



Basic Financial Statements And Supplementary Information

For the year ended June 30, 2012
Prepared by:

Finance Department

Introductory Section

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Organization Chart
List of Town Officials



TOWN OF WARREN, RHODE ISLAND

YEAR ENDED JUNE 30, 2012

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TOWN OF WARREN, RHODE ISLAND

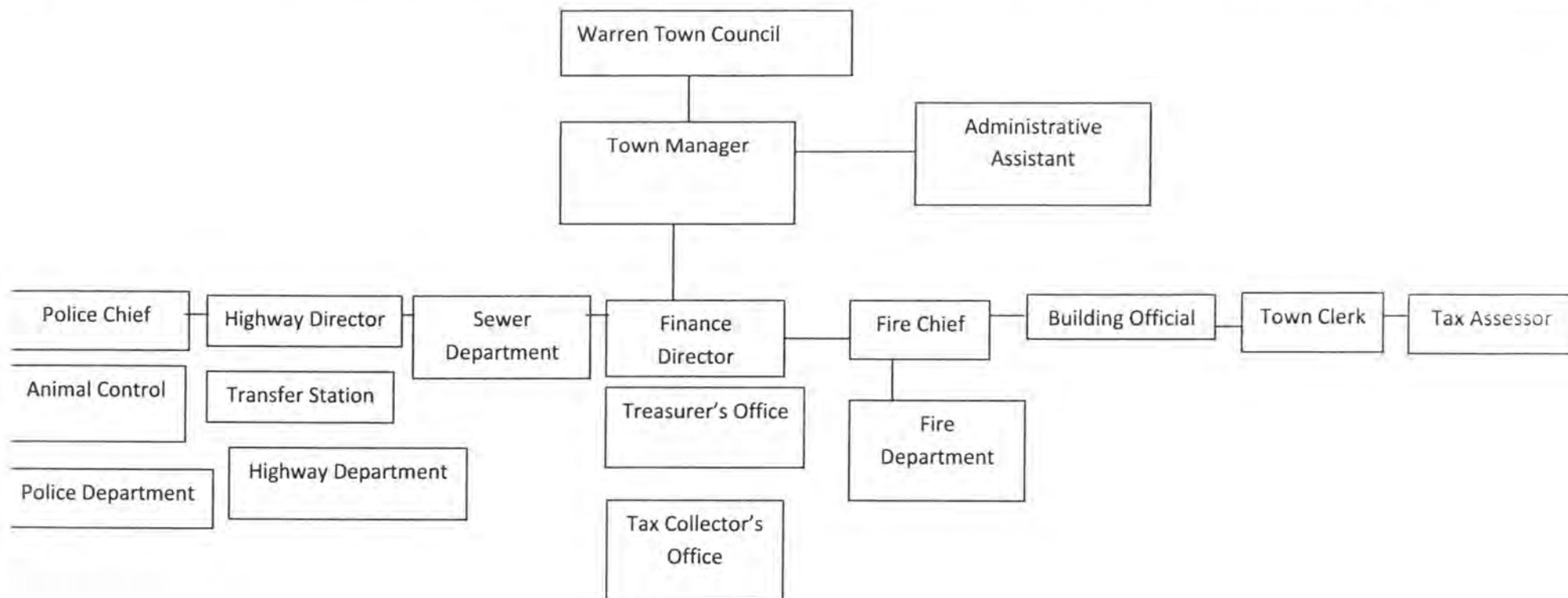
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(CONCLUDED)

Organizational Chart – Town of Warren, RI | 2012



TOWN OF WARREN, RHODE ISLAND

JUNE 30, 2012

TOWN COUNCIL

Christopher Stanley
David Frerichs
Cathie Tattrie
Scott Lial
Davison Bolster

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

Financial Section

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



REPORT OF INDEPENDENT AUDITORS

To the Honorable Town Council
Town of Warren, Rhode Island

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Warren, Rhode Island as of and for the year ended June 30, 2012, which collectively comprise the Town's basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the Town of Warren, Rhode Island's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

As discussed in Note 4 to the financial statements, management has not recorded certain capital assets in governmental activities and, accordingly, has not recorded depreciation expense on those capital assets. Accounting principles generally accepted in the United States of America require that those capital assets be capitalized and depreciated, which would increase the assets, net assets, and expenses of the governmental activities. The amount by which this departure would affect the assets, net assets, and expenses of the governmental activities is not reasonably determinable.

In our opinion, because of the effects of matter discussed in the preceding paragraph, the financial statements referred to previously do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the governmental activities of the Town of Warren, Rhode Island, as of June 30, 2012, or the changes in financial position thereof for the year then ended. In addition, in our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of each major fund, and the aggregate remaining fund information of the Town of Warren, Rhode Island as of June 30, 2012, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 9, 2013 on our consideration of the Town of Warren, Rhode Island's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on Pages 3 through 8 and the Schedules of Funding Progress and budgetary comparison information on pages 48 thru 55 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 of Warren, Rhode Island's financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates 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 combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Warren, Rhode Island's basic financial statements. The introductory section is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has 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 it.

Blair P.C.

Providence, Rhode Island
April 9, 2013

Management's Discussion and Analysis

As management of the Town of Warren, we offer readers of the Town of Warren's financial statements this narrative overview and analysis of the financial activities of the Town of Warren for the fiscal year ended June 30, 2012. We encourage readers to consider the information presented here in conjunction with the Town's basic financial statements that follow this section.

Financial Highlights

- The assets of the Town of Warren exceeded its liabilities as of June 30, 2012, by \$21,874,803 (*net assets*). Of this amount, \$5,975,669 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Town of Warren's total net assets decreased by \$285,634 for the current fiscal year.
- As of June 30, 2012, the Town of Warren's governmental funds reported combined ending fund balances of \$8,872,183, an increase of \$3,525,661, in comparison with the prior year.
- As of June 30, 2012, the total fund balance for the general fund was \$6,650,880, or approximately 27% of total general fund expenditures. However, \$3,950,109 of this fund balance was appropriated to meet 2012-2013 general fund capital expenditures.
- The Town of Warren's total debt of its governmental activities increased to \$13,893,656, a 31.07% increase during 2012. The Town paid down principle of \$1,035,750 on existing bond issues. The Town issued two revenue bonds in the amounts of \$2,220,000 and \$2,415,000. The bond proceeds are to be used for capital improvements and the refunding of revenue bonds.
- For the purposes of this audit, the Transfer Station fund has been included with the General Fund, and is not considered a proprietary fund. The activity related to the Transfer Station is part of the General Fund annual budget.

Overview of the Financial Statements

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

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

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

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation and sick leave).

Both of the Government-wide financial statements distinguish functions of the Town of Warren that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business type activities*). The governmental activities of the Town of Warren include general government, public safety, public works, parks and recreation.

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

The Government-wide financial statements can be found on pages 9 and 10 of this report.

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

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the Government-wide financial statements. However, unlike the Government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of 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 fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town of Warren maintains 66 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Technology Grant, the RICWFA 2011A Bond Fund and the EPA STAG Fund which are considered major funds. Data from the remaining 62 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* later in this report.

The basic governmental fund financial statements can be found on pages 11, 12 and 13 of this report.

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

The basic fiduciary fund financial statements can be found on pages 14 and 15 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the Government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 16 of this report.

Other information. In addition to the basic financial statements and accompanying notes, *required supplementary information* presents a budgetary comparison schedule for the General Fund to demonstrate compliance with the budget as well as the Pension and OPEB Schedules of Funding Progress.

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

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town of Warren, assets exceeded liabilities by \$22,174,803 at the close of Fiscal Year ended June 30, 2012.

	Governmental Activities		Business-type Activities		Total		Percentage Change
	2012	2011	2012	2011	2012	2011	2012-2011
Current and other assets	\$ 10,662,203	\$ 8,341,800	\$ -	\$ 45,807	\$ 10,662,203	\$ 8,387,607	27.12%
Capital assets	29,727,038	29,691,667	-	35,371	29,727,038	29,727,038	0.00%
Total assets	40,389,241	38,033,467	-	81,178	40,389,241	38,114,645	5.97%
Long-term debt	15,416,222	11,850,443	-	11,297	15,416,222	11,861,740	29.97%
Other liabilities	3,098,216	4,031,448	-	376,698	3,098,216	4,408,146	-29.72%
Total liabilities	18,514,438	15,881,891	-	387,995	18,514,438	16,269,886	13.80%
Net Assets							
Invested in capital assets	15,833,382	19,092,261			15,833,382	19,092,261	-17.07%
Restricted	65,752	59,740			65,752	59,740	10.06%
Unrestricted	5,975,669	2,999,575	-	(306,817)	5,975,669	2,692,758	121.92%
Total net assets	\$ 21,874,803	\$ 22,151,576	\$ -	\$ (306,817)	\$ 21,874,803	\$ 21,844,759	0.14%

The general capital assets (e.g., land, buildings, machinery, and equipment) of the governmental activities of the Town of Warren less outstanding debt equal \$15,833,382. A portion of the outstanding debt of the governmental activities was incurred for the installation of infrastructure.

With the historical infrastructure costs included, the governmental activities have total net assets of \$21,874,803. Included within the total net assets are capital assets net of related debt of \$15,833,382 and restricted net assets of \$65,752 as of June 30, 2012, leaving an unrestricted balance of \$5,975,669. In comparison, governmental activity net assets as of June 30, 2011 totaled \$22,151,576.

Even though these net assets are available for future spending, the investment in capital assets is reported net of related debt. Resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Additional portions of the Town of Warren's net assets are also subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets or \$5,975,669 may be used to meet the government's ongoing obligations to citizens or creditors.

Governmental activities. Governmental activities decreased the Town of Warren's net assets by \$285,634, due an increase in property tax general revenue and grant revenue.

Business-type activities. There were no business-type activities in 2011-2012.

	Governmental Activities		Business-type Activities		Total		Percentage Change
	2012	2011	2012	2011	2012	2011	2012-2011
Revenues							
Program revenues-							
Charges for services	\$ 510,171	\$ 162,142	\$ -	\$ 150,752	\$ 510,171	\$ 312,894	63.05%
Grants	1,695,444	1,129,472			1,695,444	1,129,472	50.11%
General revenues-							
Property taxes	22,052,673	21,240,548			22,052,673	21,240,548	3.82%
Intergovernmental	959,119	594,599			959,119	594,599	61.31%
Licenses, fees, permits and fines	1,220,502	1,100,806			1,220,502	1,100,806	10.87%
Investment earnings	188,233	231,240			188,233	231,240	-18.60%
Miscellaneous	219,376	79,648			219,376	79,648	175.43%
Transfers in/out		(1,242)	-	1,242	-	-	0.00%
Total revenues	26,845,518	24,537,213	-	151,994	26,845,518	24,689,207	8.73%
Expenses							
General government	7,877,437	4,991,984			7,877,437	4,991,984	57.80%
Town offices	811,504	684,328			811,504	684,328	18.58%
Financial administration	206,196	225,763			206,196	225,763	-8.67%
Public safety	2,273,805	2,145,993			2,273,805	2,145,993	5.96%
Fire safety	445,863	546,670			445,863	546,670	-18.44%
Waste water treatment	1,201,434	1,277,390			1,201,434	1,277,390	-5.95%
Highway department	1,356,874	2,031,859			1,356,874	2,031,859	-33.22%
Grants and contributions	287,320	281,576			287,320	281,576	2.04%
Education	11,748,690	11,090,733			11,748,690	11,090,733	5.93%
Debt service	509,156	399,864			509,156	399,864	27.33%
Unallocated depreciation	-	11,939			-	11,939	-100.00%
Transfer station	412,873		-	390,736	412,873	390,736	5.67%
Total expenses	27,131,152	23,688,099	-	390,736	27,131,152	24,078,835	12.68%
Increase (decrease) in net assets	(285,634)	849,114	-	(238,742)	(285,634)	610,372	
Net assets - beginning - as restated	22,160,437	21,302,462	-	(68,075)	22,160,437	21,234,387	
Net assets - ending	\$ 21,874,803	\$ 22,151,576	\$ -	\$ (306,817)	\$ 21,874,803	\$ 21,844,759	

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

Financial Analysis of the Government's Funds

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

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

As of June 30, 2012, the Town of Warren's total governmental funds reported a combined ending fund balance of \$8,872,183, an increase of \$3,525,661 in comparison with the prior year. The unassigned fund balance of \$1,862,994 is available for spending at the government's discretion. The remainder of the fund balance is non-spendable to indicate that it is not available for new spending because it represents un-expendable inventory items or permanent funds. The committed fund balances has been designated to fund appropriations of the subsequent fiscal year. The restricted fund balance has been assigned the RICWFA 2011A Bond Fund and all nonmajor governmental funds fund balances as it is restricted for the legal use of each fund.

The General Fund is the chief operating fund of the Town of Warren. As of June 30, 2012, the total fund balance of the general fund was \$6,650,880 (an increase of \$1,868,951), of which \$2,275,732 was unassigned. The 2012 annual budget for the Town of Warren's general fund identified the re-appropriation of \$4,968,931 in fund balance which represents capital and special appropriations carry-forwards. Actual revenues and other sources were higher than budgeted revenues in the general fund by \$512,000 before transfers. Actual expenditures were lower than budgeted expenditures by \$183,650 before transfers.

General Fund Budgetary Highlights

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

As identified earlier, actual revenues and other sources were higher than budgeted revenues by \$512,000, primarily Significant revenue increases were realized in the categories of intergovernmental revenue (e.g., state excise tax), licenses, fees, permitting and fines' revenue (e.g., third party revenue), and interest revenue categories.

The overall decrease in expenditures was realized in several departments highlighted by significantly lower general government expenses, specifically, employee benefits. Expenditures for education totaled \$11,748,690 and accounted for roughly 48% of total General Fund expenditures. General Fund capital expenditures were \$1,018,822 for the fiscal year, with carry-forward appropriations of \$3,950,109 designated for future projects.

Capital Asset and Debt Administration

Capital assets. The Town of Warren's investment in capital assets for its governmental and activities as of June 30, 2012, amounts to \$29,727,038 net of accumulated depreciation. This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, and infrastructure. Although the Town had capital asset additions and depreciation in 2012, they are not included in these financial statements due to insufficient records. Additional information on the Town of Warren's capital assets can be found in Note 4 to the financial statements, which accompany this report.

Town of Warren's Capital Assets

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

Long-term debt. At the end of the current fiscal year, the Town of Warren has total general obligation debt outstanding of \$13,893,656 entirely backed by the full faith and credit of the government.

