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***TOWN OF WEST WARWICK***

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***ANNUAL  
FINANCIAL STATEMENTS***

***FOR THE FISCAL YEAR ENDED  
JUNE 30, 2012***

***Prepared by: Finance Department***

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***WEST WARWICK, RHODE ISLAND***

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**TOWN OF WEST WARWICK, RHODE ISLAND  
ANNUAL FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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## **INTRODUCTORY SECTION**

This Section Contains the Following Subsections:

List of Town Officials

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

## **TOWN COUNCIL**

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

## **FINANCIAL SECTION**

This Section Contains the Following Subsections:

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

## *INDEPENDENT AUDITORS' REPORT*

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

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, business type activities, each major fund and the aggregate remaining fund information of the Town as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 26, 2013 on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 12 and 56 through 63 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an

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

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



Parmelee, Poirier & Associates, LLP

February 26, 2013

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

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2012**  
**(Un-audited)**

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

**Financial Highlights**

- ❖ The Town's primary government's net assets decreased \$10,297,957 as a result of this year's current operations. Most of this decrease was due to increases in the town liabilities such as the net pension obligation of \$8,006,319 and the net OPEB obligation of \$2,664,064. On a government-wide basis the assets of the Town of West Warwick exceeded its liabilities at the close of the most recent fiscal year by \$35,040,546. Net assets of business activities increased by \$548,266 or 0.9%, while net assets of Governmental Activities decreased by \$10,846,223 or 53.7%.
- ❖ The Town's Government-wide (governmental and business activities) operating expenses were \$106,417,377 a 0.9% decrease from the prior year, while revenues collected were \$96,119,420 a .03% decrease.
- ❖ As of the close of the fiscal year, the Town's governmental funds reported combined ending fund balances of \$6,938,725. Over 54.4% of this amount, \$3,777,700 is unreserved and available for use within the Town's designation and fiscal policies.
- ❖ At the end of the current fiscal year, the general fund unassigned fund balance was \$5,741,416 or 7.5% of the total general fund expenditures for the fiscal year. The current fiscal year's revenues and transfers exceeded expenditures and transfers by \$1,088,164. On a budgetary basis revenues and transfers exceeded expenditures and transfers by the same amount.

**Overview of the Financial Statements**

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

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

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

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

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2012**  
**(Un-audited)**

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

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

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

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

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

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

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

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

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2012**  
**(Un-audited)**

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

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

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

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

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

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

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

**Notes to Financial Statements** - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are presented on pages 23 through 56.

**Other Information** - In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information pertinent to the Town's operations. Required Supplementary information is presented on pages 57 through 65.

The combining statements and supplementary information referred to earlier in connection with non-major governmental funds, and proprietary funds are presented on pages 66 through 99.

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2012**  
**(Un-audited)**

**Government-wide Financial Analysis**

**Analysis of the Town of West Warwick's Net Assets**

As noted earlier, over time net assets may serve as a useful indicator of a government's financial position and an important determinant of its ability to finance services in the future. The Town of West Warwick, governmental activities liabilities exceeded its assets by \$35,040,546 as of June 30, 2012. This reflects a decrease of \$10,297,957 from this current year activity. The Business Type Activities had an increase of \$548,266. See page 3 financial highlights for a further explanation.

