - School Unrestricted Fund
Schedule of Revenues and Expenditures
For the Fiscal Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues				
Intergovernmental revenue	\$ 400,000	\$ 400,000	\$ 413,104	\$ 13,104
Federal revenue - SFSF	506,154	506,154	506,154	-
Other	245,000	245,000	50,947	(194,053)
Total revenue	<u>1,151,154</u>	<u>1,151,154</u>	<u>970,205</u>	<u>(180,949)</u>
Expenditures				
Operating	<u>48,350,206</u>	<u>48,350,206</u>	<u>47,158,509</u>	<u>1,191,697</u>
Total expenditures	<u>48,350,206</u>	<u>48,350,206</u>	<u>47,158,509</u>	<u>1,191,697</u>
Excess of revenues over (under) expenditures before other financing sources	<u>(47,199,052)</u>	<u>(47,199,052)</u>	<u>(46,188,304)</u>	<u>1,010,748</u>
Other financing sources				
Operating transfer from other funds	<u>47,199,052</u>	<u>47,199,052</u>	<u>45,757,595</u>	<u>(1,441,457)</u>
Total other financing sources	<u>47,199,052</u>	<u>47,199,052</u>	<u>45,757,595</u>	<u>(1,441,457)</u>
Excess revenues and other sources over (under) expenditures and other sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (430,709)</u>	<u>\$ (430,709)</u>

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

	<u>Town Special Revenue Funds</u>	<u>School Special Revenue Funds</u>	<u>Capital Project Funds</u>	<u>Total Non-Major Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 805,290	\$ 273,399	\$ -	\$ 1,078,689
Due from other governments	410,516	828,216	-	1,238,732
Other Assets	-	-	-	-
Internal balances	573,178	441,084	473,293	1,487,555
Total assets	<u>\$ 1,788,984</u>	<u>\$ 1,542,699</u>	<u>\$ 473,293</u>	<u>\$ 3,804,976</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable and accrued expenses	\$ 327,207	\$ 429,548	\$ 31,136	\$ 787,891
Internal balances	449,838	518,045	33,114	1,000,997
Total liabilities	<u>777,045</u>	<u>947,593</u>	<u>64,250</u>	<u>1,788,888</u>
Fund balances (deficits)				
Reserved by trust agreement	2,106	-	-	2,106
Unreserved, reported in:				
Special revenue funds	1,009,833	595,106	-	1,604,939
Capital projects funds	-	-	409,043	409,043
Total fund balances	<u>1,011,939</u>	<u>595,106</u>	<u>409,043</u>	<u>2,016,088</u>
Total liabilities and fund balances	<u>\$ 1,788,984</u>	<u>\$ 1,542,699</u>	<u>\$ 473,293</u>	<u>\$ 3,804,976</u>

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

	<u>Town Special Revenue Funds</u>	<u>School Special Revenue Funds</u>	<u>Capital Project Funds</u>	<u>Total Non-Major Governmental Funds</u>
Revenues				
Intergovernmental revenue	\$ 1,488,669	\$ 4,639,644	\$ -	\$ 6,128,313
Earnings on investments	-	-	87,264	87,264
Other revenue	704,670	496,711	-	1,201,381
Total revenues	<u>2,193,339</u>	<u>5,136,355</u>	<u>87,264</u>	<u>7,416,958</u>
Expenditures				
Public safety	1,102,114	-	-	1,102,114
Public works	628,754	-	-	628,754
Public Health and Welfare	949,011	-	-	949,011
Capital	-	-	674,137	674,137
Education	-	5,015,658	70,433	5,086,091
Total expenditures	<u>2,679,879</u>	<u>5,015,658</u>	<u>744,570</u>	<u>8,440,107</u>
Excess (deficiency) of revenues over (under)				
expenditures before other financing sources (uses)	(486,540)	120,697	(657,306)	(1,023,149)
Other financing sources (uses)				
Transfers from other funds	14,852	-	-	14,852
Transfers to other funds	-	-	(98,058)	(98,058)
Total other financing sources (uses)	<u>14,852</u>	<u>-</u>	<u>(98,058)</u>	<u>(83,206)</u>
Net change in fund balances	<u>(471,688)</u>	<u>120,697</u>	<u>(755,364)</u>	<u>(1,106,355)</u>
Fund balances (deficits) - unreserved July 1, 2010	<u>1,483,627</u>	<u>474,409</u>	<u>1,164,407</u>	<u>3,122,443</u>
Fund balances - unreserved June 30, 2011	<u><u>\$ 1,011,939</u></u>	<u><u>\$ 595,106</u></u>	<u><u>\$ 409,043</u></u>	<u><u>\$ 2,016,088</u></u>

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

	<u>Police E Bay</u>	<u>Tricentennial Committee</u>	<u>Benjamin R. Vaughn</u>	<u>Economic Development Revolving Loan Fund</u>	<u>Bramley Bill Fund</u>	<u>Police Title V</u>
ASSETS						
Cash	\$ -	\$ 1,007	\$ 1,099	\$ 15,865	\$ 4,096	\$ -
Due from other governments	-	-	-	-	-	-
Internal balances	-	-	-	-	4,831	7,746
Total assets	<u>\$ -</u>	<u>\$ 1,007</u>	<u>\$ 1,099</u>	<u>\$ 15,865</u>	<u>\$ 8,927</u>	<u>\$ 7,746</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ 270	\$ -
Internal balances	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>270</u>	<u>-</u>
Fund balances (deficits)						
Reserved by trust agreement	-	1,007	1,099	-	-	-
Unreserved:						
Undesignated	-	-	-	15,865	8,657	7,746
Total fund balances (deficits)	<u>-</u>	<u>1,007</u>	<u>1,099</u>	<u>15,865</u>	<u>8,657</u>	<u>7,746</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 1,007</u>	<u>\$ 1,099</u>	<u>\$ 15,865</u>	<u>\$ 8,927</u>	<u>\$ 7,746</u>

(continued)

SUPPLEMENTARY INFORMATION
TOWN OF WEST WARWICK, RHODE ISLAND
Combining Balance Sheet - Non-Major Governmental Funds
Special Revenue Funds - Town
June 30, 2011
(continued)

	<u>Comstar</u>	<u>Assistance to Fire Truck</u>	<u>FEMA Assistance</u>	<u>JAG ARRA</u>	<u>Mobile Data Computer Project I</u>	<u>Open Space Recreation</u>
ASSETS						
Cash	\$ 225,730	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments	-	-	59,833	-	-	117,683
Internal balances	232,879	-	-	-	-	-
Total assets	<u>\$ 458,609</u>	<u>\$ -</u>	<u>\$ 59,833</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 117,683</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable and accrued expenses	\$ 213,315	\$ -	\$ -	\$ 13,500	\$ -	\$ 28,295
Internal balances	-	-	59,833	18,895	-	120,551
Total liabilities	<u>213,315</u>	<u>-</u>	<u>59,833</u>	<u>32,395</u>	<u>-</u>	<u>148,846</u>
Fund balances (deficits)						
Reserved by trust agreement	-	-	-	-	-	-
Unreserved:						
Undesignated	245,294	-	-	(32,395)	-	(31,163)
Total fund balances (deficits)	<u>245,294</u>	<u>-</u>	<u>-</u>	<u>(32,395)</u>	<u>-</u>	<u>(31,163)</u>
Total liabilities and fund balances	<u>\$ 458,609</u>	<u>\$ -</u>	<u>\$ 59,833</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 117,683</u>

(continued)

SUPPLEMENTARY INFORMATION
TOWN OF WEST WARWICK, RHODE ISLAND
Combining Balance Sheet - Non-Major Governmental Funds
Special Revenue Funds - Town
June 30, 2011
(continued)

	Revolving Fund	Library Grants	CDBG Block Grant	Homeland Security 2008	Highway Safety Jaws of Life	State Homeland Exercise & Evaluation
ASSETS						
Cash	\$ -	\$ 543,691	\$ -	\$ -	\$ -	\$ -
Due from other governments	-	-	233,000	-	-	-
Internal balances	251,435	-	-	7,864	-	6,779
Total assets	<u>\$ 251,435</u>	<u>\$ 543,691</u>	<u>\$ 233,000</u>	<u>\$ 7,864</u>	<u>\$ -</u>	<u>\$ 6,779</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable and accrued expenses	\$ 3,562	\$ 5,191	\$ 58,869	\$ 1,367	\$ -	\$ -
Internal balances	-	150,228	66,518	-	11,515	-
Total liabilities	<u>3,562</u>	<u>155,419</u>	<u>125,387</u>	<u>1,367</u>	<u>11,515</u>	<u>-</u>
Fund balances (deficits)						
Reserved by trust agreement	-	-	-	-	-	-
Unreserved:						
Undesignated	247,873	388,272	107,613	6,497	(11,515)	6,779
Total fund balances (deficits)	<u>247,873</u>	<u>388,272</u>	<u>107,613</u>	<u>6,497</u>	<u>(11,515)</u>	<u>6,779</u>
Total liabilities and fund balances	<u>\$ 251,435</u>	<u>\$ 543,691</u>	<u>\$ 233,000</u>	<u>\$ 7,864</u>	<u>\$ -</u>	<u>\$ 6,779</u>

(continued)

SUPPLEMENTARY INFORMATION
TOWN OF WEST WARWICK, RHODE ISLAND
Combining Balance Sheet - Non-Major Governmental Funds
Special Revenue Funds - Town
June 30, 2011
(continued)

	<u>DARE Fund</u>	<u>Tower Rent Revolving Fund</u>	<u>Annie Livsey Fund</u>	<u>Greene Cemetery Fund</u>	<u>Riverwalk Fund</u>	<u>Assistance to Firefighters</u>
ASSETS						
Cash	\$ 13,802	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments	-	-	-	-	-	-
Internal balances	-	46,644	-	-	15,000	-
Total assets	<u>\$ 13,802</u>	<u>\$ 46,644</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,000</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Internal balances	-	-	-	-	-	4,287
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,287</u>
Fund balances (deficits)						
Reserved by trust agreement	-	-	-	-	-	-
Unreserved:						
Undesignated	13,802	46,644	-	-	15,000	(4,287)
Total fund balances (deficits)	<u>13,802</u>	<u>46,644</u>	<u>-</u>	<u>-</u>	<u>15,000</u>	<u>(4,287)</u>
Total liabilities and fund balances	<u>\$ 13,802</u>	<u>\$ 46,644</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,000</u>	<u>\$ -</u>

(continued)

SUPPLEMENTARY INFORMATION
TOWN OF WEST WARWICK, RHODE ISLAND
Combining Balance Sheet - Non-Major Governmental Funds
Special Revenue Funds - Town
June 30, 2011
(continued)

	Energy Fund	Energy Grant	Bryne Grant JAG 2008	Moblie Data Computer Project II	Totals
ASSETS					
Cash	\$ -	\$ -	\$ -	\$ -	\$ 805,290
Due from other governments	-	-	-	-	410,516
Internal balances	-	-	-	-	573,178
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,788,984</u>
 LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable and accrued expenses	\$ -	\$ -	\$ 2,838	\$ -	\$ 327,207
Internal balances	16,715	-	1,296	-	449,838
Total liabilities	<u>16,715</u>	<u>-</u>	<u>4,134</u>	<u>-</u>	<u>777,045</u>
 Fund balances (deficits)					
Reserved by trust agreement	-	-	-	-	2,106
Unreserved:					
Undesignated	(16,715)	-	(4,134)	-	1,009,833
Total fund balances (deficits)	<u>(16,715)</u>	<u>-</u>	<u>(4,134)</u>	<u>-</u>	<u>1,011,939</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,788,984</u>