State statutes limit the amount of general obligation debt a governmental entity may issue to 3 percent of its total equalized valuation. As of June 30, 2011, the Town of Warren's ratio of Town Debt to net taxable valuation is 1.1%. The current debt limitation for the Town of Warren is \$37,325,561, which significantly exceeds the Town of Warren's current outstanding general obligation debt.

Additional information of the Town of Warren's long-term debt can be found in Note 7 to the financial statements.

Economic Factors and Next Year's Budgets and Rates

As of June 30, 2012, \$3,950,109 of the committed fund balance in the general fund was appropriated for spending in the 2012-13 budget. In addition, the Town's appropriation to fund its contribution to the regional school district remained level at \$11,748,790 for the 2012-13 fiscal year.

Economic downturns continue to be a concern for FY 2013 budgeting. RI State Aid is not budgeted as revenue for FY2013 and revenues are expected to decline while Town Officials continue to maintain essential services.

Requests for Information

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

TOWN OF WARREN, RHODE ISLAND***Statement of Net Assets
June 30, 2012***

	<u>Governmental Activities</u>
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 5,344,009
Cash on deposit at RICWFA	2,221,526
Investments	544,224
Receivables (net)	781,182
Other receivables	643,730
Internal balances	-
Inventories	12,301
Due from federal and state	1,115,231
Noncurrent Assets	
Capital assets (non-depreciable)	1,099,241
Capital assets (net of depreciation)	<u>28,627,797</u>
TOTAL ASSETS	<u>40,389,241</u>
LIABILITIES	
Current liabilities	
Accounts payable	380,242
Accrued expenses	571,389
Escrow deposits	29,976
Unearned/deferred revenue	665,974
Current portion of long-term liabilities	1,450,635
Noncurrent liabilities	
OPEB liabilities (net)	1,410,227
Long-term liabilities (net)	<u>14,005,995</u>
TOTAL LIABILITIES	<u>18,514,438</u>
NET ASSETS	
Invested in capital assets, net of related debt	15,833,382
Restricted for permanent trust funds	65,752
Unrestricted	<u>5,975,669</u>
TOTAL NET ASSETS	<u><u>\$ 21,874,803</u></u>

Statement of Activities
For the year ended June 30, 2012

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Assets
				Governmental Activities
Governmental activities:				
General government	\$ 7,877,437	\$ 49,880	\$ 313,143	\$ (7,514,414)
Town offices	811,504	-	23,635	(787,869)
Financial administration	206,196	-	-	(206,196)
Public safety	2,273,805	1,837	12,040	(2,259,928)
Fire safety	445,863	-	74,785	(371,078)
Waste water treatment	1,201,434	67,747	91,250	(1,042,437)
Highway department	1,356,874	231,975	1,180,591	55,692
Transfer Station	412,873	158,732	-	(254,141)
Grants and contributions	287,320	-	-	(287,320)
Education	11,748,690	-	-	(11,748,690)
Interest on long-term debt	509,156	-	-	(509,156)
Total governmental activities	<u>\$ 27,131,152</u>	<u>\$ 510,171</u>	<u>\$ 1,695,444</u>	<u>(24,925,537)</u>
General revenues:				
Property taxes				22,052,673
Intergovernmental				959,119
Licenses, fees, permits and fines				1,220,502
Investment earnings				188,233
Miscellaneous				219,376
Total general revenues				<u>24,639,903</u>
Change in Net Assets				(285,634)
Net Assets - beginning, as restated				<u>22,160,437</u>
Net Assets - ending				<u>\$ 21,874,803</u>

See Notes to Financial Statements

TOWN OF WARREN, RHODE ISLAND

B - 1

**Balance Sheet
Governmental Funds
June 30, 2012**

	General Fund	Technology Grant	RICWFA 2011A Bond Fund	EPA STAG	Other Governmental Funds	Total Governmental Funds
ASSETS:						
Current Assets:						
Cash and cash equivalents	\$ 4,924,349	\$ -	\$ -	\$ -	\$ 419,660	\$ 5,344,009
Cash on deposit at RICWFA			1,980,000		241,526	2,221,526
Investments	513,639				30,585	544,224
Taxes receivables (net)	781,182					781,182
Other receivables	277,319	284,449			81,962	643,730
Due from other funds	608,862					608,862
Inventories	12,301					12,301
Due from federal & state	600,295			300,000	214,936	1,115,231
TOTAL ASSETS	\$ 7,717,947	\$ 284,449	\$ 1,980,000	\$ 300,000	\$ 988,669	\$ 11,271,065
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 326,807	\$ -	\$ -	\$ -	\$ 53,435	\$ 380,242
Accrued expenses	186,663				3,544	190,207
Deferred revenue	523,621	284,449		279,152	102,373	1,189,595
Escrow deposits	29,976					29,976
Due to other funds	-			20,848	588,014	608,862
TOTAL LIABILITIES	1,067,067	284,449	-	300,000	747,366	2,398,882
FUND BALANCES:						
Non-Spendable	425,039	-			65,752	490,791
Restricted	-	-	1,980,000		588,289	2,568,289
Committed	3,950,109					3,950,109
Assigned	-					-
Unassigned	2,275,732	-			(412,738)	1,862,994
TOTAL FUND BALANCES	6,650,880	-	1,980,000	-	241,303	8,872,183
TOTAL LIABILITIES AND FUND BALANCES	\$ 7,717,947	\$ 284,449	\$ 1,980,000	\$ 300,000	\$ 988,669	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	29,727,038
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	(15,756,630)
Accrued interest related to issuance of long-term liabilities.	(81,182)
Accrual of net OPEB obligation	(1,410,227)
Deferred revenues (net of an allowance for uncollectables) are recorded in the funds, but are not deferred under the measurement focus employed in the Statement of Net Assets	523,621
Net Assets of governmental activities	<u>\$21,874,803</u>

*Statement of Revenues and Other Financing Sources,
Expenditures and Other Financing Uses
For the year ended June 30, 2012*

	General Fund	Technology Grant	RICWFA 2011A Bond Fund	EPA STAG	Other Governmental Funds	Total Governmental Funds
Revenues						
General property taxes	\$ 21,755,371	\$ -	\$ -	\$ -	\$ -	\$ 21,755,371
Interest and investment income	188,122				111	188,233
Licenses, fees, permits and fines	1,197,974				22,528	1,220,502
Water and sewer use fees	64,394					64,394
Transfer Station fees	158,732					158,732
Intergovernmental	722,720	215,551		20,848	1,982,489	2,941,608
Other	120,310				99,066	219,376
Total revenues	<u>24,207,623</u>	<u>215,551</u>	<u>-</u>	<u>20,848</u>	<u>2,104,194</u>	<u>26,548,216</u>
Expenditures						
Current:						
General government	3,269,290			20,848	1,421,163	4,711,301
Town offices	811,504					811,504
Financial administration	206,196					206,196
Public safety	2,176,883				96,922	2,273,805
Fire safety	442,804				3,059	445,863
Waste water treatment	1,201,434				-	1,201,434
Highway department	1,356,874					1,356,874
Grants and contributions	287,320					287,320
Education	11,748,690					11,748,690
Transfer Station	412,873					412,873
Costs of collection	1,616					1,616
Debt Service:						
Principal	1,035,750					1,035,750
Interest and other costs	449,942		20,000			469,942
Capital:						
Capital and special appropriations	1,018,822	215,551			1,088,330	2,322,703
Total expenditures	<u>24,419,998</u>	<u>215,551</u>	<u>20,000</u>	<u>20,848</u>	<u>2,609,474</u>	<u>27,285,871</u>
Excess of revenues over (under) expenditures before transfers	(212,375)	-	(20,000)	-	(505,280)	(737,655)
Other financing sources/uses						
Note issued		-	2,000,000		-	2,000,000
Transfer to trust escrow fund	(2,371,684)	-			-	(2,371,684)
Proceeds from bond issuance	4,635,000					4,635,000
Transfers in	-				181,990	181,990
Transfers out	(181,990)				-	(181,990)
Net other financing sources/uses	<u>2,081,326</u>	<u>-</u>	<u>2,000,000</u>	<u>-</u>	<u>181,990</u>	<u>4,263,316</u>
Net Change in Fund Balances	1,868,951	-	1,980,000	-	(323,290)	3,525,661
Fund balance - beginning of the year, restated	<u>4,781,929</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>564,593</u>	<u>5,346,522</u>
Fund balance - end of the year	<u>\$ 6,650,880</u>	<u>\$ -</u>	<u>\$ 1,980,000</u>	<u>\$ -</u>	<u>\$ 241,303</u>	<u>\$ 8,872,183</u>

TOWN OF WARREN, RHODE ISLAND***Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds (B-2) to the Statement of Activities (A-2)
For the year ended June 30, 2012***

Net change in fund balances - total governmental funds (B-2)	\$ 3,525,661
 The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences.	 (3,485,455)
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.	 297,302
 Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	 <u>(623,142)</u>
 Change in Net Assets of Governmental Activities in the Statement of Activities (A-2)	 <u>\$ (285,634)</u>

TOWN OF WARREN, RHODE ISLAND*Statement of Net Assets**Fiduciary Funds**June 30, 2012*

	Private- Purpose Trusts	OPEB Trust Fund	Agency Funds
ASSETS			
Cash	\$ 34,174	\$ 14,894	\$ 84,184
Investments	581,115	724,984	
Accounts receivable			
Total Assets	<u>\$ 615,289</u>	<u>\$ 739,878</u>	<u>\$ 84,184</u>
LIABILITIES			
Accounts payable			
Deposits Held in Custody for Others			84,184
Total Liabilities	<u>-</u>	<u>-</u>	<u>\$ 84,184</u>
NET ASSETS			
Held in Trust for private purposes	<u>\$ 615,289</u>	<u>\$ 739,878</u>	

See Notes to Financial Statements

TOWN OF WARREN, RHODE ISLAND***Statement of Changes in Net Assets
Fiduciary Funds
For the year ended June 30, 2012***

	Private- Purpose Trusts	OPEB Trust Fund
ADDITIONS:		
Investment income	\$ (27,999)	\$ 6,112
Total additions	<u>(27,999)</u>	<u>6,112</u>
DEDUCTIONS:		
Portfolio management fees	9,381	
Total deductions	<u>9,381</u>	<u>-</u>
CHANGE IN NET ASSETS	(37,380)	6,112
Net Assets - beginning	652,669	733,766
Net Assets - ending	<u>\$ 615,289</u>	<u>\$ 739,878</u>

See Notes to Financial Statements

TOWN OF WARREN, RHODE ISLAND

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Reporting Entity

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

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

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

In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement No. 39. Under GASB Statement No. 39, the financial reporting entity includes both the primary government and all of its component units. Component units are legally separate entities that meet any one of the following three tests:

- Test 1 – The primary government appoints the voting majority of the board of the potential component unit and is able to impose its will on the potential component unit and/or is in a relationship of financial benefit or burden with the potential component unit;
- Test 2 – The potential component is fiscally dependent upon the primary government; or
- Test 3 – The financial statements would be misleading if data from the potential component unit were not included

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Standards

- ✓ GASB Statement No. 64 – Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53. Adoption of this Statement did not have a significant impact on the City's fiscal 2012 statements.

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

- ✓ GASB Statement No. 60 – Accounting and Financial Reporting for Service Concession Arrangement, effective for the Town's fiscal year ending June 30, 2013.
- ✓ GASB Statement No. 61 – The Financial Reporting entity: Omnibus an amendment of GASB Statements No. 14 and No. 34, effective for the Town's fiscal year ending June 30, 2013.
- ✓ GASB Statement No. 62 – Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, effective for the Town's fiscal year ending June 30, 2013.
- ✓ GASB Statement No. 63 – Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, effective for the Town's fiscal year ending June 30, 2013.
- ✓ GASB Statement No. 65 – Items Previously Reported as Assets and Liabilities, effective for the fiscal year ending June 30, 2014.
- ✓ GASB Statement No. 66 – Technical Corrections – An Amendment of GASB Statements No 10 and No. 63, effective for the fiscal year ending June 30, 2014.
- ✓ GASB Statement No. 67 – Financial Reporting of Pension Plans – An Amendment of GASB Statement No. 25, effective for the fiscal year ending June 30, 2014.
- ✓ GASB Statement No. 68 – Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27, effective for the fiscal year ending June 30, 2015.

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

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

Basis of Presentation

Government-Wide Financial Statements

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

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Fund Financial Statements

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

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

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

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

Special Revenue Funds

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

Capital Project Funds

Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of specific capital projects or items.

Permanent Funds

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

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary Fund

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

Fiduciary Funds (Not included in government wide statements)

Agency Funds

Agency funds account for assets held by the Town in a purely custodial capacity. The reporting entity includes three agency funds. Since agency funds are custodial in nature (i.e. assets equal liabilities), they do not involve the measurement of results of operations. The agency funds are as follows:

- Unclaimed estates in Probate Court
- Performance Bond Funds

Private-purpose Trust Funds

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

OPEB Trust Fund

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

Major and Non-Major Funds

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

<u>Fund</u>	<u>Brief Description</u>
Major:	
General Fund:	See above for description
RICWFA 2011A Bond Fund:	To account for capital expenditures funded with the RICWFA 2011A Bond
Technology Grant Fund:	To account for technology grant award and expenditures.
EPA STAG Fund:	To account for EPA grant award and expenditures.

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-Major:

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

Capital Project Funds: RICWFA 2005A Bond Fund

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

Measurement Focus

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

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

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

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

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

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. The major revenue sources that is susceptible to accrual is property tax revenue. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available". Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within 60 days thereafter to pay current liabilities. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

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

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

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

Assets, Liabilities, and Fund Equity

Cash

Cash and cash equivalents are carried at cost. Cash equivalents are all highly liquid investments with a maturity of three months or less when purchased. Substantially, all of the Town's cash and cash equivalents are held in public deposit institutions, except for \$590 in unsecured petty cash. The Town pools cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. Cash in excess of current requirements is invested in short-term treasury securities or as disclosed as part of the Town's investments.

Investments

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

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Fund Equity (Continued)

Accounts Receivable

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. The allowance for uncollectible accounts receivable amounted to \$246,000 at June 30, 2012. Major receivable balances for the governmental activities include property taxes (53% of balance) and intergovernmental grants and aid (69% of balance). Business-type activities report service fees as its major receivables.