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

*Town of West Warwick*  
*Net Assets*

	<i>June 30, 2011</i>			<i>June 30, 2012</i>		
	Govern- mental Activities	Business Type Activities	Total	Govern- mental Activities	Business Type Activities	Total
Current and Other Assets	\$ 16,074,422	\$ 16,357,992	\$ 32,432,414	\$ 18,441,765	\$ 15,589,811	\$ 34,031,576
Capital assets	50,143,059	79,684,515	129,827,574	48,023,458	76,271,463	124,294,921
Total Assets	<u>66,217,481</u>	<u>96,042,507</u>	<u>162,259,988</u>	<u>66,465,223</u>	<u>91,861,274</u>	<u>158,326,497</u>
Other Liabilities	7,638,899	11,374,841	19,013,740	9,607,513	8,350,342	17,957,855
Long-Term Liabilities	78,884,486	24,533,000	103,417,486	82,500,096	22,828,000	105,328,096
Total Liabilities	<u>86,523,385</u>	<u>35,907,841</u>	<u>122,431,226</u>	<u>92,107,609</u>	<u>31,178,342</u>	<u>123,285,951</u>
Net Assets:						
Invested in Capital						
Net of Related Debt	24,720,059	55,151,515	79,871,574	24,205,458	53,443,463	77,648,921
Restricted	2,106	-	2,106	2,110	-	2,110
Unrestricted	(45,028,069)	4,983,151	(40,044,918)	(49,849,954)	7,239,469	(42,610,485)
Total Net Assets	<u>\$ (20,305,904)</u>	<u>\$ 60,134,666</u>	<u>\$ 39,828,762</u>	<u>\$ (25,642,386)</u>	<u>\$ 60,682,932</u>	<u>\$ 35,040,546</u>

The largest portion of the Town's net assets \$77,648,921 consists of its investments in capital assets such as land, buildings and improvements, motor vehicles, furniture and equipment and infrastructure, less any debt used to acquire these assets, which is still outstanding. The Town uses these capital assets to provide services to its citizens. Consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves are unlikely to be used to liquidate these liabilities.

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2012**  
**(Un-audited)**

An additional portion of the Town's net assets, \$2,110, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets may be used to meet the government's ongoing obligations to its citizens and creditors.

**Analysis of the Town of West Warwick's Operations**

The following analysis provides a summary of the Town's operations for the year ended June 30, 2012. The Town first implemented GASB Statement 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments for the fiscal year June 30, 2004. Therefore, comparative data is now available and is presented in the following schedules. Governmental activities decreased the Town's net assets by \$10,846,223 for the current period, which is a decrease of 53.7% in the Town's governmental net assets, while business-type activities increased the Town's net assets by \$548,266 accounting for 0.9% decrease in business-type net assets. Overall, the Town's net assets decreased by \$10,297,957, which is a 26.1% decrease over the prior year's net assets.

The net change in fund balance for the fiscal year ended June 30, 2012 was an increase of \$267,622 for the Town's governmental fund types. In the statement of activities, expenses for capital items are not recorded as expenses but shown on the balance sheet, which resulted in an increase of \$(2,119,601) net of depreciation to our net assets; also increase revenues from the decrease in deferred revenues are recorded as revenues in the statement of activities but in the fund financial statements this resulted in a decrease of \$18,678. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets, which increased net assets by \$1,659,535. Reductions in net assets included an increase in the Town's net pension obligation of \$8,006,319 and the Town was required to record their liability for "Other Post Employment Benefits" per GASB 45, this liability resulted in reduction of net assets of \$2,664,064. See page 17 of the basic financial statements for a more detailed explanation of changes in net assets.

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

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2012**  
**(Un-audited)**  
*Town of West Warwick*  
*Changes in Net Assets*