(concluded)

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

	Police E Bay	Tricentennial Committee	Benjamin R. Vaughn	Economic Development Revolving Loan Fund	Bramley Bill Fund	Police Title V
Revenues						
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ 27,219	\$ -
Other revenue	1,700	3	4	-	-	-
Total revenues	<u>1,700</u>	<u>3</u>	<u>4</u>	<u>-</u>	<u>27,219</u>	<u>-</u>
Expenditures						
Public safety	1,700	-	-	-	32,289	500
Public works	-	-	-	-	-	-
Public Health and Welfare	-	-	-	-	-	-
Total expenditures	<u>1,700</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,289</u>	<u>500</u>
Excess (deficiency) of revenues over (under)						
expenditures before other financing sources (uses)	-	3	4	-	(5,070)	(500)
Other financing sources (uses)						
Operating transfers (to) from other funds	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources						
over (under) expenditures and other uses	-	3	4	-	(5,070)	(500)
Fund balances - unreserved July 1, 2010	-	1,004	1,095	15,865	13,727	8,246
Fund balances - unreserved June 30, 2011	<u>\$ -</u>	<u>\$ 1,007</u>	<u>\$ 1,099</u>	<u>\$ 15,865</u>	<u>\$ 8,657</u>	<u>\$ 7,746</u>

(continued)

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

	<u>Comstar</u>	<u>Assistance to Fire Truck</u>	<u>FEMA Assistance</u>	<u>JAG ARRA</u>	<u>Mobile Data Computer Project I</u>	<u>Open Space Recreation</u>
Revenues						
Intergovernmental revenue	\$ -	\$ 247,500	\$ 197,278	\$ -	\$ 52,526	\$ 177,527
Other revenue	124,055	-	-	-	-	-
Total revenues	<u>124,055</u>	<u>247,500</u>	<u>197,278</u>	<u>-</u>	<u>52,526</u>	<u>177,527</u>
Expenditures						
Public safety	177,042	170,396	-	21,205	-	590,828
Public works	-	-	303,571	-	-	-
Public Health and Welfare	-	-	-	-	-	-
Total expenditures	<u>177,042</u>	<u>170,396</u>	<u>303,571</u>	<u>21,205</u>	<u>-</u>	<u>590,828</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	(52,987)	77,104	(106,293)	(21,205)	52,526	(413,301)
Other financing sources (uses)						
Operating transfers (to) from other funds	-	(83,206)	106,293	-	-	54,849
Total other financing sources (uses)	<u>-</u>	<u>(83,206)</u>	<u>106,293</u>	<u>-</u>	<u>-</u>	<u>54,849</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(52,987)	(6,102)	-	(21,205)	52,526	(358,452)
Fund balances (deficits) - unreserved July 1, 2010	<u>298,281</u>	<u>6,102</u>	<u>-</u>	<u>(11,190)</u>	<u>(52,526)</u>	<u>327,289</u>
Fund balances (deficits) - unreserved July 1, 2011	<u>\$ 245,294</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (32,395)</u>	<u>\$ -</u>	<u>\$ (31,163)</u>

(continued)

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

	<u>Revolving Fund</u>	<u>Library Grants</u>	<u>CDBG Block Grant</u>	<u>Homeland Security 2008</u>	<u>Highway Safety Jaws of Life</u>	<u>State Homeland Exercise & Evaluation</u>
Revenues						
Intergovernmental revenue	\$ -	\$ -	\$ 721,000	\$ 14,085	\$ -	\$ 414
Other revenue	280,440	289,007	-	-	-	-
Total revenues	<u>280,440</u>	<u>289,007</u>	<u>721,000</u>	<u>14,085</u>	<u>-</u>	<u>414</u>
Expenditures						
Public safety	-	-	-	77,974	11,515	-
Public works	299,117	-	-	-	-	-
Public Health and Welfare	-	296,330	643,220	-	-	-
Total expenditures	<u>299,117</u>	<u>296,330</u>	<u>643,220</u>	<u>77,974</u>	<u>11,515</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	(18,677)	(7,323)	77,780	(63,889)	(11,515)	414
Other financing sources (uses)						
Operating transfers (to) from other funds	(129,103)	-	-	68,383	-	-
Total other financing sources (uses)	<u>(129,103)</u>	<u>-</u>	<u>-</u>	<u>68,383</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	<u>(147,780)</u>	<u>(7,323)</u>	<u>77,780</u>	<u>4,494</u>	<u>(11,515)</u>	<u>414</u>
Fund balances (deficits) - unreserved July 1, 2010	<u>395,653</u>	<u>395,595</u>	<u>29,833</u>	<u>2,003</u>	<u>-</u>	<u>6,365</u>
Fund balances - unreserved June 30, 2011	<u>\$ 247,873</u>	<u>\$ 388,272</u>	<u>\$ 107,613</u>	<u>\$ 6,497</u>	<u>\$ (11,515)</u>	<u>\$ 6,779</u>

(continued)

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

	Dare Fund	Tower Rent Revolving Fund	Annie Livsey Fund	Greene Cemetery Fund	Riverwalk Fund	Assistance to Firefighters
Revenues						
Intergovernmental revenue	\$ 8,452	\$ -	\$ -	\$ -	\$ 7,500	\$ -
Other revenue	-	-	9,161	300	-	-
Total revenues	<u>8,452</u>	<u>-</u>	<u>9,161</u>	<u>300</u>	<u>7,500</u>	<u>-</u>
Expenditures						
Public safety	8,024	-	-	-	-	4,287
Public works	-	-	-	-	-	-
Public Health and Welfare	-	-	9,161	300	-	-
Total expenditures	<u>8,024</u>	<u>-</u>	<u>9,161</u>	<u>300</u>	<u>-</u>	<u>4,287</u>
Excess (deficiency) of revenues over (under)						
expenditures before other financing sources (uses)	428	-	-	-	7,500	(4,287)
Other financing sources (uses)						
Operating transfers (to) from other funds	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources						
over (under) expenditures and other uses	428	-	-	-	7,500	(4,287)
Fund balances (deficits) - unreserved July 1, 2010	<u>13,374</u>	<u>46,644</u>	<u>-</u>	<u>-</u>	<u>7,500</u>	<u>-</u>
Fund balances - unreserved June 30, 2011	<u>\$ 13,802</u>	<u>\$ 46,644</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,000</u>	<u>\$ (4,287)</u>

(continued)

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

	<u>Energy Fund</u>	<u>Energy Grant</u>	<u>Bryne Grant JAG 2008</u>	<u>Mobile Data Computer Project II</u>	<u>Total</u>
Revenues					
Intergovernmental revenue	\$ 18,615	\$ 2,364	\$ -	\$ 14,189	\$ 1,488,669
Other revenue	-	-	-	-	704,670
Total revenues	<u>18,615</u>	<u>2,364</u>	<u>-</u>	<u>14,189</u>	<u>2,193,339</u>
Expenditures					
Public safety	-	-	6,354	-	1,102,114
Public works	26,066	-	-	-	628,754
Public Health and Welfare	-	-	-	-	949,011
Total expenditures	<u>26,066</u>	<u>-</u>	<u>6,354</u>	<u>-</u>	<u>2,679,879</u>
Excess (deficiency) of revenues over (under)					
expenditures before other financing sources (uses)	(7,451)	2,364	(6,354)	14,189	(486,540)
Other financing sources (uses)					
Operating transfers (to) from other funds	-	(2,364)	-	-	14,852
Total other financing sources (uses)	<u>-</u>	<u>(2,364)</u>	<u>-</u>	<u>-</u>	<u>14,852</u>
Excess (deficiency) of revenues and other sources					
over (under) expenditures and other uses	<u>(7,451)</u>	<u>-</u>	<u>(6,354)</u>	<u>14,189</u>	<u>(471,688)</u>
Fund balances (deficits) - unreserved July 1, 2010	<u>(9,264)</u>	<u>-</u>	<u>2,220</u>	<u>(14,189)</u>	<u>1,483,627</u>
Fund balances - unreserved June 30, 2011	<u><u>\$ (16,715)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (4,134)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,011,939</u></u>

(concluded)

SUPPLEMENTARY INFORMATION
WEST WARWICK PUBLIC SCHOOLS
Combining Balance Sheet - Non-Major Governmental Funds
Special Revenue Funds - School Restricted
June 30, 2011

	SCHOOL LUNCH PROGRAM	TITLE I	FRESH FRUITS AND VEGETABLES	CREATING COLLABORATIVE MODELS	E2T3 TRAINING	TITLE IV	SCHOOL HOMELAND SECUTIRY
ASSETS							
Cash	\$ 273,399	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Internal balances	364,993	-	32,909	-	-	-	-
Due from Federal and State Governments	175,730	34,531	3,911	-	-	2,645	-
TOTAL ASSETS	\$ 814,122	\$ 34,531	\$ 36,820	\$ -	\$ -	\$ 2,645	\$ -
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable and accrued expenses	\$ 262,491	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Internal balances	-	34,531	36,820	-	-	2,645	-
Total liabilities	262,491	34,531	36,820	-	-	2,645	-
Fund Balances	551,631	-	-	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 814,122	\$ 34,531	\$ 36,820	\$ -	\$ -	\$ 2,645	\$ -

(continued)

SUPPLEMENTARY INFORMATION
WEST WARWICK PUBLIC SCHOOLS
Combining Balance Sheet - Non-Major Governmental Funds
Special Revenue Funds - School Restricted
June 30, 2011
(continued)

	TITLE III	PERKINS	DMS PLAYERS	E2T3 URI	I.D.E.A. PART B	PRE-SCHOOL SECT. 619	WALLACE LEADERSHIP
ASSETS							
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Internal balances	-	-	30,346	-	-	-	3,714
Due from Federal and State Governments	7,066	24,448	-	230,212	136,837	1,802	-
TOTAL ASSETS	<u>\$ 7,066</u>	<u>\$ 24,448</u>	<u>\$ 30,346</u>	<u>\$ 230,212</u>	<u>\$ 136,837</u>	<u>\$ 1,802</u>	<u>\$ 3,714</u>
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ 140,592	\$ -	\$ -	\$ -
Internal balances	7,066	24,448	-	89,620	136,837	1,802	-
Total liabilities	<u>7,066</u>	<u>24,448</u>	<u>-</u>	<u>230,212</u>	<u>136,837</u>	<u>1,802</u>	<u>-</u>
Fund Balances	<u>-</u>	<u>-</u>	<u>30,346</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,714</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 7,066</u>	<u>\$ 24,448</u>	<u>\$ 30,346</u>	<u>\$ 230,212</u>	<u>\$ 136,837</u>	<u>\$ 1,802</u>	<u>\$ 3,714</u>

(continued)

SUPPLEMENTARY INFORMATION
WEST WARWICK PUBLIC SCHOOLS
Combining Balance Sheet - Non-Major Governmental Funds
Special Revenue Funds - School Restricted
June 30, 2011
(continued)