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

Accounts Payable

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

Property Taxes

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

Inventory

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

Prepays

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

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Fund Equity (Continued)

Property, Plant and Equipment

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

Government-Wide Statements

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

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

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

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

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

Fund Financial Statements

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

Deferred Revenues

Represent funds received in advance of being owed or receivables which will be collected and included in revenues of future fiscal years. In the General Fund, deferred revenues relate to property tax receivables which are assessed on December 31.

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Fund Equity (Continued)

Interfund Transactions

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

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

Equity Classifications

Government-Wide Statements

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

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

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Fund Equity (Continued)

Fund Financial Statements

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

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

The Town maintains a formal spending policy in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. It shall be the Finance Director's responsibility to ensure the Town's expenditures are appropriately classified based on the restrictions (both external and internal) of the revenue and fund balance(s) in accordance with the definitions listed above. See Note 9 for current year classification of fund balance.

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Fund Equity (Continued)

Compensated Absences

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

Town

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

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

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

Police

Police are entitled to vacation based on length of service. Police can accumulate vacation days up to 120 days and may be carried over. Any vacation time in excess of 120 days not used or redeemed will be forfeited.

Police are entitled to 1.5 days of sick leave for each month in which they work a minimum number of hours. Sick leave may be accumulated to a maximum of 180 days. 75 % of the days in excess of 180 days on June 30 of each year will be paid in the form of a lump sum cash payment. Upon retirement or termination, police have a vested interest in their accumulated sick time based on prorated schedule.

Reconciliation of Government-wide and Fund Financial Statements

The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.” The details of this (\$15,756,630) difference are as follows:

Bonds payable	(\$13,893,656)
Accrued expenses	(300,000)
Compensated absences	<u>(1,562,974)</u>
Total	<u>(\$15,756,630)</u>

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Fund Equity (Continued)

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

Another element of that reconciliation states that "the issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net assets." The details of this (\$3,485,605) difference are as follows:

Change in interest accrued.....	\$ 27,470
Increase in compensated absences	(218,075)
Bond proceeds.....	(6,635,000)
Transfer to bond trust	2,305,000
Principal repayments	<u>1,035,000</u>
Net adjustment.....	<u>(\$3,485,605)</u>

Another element of that reconciliation states that, "Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds." The details of this \$297,302 difference are as follows:

Deferred revenue - beginning.....	\$ (61,325)
Deferred revenue – ending	<u>358,627</u>
Net difference	<u>\$ 297,302</u>

Another element of that reconciliation states that "Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The detail of this (\$623,142) difference is the accrual for OPEB liabilities (net) and accrued expenses.

2. BUDGETARY AND LEGAL COMPLIANCE

Budgetary Data

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

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

2. BUDGETARY AND LEGAL COMPLIANCE (Continued)

Budgetary Data (Continued)

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

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

Excess of Expenditures Over Appropriations

For the year ended June 30, 2012, expenditures exceeded budget at the department level as follows:

<u>Department</u>	<u>Excess</u>
Town offices	\$15,482
Debt service.....	\$68,044

3. CASH AND INVESTMENTS

Deposits

Deposits are in various financial institutions and are carried at cost, which approximates market value. The carrying amount of deposits is separately displayed on the balance sheet as "Cash" and includes \$590 of petty cash.

At year-end, the Town's carrying amount of deposits was \$5,477,261 and the bank balance was \$5,140,144. Of the bank balance, \$3,992,860 was covered by Federal Depository Insurance. The remaining balance, \$1,147,284 was collateralized with securities held by the pledging financial institution, or its trust department or agent but not in the Town's name.

Custodial Credit Risk-Deposits

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

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

Credit Risk. As of June 30, 2012, the Town's investments in Money Markets are not rated, as the fund invests in short-term Government obligations and other instruments collateralized or secured by U.S. Treasury obligations. The U.S. Treasury does not directly or indirectly insure or guarantee the performance of the fund. Treasury obligations have historically involved minimal risk of loss if held to maturity. However, fluctuations in market interest rates may cause the value of Treasury obligations in the Fund's portfolio to fluctuate.

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

3. CASH AND INVESTMENTS (Continued)

Custodial Credit Risk-Deposits (Continued)

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

Investments

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

At June 30, 2012, the Town held the following investments:

<u>Description</u>	<u>Maturity</u>	<u>Market Value</u>
American Express	05/02/2013	\$ 36,459
Bank America	11/15/2014	20,861
General Electric Capital	2/24/2032	15,050
Citigroup, Inc.	05/07/2015	15,387
Cisco Systems Inc	1/15/2020	23,091
E I DU Pont De Nemours & CO	01/15/2020	17,522
Federal Farm Cr	01/12/2016	22,170
JP Morgan Chase and CO	3/25/2020	22,046
Merck & Co., Inc.	03/01/2015	27,621
Common Stocks	N/A	411,494
Certificates of Deposit	Various	1,238,622
Total		<u>\$ 1,850,323</u>

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

3. CASH AND INVESTMENTS (Continued)

Investments (continued)

Interest Rate Risk

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

<u>Description</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Market Value</u>
American Express	5.875%	05/02/2013	\$ 36,459
Bank America	5.125%	11/15/2014	\$ 20,861
General Electric Capital	4.000%	2/24/2032	\$ 15,050
Citigroup, Inc.	4.875%	05/07/2015	\$ 15,387
Cisco Systems Inc	4.450%	1/15/2020	\$ 23,091
E I DU Pont De Nemours & CO	5.750%	11/01/2011	\$ 17,522
Federal Farm Cr	4.625%	01/15/2020	\$ 22,170
JP Morgan Chase and CO	4.950%	3/25/20	\$ 22,046
Merck & Co., Inc.	4.750%	3/1/2015	\$ 27,621

Credit Risk

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

<u>Description</u>	<u>Standard & Poors</u>	<u>Moody's Investor Service</u>
American Express	A-	A2
Bank America	A-	BAA2
General Electric Capital	AA+	A1
Citigroup, Inc.	BBB+	BAA3
Cisco Systems Inc	A+	A1
E I DU Pont De Nemours & CO	A	A2
Federal Farm Cr	AA+	AAA
JP Morgan Chase and CO	A	A2
Merck & Co., Inc.	AA	AA3

Concentration of Credit Risk

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

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

4. CAPITAL ASSETS

Activity for governmental activity capital assets is summarized below:

	Balances June 30, 2011	Additions	Deductions	Balances June 30, 2012
<u>Governmental activity capital assets</u>				
Land (not being depreciated)	\$ 1,104,141		\$ -	\$ 1,104,141
Construction in progress (not being depreciated)	-			-
Buildings and land improvements	16,338,322			16,338,322
Motor Vehicles	5,294,912			5,294,912
Equipment	9,977,762			9,977,762
Equipment and Trailers	318,830			318,830
Infrastructure	36,606,593			36,606,593
Total Cost	69,640,560	-	-	69,640,560
Less: accumulated depreciation:				
Buildings and improvements	(10,043,369)			(10,043,369)
Motor Vehicles	(2,640,865)			(2,640,865)
Equipment	(7,928,249)			(7,928,249)
Equipment and Trailers	(288,359)			(288,359)
Infrastructure	(19,012,680)			(19,012,680)
Total accumulated depreciation	(39,913,522)	-	-	(39,913,522)
Net capital assets	\$ 29,727,038	\$ -	\$ -	\$ 29,727,038

Generally accepted accounting principles, require that capital assets be capitalized and depreciated. The current year additions, retirements and depreciation were not recorded for 2012 due to insufficient records.

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

In addition to the pension benefits described in Note 12, the Town provides postemployment benefits (health insurance) in accordance with union contract provisions. For the year ended June 30, 2012, five (5) municipal retirees met the eligibility requirements for Town provided coverage. The Town pays 100% of the cost of these benefits on a pay-as-you-go basis, which amounted to approximately \$62,295.

The Town's annual other post employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the Town (ARC) under the accrual basis of accounting. The Town has engaged an actuary to calculate the ARC and related information per the provisions of GASB Statement 45 for employers with plans including more than 100 total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the components of the Town's annual OPEB cost for the year ended June 30, 2012, the amount actually contributed to the plan, and the Town's net OPEB obligation to the plan as of June 30, 2012.

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

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

<u>Annual OPEB Cost</u>	<u>Year ended June 30, 2012</u>
Normal Cost	\$ 420,724
Amortization of UAAL	(40,378)
Interest	43,483
Annual Required Contribution (expense)	423,829
Implicit rate subsidy	(38,392)
Contributions made during year	(62,295)
Net OPEB obligation at beginning of year	1,087,085
Net OPEB obligation at end of year	<u>\$ 1,410,227</u>

Town contributions to the plan for the year ended June 30, 2012 represented 24% of annual OPEB expense, of \$423,829. The difference represents the Town's OPEB obligation to the plan and has been accrued as an expense in the government-wide financial statements.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and annual required contributions are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information on page 44 will, over time, present multi-year trend information about whether the actuarial value of plan assets (none at present) is increasing or decreasing relative to the actuarial accrued liabilities for benefits.

Funding Policy

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

Funded Status of Plan

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

- Actuarial value of assets - \$739,870
- Actuarial accrued liability - \$4,332,008
- Unfunded actuarial accrued liability (UAAL) - \$3,592,138
- Funded Ratio - 17.08%
- Annual covered payroll - \$2,935,090
- UAAL as percentage of payroll - 122.39%

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

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

Funded Status of Plan (Continued)

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

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

- Valuation date – June 30, 2012
- Discount rate - 4.00%
- Participation - All eligible retirees are assumed to elect medical and dental coverage.
- Payroll Growth Rate - 3.50%
- Amortization Period - 10 years
- Amortization Method - Level Percent of Payroll Amortization
- Mortality – RP-2000 Combined Mortality Table

6. DEFERRED REVENUES

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

Property taxes receivable (net).....	\$ 781,182
Less: current year 60 day accrual	<u>(257,561)</u>
Total deferred tax revenue.....	<u>\$ 523,621</u>

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

7. LONG-TERM DEBT

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

	<u>Date of Issue</u>	<u>Amount Issued</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance Outstanding June 30, 2011</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance Outstanding June 30, 2012</u>	<u>Current Portion</u>
Public improvements	04/01/02	\$ 1,800,000	1.27%	9/1/03-22	\$ 1,206,406	\$ -	\$ 84,750	\$ 1,121,656	\$ 87,338
Public improvements	08/15/02	\$ 805,000	4.64%	1/15/03-22	530,000		530,000	-	
Public improvements	07/15/02	\$ 3,195,000	3.75-4.88%	7/15/02-22	1,650,000		1,650,000	-	
Public improvements	08/15/04	\$ 725,000	0.05	8/15/05-24	490,000		350,000	140,000	35,000
Public improvements	12/15/05	\$ 905,000	1.11%-1.56%	9/1/06-25	708,000		41,000	667,000 *	42,000
Public improvements	02/15/06	\$ 310,000	3.95%	2/15/06-26	225,000		15,000	210,000	15,000
Public improvements	05/07/07	\$ 1,690,000	4.05%	5/15/08-27	1,270,000		110,000	1,160,000	75,000
Public improvements	05/01/08	\$ 3,885,000	3.5%	5/15/09-28	2,705,000		390,000	2,315,000	390,000
Public improvements	08/15/09	\$ 1,985,000	2.25-4.75%	08/15/10-29	1,815,000		170,000	1,645,000	170,000
Public improvements	03/11/2011	\$ 2,000,000	.42-3.33%	09/1/2039	-	2,000,000		2,000,000 *	80,000
Public improvements	04/12/2012	\$ 2,220,000	2-3.625%	1/15/13-32	-	2,220,000		2,220,000	-
Public improvements	04/12/2012	\$ 2,415,000	2-3%	1/15/13-24		2,415,000		2,415,000	400,000
Total general obligations bonds					10,599,406	6,635,000	3,340,750	13,893,656	1,294,338
Compensated Absences					1,344,299	218,675		1,562,974	133,300
Total long-term debt					\$ 11,943,705	\$ 6,853,675	\$ 3,340,750	\$ 15,456,630	\$ 1,427,638

* As of June 30, 2012, \$241,526 and \$1,980,000 remains in custody of funding agency and is available for future draw downs. There were \$68,050 of monies drawn down on the loans as of June 30, 2012.

Total interest expense paid on long term debt for the year ended June 30, 2012 was approximately \$450,000

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

	<u>Amount</u>	<u>Percent</u>
Public improvements	\$ 13,893,656	89.9%
Compensated absences	1,562,974	10.1%
Total	\$ 15,456,630	100%

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

7. LONG-TERM DEBT (Continued)

The ratio of Town debt to net taxable valuation at June 30, 2012 was as follows:

Net taxable valuation	\$1,244,209,607
Town debt outstanding	\$ 13,893,656
Ratio of Town debt to net taxable valuation	1.12%

Schedule of long-term bond and debt requirements:

<u>Fiscal Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 1,294,338	\$ 283,534	\$ 1,577,872
2014	1,008,005	258,168	1,266,173
2015	1,017,753	242,151	1,259,904
2016	1,017,584	225,561	1,243,145
2017	1,032,502	194,584	1,227,086
2018-2022	4,950,497	710,881	5,661,378
2023-2027	2,396,977	328,717	2,725,694
2028-2032	1,176,000	58,873	1,234,873
	<u>\$ 13,893,656</u>	<u>\$ 2,302,469</u>	<u>\$ 16,196,125</u>

In April 2012, the Town issued \$2,415,000 of general obligation refunding bonds to provide resources that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments on \$350,000 of refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the statement of net assets. This advanced refunding was undertaken to reduce total debt service payments over the next 13 years by \$232,121 and resulted in an economic gain of \$197,824. As of June 30, 2012, the in-substance defeased bonds, which remain outstanding was \$350,000.

8. OPERATING LEASES

During January 2011 the Town of Warren entered into a five year operating lease for a copier ending January 2016. The lease payments for these copiers during the year ended June 30, 2012 amounted to \$3,180.