	<u>June 30, 2011</u>			<u>June 30, 2012</u>		
	Govern- mental Activities	Business Type Activities	Total	Govern- mental Activities	Business Type Activities	Total
<b>Revenues</b>						
<b>Program revenues</b>						
Charges for services	\$ 3,669,109	\$ 7,387,839	\$ 11,056,948	\$ 4,003,360	\$ 8,517,428	\$ 12,520,788
Operating Grants and Contributions	27,647,477	-	27,647,477	27,949,848	-	27,949,848
Capital Grants and Contributions	518,993	-	518,993	738,061	-	738,061
<b>General Revenues</b>						
Property taxes	51,619,198	-	51,619,198	52,332,518	-	52,332,518
Investment earnings	159,892	-	159,892	15,275	12,604	27,879
State general revenue sharing	2,040,631	-	2,040,631	2,212,255	-	2,212,255
State motor vehicle phase-out	2,917,180	-	2,917,180	213,719	-	213,719
Miscellaneous	129,519	-	129,519	124,352	-	124,352
Total revenues	<u>88,701,999</u>	<u>7,387,839</u>	<u>96,089,838</u>	<u>87,589,388</u>	<u>8,530,032</u>	<u>96,119,420</u>
<b>Expenses</b>						
Legislative/judicial/admin	20,459,836	-	20,459,836	22,233,412	-	22,233,412
Financial Administrative	687,191	-	687,191	741,020	-	741,020
Public Safety	13,932,866	-	13,932,866	11,688,239	-	11,688,239
Public Works	4,347,074	-	4,347,074	4,064,851	-	4,064,851
Public Health and Welfare	1,126,096	-	1,126,096	964,913	-	964,913
Parks and Recreation	810,123	-	810,123	646,393	-	646,393
Library	755,054	-	755,054	654,294	-	654,294
Education	54,393,470	-	54,393,470	56,371,076	-	56,371,076
Capital	-	-	-	79,072	-	79,072
Interest	1,068,814	-	1,068,814	1,002,341	-	1,002,341
Sewer Fund Expenses	-	9,533,562	9,533,562	-	7,738,891	7,738,891
Non-major business types	-	218,337	218,337	-	232,875	232,875
Total expenses	<u>97,580,524</u>	<u>9,751,899</u>	<u>107,332,423</u>	<u>98,445,611</u>	<u>7,971,766</u>	<u>106,417,377</u>
Excess/(deficiency) before transfers	(8,878,525)	(2,364,060)	(11,242,585)	(10,856,223)	558,266	(10,297,957)
Transfers	-	-	-	10,000	(10,000)	-
Change in net assets	(8,878,525)	(2,364,060)	(11,242,585)	(10,846,223)	548,266	(10,297,957)
Net assets - beginning	(11,427,379)	62,498,726	51,071,347	(20,305,904)	60,134,666	39,828,762
Prior period adjustments	-	-	-	5,509,741	-	5,509,741
Net assets - beginning	(11,427,379)	62,498,726	51,071,347	(14,796,163)	60,134,666	45,338,503
Net assets - ending	<u>\$ (20,305,904)</u>	<u>\$ 60,134,666</u>	<u>\$ 39,828,762</u>	<u>\$ (25,642,386)</u>	<u>\$ 60,682,932</u>	<u>\$ 35,040,546</u>

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2012**  
**(Un-audited)**

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

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

At the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$6,938,725. Approximately 54.4% of the total amount, or \$3,777,700 constituted unassigned fund balances. The remainder of the fund balance is considered non-spendable, restricted or assigned due to future commitments.

*Town of West Warwick*  
*Fund Balances*

	<b>General Fund</b>	<b>School Special Revenue Unrestricted Fund</b>	<b>Other Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
Fund balances:				
Nonspendable fund balances:				
Inventory	\$ 60,929	\$ -	\$ -	\$ 60,929
Deferred charges	6,097	66,383	-	72,480
Restricted fund balances:				
Capital projects fund	-	-	139,169	139,169
Special revenue funds	-	-	1,742,871	1,742,871
QZAB bond sinking fund	1,128,971	-	-	1,128,971
Assigned fund balances:				
Capital improvements	16,605	-	-	16,605
Unassigned, reported in non-major:				
General fund	5,741,416	-	-	5,741,416
Special revenue funds	-	(1,734,569)	(229,147)	(1,963,716)
<b>Total fund balances</b>	<b>\$ 6,954,018</b>	<b>\$ (1,668,186)</b>	<b>\$ 1,652,893</b>	<b>\$ 6,938,725</b>

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

Unrestricted net assets of the respective proprietary funds are \$7,239,469.