	ARRA IDEA	ARRA PRE-SCHOOL SECTION.619	ARRA TITLE I	ARRA E2T2 MCI	E2T2 ARRA	CORPORATE GRANTS	PRIVATE GRANTS
ASSETS							
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Internal balances	-	-	-	-	-	5,433	2,034
Due from Federal and State Governments	19,880	5,595	96,947	-	28,000	-	-
TOTAL ASSETS	<u>\$ 19,880</u>	<u>\$ 5,595</u>	<u>\$ 96,947</u>	<u>\$ -</u>	<u>\$ 28,000</u>	<u>\$ 5,433</u>	<u>\$ 2,034</u>
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable and accrued expenses	\$ 17,494	\$ 786	\$ 3,714	\$ -	\$ -	\$ -	\$ 2,799
Internal balances	2,386	4,809	93,233	-	28,000	-	-
Total liabilities	<u>19,880</u>	<u>5,595</u>	<u>96,947</u>	<u>-</u>	<u>28,000</u>	<u>-</u>	<u>2,799</u>
Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	5,433	(765)
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 19,880</u>	<u>\$ 5,595</u>	<u>\$ 96,947</u>	<u>\$ -</u>	<u>\$ 28,000</u>	<u>\$ 5,433</u>	<u>\$ 2,034</u>

(continued)

SUPPLEMENTARY INFORMATION
WEST WARWICK PUBLIC SCHOOLS
Combining Balance Sheet - Non-Major Governmental Funds
Special Revenue Funds - School Restricted
June 30, 2011
(continued)

	E2T2 MCI	DISTRICT NEGOTIATED AGREEMENT	RI COUNCIL ON HUMANITIES	GENERAL ASSEMBLY	TITLE II	ACHIEVE ALGEBRA II	TOTALS
ASSETS							
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 273,399
Internal balances	-	-	1,203	452	-	-	441,084
Due from Federal and State Governments	-	25,922	-	-	14,887	19,803	828,216
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 25,922</u>	<u>\$ 1,203</u>	<u>\$ 452</u>	<u>\$ 14,887</u>	<u>\$ 19,803</u>	<u>\$ 1,542,699</u>
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable and accrued expenses	\$ -	\$ 1,658	\$ 14		\$ -	\$ -	\$ 429,548
Internal balances	-	21,158	-	-	14,887	19,803	518,045
Total liabilities	<u>-</u>	<u>22,816</u>	<u>14</u>	<u>-</u>	<u>14,887</u>	<u>19,803</u>	<u>947,593</u>
RESERVE FUND BALANCE							
Fund Balances	-	3,106	1,189	452	-	-	595,106
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ 25,922</u>	<u>\$ 1,203</u>	<u>\$ 452</u>	<u>\$ 14,887</u>	<u>\$ 19,803</u>	<u>\$ 1,542,699</u>

(concluded)

SUPPLEMENTARY INFORMATION
WEST WARWICK PUBLIC SCHOOLS
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Non-Major Governmental Funds
Special Revenue Funds - School Restricted
For the Fiscal Year Ended June 30, 2011

	SCHOOL LUNCH PROGRAM	TITLE I	FRESH FRUITS AND VEGETABLES	CREATING COLLABORATIVE MODELS	E2T3 TRAINING	TITLE IV	SCHOOL HOMELAND SECUTIRY
Revenues							
Intergovernmental revenue	\$ 776,135	\$ 827,534	\$ 23,362	\$ 6,538	\$ 102,563	\$ 2,645	\$ 45,752
Other	448,745	-	-	-	-	-	-
Total revenues	<u>1,224,880</u>	<u>827,534</u>	<u>23,362</u>	<u>6,538</u>	<u>102,563</u>	<u>2,645</u>	<u>45,752</u>
Expenditures							
Salaries	-	475,439	-	-	-	2,457	-
Employee Benefits	-	344,190	-	-	-	188	-
Purchased services	1,095,454	790	23,362	-	102,563	-	-
Supplies and materials	1,600	-	-	6,538	-	-	9,699
Other costs	-	7,115	-	-	-	-	36,053
Total expenditures	<u>1,097,054</u>	<u>827,534</u>	<u>23,362</u>	<u>6,538</u>	<u>102,563</u>	<u>2,645</u>	<u>45,752</u>
Excess revenues over (under) expenditures	127,826	-	-	-	-	-	-
Other financing sources (uses)							
Operating transfers (to) other funds	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>127,826</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - unreserved July 1, 2010	<u>423,805</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - unreserved June 30, 2011	<u>\$ 551,631</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(continued)

SUPPLEMENTARY INFORMATION
WEST WARWICK PUBLIC SCHOOLS
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Non-Major Governmental Funds
Special Revenue Funds - School Restricted
For the Fiscal Year Ended June 30, 2011
(continued)

	TITLE III	PERKINS	DMS PLAYERS	E2T3 URI	I.D.E.A. PART B	PRE-SCHOOL SECT. 619	WALLACE LEADERSHIP
Revenues							
Intergovernmental revenue	\$ 13,102	\$ 25,503	\$ -	\$ 465,742	\$ 991,677	\$ 33,256	\$ -
Other	-	-	12,530	-	-	-	5,525
Total revenues	<u>13,102</u>	<u>25,503</u>	<u>12,530</u>	<u>465,742</u>	<u>991,677</u>	<u>33,256</u>	<u>5,525</u>
Expenditures							
Salaries	2,842	1,759	-	2,000	623,450	560	-
Employee Benefits	261	135	-	200	368,227	43	-
Purchased services	1,935	1,100	-	460,742	-	32,653	-
Supplies and materials	8,024	5,837	11,835	2,800	-	-	-
Other costs	40	16,672	-	-	-	-	5,525
Total expenditures	<u>13,102</u>	<u>25,503</u>	<u>11,835</u>	<u>465,742</u>	<u>991,677</u>	<u>33,256</u>	<u>5,525</u>
Excess revenues over (under) expenditures	-	-	695	-	-	-	-
Other financing sources (uses)							
Operating transfers (to) other funds	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>-</u>	<u>-</u>	<u>695</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - unreserved July 1, 2010	<u>-</u>	<u>-</u>	<u>29,651</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,714</u>
Fund balances - unreserved June 30, 2011	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,346</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,714</u>

(continued)

SUPPLEMENTARY INFORMATION
WEST WARWICK PUBLIC SCHOOLS
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Non-Major Governmental Funds
Special Revenue Funds - School Restricted
For the Fiscal Year Ended June 30, 2011
(continued)

	ARRA IDEA	ARRA PRE-SCHOOL SECTION.619	ARRA TITLE I	ARRA E2T2 MCI	E2T2 ARRA	CORPORATE GRANTS	PRIVATE GRANTS
Revenues							
Intergovernmental revenue	\$ 428,851	\$ 40,763	\$ 226,600	\$ 88,000	\$ 28,000	\$ -	\$ -
Other	-	-	-	-	-	-	29,911
Total revenues	<u>428,851</u>	<u>40,763</u>	<u>226,600</u>	<u>88,000</u>	<u>28,000</u>	<u>-</u>	<u>29,911</u>
Expenditures							
Salaries	92,581	11,684	135,390	-	-	-	28,056
Employee Benefits	7,214	820	22,781	-	-	-	4,038
Purchased services	328,798	21,834	39,184	-	-	-	-
Supplies and materials	258	992	29,245	-	-	-	386
Other costs	-	5,433	-	88,000	28,000	-	6,444
Total expenditures	<u>428,851</u>	<u>40,763</u>	<u>226,600</u>	<u>88,000</u>	<u>28,000</u>	<u>-</u>	<u>38,924</u>
Excess revenues over (under) expenditures	-	-	-	-	-	-	(9,013)
Other financing sources (uses)							
Operating transfers in (to) other funds	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,013)</u>
Fund balances - unreserved July 1, 2010	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,433</u>	<u>8,248</u>
Fund balances - unreserved June 30, 2011	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,433</u>	<u>\$ (765)</u>

(continued)

SUPPLEMENTARY INFORMATION
WEST WARWICK PUBLIC SCHOOLS
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Non-Major Governmental Funds
Special Revenue Funds - School Restricted
For the Fiscal Year Ended June 30, 2011
(continued)

	E2T2 MCI	DISTRICT NEGOTIATED AGREEMENT	RI COUNCIL ON HUMANITIES	GENERAL ASSEMBLY	TITLE II	ACHIEVE ALGEBRA II	TOTALS
Revenues							
Intergovernmental revenue	\$ 16,000	\$ 70,000	\$ 9,000	\$ 4,275	\$ 394,543	\$ 19,803	\$ 4,639,644
Other	-	-	-	-	-	-	496,711
Total revenues	<u>16,000</u>	<u>70,000</u>	<u>9,000</u>	<u>4,275</u>	<u>394,543</u>	<u>19,803</u>	<u>5,136,355</u>
Expenditures							
Salaries	-	58,404	3,210	-	258,849	-	1,696,681
Employee Benefits	-	5,331	246	-	104,068	-	857,742
Purchased services	-	-	-	4,275	20,321	-	2,133,011
Supplies and materials	-	6,265	3,355	-	11,305	19,803	117,942
Other costs	16,000	-	1,000	-	-	-	210,282
Total expenditures	<u>16,000</u>	<u>70,000</u>	<u>7,811</u>	<u>4,275</u>	<u>394,543</u>	<u>19,803</u>	<u>5,015,658</u>
Excess revenues over (under) expenditures	-	-	1,189	-	-	-	120,697
Other financing sources (uses)							
Operating transfers (to) other funds	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>-</u>	<u>-</u>	<u>1,189</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>120,697</u>
Fund balances - unreserved July 1, 2010	-	3,106	-	452	-	-	474,409
Fund balances - unreserved June 30, 2011	<u>\$ -</u>	<u>\$ 3,106</u>	<u>\$ 1,189</u>	<u>\$ 452</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 595,106</u>

(concluded)

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

	<u>Town QZAB Bond Fund</u>	<u>School QZAB Bond Fund</u>	<u>School Fire Code Renovations</u>	<u>Road Bond Fund</u>	<u>Totals</u>
ASSETS					
Internal balances	\$ 168,039	\$ -	\$ 67,314	\$ 237,940	\$ 473,293
Total assets	<u>\$ 168,039</u>	<u>\$ -</u>	<u>\$ 67,314</u>	<u>\$ 237,940</u>	<u>\$ 473,293</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ -	\$ 13,848	\$ -	\$ 17,288	31,136
Internal balances	-	33,114	-	-	33,114
Total liabilities	<u>-</u>	<u>46,962</u>	<u>-</u>	<u>17,288</u>	<u>64,250</u>
Fund balances -					
Unreserved	<u>168,039</u>	<u>(46,962)</u>	<u>67,314</u>	<u>220,652</u>	<u>409,043</u>
Total fund balances (deficit)	<u>168,039</u>	<u>(46,962)</u>	<u>67,314</u>	<u>220,652</u>	<u>409,043</u>
Total liabilities and fund balances	<u>\$ 168,039</u>	<u>\$ -</u>	<u>\$ 67,314</u>	<u>\$ 237,940</u>	<u>\$ 473,293</u>

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

	<u>Town QZAB Bond Fund</u>	<u>School QZAB Bond Fund</u>	<u>School Fire Code Renovations</u>	<u>Road Bond Fund</u>	<u>Totals</u>
Revenues					
Interest on Investments	\$ -	\$ -	\$ -	\$ 87,264	\$ 87,264
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>87,264</u>	<u>87,264</u>
Expenditures					
Capital	-	-	-	674,137	674,137
Non- capital	-	34,007	36,426	-	70,433
Total expenditures	<u>-</u>	<u>34,007</u>	<u>36,426</u>	<u>674,137</u>	<u>744,570</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources	-	(34,007)	(36,426)	(586,873)	(657,306)
Other financing sources (uses)					
Transfers from other funds	-	-	-	-	-
Transfers (to) other funds	-	-	-	(98,058)	(98,058)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(98,058)</u>	<u>(98,058)</u>
Excess of revenues and other sources over (under) expenditures	-	(34,007)	(36,426)	(684,931)	(755,364)
Fund balances (deficit) - unreserved July 1, 2010	168,039	(12,955)	103,740	905,583	1,164,407
Fund balances - unreserved June 30, 2011	<u>\$ 168,039</u>	<u>\$ (46,962)</u>	<u>\$ 67,314</u>	<u>\$ 220,652</u>	<u>\$ 409,043</u>