Future minimum lease payments are as follows:

2013	\$ 3,180
2014	3,180
2015	3,180
2016	1,855
Total	<u>\$11,395</u>

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

9. **NET ASSETS**

a) **Fund Deficits**

The following individual funds had deficit fund equity balances as of June 30, 2012:

State Paving Grant	\$146,846
Kee Farm Preservation	\$23,837
Fire Legislative Grant	\$1,496
Planning Challenge Grant	\$10,466
Cops Technology Grant	\$1,233
Revaluation Fund	\$7,304
Animal Spading	\$3,760
Youth Tobacco Enforcement	\$171
Road Salt Storage Project	\$4,281
RI State Byrnes Justice Grant	\$5,977
Sewer Project – EPA	\$3,733
RI EME Grant	\$171
Substance Abuse	\$799
Jamie's Park Chafee	\$81,413
Jamie's Park Grant	\$71,032
RIDOT TIP Water Street Project	\$40,280
Park Avenue Clean Up	\$9,939

The deficits are expected to be funded through transfers from the Town's general fund.

b) **Fund Balances**

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the Town has classified governmental fund balances at June 30, 2012 as follows:

Non-Spendable

Permanent Funds	\$ 65,752
Long-term advances	412,738
Inventory	12,301
Total Non-Spendable fund balance	490,791

Restricted:

Restricted for capital project funds	2,221,526
Restricted for special revenue funds	346,763
Total Restricted fund balance	2,568,289

Committed:

Committed for FY13 operating budget	3,950,109
Total Committed fund balance	3,950,109

Unassigned:

Fund balance not designated for future expenditures...	1,862,994
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Total	\$8,872,183
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(CONTINUED)

TOWN OF WARREN, RHODE ISLAND

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

9. NET ASSETS (Continued)

(c) Transfers In and Out

The principal purpose of interfund transfers is to provide a financing source to various funds that may not have the ability to cover all costs with revenue generated by the fund. The composition of interfund transfers for the year ended June 30, 2012 is as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund		\$ 181,990
Kee Farm Preservation	\$ 177,500	
Substance Abuse	4,490	
Total	<u><u>\$ 181,990</u></u>	<u><u>\$ 181,990</u></u>

10. RISK MANAGEMENT

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

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

11. CONTINGENCIES AND COMMITMENTS

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

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

The Town has a commitment to fund its proportionate share of the 2012-2013 budget of the Bristol-Warren Regional School District in the amount of \$11,748,790.

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

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

12. PENSION PLAN

Plan Description

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

In November 2011, the State enacted The Rhode Island Retirement Security Act of 2011 (the Act) as described in S1111A and H6319A. The Act makes significant changes to the Employee Retirement System and becomes effective July 1, 2012. Two of the most significant changes resulting from the Act are a change in structure from a defined benefit plan to a hybrid plan that includes a smaller defined benefit plan and a supplemental defined contribution plan. In addition, there was a re-amortization of the Unfunded Actuarial Accrued Liability to 25 years from the current 19 year schedule as of June 30, 2010.

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

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

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

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

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

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

12. PENSION PLAN (Continued)

Plan Description (Continued)

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

As of June 30, 2012, the most recent valuation report date, employee membership data related to the pension plan was as follows:

	<u>General Employees</u>	<u>Police/Fire</u>	<u>Total</u>
Active member.....	41	23	64
Retired member	<u>40</u>	<u>24</u>	<u>64</u>
	<u>81</u>	<u>47</u>	<u>128</u>

Summary of Significant Accounting Policies

Basis of Accounting

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

GASB No. 25 and GASB No. 27

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

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

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

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

12. PENSION PLAN (Continued)

Summary of Significant Accounting Policies (Continued)

Method Used to Value Investments

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

Mortgage – Backed Securities

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

Investments

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

Administration of the System

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

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

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

Funding Policy

Section 45-21-41 of the Rhode Island General Laws requires that employees contribute a fixed percentage of their compensation to the MERS. For the year ended June 30, 2012, this percentage was 7.0% for general employees, 9.0% for firemen and 9.0% for police under the elected option. Section 45-21-42 of the Rhode Island General Laws contains the contribution requirements for participating employers. These rates are actuarially determined for each participating employer on an annual basis in accordance with Section 45-21-42 of the Rhode Island General Laws. For the year ended June 30, 2012, the actuarially determined contribution rates for the Town were 14.78% of covered payroll for general employees, 25.83% of covered payroll for police and firemen.

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012**

12. PENSION PLAN (Continued)

Funding Policy (Continued)

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

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

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

For the year ended June 30, 2012, the Town's total payroll was approximately \$3,985,402 and the Town's contribution to the MERS was based on covered approximate payroll of \$1,817,332 for general employees, \$1,464,953 for police and fire.

The total contribution made to MERS during fiscal year 2012 amounted to \$903,675 of which \$646,999 was made by the Town and \$256,676 was made by employees. These employee contributions represented 7.0% (Town), and 9.0% (Police and Fire).

Annual Pension Cost

For fiscal year 2012, the Town's annual pension cost of \$646,999 for MERS was equal to the Town's required and actuarial contributions. The required contribution was determined as part of the June 30, 2009 actuarial valuation using the entry age normal cost method with frozen initial liability. The significant actuarial valuation assumptions used for the June 30, 2009 valuation were as follows: Entry age normal cost method; 20 year amortization period remaining utilizing level percent of payroll closed method; 8.25% annual percent rate of return on investments, compounded annually; projected annual salary increases of 4.5% to 8.5%; 3% inflation; and 3% costs of living adjustments non-compounded with a few exceptions; mortality rates based on the 1994 group annuity mortality table.

The Town's fiscal 2012 required contribution to the State PERS represents 100% of the total current-year actuarially determined contribution requirements for all employers covered by the pension plan.

Trend Information

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

<u>Fiscal Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/10	\$603,215	100%	\$0
6/30/11	\$609,398	100%	\$0
6/30/12	\$646,999	100%	\$0

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

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

12. PENSION PLAN (Continued)

Related Party Investments

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

Required Supplementary Information

The required supplementary information which follows the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Listed below are the details of the funding progress of the General Municipal Employees' Pension Plan with a valuation date of June 30, 2012 which is the most recent report available from the State who administers this plan, as revised to reflect pension reform legislation enacted on November 18, 2011.

- Actuarial value of assets - \$12,429,830
- Actuarial accrued liability - \$18,698,714
- Unfunded actuarial accrued liability (UAAL) - \$6,268,884
- Funded Ratio - 66.47%
- Annual covered payroll - \$3,122,757
- UAAL as percentage of payroll - 200.75%

Significant actuarial assumptions as of June 30, 2012 include (a) a net investment return of 7.50% compounded annually, (b) projected salary increases at 4 to 8%, (c) 2% per year cost-of-living adjustments, (d) mortality rates based on the RP2000 Mortality Table and (e) a retirement age of 59 or completion of service requirements, if later. The actuarial value of MERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. MERS unfunded actuarial accrued liability is being amortized over a closed amortization period of 25 years. As of June 30, 2012, there were 23 years remaining.

13. RESTATEMENT AND RECLASSIFICATION

Net assets at June 30, 2011 have been restated as follows:

Government-wide Financial Statements - Governmental Activities

Net assets at June 30, 2011, as originally stated	\$ 22,151,576
Transfer of the Transfer Station activities to the General Fund	(306,817)
Overstatement of expenses	19,539
Understatement of cash on deposit	289,576
Reclassification of the Road Duty agency fund	6,563
Net assets at June 30, 2011, as restated	\$ 22,160,437

Government-wide Financial Statements - Business-type Activities

Net assets at June 30, 2011, as originally stated	\$ (306,817)
Transfer of the Transfer Station activities to the General Fund	306,817
Net assets at June 30, 2011, as restated	\$ -

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2012

13. RESTATEMENT AND RECLASSIFICATION (Continued)

Fund balance at June 30, 2011 have been restated as follows:

Governmental Fund Financial Statements - General Fund

Fund balance at June 30, 2011, as originally stated	\$ 5,086,512
Transfer of the Transfer Station activities to the General Fund	(330,891)
Overstatement of expenses	19,539
Reclassification of the Plumbing & Electrical Inspection fund	6,769
Fund balance at June 30, 2011, as restated	\$ 4,781,929

**Governmental Fund Financial Statements - Other Non-Major
Governmental Funds**

Fund balance at June 30, 2011, as originally stated	\$ 275,223
Reclassification of the Road Duty agency fund	6,563
Understatement of cash on deposit	289,576
Reclassification of the Plumbing & Electrical Inspection fund	(6,769)
Fund balance at June 30, 2011, as restated	\$ 564,593

In 2012, The Town reclassified the following funds. The Transfer Station fund was reclassified from an enterprise fund to inclusion in the Town's General Fund. The Plumbing and Electrical fund was reclassified from a special revenue fund to inclusion in the Town's General Fund. The Road Duty fund was reclassified from an agency fund to a special revenue fund.

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Required Supplementary Information



TOWN OF WARREN, RHODE ISLAND

**MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF RHODE ISLAND
AND OTHER POSTEMPLOYMENT BENEFITS
JUNE 30, 2012**

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Town of Warren, Rhode Island

Schedule of funding Progress for the Municipal Employees' Retirement System

Actuarial Valuation Date (1)	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as Percentage of Covered Payroll
6/30/2005	\$ 9,643,134	\$ 14,569,068	\$ (4,925,934)	66.19%	\$ 2,661,784	-185.06%
6/30/2006	\$ 10,130,235	\$ 14,990,904	\$ (4,860,669)	67.58%	\$ 2,767,079	-175.66%
6/30/2007	\$ 11,236,283	\$ 16,255,654	\$ (5,019,371)	69.12%	\$ 2,888,716	-173.76%
6/30/2008	\$ 12,291,025	\$ 17,061,933	\$ (4,770,908)	72.04%	\$ 3,094,800	-154.16%
6/30/2009	\$ 12,302,595	\$ 17,552,341	\$ (5,249,746)	70.09%	\$ 3,116,101	-168.47%
6/30/2010 *	\$ 12,109,679	\$ 17,839,289	\$ (5,729,610)	67.88%	\$ 3,156,690	-181.51%
6/30/2011 *	\$ 12,135,728	\$ 18,097,134	\$ (5,961,406)	67.06%	\$ 3,252,107	-183.31%
6/30/2012 *	\$ 12,429,830	\$ 18,698,714	\$ (6,268,884)	66.47%	\$ 3,122,757	-200.75%

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

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

Schedule of funding Progress for Other Postemployment Benefits.

Actuarial Valuation Date (1)	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as Percentage of Covered Payroll
7/1/2007	\$ 700,000	\$ 3,018,423	\$ (2,318,423)	23.19%	\$ 3,019,466	-76.78%
7/1/2009	\$ 700,000	\$ 3,018,423	\$ (2,318,423)	23.19%	\$ 3,019,466	-76.78%
7/1/2011	\$ 739,870	\$ 4,332,008	\$ (3,592,138)	17.08%	\$ 2,935,090	-122.39%

Schedule of Revenues and Expenses (Non-GAAP Budgetary Basis)
Budget and ActualGeneral Fund
For the year ended June 30, 2012

	Continuing Appropriation June 30, 2011	Originally Adopted Budget	Final Approved Budget	Actual (Budgetary Basis)	Continuing Appropriation June 30, 2012	Under Over (Unfavorable)
Revenues						
General property taxes	\$ -	\$ 21,891,293	\$ 21,891,293	\$ 21,755,371	\$ -	\$ (135,922)
Intergovernmental		531,000	531,000	722,720		191,720
Licenses, fees, permits and fines		1,000,536	1,000,536	1,283,605		283,069
Water and sewer use fees		64,500	64,500	64,394		(106)
Interest and investment income (loss)		110,000	110,000	188,123		78,123
Other		93,100	93,100	188,216		95,116
Total revenues	<u>-</u>	<u>23,690,429</u>	<u>23,690,429</u>	<u>24,202,429</u>	<u>-</u>	<u>512,000</u>
Expenditures						
General government		3,416,640	3,416,640	3,269,290		147,350
Town offices		796,022	796,022	811,504		(15,482)
Financial administration		226,839	226,839	206,196		20,643
Public safety		2,166,427	2,166,427	2,164,793		1,634
Fire safety		469,366	469,366	442,804		26,562
Transfer station		437,313	437,313	412,873		24,440
Waste water treatment		1,338,972	1,338,972	1,201,434		137,538
Highway department		1,378,602	1,378,602	1,356,874		21,728
Grants and contributions		293,810	293,810	291,810		2,000
Education		11,748,790	11,748,790	11,748,690		100
Debt services		1,417,648	1,417,648	1,485,892		(68,044)
Cost of collections		-	-	1,616		(1,616)
Capital	2,567,441	2,401,490	4,968,931	1,018,822	3,950,109	-
Total expenditures	<u>2,567,441</u>	<u>26,091,919</u>	<u>28,659,360</u>	<u>24,412,398</u>	<u>3,950,109</u>	<u>296,853</u>
Excess of revenues over (under) expenditures before other financing sources (uses)	<u>(2,567,441)</u>	<u>(2,401,490)</u>	<u>(4,968,931)</u>	<u>(209,969)</u>	<u>(3,950,109)</u>	<u>808,853</u>
Other financing sources (uses)						
Transfer from fund balance	2,567,441	2,401,490	4,968,931	4,968,931		-
Bond proceeds		-	-	4,635,000		4,635,000
Transfer to bond trust escrow fund				(2,371,684)		(2,371,684)
Transfers in/out		-	-	(177,500)		(177,500)
Net other financing sources (uses)	<u>2,567,441</u>	<u>2,401,490</u>	<u>4,968,931</u>	<u>7,054,747</u>	<u>-</u>	<u>2,085,816</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,844,778</u>	<u>\$ (3,950,109)</u>	<u>\$ 2,894,669</u>
Reconciliation to Exhibit B-2:						
Plumbing and Electrical Inspection revenues and expenditures				(5,789)		
Increase/(decrease) in reserve for encumbrances				(1,107)		
Reappropriation of Fund Balance				(4,968,931)		
Excess of revenues and other sources over expenditures and other uses, GAAP Basis				<u>\$ 1,868,951</u>		

(Continued)