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2012**  
**(Un-audited)**

**General Fund Budgetary Highlights**

**Revenues:**

General Property Taxes – were over budget by \$529,095 due to increased collections of tax revenues.

Departmental revenues – were under budget by \$318,333 due to decreased collections of permit and clerk revenues.

Transfer from other funds – were over budget by \$184,615 special revenue sources funding general fund prior year expenditures.

**Expenditures:**

Legislative, judicial and General Administrative – was over budget by \$177,945 due to unfavorable legal outcomes and increased employee health insurance premiums in the current year.

Public Works – were under budget by \$577,830 due to various favorable line items including staffing, fleet maintenance, and favorable winter conditions for 2011/2012.

Capital – was under budget by \$102,063 due to funding sources of major capital improvements to the Ice Rink.

**Other financing sources**

Operating transfers to other funds – were over budget by \$105,930 due to the Town's funding of special revenue fund accumulated deficits in the current year.

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

The Town of West Warwick's investment in capital assets for its governmental and business-type activities amounts to \$124,294,921 net of accumulated depreciation at June 30, 2012. Included are land, building and improvements, construction in progress, motor vehicles, furniture and equipment and infrastructure.

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

The Town of West Warwick has no capital asset replacement plan in place as of June 30, 2012.

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2012**  
**(Un-audited)**

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

	<u>June 30, 2011</u>			<u>June 30, 2012</u>		
	Govern- mental Activities	Business Type Activities	Total	Govern- mental Activities	Business Type Activities	Total
Land	\$ 6,100,113	\$ 52,900	\$ 6,153,013	\$ 6,100,113	\$ 52,900	\$ 6,153,013
Construction in Progress	207,752	7,525,789	7,733,541	207,752	7,768,535	7,976,287
Land improvements	30,779	-	30,779	-	-	-
Infrastructure	19,685,329	-	19,685,329	18,566,707	-	18,566,707
Buildings and improvements	21,891,543	46,103,055	67,994,598	20,784,738	43,033,116	63,817,854
Motor vehicles	895,101	-	895,101	1,261,086	-	1,261,086
Office furniture and equipment	805,711	-	805,711	688,740	-	688,740
Extensions and Mains	-	26,002,771	26,002,771	-	25,416,912	25,416,912
Machinery and equipment	526,731	-	526,731	414,322	-	414,322
Total	<u>\$ 50,143,059</u>	<u>\$ 79,684,515</u>	<u>\$ 129,827,574</u>	<u>\$ 48,023,458</u>	<u>\$ 76,271,463</u>	<u>\$ 124,294,921</u>

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

At the end of the current fiscal year, the Town of West Warwick's Governmental Activities had a total bonded debt of \$23,818,000 and capital leases payable of \$237,671. Of this amount, 100% comprises bonded debt backed by the full faith and credit of the government. The following is a summary of the Town's long-term debt.

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

	<u>June 30, 2011</u>			<u>June 30, 2012</u>		
	Govern- mental Activities	Business Type Activities	Total	Govern- mental Activities	Business Type Activities	Total
General Obligation Bonds	\$ 25,423,000	\$ -	\$ 25,423,000	\$ 23,818,000	\$ -	\$ 23,818,000
Capital Leases Payable	-	-	-	237,671	-	237,671
Notes Payable	-	24,533,000	24,533,000	-	22,828,000	22,828,000
Totals	<u>\$ 25,423,000</u>	<u>\$ 24,533,000</u>	<u>\$ 49,956,000</u>	<u>\$ 24,055,671</u>	<u>\$ 22,828,000</u>	<u>\$ 46,883,671</u>

Additional information on the Town's long-term debt can be found in note 10 of the Notes to the Financial Statements and on page 99.