SUPPLEMENTARY INFORMATION
TOWN OF WEST WARWICK, RHODE ISLAND
Non-Major Proprietary Funds
Combining Balance Sheet
June 30, 2011

ASSETS	Municipal Court	Totals
Current assets		
Cash and cash equivalents	\$ -	\$ -
Accounts receivable		
Internal balances	39,255	39,255
Total current assets	39,255	39,255
TOTAL ASSETS	39,255	39,255
LIABILITIES		
Current liabilities		
Accounts payable	5,264	5,264
Accrued expenses	346	346
Total current liabilities	5,610	5,610
Total liabilities	5,610	5,610
Net Assets		
Unrestricted	33,645	33,645
Total Net Assets	\$ 33,645	\$ 33,645

SUPPLEMENTARY INFORMATION
TOWN OF WEST WARWICK, RHODE ISLAND
Non-Major Proprietary Funds
Combining Statement of Revenues, Expenses
And Changes in Net Assets
For the Fiscal Year Ended June 30, 2011

	<u>Municipal Court</u>	<u>Totals</u>
Operating revenues		
Usage sales and fees	\$ 183,825	\$ 183,825
Total operating revenues	<u>183,825</u>	<u>183,825</u>
Operating expenses		
Salaries and benefits	132,265	132,265
Materials, supplies, repairs and maintenance	16,769	16,769
Other operating expenses	<u>69,303</u>	<u>69,303</u>
Total operating expenses	<u>218,337</u>	<u>218,337</u>
Operating income (loss)	<u>(34,512)</u>	<u>(34,512)</u>
Transfers		
Transfers to other funds	<u>-</u>	<u>-</u>
Total transfers	<u>-</u>	<u>-</u>
Net income	<u>(34,512)</u>	<u>(34,512)</u>
Net assets - beginning	<u>68,157</u>	<u>68,157</u>
Net assets - ending	<u><u>\$ 33,645</u></u>	<u><u>\$ 33,645</u></u>

SUPPLEMENTARY INFORMATION
TOWN OF WEST WARWICK, RHODE ISLAND
Non-Major Proprietary Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2011

	<u>Municipal Court</u>	<u>Totals</u>
Cash flows from operating activities		
Cash received from customers	\$ 183,825	\$ 183,825
Cash payments to suppliers for goods and services	(18,320)	(18,320)
Cash payments to employees for services	(132,265)	(132,265)
Payment of administrative expense	(69,303)	(69,303)
Net cash provided by (used for) operating activities	<u>(36,063)</u>	<u>(36,063)</u>
Cash flows from non-capital financing activities		
Interfund loans	36,063	36,063
Net cash provided by (used for) non-capital financing activities	<u>36,063</u>	<u>36,063</u>
Net increase (decrease) in cash and cash equivalents	<u>-</u>	<u>-</u>
Cash and cash equivalents at beginning of year	<u>-</u>	<u>-</u>
Cash and cash equivalents at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Reconciliation of operating income to net cash provided by operating activities		
Operating income (Loss)	\$ (34,512)	\$ (34,512)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Changes in assets and liabilities:		
Increase (decrease) in accounts payable and accrued expenses	(1,551)	(1,551)
Total adjustments	<u>(1,551)</u>	<u>(1,551)</u>
Net cash provided by operating activities	<u><u>\$ (36,063)</u></u>	<u><u>\$ (36,063)</u></u>

SUPPLEMENTARY INFORMATION
TOWN OF WEST WARWICK, RHODE ISLAND
Sewer Enterprise Fund
Combining Schedules of Revenues and Expenses
Budgetary Basis (Non-GAAP)
For the Fiscal Year ended June 30, 2011

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance</u>
Operating revenues				
Usage sales and fees	\$ 5,500,186	\$ 5,500,186	\$ 5,517,297	\$ 17,111
Sewer assessment revenue	985,786	985,786	967,812	(17,974)
Other income	1,096,018	1,096,018	696,597	(399,421)
Total operating revenues	<u>7,581,990</u>	<u>7,581,990</u>	<u>7,181,706</u>	<u>(400,284)</u>
Operating expenses				
Salaries and benefits	\$ 2,307,443	2,307,443	\$ 2,169,132	138,311
Materials and supplies	832,671	832,671	512,220	320,451
Depreciation and amortization	-	-	1,825,091	(1,825,091)
Capital outlays	381,000	381,000	3,428,503	(3,047,503)
Other operating expenses	1,903,470	1,903,470	1,279,823	623,647
Total operating expenses	<u>5,424,584</u>	<u>5,424,584</u>	<u>9,214,769</u>	<u>(3,790,185)</u>
Operating income (loss)	<u>2,157,406</u>	<u>2,157,406</u>	<u>(2,033,063)</u>	<u>(4,190,469)</u>
Other income (expense)				
Investment income	60,000	60,000	22,308	(37,692)
Sewer bond interest expense	(324,819)	(324,819)	(318,793)	6,026
Principal payments	(1,892,587)	(1,892,587)	(1,695,000)	197,587
Total non-operating income (expenses)	<u>(2,157,406)</u>	<u>(2,157,406)</u>	<u>(1,991,485)</u>	<u>165,921</u>
Income before transfers and non-operating expenses	-	-	(4,024,548)	(4,024,548)
Net income	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,024,548)</u>	<u>\$ (4,024,548)</u>

(continued)

SUPPLEMENTARY INFORMATION
TOWN OF WEST WARWICK, RHODE ISLAND
Enterprise Funds
Combining Schedules of Revenues and Expenses
Budgetary Basis (Non-GAAP)
For the Fiscal Year Ended June 30, 2011
(continued)

	Municipal Court				Totals		
	Original Budget	Revised Budget	Actual	Variance	Budget	Actual	Variance
Operating revenues							
Usage sales and fees	\$ 246,050	\$ 246,050	\$ 183,825	\$ (62,225)	\$ 5,746,236	\$ 5,701,122	\$ (45,114)
Sewer assessment revenue	-	-	-	-	985,786	967,812	(17,974)
Other income	-	-	-	-	1,096,018	696,597	(399,421)
Total operating revenues	<u>246,050</u>	<u>246,050</u>	<u>183,825</u>	<u>(62,225)</u>	<u>7,828,040</u>	<u>7,365,531</u>	<u>(462,509)</u>
Operating expenses							
Salaries and benefits	157,550	157,550	132,265	25,285	2,464,993	2,301,397	163,596
Materials and supplies	13,500	13,500	16,769	(3,269)	846,171	528,989	317,182
Depreciation and amortization	-	-	-	-	-	1,825,091	(1,825,091)
Capital outlays	-	-	-	-	381,000	3,428,503	(3,047,503)
Other operating expenses	75,000	75,000	69,303	5,697	1,978,470	1,349,126	629,344
Total operating expenses	<u>246,050</u>	<u>246,050</u>	<u>218,337</u>	<u>27,713</u>	<u>5,670,634</u>	<u>9,433,106</u>	<u>(3,762,472)</u>
Operating income (loss)	<u>-</u>	<u>-</u>	<u>(34,512)</u>	<u>(34,512)</u>	<u>2,157,406</u>	<u>(2,067,575)</u>	<u>(4,224,981)</u>
Other income (expense)							
Investment income	-	-	-	-	60,000	22,308	(37,692)
Sewer bond interest expense	-	-	-	-	(324,819)	(318,793)	6,026
Principal payments	-	-	-	-	(1,892,587)	(1,695,000)	197,587
Total non-operating income (expenses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,157,406)</u>	<u>(1,991,485)</u>	<u>165,921</u>
Income before transfers and non-operating expenses	<u>-</u>	<u>-</u>	<u>(34,512)</u>	<u>(34,512)</u>	<u>-</u>	<u>(4,059,060)</u>	<u>(4,059,060)</u>
Net income	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (34,512)</u>	<u>\$ (34,512)</u>	<u>\$ -</u>	<u>\$ (4,059,060)</u>	<u>\$ (4,059,060)</u>

TOWN OF WEST WARWICK, RHODE ISLAND
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES
IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDING JUNE 30, 2011

	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2011</u>
DRUG EVIDENCE				
Assets				
Cash	\$ 52,446	\$ 68,219	\$ 31,763	\$ 88,902
Internal balances	-	41,391	34,688	6,703
Total assets	<u>\$ 52,446</u>	<u>\$ 109,610</u>	<u>\$ 66,451</u>	<u>\$ 95,605</u>
Liabilities				
Deposits held in custody for others	\$ 52,446	\$ 109,610	\$ 66,451	\$ 95,605
Total liabilities	<u>\$ 52,446</u>	<u>\$ 109,610</u>	<u>\$ 66,451</u>	<u>\$ 95,605</u>
 SCHOOL FIDUCIARY FUND				
Assets				
Cash	\$ 74,592	\$ 221,793	\$ 206,015	\$ 90,370
Total assets	<u>\$ 74,592</u>	<u>\$ 221,793</u>	<u>\$ 206,015</u>	<u>\$ 90,370</u>
Liabilities				
Deposits held in custody for others	\$ 74,592	\$ 221,793	\$ 206,015	\$ 90,370
Total liabilities	<u>\$ 74,592</u>	<u>\$ 221,793</u>	<u>\$ 206,015</u>	<u>\$ 90,370</u>
 TOTAL AGENCY FUNDS				
Assets				
Cash	\$ 127,038	\$ 290,012	\$ 237,778	\$ 179,272
Internal balances	-	41,391	34,688	6,703
Total assets	<u>\$ 127,038</u>	<u>\$ 331,403</u>	<u>\$ 272,466</u>	<u>\$ 185,975</u>
Liabilities				
Deposits held in custody for others	\$ 127,038	\$ 331,403	\$ 272,466	\$ 185,975
Total liabilities	<u>\$ 127,038</u>	<u>\$ 331,403</u>	<u>\$ 272,466</u>	<u>\$ 185,975</u>

STATISTICAL SECTION

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

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

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

REAL ESTATE AND PERSONAL PROPERTY TAXES

Tax Roll Year	Balance 07/01/10	Current Year Assessment	Additions and Adjustments	Abatements and Adjustments	Amount to be Collected	Collections	Balance 06/30/11
2010	\$ -	\$ 51,886,835	205,179	220,290	51,871,724	49,782,613	2,089,111
2009	1,929,709	-	136,466	152,998	1,913,177	1,574,307	338,870
2008	283,839	-	2,323	10,971	275,191	104,393	170,798
2007	121,697	-	17	2,989	118,725	23,320	95,405
2006	88,767	-	-	1,889	86,878	10,454	76,424
2005	97,303	-	95	1,495	95,903	3,749	92,154
2004	53,316	-	-	110	53,206	1,893	51,313
2003	69,355	-	-	377	68,978	712	68,266
2002	82,823	-	-	-	82,823	137	82,686
2001	67,552	-	1	-	67,553	-	67,553
2000 & Prior	131,546	-	-	1,762	129,784	357	129,427
	2,925,907	\$ 51,886,835	\$ 344,081	\$ 392,881	\$ 54,763,942	\$ 51,501,935	3,262,007
Less: Allowance	(772,360)						(865,585)
Net Taxes receivable	<u>\$ 2,153,547</u>						<u>\$ 2,396,422</u>