Town of Warren, Rhode Island

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

General Fund
For the year ended June 30, 2012

	Continuing Appropriation June 30, 2011	Originally Adopted Budget	Final Approved Budget	Actual (Budgetary Basis)	Continuing Appropriation June 30, 2012	Under Over (Unfavorable)
General property taxes:						
Real estate, tangible and motor vehicle	\$ -	\$ 21,891,293	\$ 21,891,293	\$ 21,755,371	\$ -	\$ (135,922)
Total general property taxes	-	21,891,293	21,891,293	21,755,371	-	(135,922)
Intergovernmental and departmental:						
Excise Tax/State				80,778		80,778
General state aid		83,000	83,000	127,703		44,703
PILOT - BCWA		120,000	120,000	152,851		32,851
Restaurant (Meals) tax		206,000	206,000	241,958		35,958
Telephone tax transfer		122,000	122,000	119,430		(2,570)
Tax sale revenue		-	-	0		-
Total intergovernmental and departmental	-	531,000	531,000	722,720	-	191,720
Licenses, fees, permits and fines:						
Government center rent		-	-	9,636		9,636
Marriage, birth & death certificate		10,000	10,000	11,631		1,631
Municipal court revenue		65,000	65,000	78,550		13,550
MVQ - Head Start rental		16,236	16,236	18,961		2,725
PILOT - Housing Authority		35,000	35,000	77,302		42,302
Police fines and penalties		10,000	10,000	15,541		5,541
Police AFIS fingerprinting		1,600	1,600	1,025		(575)
Police reports		3,000	3,000	3,148		148
Police VIN checks		2,000	2,000	6,790		4,790
Revenue - Building/plumbing permits & fees		50,300	50,300	91,963		41,663
Revenue - Business taxes & licenses		39,000	39,000	59,647		20,647
Revenue - Completion fees		20,000	20,000	52,560		32,560
Revenue - Dog & kennel licenses		3,000	3,000	1,688		(1,112)
Revenue - Harbor		107,000	107,000	100,856		(6,344)
Revenue - Pavilion rental		6,000	6,000	5,714		(286)
Revenue - Photo copy		8,500	8,500	8,821		321
Revenue - Probate court fees		13,900	13,900	16,302		2,402
Revenue - Realty transfers		62,000	62,000	68,451		6,451
Revenue - Recording fees		88,000	88,000	91,900		3,900
Road cut permits		-	-	85		85
Road duty revenue		40,000	40,000	34,536		(5,464)
Third party billing		275,000	275,000	355,983		80,983
Zoning & planning fees		10,000	10,000	3,296		(6,704)
Transfer station		135,000	135,000	158,732		23,732
Business taxes/certified copies		-	-	10,487		10,487
Total licenses, fees, permits and fines	-	1,000,536	1,000,536	1,283,605	-	283,069
Water and sewer user fees						
Sewer use fees		62,000	62,000	60,004		(1,996)
Sewer permits		2,500	2,500	3,150		650
Septage fees		-	-	1,240		1,240
Total water and sewer fees	-	64,500	64,500	64,394	-	(106)
Interest:						
Property tax interest		100,000	100,000	180,142		80,142
General fund investment earnings		10,000	10,000	7,981		(2,019)
Total interest	-	110,000	110,000	188,123	-	78,123
Other:						
Other miscellaneous receipts		20,000	20,000	115,116		95,116
Other sources/social services/senior center		73,100	73,100	73,100		-
Total other	-	93,100	93,100	188,216	-	95,116
Total Operating Revenues	-	23,690,429	23,690,429	24,202,429	-	512,000
Other financing sources:						
Transfer from fund balance	2,567,441	2,401,490	4,968,931	4,968,931		-
Bond proceeds				4,635,000		4,635,000
Transfers in						-
Total other financing sources	2,567,441	2,401,490	4,968,931	9,603,931	-	4,635,000
Total revenue and other financing sources	\$ 2,567,441	\$ 26,091,919	\$ 28,659,360	\$ 33,806,360	\$ -	\$ 5,147,000

(Continued)

Schedule of Revenues and Expenses (Non-GAAP Budgetary Basis)
Budget and ActualGeneral Fund
For the year ended June 30, 2012

	Continuing Appropriation June 30, 2011	Originally Adopted Budget	Final Approved Budget	Actual (Budgetary Basis)	Continuing Appropriation June 30, 2012	Under Over (Unfavorable)
EXPENDITURES:						
GENERAL GOVERNMENT						
ADVERTISING	\$ -	\$ 15,000	\$ 15,000	\$ 12,719	\$ -	\$ 2,281
ATTENDANCE PREMIUMS	-	40,000	40,000	53,493	-	(13,493)
COMPUTER SERVICES	-	40,000	40,000	49,878	-	(9,878)
COPYING EXPENSE	-	8,000	8,000	6,386	-	(386)
ELECTRICITY/WATER AT PARKS	-	10,000	10,000	10,772	-	(772)
EMPLOYEE BENEFITS	-	1,062,985	1,062,985	959,828	-	103,157
FINANCING EXPENSES	-	2,500	2,500	-	-	2,500
FIRE HYDRANTS	-	78,000	78,000	94,500	-	(18,500)
GASB 45	-	6,500	6,500	-	-	6,500
GOVERNMENT CENTER	-	80,000	80,000	85,746	-	(5,746)
GOVERNMENT CENTER CUSTODIAN	-	45,108	45,108	36,108	-	8,998
LEAGUE OF CITIES & TOWNS	-	4,522	4,522	4,522	-	-
LONGEVITY	-	173,750	173,750	162,726	-	11,024
MARY V /MAIN /LIBERTY SCHOOLS	-	55,000	55,000	47,249	-	7,751
POSTAGE	-	28,000	28,000	26,076	-	1,924
PROP. & LIAB. INSURANCE	-	521,850	521,850	462,607	-	59,243
RETIREE BENEFIT ADJUSTMENT	-	10,006	10,006	9,279	-	727
SOCIAL SECURITY TAX	-	315,000	315,000	303,336	-	11,664
STREET LIGHTING	-	160,000	160,000	164,791	-	(4,791)
TELEPHONE	-	7,500	7,500	7,225	-	275
TOWN AUDIT	-	18,000	18,000	18,000	-	-
TOWN EMPL. PENSION COST	-	629,815	629,815	647,190	-	(17,375)
TOWN HALL EXPENSES	-	60,000	60,000	60,286	-	(286)
TOWN HALL CUSTODIAN	-	45,108	45,108	44,509	-	597
UNEMPLOYMENT RESERVE ACCT.	-	4,000	4,000	2,064	-	1,936
Total General Government	-	3,416,640	3,416,640	3,269,290	-	147,350
TOWN OFFICES						
Boards and Commissions						
ADMINISTRATIVE OFFICER	-	5,356	5,356	5,294	-	62
CONSERVATION BOARD EXPENSE	-	1,200	1,200	851	-	349
ECONOMIC DEVELOPMENT	-	800	800	16	-	784
HISTORICAL COMMISSION	-	2,000	2,000	1,755	-	245
JUVENILE HEARING BOARD	-	2,000	2,000	1,800	-	200
PLANNING BOARD EXPENSES	-	2,000	2,000	2,000	-	-
PLANNING/ZONING STENOGRAPHER	-	4,800	4,800	2,800	-	2,000
TREE COMMISSION	-	250	250	0	-	250
ZONING BOARD EXPENSES	-	2,000	2,000	2,000	-	-
Total Boards and Commissions	-	20,406	20,406	16,516	-	3,890
Building Inspector						
BUILDING OFFICIAL SALARY	-	53,645	53,645	53,769	-	(124)
BLDG. OFFICIAL CLERK	-	29,391	29,391	29,390	-	1
BLDG. OFFICE EXPENSE	-	4,300	4,300	4,439	-	(139)
OUTSIDE SERVICES	-	4,900	4,900	4,893	-	7
Total Building Inspector	-	92,236	92,236	92,491	-	(255)
Town Clerk						
TOWN CLERKS SALARY	-	51,887	51,887	51,862	-	(175)
DEPUTY TOWN CLERK	-	42,495	42,495	42,639	-	(144)
DOCUMENT MANAGEMENT	-	5,000	5,000	5,000	-	-
INDEXING/COMPUTER FILING	-	15,000	15,000	15,357	-	(357)
PROBATE JUDGE	-	3,000	3,000	2,250	-	750
TOWN CLERK'S OFFICE EXPENSE	-	15,000	15,000	11,477	-	3,523
TOWN CLERKS STAFF	-	59,231	59,231	64,173	-	(4,942)
MUNICIPAL COURT JUDGE	-	8,000	8,000	6,000	-	2,000
MUNICIPAL COURT EXPENSES	-	1,500	1,500	644	-	856
MUNICIPAL COURT CLERKS	-	8,500	8,500	12,438	-	(3,938)
CANVASSER'S EXPENSE	-	5,000	5,000	3,136	-	1,864
BOARD OF CANVASSERS	-	1,625	1,625	1,244	-	381
ELECTION OFFICIAL'S PAY	-	4,000	4,000	3,495	-	505
Total Town Clerk	-	220,038	220,038	219,715	-	323

(Continued)

Schedule of Revenues and Expenses (Non-GAAP Budgetary Basis)
Budget and ActualGeneral Fund
For the year ended June 30, 2012

	Continuing Appropriation June 30, 2011	Originally Adopted Budget	Final Approved Budget	Actual (Budgetary Basis)	Continuing Appropriation June 30, 2012	Under Over (Unfavorable)
Harbor Master						
HARBOR MASTER PAY	\$ -	\$ 18,613	\$ 18,613	\$ 18,678	\$ -	\$ (63)
ASST. HARBOR MASTER PAY		8,400	8,400	8,050		350
OPERATING EXPENSES		20,000	20,000	22,442		(2,442)
Total Harbor Master	-	47,013	47,013	49,168	-	(2,155)
Town Manager						
TOWN MANAGER SALARY		70,000	70,000	70,270		(270)
TOWN MANAGER EXPENSE		4,000	4,000	2,604		1,396
CLERK		15,000	15,000	12,995		2,005
OFFICE CLERK		29,391	29,391	27,243		2,148
Total Town Manager	-	118,391	118,391	113,112	-	5,279
Town Offices						
COUNCIL CONTINGENCY		15,000	15,000	56,921		(41,921)
PLANNING/ZONING SOLICITOR		12,000	12,000	12,000		-
TOWN COUNCIL PAY		6,000	6,000	4,500		1,500
TOWN MODERATOR'S PAY		100	100	-		100
TOWN SERGEANT'S PAY		100	100	75		25
TOWN SOLICITOR'S PAY		71,374	71,374	71,374		-
TREE WARDEN		3,000	3,000	3,000		-
Total Town Offices	-	107,574	107,574	147,870	-	(40,296)
Town Planner						
TOWN PLANNER		52,020	52,020	52,196		(176)
GENERAL & OFFICE EXPENSE		1,000	1,000	928		72
GIS MAPPING SOFTWARE/EQUIPMENT		6,000	6,000	6,000		-
MATCH FOR GRANTS		5,000	5,000	-		5,000
BUSINESS OUTREACH SERVICES (EZ)		2,500	2,500	7,583		(5,083)
WEBSITE		410	410	263		147
Total Town Planner	-	66,930	66,930	66,970	-	(40)
Recreation						
RECREATION BOARD EXPENSE		50,000	50,000	47,004		2,996
RECREATION DIRECTOR WAGES		15,000	15,000	3,868		11,132
Total Recreation	-	65,000	65,000	50,872	-	14,128
Senior Center						
SENIOR CENTER DIRECTOR		30,538	30,538	30,189		349
SENIOR CENTER - MEAL SITE MANAGER		1,500	1,500	2,800		(1,300)
SENIOR CENTER MAINTENANCE		2,500	2,500	2,051		449
Total Senior Center	-	34,538	34,538	35,040	-	(502)
Social Services						
SOCIAL SERVICE DIRECTOR'S PAY		13,896	13,896	10,289		3,607
SOCIAL SERVICE EXPENSE		10,000	10,000	9,461		539
Total Social Services	-	23,896	23,896	19,750	-	4,146
TOTAL TOWN OFFICES	-	796,022	796,022	811,504	-	(15,482)
FINANCIAL ADMINISTRATION						
Treasury						
FINANCE DIRECTOR'S SALARY		62,424	62,424	58,989		5,435
FINANCE CLERKS		59,231	59,231	56,233		2,998
OFFICE EXPENSE		7,500	7,500	6,990		510
PAYROLL PROCESSING & SERVICES		13,500	13,500	8,554		4,946
OUTSIDE SERVICES		18,500	18,500	18,387		113
Total Treasury	-	161,155	161,155	147,153	-	14,002
Assessor						
TAX ASSESSOR'S SALARY		46,034	46,034	46,211		(177)
ASSESSOR'S CLERK		-	-	-		-
ASSESSOR'S REVIEW BOARD		-	-	(50)		50
OFFICE EXPENSE		6,500	6,500	4,607		1,893
OUTSIDE SERVICES		13,150	13,150	8,275		4,875
Total Assessor	-	65,684	65,684	59,043	-	6,641
TOTAL FINANCIAL ADMINISTRATION	-	226,839	226,839	206,196	-	20,643

(Continued)