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2012**  
**(Un-audited)**

The Town's general obligation bond rating as assigned by Moody's Investors Service in 2012 is Baa+ and B- by Fitch Rating Service. The State of Rhode Island imposes a limit of 3 percent of the fair value of all taxable Town property on the general obligation debt that a municipality can issue. The Town of West Warwick's limit is \$65,947,224 at year-end. The Town's outstanding general obligation debt is \$23,818,000 at year-end, which is \$42,129,224 under the State imposed limitation.

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

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

The Town of West Warwick's total general fund budget for fiscal year 2013 amounts to \$79,639,387 which reflects an increase of \$559,160 over the fiscal 2012 budget of \$79,080,227. Of the Town's 2013 budget of \$79,639,387, 61% is budgeted for educational purposes and 39% is budgeted for general government.

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

The Town's tax rate for fiscal 2012 is \$21.403, with 41% allocated for general government and 59% allocated for education. For fiscal 2011, the Town's tax rate was \$21.403, with 39% allocated for general government and 61% allocated for education.

**Request for Information**

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

Donald Gray  
Interim Finance Director

## **BASIC FINANCIAL STATEMENTS**

# **Government-Wide Financial Statements**

**TOWN OF WEST WARWICK, RHODE ISLAND**

**Statement of Net Assets**

**June 30, 2012**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 12,284,210	\$ 3,102,592	\$ 15,386,802
<b>Accounts receivable:</b>			
Accounts receivable net	2,367,808	6,091,392	8,459,200
Due from other governments	1,104,814	-	1,104,814
Other receivables	785,618	-	785,618
Inventory at cost	60,929	-	60,929
Deferred charges	1,838,386	-	1,838,386
<b>Other assets</b>			
Other assets - net	-	2,716,044	2,716,044
Long-term sewer assessment receivable	-	3,679,783	3,679,783
<b>Capital assets:</b>			
Property, plant and equipment	41,715,593	68,450,027	110,165,620
Construction in progress	207,752	7,768,536	7,976,288
Assets not being depreciated-Land	6,100,113	52,900	6,153,013
<b>Total capital assets</b>	<b>48,023,458</b>	<b>76,271,463</b>	<b>124,294,921</b>
<b>TOTAL ASSETS</b>	<b>66,465,223</b>	<b>91,861,274</b>	<b>158,326,497</b>
<b>LIABILITIES</b>			
Accounts payable	6,277,548	132,145	6,409,693
Accrued expenses	1,495,141	303,963	1,799,104
Unearned revenue	249,452	9,499,606	9,749,058
Internal balances	1,585,372	(1,585,372)	-
<b>Long-term liabilities</b>			
Due within one year	1,764,673	1,716,000	3,480,673
Due in more than one year	80,735,423	21,112,000	101,847,423
<b>Total liabilities</b>	<b>92,107,609</b>	<b>31,178,342</b>	<b>123,285,951</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	24,205,458	53,443,463	77,648,921
<b>Restricted for:</b>			
Trust agreements	2,110	-	2,110
Unrestricted (deficit)	(49,849,954)	7,239,469	(42,610,485)
<b>Total net assets</b>	<b>\$ (25,642,386)</b>	<b>\$ 60,682,932</b>	<b>\$ 35,040,546</b>

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

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**Statement of Activities**  
**For the Year Ended June 30, 2012**