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

Description of Property	Valuations	Levy
Real property residential	\$ 1,366,769,900	\$ 30,786,492
Real property code 3	114,746,800	2,852,950
Real property code 4	330,094,450	8,558,689
Real property code 40	152,588,400	4,748,246
Real property frozen	11,818,360	-
Motor vehicles	177,499,376	5,053,407
Tangible personal	83,478,210	2,818,057
<i>Total</i>	2,236,995,496	54,817,841
Exemptions	115,535,320	2,931,006
<i>Net assessed value</i>	<u>\$ 2,121,460,176</u>	<u>\$ 51,886,835</u>
<i>Current year assessment</i>		<u>\$ 51,886,835</u>

**RECONCILIATION OF CURRENT YEAR
PROPERTY TAX REVENUE**

Current year collections	\$ 51,501,935
Reserve collected within 60 days subsequent to fiscal year ending June 30, 2010	<u>360,565</u>
	51,862,500
Prior year revenue received in current year	(363,265)
Less: refunds and miscellaneous credits	<u>(125,612)</u>
Current year property tax revenue	<u>\$ 51,373,623</u>

TOWN OF WEST WARWICK, RHODE ISLAND
Schedule of long-term liabilities - Primary Government
For the fiscal year ended June 30, 2011

	<u>Date of Issuance</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Authorized</u>	<u>Outstanding July 1, 2010</u>	<u>Additions</u>	<u>Maturities During Year</u>	<u>Outstanding June 30, 2011</u>	<u>Interest Paid</u>	<u>Due within one year</u>
General Obligation Bonds Payable										
Open space bond	8/15/93	7% - 7.45%	6/30/14	\$ 800,000	\$ 260,000	\$ -	\$ 60,000	\$ 200,000	\$ 17,135	\$ 65,000
GOB - 2002 refunding series B	8/1/02	2% - 3.875%	7/15/12	1,300,000	390,000	-	130,000	260,000	12,318	130,000
GOB - Town	10/25/05	4.00% to 5.00%	10/14/25	2,100,000	1,660,000	-	110,000	1,550,000	75,763	110,000
GOB - School	11/29/05	1.47%	11/29/21	3,688,000	3,688,000	-	-	3,688,000	54,214	-
GOB - Refunding bonds series 2009 B	8/20/09	2.00% to 3.50%	4/1/18	2,370,000	2,065,000	-	280,000	1,785,000	56,938	270,000
GOB - series A	8/20/09	2.75% to 5.00%	4/1/29	6,500,000	6,500,000	-	245,000	6,255,000	272,450	250,000
Road Bond	7/15/07	4.50% to 5.25%	7/15/27	5,000,000	4,500,000	-	250,000	4,250,000	205,062	250,000
GOB - School	3/1/02	4.80%	3/1/22	10,500,000	7,940,000	-	505,000	7,435,000	396,583	530,000
Total general obligation bonds payable				<u>32,258,000</u>	<u>27,003,000</u>	<u>-</u>	<u>1,580,000</u>	<u>25,423,000</u>	<u>1,090,463</u>	<u>1,605,000</u>
Sewer Bonds Payable										
Notes Payable - Clean water	3/9/06	1.11% - 1.565%	9/1/25	7,719,000	6,391,000	-	346,000	6,045,000	115,464	352,000
Notes Payable - Clean water	6/5/03	0%	9/1/23	20,923,000	15,318,000	-	1,121,000	14,197,000	119,266	1,121,000
Notes Payable - Clean Water	12/21/06	1.185% - 1.355%	9/1/26	500,000	436,000	-	22,000	414,000	7,586	23,000
Notes Payable - Clean Water	12/12/07	1.185% - 1.645%	9/1/28	1,675,000	1,605,000	-	71,000	1,534,000	30,924	72,000
Notes Payable - Clean Water	12/30/04	0.78% - 1.555%	9/1/25	3,000,000	2,478,000	-	135,000	2,343,000	45,553	137,000
Total sewer bonds payable				<u>33,817,000</u>	<u>26,228,000</u>	<u>-</u>	<u>1,695,000</u>	<u>24,533,000</u>	<u>318,793</u>	<u>1,705,000</u>
Total general obligation bonds and notes payable				<u>\$ 66,075,000</u>	<u>53,231,000</u>	<u>-</u>	<u>3,275,000</u>	<u>49,956,000</u>	<u>\$ 1,409,256</u>	<u>\$ 3,310,000</u>
Accrued expenses										
Compensated absences					3,677,132	-	395,302	3,281,830	n/a	125,851
Net OPEB obligation					11,515,448	3,391,158	-	14,906,606	n/a	n/a
Net pension obligation					29,247,260	6,025,790	-	35,273,050	n/a	n/a
Total accrued expenses					<u>44,439,840</u>	<u>9,416,948</u>	<u>395,302</u>	<u>53,461,486</u>		
Total long-term liabilities - Primary Government					<u>\$ 97,670,840</u>	<u>\$ 9,416,948</u>	<u>\$ 3,670,302</u>	<u>\$ 103,417,486</u>		

**TOWN OF WEST WARWICK, RHODE ISLAND
SCHEDULE OF DEBT SERVICE REQUIREMENTS
TO MATURITY - GENERAL FUND
FOR THE FISCAL YEAR ENDING JUNE 30, 2011**

<u>Fiscal Year Ended June 30,</u>	<u>Percentage of Maturity</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2012	6.31%	\$ 1,605,000	\$ 1,022,887	\$ 2,627,887
2013	12.72%	1,630,000	958,046	2,588,046
2014	18.76%	1,535,000	894,460	2,429,460
2015	24.64%	1,495,000	832,658	2,327,658
2016	30.64%	1,525,000	770,597	2,295,597
2017	36.76%	1,555,000	705,216	2,260,216
2018	43.01%	1,590,000	636,003	2,226,003
2019	48.50%	1,395,000	564,441	1,959,441
2020-29	100.00%	13,093,000	2,149,284	15,242,284
		<u>\$ 25,423,000</u>	<u>\$ 8,533,592</u>	<u>\$ 33,956,592</u>

**TOWN OF WEST WARWICK, RHODE ISLAND
SCHEDULE OF DEBT SERVICE REQUIREMENTS
TO MATURITY - SEWER ENTERPRISE FUND
FOR THE FISCAL YEAR ENDING JUNE 30, 2011**

<u>Fiscal Year Ended June 30,</u>	<u>Percentage of Maturity</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2012	6.95%	\$ 1,705,000	\$ 304,158	\$ 2,009,158
2013	13.94%	1,716,000	285,048	2,001,048
2014	20.98%	1,726,000	265,418	1,991,418
2015	28.05%	1,735,000	245,289	1,980,289
2016	35.00%	1,705,000	225,037	1,930,037
2017	42.00%	1,717,000	204,678	1,921,678
2018	49.04%	1,728,000	183,853	1,911,853
2019	56.14%	1,740,000	162,572	1,902,572
2020-2029	100.00%	10,761,000	531,972	11,292,972
		<u>\$ 24,533,000</u>	<u>\$ 2,408,025</u>	<u>\$ 26,941,025</u>

TOWN OF WEST WARWICK, RHODE ISLAND
SCHEDULE OF GENERAL CAPITAL ASSETS (BY FUNCTION AND ACTIVITY)
FOR THE FISCAL YEAR ENDING JUNE 30, 2011

Function and Activity	Land	Infrastructure	Land Improvements	Building and Improvements	Motor Vehicles	Office Furniture and Equipment	Machinery and Equipment	Total
General Government	\$4,487,600	\$ -	\$ -	\$ 32,530,687	\$ 154,845	\$ 107,596	\$ -	\$ 37,280,728
Public Safety	91,000	-	-	1,175,917	1,467,078	1,236,611	2,090,691	6,061,297
Public Works	124,300	48,390,536	-	6,569,857	143,925	105,806	1,468,432	56,802,856
Public Libraries	-	-	-	1,761,101	-	-	-	1,761,101
Public Welfare	207,548	-	-	-	-	-	-	207,548
Parks and Recreation	131,100	-	1,041,755	10,799,046	60,000	-	56,910	12,088,811
Public Education	1,058,565	-	-	28,052,572	153,198	712,066	206,255	30,182,656
Total General Fixed Assets	<u>\$6,100,113</u>	<u>\$ 48,390,536</u>	<u>\$ 1,041,755</u>	<u>\$ 80,889,180</u>	<u>\$1,979,046</u>	<u>\$ 2,162,079</u>	<u>\$ 3,822,288</u>	<u>\$144,384,997</u>

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

Exhibit 1

	Fiscal Year							
	2011	2010	2009	2008	2007	2006	2005	2004
Governmental Activities								
Invested in capital assets, net of related debt	\$ 24,720,059	\$ 24,986,345	\$ 32,823,900	\$ 31,772,672	\$ 36,787,696	\$ 33,934,801	\$ 16,175,643	\$ 15,245,316
Restricted	2,106	2,099	2,088	2,075	645,887	580,000	435,811	546,136
Unrestricted	(45,028,069)	(36,415,823)	(30,243,592)	(13,501,829)	(11,503,143)	(6,343,573)	(7,653,291)	(4,321,634)
Total governmental activities net assets	\$ (20,305,904)	\$ (11,427,379)	\$ 2,582,396	\$ 18,272,918	\$ 25,930,440	\$ 28,171,228	\$ 8,958,163	\$ 11,469,818
Business-type activities								
Invested in capital assets, net of related debt	\$ 55,151,515	\$ 56,382,404	\$ 54,809,100	\$ 53,490,930	\$ 51,992,988	\$ 49,827,034	\$ 47,959,823	\$ 48,627,649
Unrestricted	4,983,151	6,116,322	6,510,150	7,531,619	7,062,306	7,325,798	7,630,740	4,343,616
Total business-type activities net assets	\$ 60,134,666	\$ 62,498,726	\$ 61,319,250	\$ 61,022,549	\$ 59,055,294	\$ 57,152,832	\$ 55,590,563	\$ 52,971,265
Primary government								
Invested in capital assets, net of related debt	\$ 79,871,574	\$ 81,368,749	\$ 87,633,000	\$ 85,263,602	\$ 88,780,684	\$ 83,761,835	\$ 64,135,466	\$ 63,872,965
Restricted	2,106	2,099	2,088	2,075	645,887	580,000	435,811	546,136
Unrestricted	(40,044,918)	(30,299,501)	(23,733,442)	(5,970,210)	(4,440,837)	982,225	(22,551)	21,982
Total primary government net assets	\$ 39,828,762	\$ 51,071,347	\$ 63,901,646	\$ 79,295,467	\$ 84,985,734	\$ 85,324,060	\$ 64,548,726	\$ 64,441,083

Note: Fiscal Year ended 2006 has been restated due to the inclusion of governmental infrastructure capital assets.