Town of Warren, Rhode Island

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

General Fund
For the year ended June 30, 2012

	Continuing Appropriation June 30, 2011	Originally Adopted Budget	Final Approved Budget	Actual (Budgetary Basis)	Continuing Appropriation June 30, 2012 #	Under Over (Unfavorable)
FIRE SAFETY						
FIRE CHIEF SALARY	\$ -	\$ 63,634	\$ 63,634	\$ 63,850	\$ -	\$ (216)
FIRE/EMS COORDINATOR		29,391	29,391	29,212		179
EMA/EMS DIRECTOR (FIRE CHIEF)		4,800	4,800	4,725		75
APPARATUS REPAIR		21,291	21,291	21,113		178
ASSISTANT CHIEFS/DEPUTY		3,600	3,600	3,600		-
BAKER STREET STATION		2,500	2,500	1,922		578
CLOTHING		850	850	850		-
COMMUNICATIONS		15,000	15,000	13,550		1,450
COMPANY FEES		14,000	14,000	14,000		-
COMPANY STEWARDS		11,250	11,250	10,156		1,094
EQUIPMENT EXPENSES		47,500	47,500	47,225		275
FIREFIGHTER GEAR		10,000	10,000	10,000		-
FUEL/DIESEL		28,500	28,500	30,492		(1,992)
MEDICAL SUPPLIES		25,000	25,000	22,152		2,848
OPERATING EXPENSES		77,000	77,000	59,230		17,770
RESCUE STIPEND		95,050	95,050	90,311		4,739
STATION UPKEEP		10,000	10,000	10,001		(1)
TRAINING EXPENSES		10,000	10,000	10,415		(415)
TOTAL FIRE SAFETY	-	469,366	469,366	442,804	-	26,562
GRANTS & CONTRIBUTIONS						
BAND CONCERTS		2,000	2,000	2,000		-
EAST BAY ARC OF RI		3,000	3,000	3,000		-
EAST BAY CENTER		26,000	26,000	26,000		-
EAST BAY COMM. ACTION PROG.		17,000	17,000	17,000		-
GEORGE HAILE LIBRARY		235,620	235,620	235,620		-
MEMORIAL DAY		2,200	2,200	2,200		-
MOSAICO		500	500	500		-
SUBSTANCE ABUSE - GRANT MATCH		4,490	4,490	4,490		-
VISITING NURSES		1,000	1,000	1,000		-
WILDLIFE REHABILITATORS ASSOC OF RI		500	500	-		500
WOMEN'S RESOURCE CENTER		1,500	1,500	-		1,500
TOTAL GRANTS & CONTRIBUTIONS	-	293,810	293,810	291,810	-	2,000
PUBLIC SAFETY						
POLICE CHIEF SALARY		78,681	78,681	78,948		(267)
ADMINISTRATIVE ASSISTANT		16,152	16,152	16,703		(551)
ADVANCED DEGREE INCENTIVE		9,400	9,400	7,350		2,050
CLOTHING		33,000	33,000	34,950		(1,950)
EQUIPMENT/VEHICLES		-	-	8,915		(8,915)
COMMUNICATIONS EXPENSE		8,000	8,000	8,550		(550)
COMPUTER SYSTEM COSTS		-	-	-		-
DISABILITY EXPENSE		85,228	85,228	95,892		(10,664)
DISPATCH CENTER UPGRADE		5,000	5,000	576		4,424
EQUIPMENT REPLACEMENT		10,000	10,000	-		10,000
FUEL - CRUISER EXPENSE		45,000	45,000	56,795		(11,795)
HOLIDAY PAY		70,533	70,533	62,661		7,872
INCENTIVE EDUCATION ACT		17,424	17,424	1,700		15,724
IN-SERVICE TRAINING		20,000	20,000	14,748		5,254
OVER-TIME REGULAR		275,000	275,000	290,477		(15,477)
POLICE OPERATION EXPENSE		51,000	51,000	49,205		1,795
SERVING OFFICERS		1,115,518	1,115,518	1,121,831		(6,313)
DISPATCHERS		195,936	195,936	192,838		3,098
DISPATCH OVERTIME		30,000	30,000	31,104		(1,104)
CLOTHING ALLOWANCE-DISP		4,000	4,000	4,000		-
HOLIDAY PAY-DISPATCHERS		12,500	12,500	16,120		(3,620)
ANIMAL CONTROL OFFICER		40,005	40,005	40,178		(173)
ASSIST. ANIMAL CONTROL OFFICER		13,000	13,000	10,375		2,625
OVERTIME		2,500	2,500	4,130		(1,630)
CLOTHING		550	550	550		-
GENERAL & OPERATING EXPENSES		18,000	18,000	12,107		5,893
ANIMAL SHELTER REPAIR		10,000	10,000	4,092		5,908
TOTAL PUBLIC SAFETY	-	2,166,427	2,166,427	2,164,793	-	1,634

(Continued)

Town of Warren, Rhode Island

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

General Fund
For the year ended June 30, 2012

	Continuing Appropriation June 30, 2011	Originally Adopted Budget	Final Approved Budget	Actual (Budgetary Basis)	Continuing Appropriation June 30, 2012	Under Over (Unfavorable)
PUBLIC WORKS						
DIRECTOR'S SALARY	\$ -	\$ 64,915	\$ 64,915	\$ 65,135	\$ -	\$ (220)
CLOTHING		11,000	11,000	11,550		(550)
CONTRACTUAL PAYROLL		716,000	716,000	673,277		42,723
ENGINEERING SERVICE		4,000	4,000	3,876		124
EQUIPMENT EXPENSES		100,000	100,000	99,092		908
FIELD MAINT		5,000	5,000	5,000		-
FOREMAN'S SALARY		51,687	51,687	51,862		(175)
FUEL/DIESEL		53,000	53,000	72,717		(19,717)
MOSQUITO CONTROL		3,000	3,000	3,540		(540)
OPERATIONS' EXPENSE		95,000	95,000	84,599		10,401
OTHER PART TIME/DITCH CLEANING		40,000	40,000	68,145		(28,145)
OUTSIDE SERVICES		25,000	25,000	23,899		1,101
OVERTIME		50,000	50,000	41,823		8,177
TRASH COLLECTION		160,000	160,000	152,359		7,641
TOTAL PUBLIC WORKS	-	1,378,602	1,378,602	1,356,874	-	21,728
TRANSFER STATION						
TIPPING FEES		190,000	190,000	174,699		15,301
OVERTIME		18,000	18,000	18,473		(473)
TRANSFER STATION OPERATOR SALARY		41,963	41,963	30,507		11,456
TRAILER TRUCK DRIVER SALARY		46,414	46,414	40,311		6,103
EMPLOYEE BENEFITS		63,936	63,936	79,308		(15,372)
GENERAL EXPENSES		8,000	8,000	16,242		(8,242)
VEHICLE & EQUIPMENT MAINTENANCE		42,500	42,500	34,350		8,150
UTILITIES & FUEL		26,500	26,500	18,983		7,517
TOTAL TRANSFER STATION	-	437,313	437,313	412,873	-	24,440
WATER TREATMENT						
OPERATION CONTRACT		590,972	590,972	562,218		28,754
PLANT OPERATION EXPENSE		405,000	405,000	451,820		(46,820)
RI WATER RESOURCE PERMIT		8,000	8,000	6,569		1,431
SLUDGE DISPOSAL		210,000	210,000	167,397		42,603
PUMP STATION ALARM SYSTEM		-	-	13,430		(13,430)
WASTE WATER MGT DISTRICT EXPENSE		125,000	125,000	-		125,000
TOTAL WATER TREATMENT	-	1,338,972	1,338,972	1,201,434	-	137,538
COSTS OF COLLECTIONS	-	-	-	1,616		(1,616)
CAPITAL EXPENDITURES	2,567,441	2,401,490	4,968,931	1,018,822	3,950,109	-
DEBT SERVICE		1,417,648	1,417,648	1,485,692		(68,044)
EDUCATION GENERAL COST (NET)		11,748,790	11,748,790	11,748,690		100
Total Expenditures	2,567,441	26,091,919	28,659,360	24,412,398	3,950,109	296,853
Other financing sources/(uses):						
Transfers out			-	177,500		(177,500)
Transfer to bond trust escrow fund				2,371,684		(2,371,684)
Total Other financing sources/(uses)	-	-	-	2,549,184	-	(2,549,184)
Total Expenditures and other financing sources/(uses)	\$ 2,567,441	\$ 26,091,919	\$ 28,659,360	\$ 26,961,582	\$ 3,950,109	\$ (2,252,331)

TOWN OF WARREN, RHODE ISLAND

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2012**

Budgetary To GAAP Basis Reconciliation

The following reconciliation summarizes the difference between budgetary and GAAP basis accounting principles for the year ended June 30, 2012:

	<u>General Fund</u>
Excess of revenues and other sources over expenditures and other uses Non-GAAP Budgetary Basis)	\$ 6,844,778
Plumbing and Electrical Inspection revenues and expenditures	(5,789)
Decrease reserve for encumbrances	(1,107)
Use of accumulated fund balance	<u>(4,968,931)</u>
Excess of revenues and other sources under expenditures and other uses (GAAP)	<u><u>\$ 1,868,951</u></u>

Other Supplementary Information



Non-major Governmental Funds:

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

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

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

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

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

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

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

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

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



Non-major Governmental Funds:

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

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

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

ACO Donations—accounts for donations for ACO activities.

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

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

Marijuana Grant- accounts for revenue and expenditures related to the activities preventing and reducing the use of marijuana and other drugs by youths.

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

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



Non-major Governmental Funds:

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

Revaluation Fund—accounts for expenditures relating to revaluation activities.

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

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

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

Stormwater Permitting - accounts for revenues and expenditures related to the Phase II Stormwater requirements by DEM.



Non-major Governmental Funds:

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

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

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

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

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

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

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

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

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



Non-major Governmental Funds:

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

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

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

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

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

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

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



Non-major Governmental Funds:

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

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

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

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

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

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

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

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



Non-major Governmental Funds:

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

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

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

RI EME Grant - accounts for revenues and expenditures related to the Homeland Security Grant.

Warren Arts Initiative - accounts for revenue and expenditures related to the work group of the Economic Development Board that addresses the arts.

Ship Shape - accounts for revenue and expenditures related to the incentive to clean up storefronts and the exteriors of homes.



Non-major Governmental Funds:

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

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

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

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

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

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

RIDOT TIP Water St Project— accounts for revenue and expenditures related to the streetscape project on Water Street.



TOWN OF WARREN, RHODE ISLAND
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2012

	<u>Special Revenue Funds</u>						
	<u>Enterprise Zone</u>	<u>Senior Center</u>	<u>Kee Farm Preservation</u>	<u>Road Duty</u>	<u>Rec Department Donation</u>	<u>State Paving Grant</u>	<u>Fire Legislative Grant</u>
ASSETS							
Cash and cash equivalents	\$ 9,182	\$ 37,630	\$ -	\$ 5,429	\$ 1,815	\$ -	\$ -
Cash on deposit RICWFA Investments							
Due from state				3,506			
Receivables (net)	16,591						
TOTAL ASSETS	<u>25,773</u>	<u>37,630</u>	<u>-</u>	<u>8,935</u>	<u>1,815</u>	<u>-</u>	<u>-</u>
LIABILITIES							
Accounts payable		3,025					
Accrued expenses				2,921			
Due to other funds			23,837			146,846	1,496
Deferred revenue	18,879						
TOTAL LIABILITIES	<u>18,879</u>	<u>3,025</u>	<u>23,837</u>	<u>2,921</u>	<u>-</u>	<u>146,846</u>	<u>1,496</u>
FUND BALANCES							
Non-Spendable							
Restricted	6,894	34,605		6,014	1,815		
Committed							
Assigned							
Unassigned			(23,837)			(146,846)	(1,496)
TOTAL FUND BALANCES	<u>\$ 6,894</u>	<u>\$ 34,605</u>	<u>\$ (23,837)</u>	<u>\$ 6,014</u>	<u>\$ 1,815</u>	<u>\$ (146,846)</u>	<u>\$ (1,496)</u>

(Continued)

TOWN OF WARREN, RHODE ISLAND
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2012

	<u>Special Revenue Funds</u>					
	<u>Gun Buy Back</u>	<u>RI DOT Hwy Safety Grant</u>	<u>WPD RI Senatorial Grant</u>	<u>Recycling Grant</u>	<u>Planning Challenge Grant</u>	<u>Champlain Foundation</u>
ASSETS						
Cash and cash equivalents	\$ 2,000	\$ 7,001	\$ 2,000	\$ 6,965	\$ -	\$ 48,190
Cash on deposit RICWFA						
Investments						
Due from state		570				
Receivables (net)						
TOTAL ASSETS	<u>2,000</u>	<u>7,571</u>	<u>2,000</u>	<u>6,965</u>	<u>-</u>	<u>48,190</u>
LIABILITIES						
Accounts payable				208		
Accrued expenses						
Due to other funds					10,466	
Deferred revenue						
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>208</u>	<u>10,466</u>	<u>-</u>
FUND BALANCES						
Non-Spendable						
Restricted	2,000	7,571	2,000	6,757		48,190
Committed						
Assigned						
Unassigned					(10,466)	
TOTAL FUND BALANCES	<u>\$ 2,000</u>	<u>\$ 7,571</u>	<u>\$ 2,000</u>	<u>\$ 6,757</u>	<u>\$ (10,466)</u>	<u>\$ 48,190</u>

(Continued)

TOWN OF WARREN, RHODE ISLAND
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2012

	<u>Special Revenue Funds</u>					
	<u>Historical Street Signs</u>	<u>Community Gardens</u>	<u>ACO Donations</u>	<u>Diesel Equipment Repair</u>	<u>Cops that Care</u>	<u>Social Services Donations</u>
ASSETS						
Cash and cash equivalents	\$ 63	\$ 2,227	\$ 24,849	\$ 4,832	\$ 21	\$ 1,804
Cash on deposit RICWFA Investments						
Due from state						
Receivables (net)						
TOTAL ASSETS	<u>63</u>	<u>2,227</u>	<u>24,849</u>	<u>4,832</u>	<u>21</u>	<u>1,804</u>
LIABILITIES						
Accounts payable						
Accrued expenses						
Due to other funds						
Deferred revenue				4,832		
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,832</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Non-Spendable						
Restricted	63	2,227	24,849	-	21	1,804
Committed						
Assigned						
Unassigned						
TOTAL FUND BALANCES	<u>\$ 63</u>	<u>\$ 2,227</u>	<u>\$ 24,849</u>	<u>\$ -</u>	<u>\$ 21</u>	<u>\$ 1,804</u>

(Continued)

TOWN OF WARREN, RHODE ISLAND
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2012

Special Revenue Funds

	<u>Marijuana Grant</u>	<u>Warren Beautification Donation</u>	<u>Cops Technology</u>	<u>Animal Rescue</u>	<u>Revaluation Fund</u>	<u>Animal Spading</u>
ASSETS						
Cash and cash equivalents	\$ 23,110	\$ 2,122	\$ 30,100	\$ 22,064	\$ -	
Cash on deposit RICWFA						
Investments						
Due from state						
Receivables (net)						
TOTAL ASSETS	<u>23,110</u>	<u>2,122</u>	<u>30,100</u>	<u>22,064</u>	<u>-</u>	<u>-</u>
LIABILITIES						
Accounts payable	1,463			1,844		
Accrued expenses						
Due to other funds			1,233		7,304	3,760
Deferred revenue			30,100			
TOTAL LIABILITIES	<u>1,463</u>	<u>-</u>	<u>31,333</u>	<u>1,844</u>	<u>7,304</u>	<u>3,760</u>
FUND BALANCES						
Non-Spendable						
Restricted	21,647	2,122		20,220		
Committed						
Assigned						
Unassigned			(1,233)		(7,304)	(3,760)
TOTAL FUND BALANCES	<u>\$ 21,647</u>	<u>\$ 2,122</u>	<u>\$ (1,233)</u>	<u>\$ 20,220</u>	<u>\$ (7,304)</u>	<u>\$ (3,760)</u>

(Continued)

TOWN OF WARREN, RHODE ISLAND
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2012