	Expenses	Program revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Total
<b>Functions/ Programs</b>							
<b>Primary government</b>							
Governmental activities:							
Legislative, judicial and general administrative	\$ 22,233,412	\$ 511,752	\$ 15,847	\$ -	\$ (21,705,813)		\$ (21,705,813)
Financial administration	741,020	809,465	-	-	68,445		68,445
Public safety	11,688,239	1,637,587	43,144	373,601	(9,633,907)		(9,633,907)
Public works	4,064,851	198,180	93,072	-	(3,773,599)		(3,773,599)
Public Health and Welfare	964,913	12,500	268,478	77,239	(606,696)		(606,696)
Parks and recreation	646,393	12,910	-	-	(633,483)		(633,483)
Library	654,294	77,235	173,748	-	(403,311)		(403,311)
Education	56,371,076	743,731	27,355,559	287,221	(27,984,565)		(27,984,565)
Capital	79,072	-	-	-	(79,072)		(79,072)
Interest	1,002,341	-	-	-	(1,002,341)		(1,002,341)
<b>Total governmental activities</b>	<b>98,445,611</b>	<b>4,003,360</b>	<b>27,949,848</b>	<b>738,061</b>	<b>(65,754,342)</b>		<b>(65,754,342)</b>
Business type activities:							
Sewer fund	7,738,891	8,236,549	-	-	-	\$ 497,658	497,658
Non-major business type activities	232,875	280,879	-	-	-	48,004	48,004
<b>Total business-type activities</b>	<b>7,971,766</b>	<b>8,517,428</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>545,662</b>	<b>545,662</b>
<b>Total primary government</b>	<b>\$ 106,417,377</b>	<b>\$ 12,520,788</b>	<b>\$ 27,949,848</b>	<b>\$ 738,061</b>	<b>(65,754,342)</b>	<b>545,662</b>	<b>(65,208,680)</b>
<b>General revenues:</b>							
Taxes:							
Property taxes, levied for general purposes					52,332,518	-	52,332,518
Unrestricted investment earnings					15,275	12,604	27,879
State general revenue sharing					2,212,255	-	2,212,255
State motor vehicle phase-out					213,719	-	213,719
Miscellaneous					124,352	-	124,352
Transfers					10,000	(10,000)	-
Total general revenues and transfers					54,908,119	2,604	54,910,723
<b>Change in net assets</b>							
Net assets-beginning					(10,846,223)	548,266	(10,297,957)
Prior period adjustment (see Note 14)					(20,305,904)	60,134,666	39,828,762
Net assets-beginning re-stated					5,509,741	-	5,509,741
Net assets-ending					(14,796,163)	60,134,666	45,338,503
					<b>\$ (25,642,386)</b>	<b>\$ 60,682,932</b>	<b>\$ 35,040,546</b>

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

## **Fund Financial Statements**

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2012**

	<b>General Fund</b>	<b>School Special Revenue Unrestricted Fund</b>	<b>Other Non-Major Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 11,303,881	\$ 28,080	\$ 952,249	\$ 12,284,210
<b>Accounts receivable:</b>				
Real estate and personal property taxes (net)	2,367,808	-	-	2,367,808
Due from other governments	-	410,579	694,235	1,104,814
Other receivables	129,841	49,334	-	179,175
Internal balances	382,312	3,203,402	1,128,158	4,713,872
Inventory	60,929	-	-	60,929
Deferred charges	6,097	66,383	-	72,480
Other Assets - net	1,370,571	-	-	1,370,571
<b>TOTAL ASSETS</b>	<b>\$ 15,621,439</b>	<b>\$ 3,757,778</b>	<b>\$ 2,774,642</b>	<b>\$ 22,153,859</b>
 <b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 371,468	\$ 4,583,269	\$ 693,282	\$ 5,648,019
Accrued expenditures	1,121,865	99,885	-	1,221,750
Internal balances	5,151,053	742,810	428,467	6,322,330
Deferred revenue	2,023,035	-	-	2,023,035
<b>Total liabilities</b>	<b>8,667,421</b>	<b>5,425,964</b>	<b>1,121,749</b>	<b>15,215,134</b>
 <b>Fund balances:</b>				
Nonspendable fund balances	67,026	66,383	-	133,409
Restricted fund balances, reported in:				
Capital projects funds	-	-	139,169	139,169
Special revenue funds	-	-	1,742,871	1,742,871
General fund	1,128,971	-	-	1,128,971
Assigned fund balances	16,605	-	-	16,605
Unassigned, reported in:				
General fund	5,741,416	-	-	5,741,416
Special revenue funds	-	(1,734,569)	(229,147)	(1,963,716)
<b>Total fund balances</b>	<b>6,954,018</b>	<b>(1,668,186)</b>	<b>1,652,893</b>	<b>6,938,725</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 15,621,439</b>	<b>\$ 3,757,778</b>	<b>\$ 2,774,642</b>	<b>\$ 22,153,859</b>