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

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

Exhibit 2

	Fiscal Year							
	2011	2010	2009	2008	2007	2006	2005	2004
Expenses								
Governmental activities:								
Legislative, judicial and general administrative	20,459,836	\$ 27,993,691	\$ 21,940,197	\$ 14,097,653	\$ 13,373,686	\$ 11,197,258	\$ 9,933,668	\$ 9,164,078
Financial administration	687,191	592,732	646,800	699,169	970,080	724,512	784,393	816,386
Public safety	13,932,866	12,704,903	11,743,194	13,024,765	12,092,263	10,987,202	10,296,870	9,864,726
Public works	4,347,074	4,776,671	4,465,217	5,001,565	4,417,554	4,282,735	4,118,728	3,748,933
Public Health and Welfare	1,126,096	960,592	965,347	848,328	964,961	251,350	150,675	136,490
Parks and recreation	810,123	498,971	540,698	700,501	567,220	596,286	496,147	435,950
Library	755,054	750,945	752,387	834,572	833,966	788,950	801,681	787,262
Education	54,393,470	55,751,973	59,648,722	57,630,426	53,039,292	51,259,834	48,567,662	45,797,715
Other	-	-	-	-	1,002,938	1,960,257	2,614,259	2,685,919
Interest	1,068,814	1,224,128	962,963	827,757	808,488	818,820	1,100,256	940,798
Total governmental activities expenses	<u>97,580,524</u>	<u>105,254,606</u>	<u>101,665,525</u>	<u>93,664,736</u>	<u>88,070,448</u>	<u>82,867,204</u>	<u>78,864,339</u>	<u>74,378,257</u>
Business-type activities:								
Sewer fund	9,533,562	7,517,909	6,886,267	6,062,258	7,005,411	6,839,537	6,090,267	5,081,667
Non-major business type activities	218,337	207,316	599,832	586,935	613,576	541,263	524,301	672,740
Total business-type activities expenses	<u>9,751,899</u>	<u>7,725,225</u>	<u>7,486,099</u>	<u>6,649,193</u>	<u>7,618,987</u>	<u>7,380,800</u>	<u>6,614,568</u>	<u>5,754,407</u>
Total primary government expenses	<u>\$ 107,332,423</u>	<u>\$ 112,979,831</u>	<u>\$ 109,151,624</u>	<u>\$ 100,313,929</u>	<u>\$ 95,689,435</u>	<u>\$ 90,248,004</u>	<u>\$ 85,478,907</u>	<u>\$ 80,132,664</u>

(continued)

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

Exhibit 2	Fiscal Year							
	2011	2010	2009	2008	2007	2006	2005	2004
Program revenues								
Governmental activities:								
<i>Charges for services:</i>								
Legislative, judicial and general administrative	\$ 751,847	\$ 724,352	\$ 596,992	\$ 756,723	\$ 1,087,697	\$ 1,016,923	\$ 1,017,626	\$ 890,225
Financial administration	821,050	1,295,999	1,166,133	1,004,994	864,307	220,000	-	-
Public safety	1,209,390	770,412	676,482	830,789	645,943	781,631	648,702	554,175
Public works	199,306	241,746	316,751	301,122	457,272	477,063	342,080	303,720
Public Health and Welfare	177,534	418,465	8,920	-	2,066	11,671	-	-
Parks and recreation	10,290	4,515	1,160	9,630	6,755	5,300	-	8,850
Library	-	-	-	3,348	139,927	-	-	-
Education	499,692	528,842	561,575	466,372	485,016	-	57,774	85,842
<i>Operating and grants contributions</i>								
Public safety	50,170	1,933,483	804,583	819,705	718,219	-	-	-
Public Health and Welfare	1,019,468	846,500	120,000	404,000	391,000	-	-	-
Parks and recreation	74,975	-	-	-	15,785	-	-	-
Library	-	304,798	117,254	198,190	213,194	-	-	-
Education	26,502,864	27,556,603	27,335,833	26,287,439	26,516,307	26,006,321	25,961,582	24,717,484
Other	-	-	-	-	-	-	531,170	918,170
<i>Capital and grants contributions</i>								
Various	518,993	236,987	25,362	1,057,553	2,417,738	-	-	-
Total governmental activities program revenues	<u>31,835,579</u>	<u>34,862,702</u>	<u>31,731,045</u>	<u>32,139,865</u>	<u>33,961,226</u>	<u>28,518,909</u>	<u>28,558,934</u>	<u>27,478,466</u>
Business-type activities:								
<i>Charges for services:</i>								
Sewer fund	7,204,014	8,711,429	7,055,762	8,003,193	8,922,452	8,354,997	8,860,222	7,668,939
Non-major business type activities	183,825	203,272	555,494	695,368	608,997	588,072	483,362	1,908,091
Total business-type activities program revenues	<u>7,387,839</u>	<u>8,914,701</u>	<u>7,611,256</u>	<u>8,698,561</u>	<u>9,531,449</u>	<u>8,943,069</u>	<u>9,343,584</u>	<u>9,577,030</u>
Total primary government program revenues	<u>\$ 39,223,418</u>	<u>\$ 43,777,403</u>	<u>\$ 39,342,301</u>	<u>\$ 40,838,426</u>	<u>\$ 43,492,675</u>	<u>\$ 37,461,978</u>	<u>\$ 37,902,518</u>	<u>\$ 37,055,496</u>
Net (Expense)/Revenue								
Governmental activities	\$ (65,744,945)	\$ (70,391,904)	\$ (69,934,480)	\$ (61,524,871)	\$ (54,109,222)	\$ (54,348,295)	\$ (50,305,405)	\$ (46,899,791)
Business-type activities	(2,364,060)	1,189,476	125,157	2,049,368	1,912,462	1,562,269	2,729,016	3,822,623
Total primary government net expenses	<u>\$ (68,109,005)</u>	<u>\$ (69,202,428)</u>	<u>\$ (69,809,323)</u>	<u>\$ (59,475,503)</u>	<u>\$ (52,196,760)</u>	<u>\$ (52,786,026)</u>	<u>\$ (47,576,389)</u>	<u>\$ (43,077,168)</u>
General Revenues and Other Changes in Net Assets								
Governmental activities:								
Property taxes, levied for general purposes	51,619,198	\$ 51,019,257	\$ 48,286,386	\$ 46,524,536	\$ 44,408,913	\$ 41,023,899	\$ 39,963,175	\$ 37,312,868
Unrestricted investment earnings	159,892	34,696	307,535	721,446	764,991	693,548	400,899	270,591
State general revenue sharing	2,040,631	2,005,500	2,592,566	3,243,039	3,543,494	3,135,831	2,762,450	-
State motor vehicle phase-out	2,917,180	3,183,440	3,156,078	3,170,604	2,667,910	2,432,650	2,432,650	-
Miscellaneous	129,519	129,236	72,937	109,579	447,985	4,739,400	1,881,329	7,332,558
Transfers	-	10,000	(171,544)	82,113	10,000	-	109,718	30,000
Gain on sale of capital asset	-	-	-	16,032	25,101	485,602	-	-
Total general revenues	<u>56,866,420</u>	<u>56,382,129</u>	<u>54,243,958</u>	<u>53,867,349</u>	<u>51,868,394</u>	<u>52,510,930</u>	<u>47,550,221</u>	<u>44,946,017</u>
Business-type activities:								
Transfers	-	(10,000)	171,544	(82,113)	(10,000)	-	(109,718)	-
Total business-type activities	<u>-</u>	<u>(10,000)</u>	<u>171,544</u>	<u>(82,113)</u>	<u>(10,000)</u>	<u>-</u>	<u>(109,718)</u>	<u>-</u>
Total primary government	<u>\$ 56,866,420</u>	<u>\$ 56,372,129</u>	<u>\$ 54,415,502</u>	<u>\$ 53,785,236</u>	<u>\$ 51,868,394</u>	<u>\$ 52,510,930</u>	<u>\$ 47,440,503</u>	<u>\$ 44,946,017</u>
Change in Net Assets								
Governmental activities	\$ (8,878,525)	\$ (14,009,775)	\$ (15,690,522)	\$ (7,657,522)	\$ (2,240,828)	\$ (1,837,365)	\$ (2,755,184)	\$ (1,953,774)
Business-type activities	(2,364,060)	1,179,476	296,701	1,967,255	1,902,462	1,562,269	2,619,298	3,822,623
Total primary governmental	<u>\$ (11,242,585)</u>	<u>\$ (12,830,299)</u>	<u>\$ (15,393,821)</u>	<u>\$ (5,690,267)</u>	<u>\$ (338,366)</u>	<u>\$ (275,096)</u>	<u>\$ (135,886)</u>	<u>\$ 1,868,849</u>

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

(concluded)

TOWN OF WEST WARWICK
FUND BALANCES, GOVERNMENTAL FUNDS
LAST EIGHT FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

Exhibit 3

	Fiscal Year							
	2011	2010	2009	2008	2007	2006	2005	2004
General Fund								
Reserved	\$ -	\$ 815,568	\$ 278,440	\$ 201,775	\$ 862,059	\$ 605,907	\$ 350,351	\$ 559,979
Unreserved								
Designated for next years budget	-	-	-	-	469,602	3,390,000	2,617,422	1,999,553
Unreserved	-	5,128,315	3,413,110	4,104,080	5,763,851	4,745,857	4,989,556	5,271,075
Nonspendable fund balances	49,599	-	-	-	-	-	-	-
Restricted fund balances	973,298	-	-	-	-	-	-	-
Assigned fund balances	1,458,062	-	-	-	-	-	-	-
Unassigned fund balances	5,163,583	-	-	-	-	-	-	-
Total general fund	<u>\$ 7,644,542</u>	<u>\$ 5,943,883</u>	<u>\$ 3,691,550</u>	<u>\$ 4,305,855</u>	<u>\$ 7,095,512</u>	<u>\$ 8,741,764</u>	<u>\$ 7,957,329</u>	<u>\$ 7,830,607</u>
All Other Governmental Funds								
Reserved	\$ -	\$ 64,168	\$ 2,088	\$ 2,075	\$ 67,428	\$ 80,878	\$ 79,339	\$ 192,130
Unreserved:	-	-	-	-	-	-	-	242,987
Unreserved, reported in:								
Capital Projects Funds	-	1,164,407	1,783,543	5,392,765	2,959,103	3,883,795	147,124	138,710
Special Revenue Funds	-	(815,600)	(2,100,085)	670,718	750,818	1,549,415	1,283,064	1,319,797
Restricted fund balances	2,106	-	-	-	-	-	-	-
Unassigned fund balances, reported in:								
Capital Projects Funds	409,043	-	-	-	-	-	-	-
Special Revenue Funds	(1,535,238)	-	-	-	-	-	-	-
Total All Other Governmental Funds	<u>\$ (1,124,089)</u>	<u>\$ 412,975</u>	<u>\$ (314,454)</u>	<u>\$ 6,065,558</u>	<u>\$ 3,777,349</u>	<u>\$ 5,514,088</u>	<u>\$ 1,509,527</u>	<u>\$ 1,893,624</u>

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

Note: The Town implemented the requirements of GASB 54 in 2011.