	<u>Special Revenue Funds</u>					
	<u>Police Bicycle Patrol Grant</u>	<u>Byrnes Justice Grant</u>	<u>Youth Tobacco Enforcement</u>	<u>AFIS Live Scan Fed Grant</u>	<u>RI State Byrnes Justice Grant</u>	<u>Road Salt Storage Project</u>
ASSETS						
Cash and cash equivalents	\$ 3,264	\$ 77	\$ -	\$ 250	\$ 1,263	\$ -
Cash on deposit RICWFA						
Investments						
Due from state						-
Receivables (net)			300			
TOTAL ASSETS	<u>3,264</u>	<u>77</u>	<u>300</u>	<u>250</u>	<u>1,263</u>	<u>-</u>
LIABILITIES						
Accounts payable						
Accrued expenses						
Due to other funds			171			4,281
Deferred revenue			300			-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>471</u>	<u>-</u>	<u>-</u>	<u>4,281</u>
FUND BALANCES						
Non-Spendable						
Restricted	3,264	77		250	1,263	
Committed						
Assigned						
Unassigned			(171)			(4,281)
TOTAL FUND BALANCES	<u>\$ 3,264</u>	<u>\$ 77</u>	<u>\$ (171)</u>	<u>\$ 250</u>	<u>\$ 1,263</u>	<u>\$ (4,281)</u>

(Continued)

TOWN OF WARREN, RHODE ISLAND
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2012

Special Revenue Funds

	RI JAG Byrne Stimulus Grant	Memorial Tree Fund	Strategic Plan Energy Consv	Sewer Project - EPA	Stormwater Permitting	Recreational Trails Grant
ASSETS						
Cash and cash equivalents	\$ -	\$ 466	\$ 2,260	\$ -	\$ 26,923	\$ -
Cash on deposit RICWFA						
Investments						
Due from state	3,278					
Receivables (net)						63,200
TOTAL ASSETS	<u>3,278</u>	<u>466</u>	<u>2,260</u>	<u>-</u>	<u>26,923</u>	<u>63,200</u>
LIABILITIES						
Accounts payable		350	2,260			216
Accrued expenses						
Due to other funds	5,977			3,733		18,000
Deferred revenue	3,278					44,984
TOTAL LIABILITIES	<u>9,255</u>	<u>350</u>	<u>2,260</u>	<u>3,733</u>	<u>-</u>	<u>63,200</u>
FUND BALANCES						
Non-Spendable						
Restricted		116	-		26,923	
Committed						
Assigned						
Unassigned	(5,977)			(3,733)		-
TOTAL FUND BALANCES	<u>\$ (5,977)</u>	<u>\$ 116</u>	<u>\$ -</u>	<u>\$ (3,733)</u>	<u>\$ 26,923</u>	<u>\$ -</u>

(Continued)

TOWN OF WARREN, RHODE ISLAND
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2012

	<u>Special Revenue Funds</u>					
	<u>Summer Concerts</u>	<u>RI EME Grant</u>	<u>Project Playground</u>	<u>Jamiels Park Chafee</u>	<u>Homeland Security</u>	<u>Substance Abuse</u>
ASSETS						
Cash and cash equivalents	\$ 3,934	\$ -	\$ 1,000	\$ -	\$ -	
Cash on deposit RICWFA						
Investments						
Due from state						
Receivables (net)						1,871
TOTAL ASSETS	<u>3,934</u>	<u>-</u>	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>1,871</u>
LIABILITIES						
Accounts payable				1,265		
Accrued expenses						623
Due to other funds		171		80,148		2,047
Deferred revenue						
TOTAL LIABILITIES	<u>-</u>	<u>171</u>		<u>81,413</u>	<u>-</u>	<u>2,670</u>
FUND BALANCES						
Non-Spendable						
Restricted	3,934		1,000		-	
Committed						
Assigned						
Unassigned		(171)		(81,413)		(799)
TOTAL FUND BALANCES	<u>\$ 3,934</u>	<u>\$ (171)</u>	<u>\$ 1,000</u>	<u>\$ (81,413)</u>	<u>\$ -</u>	<u>\$ (799)</u>

(Continued)

TOWN OF WARREN, RHODE ISLAND
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2012

Special Revenue Funds

	<u>Fire Inspections</u>	<u>Jamiel's Park DEM Grant</u>	<u>Fire State Meds Plan</u>	<u>RIDOT TIP Water St Project</u>	<u>Arts Initiative</u>	<u>FEMA Flood Event</u>	<u>Community Development Block Grant</u>
ASSETS							
Cash and cash equivalents	\$ 11,620	\$ -	\$ 10,530	\$ -	\$ 500	\$ 35,334	\$ 918
Cash on deposit RICWFA Investments							
Due from state		89,815					117,767
Receivables (net)							
TOTAL ASSETS	<u>11,620</u>	<u>89,815</u>	<u>10,530</u>	<u>-</u>	<u>500</u>	<u>35,334</u>	<u>118,685</u>
LIABILITIES							
Accounts payable			500	40,280			2,024
Accrued expenses							
Due to other funds		160,847					107,758
Deferred revenue							
TOTAL LIABILITIES	<u>-</u>	<u>160,847</u>	<u>500</u>	<u>40,280</u>	<u>-</u>	<u>-</u>	<u>109,782</u>
FUND BALANCES							
Non-Spendable							
Restricted	11,620		10,030		500	35,334	8,903
Committed							
Assigned							
Unassigned		(71,032)		(40,280)			
TOTAL FUND BALANCES	<u>\$ 11,620</u>	<u>\$ (71,032)</u>	<u>\$ 10,030</u>	<u>\$ (40,280)</u>	<u>\$ 500</u>	<u>\$ 35,334</u>	<u>\$ 8,903</u>

(Continued)

TOWN OF WARREN, RHODE ISLAND
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2012

	<u>Special Revenue Funds</u>					
	<u>Industrial Pretreatment</u>	<u>Veterans Honor Roll</u>	<u>Government Center</u>	<u>Parker Avenue Clean Up</u>	<u>Ship Shape</u>	<u>Holiday Committee</u>
ASSETS						
Cash and cash equivalents	\$ 23,737	\$ 17,726	\$ 2,107	\$ -	\$ 1,000	
Cash on deposit RICWFA						
Investments						
Due from state						
Receivables (net)						
TOTAL ASSETS	<u>23,737</u>	<u>17,726</u>	<u>2,107</u>	<u>-</u>	<u>1,000</u>	<u>-</u>
LIABILITIES						
Accounts payable						
Accrued expenses						
Due to other funds				9,939		
Deferred revenue						
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,939</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Non-Spendable						
Restricted	23,737	17,726	2,107		1,000	-
Committed						
Assigned						
Unassigned				(9,939)		
TOTAL FUND BALANCES	<u>\$ 23,737</u>	<u>\$ 17,726</u>	<u>\$ 2,107</u>	<u>\$ (9,939)</u>	<u>\$ 1,000</u>	<u>\$ -</u>

(Continued)

TOWN OF WARREN, RHODE ISLAND
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2012

	<u>Special Revenue Funds</u>		<u>Capital Project Fund</u>		<u>Permanent Funds</u>			
	<u>Narcotics</u>	<u>Employee Charity Fund</u>	<u>RICWFA Bond 2005A</u>	<u>Town Trust</u>	<u>Police Trust</u>	<u>Sara B. Burtis</u>	<u>GRAND TOTALS</u>	
ASSETS								
Cash and cash equivalents	\$ 9,735	\$ 445		\$ 30,199	\$ 3,169	\$ 1,799	\$	419,660
Cash on deposit RICWFA			\$ 241,526					241,526
Investments						30,585		30,585
Due from state								214,936
Receivables (net)								81,962
TOTAL ASSETS	<u>9,735</u>	<u>445</u>	<u>241,526</u>	<u>30,199</u>	<u>3,169</u>	<u>32,384</u>		<u>988,669</u>
LIABILITIES								
Accounts payable								53,435
Accrued expenses								3,544
Due to other funds								588,014
Deferred revenue								102,373
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>747,366</u>
FUND BALANCES								
Non-Spendable				30,199	3,169	32,384		65,752
Restricted	9,735	445	241,526					588,289
Committed								-
Assigned								-
Unassigned								(412,738)
TOTAL FUND BALANCES	<u>\$ 9,735</u>	<u>\$ 445</u>	<u>\$ 241,526</u>	<u>\$ 30,199</u>	<u>\$ 3,169</u>	<u>\$ 32,384</u>	<u>\$</u>	<u>241,303</u>

(Concluded)

TOWN OF WARREN, RHODE ISLAND
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
For the year ended June 30, 2012

	<u>Special Revenue Funds</u>						
	<u>Enterprise Zone</u>	<u>Senior Center</u>	<u>Kee Farm Preservation</u>	<u>Road Duty</u>	<u>Rec Department Donation</u>	<u>State Paving Grant</u>	<u>Fire Legislative Grant</u>
REVENUES							
Interest and investment income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, fees, permits and fines							
Intergovernmental		38,605	363,000				
Other				79,166			
TOTAL REVENUES	-	38,605	363,000	79,166	-	-	-
EXPENDITURES							
General government		35,605	9,542				
Public safety				79,715			
Fire safety							1,496
Waste water treatment							
Capital and special appropriations			1,000,000				
TOTAL EXPENDITURES	-	35,605	1,009,542	79,715	-	-	1,496
EXCESS OF REVENUES OVER EXPENDITURES BEFORE TRANSFERS	-	3,000	(646,542)	(549)	-	-	(1,496)
OTHER FINANCING SOURCES/USES							
Debt Service							
Note proceeds							
Transfers in			177,500				
Transfers out							
NET OTHER SOURCES/USES	-	-	177,500	-	-	-	-
NET CHANGE IN FUND BALANCE	-	3,000	(469,042)	(549)	-	-	(1,496)
FUND BALANCE - BEGINNING - AS RESTATED	6,894	31,605	445,205	6,563	1,815	(146,846)	-
FUND BALANCE - ENDING	\$ 6,894	\$ 34,605	\$ (23,837)	\$ 6,014	\$ 1,815	\$ (146,846)	\$ (1,496)

(Continued)

TOWN OF WARREN, RHODE ISLAND
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
For the year ended June 30, 2012

	<u>Special Revenue Funds</u>					
	<u>Gun Buy Back</u>	<u>RI DOT Hwy Safety Grant</u>	<u>WPD RI Senatorial Grant</u>	<u>Recycling Grant</u>	<u>Planning Challenge Grant</u>	<u>Champlain Foundation</u>
REVENUES						
Interest and investment income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 109
Licenses, fees, permits and fines						
Intergovernmental		7,500	2,000	25,291	23,635	
Other						
TOTAL REVENUES	-	7,500	2,000	25,291	23,635	109
EXPENDITURES						
General government				14,176	12,250	
Public safety		493				
Fire safety						
Waste water treatment						
Capital and special appropriations						
TOTAL EXPENDITURES	-	493	-	14,176	12,250	-
EXCESS OF REVENUES OVER EXPENDITURES BEFORE TRANSFERS	-	7,007	2,000	11,115	11,385	109
OTHER FINANCING SOURCES/USES						
Debt Service						
Note proceeds						
Transfers in						
Transfers out						
NET OTHER SOURCES/USES	-	-	-	-	-	-
NET CHANGE IN FUND BALANCE	-	7,007	2,000	11,115	11,385	109
FUND BALANCE - BEGINNING - AS RESTATED	2,000	564	-	(4,358)	(21,851)	48,081
FUND BALANCE - ENDING	\$ 2,000	\$ 7,571	\$ 2,000	\$ 6,757	\$ (10,466)	\$ 48,190

(Continued)

TOWN OF WARREN, RHODE ISLAND
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
For the year ended June 30, 2012

	<u>Special Revenue Funds</u>					
	<u>Historical Street Signs</u>	<u>Community Gardens</u>	<u>ACO Donations</u>	<u>Diesel Equipment Repair</u>	<u>Cops that Care</u>	<u>Social Services Donations</u>
REVENUES						
Interest and investment income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, fees, permits and fines						
Intergovernmental		206				2,395
Other			18,900			
TOTAL REVENUES	<u>-</u>	<u>206</u>	<u>18,900</u>	<u>-</u>	<u>-</u>	<u>2,395</u>
EXPENDITURES						
General government		123	525			2,092
Public safety						
Fire safety						
Waste water treatment						
Capital and special appropriations						
TOTAL EXPENDITURES	<u>-</u>	<u>123</u>	<u>525</u>	<u>-</u>	<u>-</u>	<u>2,092</u>
EXCESS OF REVENUES OVER EXPENDITURES BEFORE TRANSFERS	<u>-</u>	<u>83</u>	<u>18,375</u>	<u>-</u>	<u>-</u>	<u>303</u>
OTHER FINANCING SOURCES/USES						
Debt Service						
Note proceeds						
Transfers in						
Transfers out						
NET OTHER SOURCES/USES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>83</u>	<u>18,375</u>	<u>-</u>	<u>-</u>	<u>303</u>
FUND BALANCE - BEGINNING - AS RESTATED	<u>63</u>	<u>2,144</u>	<u>6,474</u>	<u>-</u>	<u>21</u>	<u>1,501</u>
FUND BALANCE - ENDING	<u>\$ 63</u>	<u>\$ 2,227</u>	<u>\$ 24,849</u>	<u>\$ -</u>	<u>\$ 21</u>	<u>\$ 1,804</u>

(Continued)

TOWN OF WARREN, RHODE ISLAND
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
For the year ended June 30, 2012

	<u>Special Revenue Funds</u>					
	<u>Marijuana Grant</u>	<u>Warren Beautification Donation</u>	<u>Cops Technology</u>	<u>Animal Rescue</u>	<u>Revaluation Fund</u>	<u>Animal Spading</u>
REVENUES						
Interest and investment income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, fees, permits and fines						
Intergovernmental	72,285			1,837		343
Other						
TOTAL REVENUES	<u>72,285</u>	<u>-</u>	<u>-</u>	<u>1,837</u>	<u>-</u>	<u>343</u>
EXPENDITURES						
General government	50,638			7,543		
Public safety						5,539
Fire safety						
Waste water treatment						
Capital and special appropriations						
TOTAL EXPENDITURES	<u>50,638</u>	<u>-</u>	<u>-</u>	<u>7,543</u>	<u>-</u>	<u>5,539</u>
EXCESS OF REVENUES OVER EXPENDITURES BEFORE TRANSFERS	<u>21,647</u>	<u>-</u>	<u>-</u>	<u>(5,706)</u>	<u>-</u>	<u>(5,196)</u>
OTHER FINANCING SOURCES/USES						
Debt Service						
Note proceeds						
Transfers in						
Transfers out						
NET OTHER SOURCES/USES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>21,647</u>	<u>-</u>	<u>-</u>	<u>(5,706)</u>	<u>-</u>	<u>(5,196)</u>
FUND BALANCE - BEGINNING - AS RESTATED	<u>-</u>	<u>2,122</u>	<u>(1,233)</u>	<u>25,926</u>	<u>(7,304)</u>	<u>1,436</u>
FUND BALANCE - ENDING	<u>\$ 21,647</u>	<u>\$ 2,122</u>	<u>\$ (1,233)</u>	<u>\$ 20,220</u>	<u>\$ (7,304)</u>	<u>\$ (3,760)</u>