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. (see note 8)	48,023,458
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. (see note 8)	1,895,527
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. (see note 8)	(82,500,096)
<b>Net assets of governmental activities</b>	<b>\$ (25,642,386)</b>

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

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2012**

	<u>General Fund</u>	<u>School Special Revenue Unrestricted Fund</u>	<u>Other Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>				
General property tax	\$ 52,351,196	\$ -	\$ -	\$ 52,351,196
Intergovernmental and departmental revenues	3,767,025	21,279,147	6,411,586	31,457,758
License and permits	1,755,094	-	-	1,755,094
Fines and interest on late payments	497,815	-	-	497,815
Interest on investments	12,714	2,557	4	15,275
Other revenues	162,245	163,457	1,188,785	1,514,487
<b>Total revenues</b>	<u>58,546,089</u>	<u>21,445,161</u>	<u>7,600,375</u>	<u>87,591,625</u>
<b>Expenditures</b>				
Current:				
Legislative, judicial and general administrative	9,412,261	-	-	9,412,261
Financial administration	703,167	-	-	703,167
Public safety	11,318,946	-	818,129	12,137,075
Public works	3,669,668	-	292,712	3,962,380
Public Health and Welfare	141,840	-	823,073	964,913
Parks and recreation	256,671	-	-	256,671
Library	632,000	-	-	632,000
Education	-	50,394,415	6,012,445	56,406,860
Capital	140,863	-	71,266	212,129
Debt service:				
Principal	1,605,000	-	-	1,605,000
Interest	1,022,888	-	-	1,022,888
Other expenditures	18,659	-	-	18,659
<b>Total expenditures</b>	<u>28,921,963</u>	<u>50,394,415</u>	<u>8,017,625</u>	<u>87,334,003</u>
<b>Excess of revenues over (under) expenditures before other financing sources (uses)</b>	<u>29,624,126</u>	<u>(28,949,254)</u>	<u>(417,250)</u>	<u>257,622</u>
<b>Other financing sources (uses)</b>				
Transfers from other funds	194,615	28,491,907	222,093	28,908,615
Transfers to other funds	(28,730,577)	-	(168,038)	(28,898,615)
<b>Total other financing sources (uses)</b>	<u>(28,535,962)</u>	<u>28,491,907</u>	<u>54,055</u>	<u>10,000</u>
<b>Net change in fund balances</b>	1,088,164	(457,347)	(363,195)	267,622
<b>Fund balances - beginning</b>	<u>7,644,542</u>	<u>(3,140,177)</u>	<u>2,016,088</u>	<u>6,520,453</u>
<b>Prior period adjustments (Note 14)</b>	(1,778,688)	1,929,338	-	150,650
<b>Fund balances - beginning (Restated)</b>	<u>5,865,854</u>	<u>(1,210,839)</u>	<u>2,016,088</u>	<u>6,671,103</u>
<b>Fund balances - ending</b>	<u>\$ 6,954,018</u>	<u>\$ (1,668,186)</u>	<u>\$ 1,652,893</u>	<u>\$ 6,938,725</u>

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

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**Reconciliation of the Statement of Revenues,**  
**Expenditures, and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the Year Ended June 30, 2012**