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

Exhibit 4

	Fiscal Year							
	2011	2010	2009	2008	2007	2006	2005	2004
Revenues								
General property tax	\$ 51,373,623	\$ 50,791,982	\$ 48,531,392	\$ 46,294,634	\$ 44,289,634	\$ 42,013,684	\$ 40,242,266	\$ 38,229,030
Intergovernmental and departmental revenues	33,104,465	35,091,300	33,644,273	34,193,511	35,390,515	32,876,080	30,640,987	30,986,225
License and permits	1,843,211	2,067,020	1,900,402	2,142,820	2,726,801	1,958,581	1,892,852	1,292,415
Fines and interest on late payments	539,400	641,149	547,342	500,658	446,212	124,102	428,244	420,837
Interest on investments	159,892	34,696	307,535	721,446	764,991	693,548	400,899	270,591
Other revenues	1,419,392	2,570,912	1,455,707	1,894,043	2,055,827	3,853,368	2,673,280	2,111,547
Total revenues	<u>88,439,983</u>	<u>91,197,059</u>	<u>86,386,651</u>	<u>85,747,112</u>	<u>85,673,980</u>	<u>81,519,363</u>	<u>76,278,528</u>	<u>73,310,645</u>
Expenditures								
Current:								
Legislative, judicial and general administrative	9,441,293	16,599,785	10,466,369	9,729,539	9,605,843	\$ 8,009,944	6,503,818	6,958,589
Financial administration	649,338	804,180	625,375	761,673	970,040	724,512	784,393	816,386
Public safety	13,780,375	12,474,913	11,277,178	12,493,102	11,616,278	10,702,177	10,016,903	9,649,844
Public works	4,819,896	4,660,304	4,364,629	4,856,100	4,253,941	4,148,197	3,959,916	3,553,189
Public Health and Welfare	1,126,096	1,021,467	1,077,076	848,328	972,236	251,350	150,675	136,490
Parks and recreation	231,181	243,357	287,471	1,726,291	3,838,119	372,308	272,170	230,740
Library	732,760	732,654	732,762	814,949	814,949	784,044	771,587	743,698
Education	53,822,390	55,163,935	59,061,677	57,038,944	52,380,791	50,627,108	47,981,453	45,722,461
Other	986,596	583,634	3,088,676	1,208,562	993,911	2,915,125	2,599,136	2,667,443
Non-capital	-	-	-	-	1,600,762	2,628,117	364,438	971,021
Debt service:								
Principal	1,580,000	3,580,000	1,250,000	975,000	1,205,000	1,070,000	2,400,404	2,372,721
Interest	1,090,463	1,067,045	971,463	887,537	831,175	800,849	825,605	921,237
Other expenditures	16,000	166,023	6,748	6,680	9,027	12,830	15,123	18,476
Total expenditures	<u>88,276,388</u>	<u>97,097,297</u>	<u>93,209,424</u>	<u>91,346,705</u>	<u>89,092,072</u>	<u>83,046,561</u>	<u>76,645,621</u>	<u>74,762,295</u>
Excess of revenues over (under) expenditures before other financing sources (uses)	<u>163,595</u>	<u>(5,900,238)</u>	<u>(6,822,773)</u>	<u>(5,599,593)</u>	<u>(3,418,092)</u>	<u>(1,527,198)</u>	<u>(367,093)</u>	<u>(1,451,650)</u>
Other financing sources (uses)								
Transfers from other funds	45,855,653	46,528,885	48,187,029	52,222,869	48,080,591	46,737,894	43,302,650	40,647,055
Transfers to other funds	(45,855,653)	(46,518,885)	(48,358,573)	(52,140,756)	(48,070,591)	(46,737,894)	(43,192,932)	(40,617,055)
Sale of capital assets	-	-	-	16,032	25,101	503,002	-	-
Issuance of debt	-	8,870,000	-	5,000,000	-	5,813,192	-	-
Total other financing sources (uses)	<u>-</u>	<u>8,880,000</u>	<u>(171,544)</u>	<u>5,098,145</u>	<u>35,101</u>	<u>6,316,194</u>	<u>109,718</u>	<u>30,000</u>
Net change in fund balances	<u>163,595</u>	<u>2,979,762</u>	<u>(6,994,317)</u>	<u>(501,448)</u>	<u>(3,382,991)</u>	<u>4,788,996</u>	<u>(257,375)</u>	<u>(1,421,650)</u>
Fund balances - beginning	<u>6,356,858</u>	<u>3,377,096</u>	<u>10,371,413</u>	<u>10,872,861</u>	<u>14,255,852</u>	<u>9,466,856</u>	<u>9,724,231</u>	<u>11,145,881</u>
Fund balances - ending	<u>\$ 6,520,453</u>	<u>\$ 6,356,858</u>	<u>\$ 3,377,096</u>	<u>\$ 10,371,413</u>	<u>\$ 10,872,861</u>	<u>\$ 14,255,852</u>	<u>\$ 9,466,856</u>	<u>\$ 9,724,231</u>
 Debt service as a percentage of noncapital expenditures	<u>3.16%</u>	<u>5.06%</u>	<u>2.53%</u>	<u>2.11%</u>	<u>2.34%</u>	<u>2.30%</u>	<u>4.39%</u>	<u>4.61%</u>

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

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

Exhibit 5

	REAL PROPERTY		PERSONAL PROPERTY		TOTALS		Ratio of Total Assessed Value to Total Estimated Actual Value
Fiscal Year	Assessed (1) Value	Estimated Actual Value	Assessed (1) Value	Estimated Actual Value	Assessed (1) Value	Estimated Actual Value	
2002	982,393,997	982,393,997	231,552,228	231,552,228	1,213,946,225	1,213,946,225	100.00%
2003	975,061,081	975,061,081	239,641,251	239,641,251	1,214,702,332	1,214,702,332	100.00%
2004	1,079,271,240	1,079,271,240	244,247,881	244,247,881	1,323,519,121	1,323,519,121	100.00%
2005	2,023,158,630	2,023,158,630	150,111,286	150,111,286	2,173,269,916	2,173,269,916	100.00%
2006	2,049,818,810	2,049,818,810	162,356,217	162,356,217	2,212,175,027	2,212,175,027	100.00%
2007	2,265,970,667	2,265,970,667	184,464,217	184,464,217	2,450,434,884	2,450,434,884	100.00%
2008	2,545,115,776	2,545,115,776	185,862,242	185,862,242	2,730,978,018	2,730,978,018	100.00%
2009	2,584,304,380	2,584,304,380	193,933,664	193,933,664	2,778,238,044	2,778,238,044	100.00%
2010	2,587,494,570	2,587,494,570	172,808,594	172,808,594	2,760,303,164	2,760,303,164	100.00%
2011	2,059,496,120	2,059,496,120	177,499,376	177,499,376	2,236,995,496	2,236,995,496	100.00%

Notes:

(1) Gross assessments.

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

Exhibit 6

<u>Fiscal Year</u>		<u>General Fund</u>
2002	Real Estate Residential	30.45
	Real Estate Residential 2 Family	32.58
	Motor Vehicles	28.47
2003	Real Estate Residential	31.24
	Real Estate Residential 2 Family	33.43
	Motor Vehicles	28.47
2004	Real Estate Residential	17.31
	Real Estate Residential 2 Family	19.65
	Real Estate Residential 3, 4, 5 Family	23.75
	Real Estate Commercial	24.80
	Motor Vehicles	28.47
2005	Real Estate Residential	17.31
	Real Estate Residential 2 Family	19.65
	Real Estate Residential 3, 4, 5 Family	23.75
	Real Estate Commercial	24.80
	Motor Vehicles	28.47
2006	Real Estate Residential	17.74
	Real Estate Residential 2 Family	24.34
	Real Estate Residential 3, 4, 5 Family	25.42
	Real Estate Commercial	20.14
	Motor Vehicles	28.47
2007	Real Estate Residential	18.63
	Real Estate Residential 2 Family	25.56
	Real Estate Residential 3, 4, 5 Family	26.69
	Real Estate Commercial	21.15
	Motor Vehicles	28.47
2008	Real Estate Residential	15.26
	Real Estate Residential 2 Family	19.68
	Real Estate Residential 3, 4, 5 Family	20.58
	Real Estate Commercial	18.79
	Motor Vehicles	28.47
2009	Real Estate Residential	15.92
	Real Estate Residential 2 Family	20.53
	Real Estate Residential 3, 4, 5 Family	21.47
	Real Estate Commercial	19.60
	Motor Vehicles	28.47
2010	Real Estate Residential	16.82
	Real Estate Residential 2 Family	21.70
	Real Estate Residential 3, 4, 5 Family	22.69
	Real Estate Commercial	20.72
	Motor Vehicles	28.47
2011	Real Estate Residential	21.40
	Real Estate Residential 2 Family	24.95
	Real Estate Residential 3, 4, 5 Family	26.13
	Real Estate Commercial	31.72
	Motor Vehicles	28.47

Taken from annual certified tax role

**TOWN OF WEST WARWICK
PRINCIPAL TAXPAYERS
UNAUDITED
JUNE 30, 2011**

Exhibit 7

Taxpayer	Type of Business	(1) Assessed Valuation	Percentage of Total Assessed Valuation
Cox Communications of Rhode Island	Communications	\$ 32,188,140	1.40%
Cox Communications Inc. Tax Department	Real Estate	17,620,350	0.77%
TC Warwick LLC	Real Estate	15,180,700	0.66%
Greenwich Place LLC	Apartments	14,265,600	0.62%
Sanrose Reality Association	Retail Stores	12,491,100	0.55%
Westcott Terrace Apartments	Apartments	10,971,200	0.48%
GPT Tanglewood	Apartments	8,617,400	0.38%
Amtrol Water Technology	Manufacturing	8,534,400	0.37%
National Grid	Utility	8,237,710	0.36%
Natco Products Corp	Retail	5,762,040	0.25%
		<u>\$ 133,868,640</u>	<u>5.84%</u>
Total assessed valuation (gross)		<u>\$ 2,291,721,977</u>	

(1) Source tax assessors office

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

Exhibit 8

Fiscal Year	Taxes Levied for the Tax Year *	Current Year Tax Collections	Percent of Levy Collected	Collections in Subsequent Years	Total Collections to Date	
					Amount	Percentage of Levy
2002	36,225,361	34,802,642	96.07%	78,217	34,880,859	96.29%
2003	36,892,792	35,784,050	96.99%	895,868	36,679,918	99.42%
2004	38,308,467	37,359,052	97.52%	789,390	38,148,442	99.58%
2005	40,268,761	39,364,189	97.75%	790,636	40,154,825	99.72%
2006	42,035,446	40,975,869	97.48%	916,243	41,892,112	99.66%
2007	44,588,827	43,482,303	97.52%	931,833	44,414,136	99.61%
2008	46,845,441	45,624,903	97.39%	1,189,070	46,813,973	99.93%
2009	49,395,486	47,742,663	96.65%	1,379,973	49,122,636	99.45%
2010	51,696,809	49,733,138	96.20%	1,719,322	51,452,460	99.53%
2011	51,886,835	49,782,613	95.94%	-	49,782,613	95.94%

This information is taken from the tax collectors report.