(Continued)

TOWN OF WARREN, RHODE ISLAND
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
For the year ended June 30, 2012

	<i>Special Revenue Funds</i>					
	<u>Police Bicycle Patrol Grant</u>	<u>Byrnes Justice Grant</u>	<u>Youth Tobacco Enforcement</u>	<u>AFIS Live Scan Fed Grant</u>	<u>RI State Byrnes Justice Grant</u>	<u>Road Salt Storage Project</u>
REVENUES						
Interest and investment income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, fees, permits and fines						
Intergovernmental	-	49			9,991	100,000
Other						
TOTAL REVENUES	-	49	-	-	9,991	100,000
EXPENDITURES						
General government						1,935
Public safety					10,101	
Fire safety						
Waste water treatment						
Capital and special appropriations						
TOTAL EXPENDITURES	-	-	-	-	10,101	1,935
EXCESS OF REVENUES OVER EXPENDITURES BEFORE TRANSFERS	-	49	-	-	(110)	98,065
OTHER FINANCING SOURCES/USES						
Debt Service						
Note proceeds						
Transfers in						
Transfers out						
NET OTHER SOURCES/USES	-	-	-	-	-	-
NET CHANGE IN FUND BALANCE	-	49	-	-	(110)	98,065
FUND BALANCE - BEGINNING - AS RESTATED	3,264	28	(171)	250	1,373	(102,346)
FUND BALANCE - ENDING	\$ 3,264	\$ 77	\$ (171)	\$ 250	\$ 1,263	\$ (4,281)

(Continued)

TOWN OF WARREN, RHODE ISLAND
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
For the year ended June 30, 2012

	<u>Special Revenue Funds</u>					
	<u>RI JAG Byrne Stimulus Grant</u>	<u>Memorial Tree Fund</u>	<u>Strategic Plan Energy Consv</u>	<u>Sewer Project - EPA</u>	<u>Stormwater Permitting</u>	<u>Recreational Trails Grant</u>
REVENUES						
Interest and investment income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, fees, permits and fines						
Intergovernmental			231,769			18,216
Other						
TOTAL REVENUES	-	-	231,769	-	-	18,216
EXPENDITURES						
General government	563	671	227,366			13,551
Public safety						
Fire safety						
Waste water treatment						
Capital and special appropriations						
TOTAL EXPENDITURES	563	671	227,366	-	-	13,551
EXCESS OF REVENUES OVER EXPENDITURES BEFORE TRANSFERS	(563)	(671)	4,403	-	-	4,665
OTHER FINANCING SOURCES/USES						
Debt Service						
Note proceeds						
Transfers in						
Transfers out						
NET OTHER SOURCES/USES	-	-	-	-	-	-
NET CHANGE IN FUND BALANCE	(563)	(671)	4,403	-	-	4,665
FUND BALANCE - BEGINNING - AS RESTATED	(5,414)	787	(4,403)	(3,733)	26,923	(4,665)
FUND BALANCE - ENDING	\$ (5,977)	\$ 116	\$ -	\$ (3,733)	\$ 26,923	\$ -

(Continued)

TOWN OF WARREN, RHODE ISLAND
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
For the year ended June 30, 2012

	<u>Special Revenue Funds</u>					
	<u>Summer Concerts</u>	<u>RI EME Grant</u>	<u>Project Playground</u>	<u>Jamiels Park Chafee</u>	<u>Homeland Security</u>	<u>Substance Abuse</u>
REVENUES						
Interest and investment income	\$ -	\$ -	\$ -	\$ -	\$ -	
Licenses, fees, permits and fines			-			
Intergovernmental	1,500			194,800		\$ 32,392
Other						
TOTAL REVENUES	1,500	-	-	194,800	-	32,392
EXPENDITURES						
General government	500			268,427		40,705
Public safety					1,074	
Fire safety						
Waste water treatment						
Capital and special appropriations						
TOTAL EXPENDITURES	500	-	-	268,427	1,074	40,705
EXCESS OF REVENUES OVER EXPENDITURES BEFORE TRANSFERS	1,000	-	-	(73,627)	(1,074)	(8,313)
OTHER FINANCING SOURCES/USES						
Debt Service						
Note proceeds						
Transfers in						4,490
Transfers out						
NET OTHER SOURCES/USES	-	-	-	-	-	4,490
NET CHANGE IN FUND BALANCE	1,000	-	-	(73,627)	(1,074)	(3,823)
FUND BALANCE - BEGINNING - AS RESTATED	2,934	(171)	1,000	(7,786)	1,074	3,024
FUND BALANCE - ENDING	\$ 3,934	\$ (171)	\$ 1,000	\$ (81,413)	\$ -	\$ (799)

(Continued)

TOWN OF WARREN, RHODE ISLAND
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
For the year ended June 30, 2012

	<i>Special Revenue Funds</i>						
	<u>Fire Inspections</u>	<u>Jamiel's Park DEM Grant</u>	<u>Fire State Meds Plan</u>	<u>RIDOT TIP Water St Project</u>	<u>Arts Initiative</u>	<u>FEMA Flood Event</u>	<u>Community Development Block Grant</u>
REVENUES							
Interest and investment income	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
Licenses, fees, permits and fines	2,959						
Intergovernmental		490,000	2,500		\$ 630	91,250	261,905
Other							
TOTAL REVENUES	2,959	490,000	2,500	-	630	91,250	261,905
EXPENDITURES							
General government		494,416	3,500		130	72,205	142,410
Public safety							
Fire safety	1,563						
Waste water treatment							
Capital and special appropriations				40,280			
TOTAL EXPENDITURES	1,563	494,416	3,500	40,280	130	72,205	142,410
EXCESS OF REVENUES OVER EXPENDITURES BEFORE TRANSFERS	1,396	(4,416)	(1,000)	(40,280)	500	19,045	119,495
OTHER FINANCING SOURCES/USES							
Debt Service							
Note proceeds							
Transfers in							
Transfers out							
NET OTHER SOURCES/USES	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCE	1,396	(4,416)	(1,000)	(40,280)	500	19,045	119,495
FUND BALANCE - BEGINNING - AS RESTATED	10,224	(66,616)	11,030	-	-	16,289	(110,592)
FUND BALANCE - ENDING	\$ 11,620	\$ (71,032)	\$ 10,030	\$ (40,280)	\$ 500	\$ 35,334	\$ 8,903

(Continued)

TOWN OF WARREN, RHODE ISLAND
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
For the year ended June 30, 2012

	<u>Special Revenue Funds</u>					
	<u>Industrial Pretreatment</u>	<u>Veterans Honor Roll</u>	<u>Government Center</u>	<u>Parker Avenue Clean Up</u>	<u>Ship Shape</u>	<u>Holiday Committee</u>
REVENUES						
Interest and investment income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, fees, permits and fines						
Intergovernmental	3,353	1,500				5,319
Other					1,000	
TOTAL REVENUES	<u>3,353</u>	<u>1,500</u>	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>5,319</u>
EXPENDITURES						
General government				2,970		5,319
Public safety						
Fire safety						
Waste water treatment						
Capital and special appropriations						
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,970</u>	<u>-</u>	<u>5,319</u>
EXCESS OF REVENUES OVER EXPENDITURES BEFORE TRANSFERS	<u>3,353</u>	<u>1,500</u>	<u>-</u>	<u>(2,970)</u>	<u>1,000</u>	<u>-</u>
OTHER FINANCING SOURCES/USES						
Debt Service						
Note proceeds						
Transfers in						
Transfers out						
NET OTHER SOURCES/USES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>3,353</u>	<u>1,500</u>	<u>-</u>	<u>(2,970)</u>	<u>1,000</u>	<u>-</u>
FUND BALANCE - BEGINNING - AS RESTATED	<u>20,384</u>	<u>16,226</u>	<u>2,107</u>	<u>(6,969)</u>	<u>-</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 23,737</u>	<u>\$ 17,726</u>	<u>\$ 2,107</u>	<u>\$ (9,939)</u>	<u>\$ 1,000</u>	<u>\$ -</u>

(Continued)

TOWN OF WARREN, RHODE ISLAND
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
For the year ended June 30, 2012

	<u>Special Revenue Funds</u>		<u>Capital Project Fund</u>	<u>Permanent Funds</u>			<u>GRAND TOTALS</u>
	<u>Narcotics</u>	<u>Employee Charity Fund</u>	<u>RICWFA Bond 2005A</u>	<u>Town Trust</u>	<u>Police Trust</u>	<u>Sara B. Burtis</u>	
REVENUES							
Interest and investment income	\$ -	\$ -	\$ -	\$ -	\$ 2	\$ -	\$ 111
Licenses, fees, permits and fines	810			18,759			22,528
Intergovernmental		218					1,982,489
Other							99,066
TOTAL REVENUES	810	218	-	18,759	2	-	2,104,194
EXPENDITURES							
General government	1,252			10,772	10	1,967	1,421,163
Public safety							96,922
Fire safety							3,059
Waste water treatment							-
Capital and special appropriations			48,050				1,088,330
TOTAL EXPENDITURES	1,252	-	48,050	10,772	10	1,967	2,609,474
EXCESS OF REVENUES OVER EXPENDITURES BEFORE TRANSFERS	(442)	218	(48,050)	7,987	(8)	(1,967)	(505,280)
OTHER FINANCING SOURCES/USES							
Debt Service							-
Note proceeds							-
Transfers in							181,990
Transfers out							-
NET OTHER SOURCES/USES	-	-	-	-	-	-	181,990
NET CHANGE IN FUND BALANCE	(442)	218	(48,050)	7,987	(8)	(1,967)	(323,290)
FUND BALANCE - BEGINNING - AS RESTATED	10,177	227	289,576	22,212	3,177	34,351	564,593
FUND BALANCE - ENDING	\$ 9,735	\$ 445	\$ 241,526	\$ 30,199	\$ 3,169	\$ 32,384	\$ 241,303

(Concluded)

Private-purpose Trust Funds

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



TOWN OF WARREN, RHODE ISLAND
Combining Statement of Net Assets
Private-purpose Trusts
June 30, 2012

	<u>Samuel P. Colt Fund</u>	<u>Joseph Martin Fund</u>	<u>Abby A. Cole Fund</u>	<u>Asylum Farm Fund</u>	<u>Joseph W. Smith Fund</u>	<u>C. Richard Gardener Fund</u>	<u>Totals</u>
ASSETS							
Cash	\$ 10,072	\$ 7,195	\$ 2,518	\$ 4,676	\$ 8,274	\$ 1,439	\$ 34,174
Investments	171,276	122,340	42,819	79,521	140,691	24,468	581,115
TOTAL ASSETS	<u>181,348</u>	<u>129,535</u>	<u>45,337</u>	<u>84,197</u>	<u>148,965</u>	<u>25,907</u>	<u>615,289</u>
LIABILITIES	-	-	-	-	-	-	-
NET ASSETS							
Held in Trust for private purposes	<u>\$ 181,348</u>	<u>\$ 129,535</u>	<u>\$ 45,337</u>	<u>\$ 84,197</u>	<u>\$ 148,965</u>	<u>\$ 25,907</u>	<u>\$ 615,289</u>

TOWN OF WARREN, RHODE ISLAND
Combining Statement of Changes in Net Assets
Private-purpose Trusts
For the year ended June 30, 2012

	<u>Samuel P. Colt Fund</u>	<u>Joseph Martin Fund</u>	<u>Abby A. Cole Fund</u>	<u>Asylum Farm Fund</u>	<u>Joseph W. Smith Fund</u>	<u>C. Richard Gardener Fund</u>	<u>Totals</u>
ADDITIONS:							
Investment income	\$ (8,253)	\$ (5,894)	\$ (2,063)	\$ (3,831)	\$ (6,778)	\$ (1,180)	\$ (27,999)
DEDUCTIONS:							
Portfolio management fees	2,765	1,975	691	1,284	2,271	395	9,381
Other expenses							
Total Deductions	2,765	1,975	691	1,284	2,271	395	9,381
CHANGE IN NET ASSETS	(11,018)	(7,869)	(2,754)	(5,115)	(9,049)	(1,575)	(37,380)
Net Assets - beginning	192,366	137,404	48,091	89,312	158,014	27,482	652,669
Net Assets - ending	<u>\$ 181,348</u>	<u>\$ 129,535</u>	<u>\$ 45,337</u>	<u>\$ 84,197</u>	<u>\$ 148,965</u>	<u>\$ 25,907</u>	<u>\$ 615,289</u>

Agency Funds

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

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

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



TOWN OF WARREN, RHODE ISLAND

*Statement of Changes in Assets and Liabilities
Agency Funds
For the year ended June 30, 2012*

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<u>Unclaimed Estates in Probate Court</u>				
ASSET				
Cash	<u>\$ 29,898</u>	<u>\$ 29,914</u>	<u>\$ 59,812</u>	<u>\$ -</u>
LIABILITY				
Deposits Held in Custody for Others	<u>\$ 29,898</u>	<u>\$ 11</u>	<u>\$ 29,909</u>	<u>\$ -</u>
 <u>Performance Bonds</u>				
ASSET				
Cash	<u>\$ 118,973</u>	<u>\$ 211</u>	<u>\$ 35,000</u>	<u>\$ 84,184</u>
LIABILITY				
Deposits Held in Custody for Others	<u>\$ 118,973</u>	<u>\$ 211</u>	<u>\$ 35,000</u>	<u>\$ 84,184</u>
 <u>Totals</u>				
ASSET				
Cash	<u>\$ 148,871</u>	<u>\$ 30,125</u>	<u>\$ 94,812</u>	<u>\$ 84,184</u>
Total assets	<u>\$ 148,871</u>	<u>\$ 30,125</u>	<u>\$ 94,812</u>	<u>\$ 84,184</u>
LIABILITY				
Deposits Held in Custody for Others	<u>148,871</u>	<u>222</u>	<u>64,909</u>	<u>84,184</u>
Total Liabilities	<u>\$ 148,871</u>	<u>\$ 222</u>	<u>\$ 64,909</u>	<u>\$ 84,184</u>