* Levies are net of adjustments in the current year

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

Exhibit 9

Fiscal Year	Population	Net Assessed Value	Gross Bonded Debt	Debt Payable from Enterprise Revenues	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita	Total Debt per Personal Income
2002	29,581	1,213,946,225	28,231,754	7,312,554	20,919,200	1.72%	707.18	*
2003	**	1,214,702,332	26,053,535	5,855,410	20,198,125	1.66%	682.81	*
2004	**	1,323,519,121	21,964,211	4,138,807	17,825,404	1.35%	602.60	*
2005	**	2,173,269,916	17,798,041	2,373,041	15,425,000	0.71%	521.45	*
2006	**	2,212,175,027	21,699,023	1,556,023	20,143,000	0.91%	680.94	*
2007	**	2,450,434,884	19,698,000	760,000	18,938,000	0.77%	640.21	*
2008	**	2,730,978,018	23,348,000	385,000	22,963,000	0.84%	776.28	*
2009	**	2,728,174,687	21,713,000	-	21,713,000	0.80%	734.02	*
2010	29,661	2,717,263,951	27,003,000	-	27,003,000	0.99%	910.39	*
2011	**	2,121,460,176	25,423,000	-	25,423,000	1.20%	857.12	*

Notes:

* Data not available at this time

** Population for census every 10 years

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

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

Exhibit 10

Legal Debt Margin Calculation for the Fiscal Year 2011

Assessed Value (net)	\$ 2,121,460,176
Debt Limit 3% of Assessed Value	63,643,805
<i>Debt Applicable to Limit:</i>	
Total Bonded Debt	<u>25,423,000</u>
Legal Debt Margin	<u><u>\$ 38,220,805</u></u>

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Debt Limit	\$ 63,643,805	\$81,517,919	\$ 81,845,241	\$81,929,341	\$ 64,381,057	\$ 63,353,513	\$ 62,136,365	\$ 37,066,480
Total net debt applicable to limit	25,423,000	27,003,000	21,713,000	22,963,000	18,938,000	20,143,000	15,425,000	17,825,404
Legal debt margin	\$ 38,220,805	\$54,514,919	\$ 60,132,241	\$58,966,341	\$ 45,443,057	43,210,513	\$ 46,711,365	\$ 19,241,076
Total net debt applicable to the limit as a percentage of the debt limit	39.95%	33.13%	26.53%	28.03%	29.42%	31.79%	24.82%	48.09%

Note: In 2005 the Town underwent a full property revaluation

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

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

Exhibit 11

Fiscal Year	Principal	Interest	Total Debt Service	Total General Expenditures (1)	Ratio of Total Assessed to Total Estimated Actual Value
2002	2,147,600	663,498	2,811,098	68,388,829	4.11%
2003	2,103,500	1,051,387	3,154,887	84,236,773	3.75%
2004	2,372,721	921,237	3,293,958	74,762,295	4.41%
2005	2,400,404	825,605	3,226,009	76,645,621	4.21%
2006	1,070,000	800,849	1,870,849	83,046,561	2.25%
2007	1,205,000	831,175	2,036,175	89,092,072	2.29%
2008	975,000	887,537	1,862,537	91,346,705	2.04%
2009	1,250,000	971,463	2,221,463	93,209,424	2.38%
2010	3,580,000	1,067,045	4,647,045	97,097,297	4.79%
2011	1,580,000	1,090,463	2,670,463	88,276,388	3.03%

Notes:

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

**TOWN OF WEST WARWICK
PRINCIPAL EMPLOYERS
UNAUDITED
JUNE 30, 2011**

Exhibit 12

<u>Employer</u>	<u>Type of Business</u>	<u>Number of Employees</u>	<u>Percentage of Total Employment</u>
Town of West Warwick	Municipality	719	8.40%
Cox Communications	Utility	700	8.18%
Metropolitan Life Insurance Co.	Insurance	442	5.16%
Amtrol, Inc.	Manufacturing	370	4.32%
Astro-Med, Inc.	Manufacturing	280	3.27%
Original Bradford Soap Works	Manufacturing	240	2.80%

Total employment: 8,562

Unemployment rate 11.2%

WEST WARWICK PUBLIC SCHOOLS
MISCELLANEOUS STATISTICS
UNAUDITED
JUNE 30, 2011

Exhibit 13

BUILDINGS

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

STUDENTS

	K-5	Middle	High	Total
2011	1722	777	1068	3567
2010	1685	782	1079	3546
2009	1661	807	1108	3576
2008	1643	855	1139	3637
2007	1723	844	1105	3672
2006	1702	911	1103	3716
2005	1745	915	1094	3754
2004	1839	927	1055	3821
2003	1830	882	1110	3822
2002	1819	886	1090	3795
2001	1787	882	1067	3736
2000	1844	902	1055	3801
1999	1821	882	993	3696

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

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

Total FTE's	<u><u>477.4</u></u>
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Data collected from School Department

**TOWN OF WEST WARWICK
MISCELLANEOUS STATISTICS
UNAUDITED
JUNE 30, 2011**

Exhibit 14

Founded	1652	Police Protection	
Town Incorporation	1913	Buildings	1
		Employees:	
		Law Enforcement	50
Type of Government	Council / Town Manager	Civilian	13
		Crossing Guard	4
Fiscal Year begins	July 1		
		Recreation	
Population	Official US Census	Parks	12
	1950 19,096	Playgrounds	5
	1960 21,414	Ball Diamonds	
	1970 24,323	Hard Ball	6
	1980 27,026	Soft Ball	4
	1990 29,268	Soccer Fields	3
	2000 29,581	Volleyball Courts	3
	2010 29,191	Skating Arenas	1
		Basketball Courts	7
Area of Town	8.2 square miles	Walking Paths	2
Land Area	7.9 square miles	Running Tracks	1
		Tennis Courts	4
Miles of Streets		Historical Cemeteries	34
Local Paved	99		
State Paved	13.5	Municipal Buildings:	
Private Paved	10	Town Hall	1
Elections - November 2006		Public Works Garage	1
Registered Voters	18,993	Parks & Recreation	6
Number of Votes Cast	8,903		
Percentage Voting	47%		
		Other Municipal Employees:	54.45
Fire Protection			
# Fire Stations	4		
Employees :	Uniformed 60		
	Civilian(s) 6.5		
Library	1		
	Full Time Employees 11		
	Part Time Employees 9.5		

Data collected from various Town departments

TOWN OF WEST WARWICK

SINGLE AUDIT SECTION

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

The Honorable President and
Members of the Town Council
Town of West Warwick
West Warwick, Rhode Island

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of West Warwick (Town), as of and for the year fiscal ended June 30, 2011, which collectively comprise the Town's basic financial statements and have issued our report thereon dated December 29, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matter

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

We noted certain other matters that we reported to management of the Town in a separate letter dated December 29, 2011.

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


Parmelee, Poirier & Associates, LLP
December 29, 2011

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

The Honorable President and
Members of the Town Council
Town of West Warwick
West Warwick, Rhode Island

Compliance

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

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

In our opinion, the Town, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

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

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

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

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

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

A handwritten signature in black ink, appearing to read "Parmelee Poirier & Associates LLP". The signature is fluid and cursive, with the letters "P" and "A" being particularly large and stylized.

Parmelee, Poirier & Associates, LLP
December 29, 2011

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

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
U.S. Department of Agriculture:			
<i>Passed through State of Rhode Island Department of Education:</i>			
<i>Child Nutrition Cluster:</i>			
National School Lunch Program	10.555	N/A	\$ 614,252
School Breakfast Program	10.553	N/A	135,948
Special Milk Program for Children	10.556	N/A	4,073
Food Donation - See Note 4	10.550	N/A	39,894
Fresh Fruit and Vegetable Program	10.582	2725-17602-020	25,250
Total U.S. Department of Agriculture			\$ 819,417
U.S. Department of Housing and Urban Development:			
<i>Pass-Through State of Rhode Island Division of Planning, Office of Housing and Community Development</i>			
Community Development Block Grant/State Program	14.228	Various	\$ 643,220
Total U.S. Department of Housing and Urban Development			\$ 643,220
U.S. Department of Justice:			
<i>Direct Program:</i>			
Title V Delinquency Prevention Program	16.548	JJDPA	\$ 500
<i>Justice Assistance Cluster</i>			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	DJ-BX-0748	6,354
ARRA-Edward Byrne Memorial Justice Assistance Grant Program	16.803	09-036-JAG-R	21,205
Total U.S. Department of Justice			\$ 28,059
U.S. Department of Transportation:			
<i>Pass-Through State of Rhode Island Department of Transportation, Governor's Office on Highway Safety</i>			
State and Community Highway Safety	20.600	402-EM-11	\$ 11,515
Total U.S. Department of Transportation			\$ 11,515
U.S. Department of Energy:			
<i>Direct Program:</i>			
Energy Efficiency And Conservation Block Grant Program	81.128	DE-EE0002429	\$ 26,066
Total U.S. Department of Energy			\$ 26,066
U.S. Department of Education:			
<i>Passed through State of Rhode Island Department of Education:</i>			
<i>Special Education Cluster:</i>			
Title I Grants to Local Education Agencies	84.010	2725-11702-101	\$ 827,534
ARRA-Title I Grants to Local Education Agencies	84.389	4752-10102-101	226,600
<i>Special Education Cluster:</i>			
Special Education Grants to States	84.027	2725-13202-101	998,215
Special Education Preschool Grants	84.173	2725-13502-101	33,256
ARRA-Special Education Grants to States	84.391	4572-10202-101	428,851
ARRA-Special Education Preschool Grants	84.392	4572-10802-101	40,763
Safe and Drug-Free Schools and Communities	84.186	2725-12602-101	2,645
<i>Special Education Cluster:</i>			
Education Technology State Grants	84.318	1420-53600-910	584,305
ARRA-Education Technology State Grants	84.318	4572-10702-130	116,000
English Language Acquisition Grants	84.365	2725-16502-101	13,202
Improving Teacher Quality State Grants	84.367	2725-16402-101	394,543
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	4572-10502-101	506,154
<i>Passed through the City of Warwick Public School System</i>			
<i>State of Rhode Island</i>			
Career and Technical Education - Basic Grants to States	84.048	2725-16502-101	24,448
Total U.S. Department of Education			\$ 4,196,516
U.S. Department of Homeland Security:			
<i>Pass-through State of Rhode Island Emergency Management Agency:</i>			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	N/A	\$ 303,571
Assistance to Firefighters Grant	97.044	EMW-2009-FV-00639	251,787
Homeland Security Grant Program	97.067	37-71-FY09 HAZ	123,726
Total U.S. Department of Homeland Security			\$ 679,084
Total Expenditures of Federal Awards			\$ 6,403,877

TOWN OF WEST WARWICK
Schedule of Findings and Questioned Costs
For The Fiscal Year Ended June 30, 2011

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness (es) identified? yes X no

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

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

Material weakness (es) identified? yes X no

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

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

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

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
	<i>Special Education Cluster</i>
84.027	Special Education Grants to States
84.173	Special Education Preschool Grants
84.391	ARRA-Special Education Grants to States
84.392	ARRA- Special Education Preschool Grants
	<i>Special Education Cluster</i>
84.318	Education Technology State Grants
84.318	ARRA- Education Technology State Grants

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

Auditee qualified as low risk auditee? X yes no

TOWN OF WEST WARWICK
Schedule of Findings and Questioned Costs
For The Fiscal Year Ended June 30, 2011
(continued)

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

A. Significant Deficiency in Internal Control

None Reported

B. Compliance

None Reported

SECTION III – FINDINGS AND QUESTIONED COST FOR FEDERAL AWARDS

A. Findings

None Reported

B. Questioned Costs

None Reported

TOWN OF WEST WARWICK
Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2011

PRIOR YEAR FINDINGS AND QUESTIONED COST FOR FEDERAL AWARDS

A. Findings

None Reported

B. Questioned Costs

None Reported

TOWN OF WEST WARWICK
Notes to Schedule of Expenditures of Federal Awards
June 30, 2011

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

Identification of major programs:

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>
	<i>Special Education Cluster</i>
84.027	Special Education Grants to States
84.173	Special Education Preschool Grants
84.391	ARRA-Special Education Grants to States
84.392	ARRA- Special Education Preschool Grants
	<i>Special Education Cluster</i>
84.318	Education Technology State Grants
84.318	ARRA- Education Technology State Grants

4. **Non-Cash Assistance**

U.S.D.A. Contributions: The United States Department of Agriculture makes available commodities for donations to schools. The amount of \$39,894 represents the market value of such commodities used during the period.