Net change in fund balances-total governmental funds	\$	267,622
<p>Amounts reported for governmental activities in the statement of activities are different from the amounts reported as fund expenditures because:</p>		
<p>Governmental funds reported capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense (\$3,556,073) exceed capital outlays of (\$1,436,472) in the current period.</p>		
		(2,119,601)
<p>Increases in deferred revenues provide current financial resources in the statement of activities, but are reported as decreases in revenues in the governmental funds.</p>		
		(18,678)
<p>Some expenditures reported in the governmental funds that require the use of current financial resources are not reported as expenditures in the statement of activities.</p>		
		(865)
<p>Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which long-term borrowings were reduced.</p>		
		1,659,535
<p>Other certain accrued expenditures that do not use current financial resources are not reported in the fund financial statements. However, in the statement of activities these accrued expenses are recognized and charged to current activities.</p>		
		<u>(10,634,236)</u>
Change in net assets of governmental activities	\$	<u><u>(10,846,223)</u></u>

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

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2012**

	<u>Enterprise Funds</u>			<u>Internal Service Fund</u>
	<u>Sewer Fund</u>	<u>Non-Major Funds</u>	<u>Total</u>	
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	\$ 3,102,592	\$ -	\$ 3,102,592	\$ -
<b>Accounts receivable</b>				
User fees (Net)	6,091,392	-	6,091,392	600,000
Internal balances	1,504,532	80,840	1,585,372	338,351
<b>Total current assets</b>	<u>10,698,516</u>	<u>80,840</u>	<u>10,779,356</u>	<u>938,351</u>
<b>Non-current assets</b>				
Property, plant and equipment				
Land	52,900	-	52,900	-
Plant facilities and equipment in service	69,081,232	-	69,081,232	-
Extensions and main	26,493,069	-	26,493,069	-
Construction in progress	7,768,536	-	7,768,536	-
Total property, plant and equipment	<u>103,395,737</u>	<u>-</u>	<u>103,395,737</u>	<u>-</u>
Less accumulated depreciation	<u>27,124,274</u>	<u>-</u>	<u>27,124,274</u>	<u>-</u>
Net property, plant and equipment	<u>76,271,463</u>	<u>-</u>	<u>76,271,463</u>	<u>-</u>
<b>Other Assets</b>				
Other assets - net	2,716,044	-	2,716,044	-
Long-term sewer assessment receivable	<u>3,679,783</u>	<u>-</u>	<u>3,679,783</u>	<u>-</u>
<b>Total non-current assets</b>	<u>82,667,290</u>	<u>-</u>	<u>82,667,290</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u>93,365,806</u>	<u>80,840</u>	<u>93,446,646</u>	<u>938,351</u>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Accounts payable	125,014	7,131	132,145	629,529
Accrued expenses	301,903	2,060	303,963	-
Deferred revenues	5,819,823	-	5,819,823	-
Internal balances	-	-	-	308,822
Current portion of long-term debt	1,716,000	-	1,716,000	-
<b>Total current liabilities</b>	<u>7,962,740</u>	<u>9,191</u>	<u>7,971,931</u>	<u>938,351</u>
<b>Non-current liabilities</b>				
Notes and bonds payable	21,112,000	-	21,112,000	-
Deferred revenue	3,679,783	-	3,679,783	-
<b>Total non-current liabilities</b>	<u>24,791,783</u>	<u>-</u>	<u>24,791,783</u>	<u>-</u>
<b>Total liabilities</b>	<u>32,754,523</u>	<u>9,191</u>	<u>32,763,714</u>	<u>938,351</u>
<b>Net Assets</b>				
Invested in Capital assets, net of related debt	53,443,463	-	53,443,463	-
Unrestricted	7,167,820	71,649	7,239,469	-
<b>Total Net Assets</b>	<u>\$ 60,611,283</u>	<u>\$ 71,649</u>	<u>\$ 60,682,932</u>	<u>\$ -</u>

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

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2012**

	<u>Enterprise Funds</u>			<u>Internal Service Fund</u>
	<u>Sewer Fund</u>	<u>Non-Major Funds</u>	<u>Total</u>	
<b>Operating revenues</b>				
Usage sales and fees	\$ 6,308,435	\$ 280,879	\$ 6,589,314	\$ -
Sewer assessment revenue	803,516	-	803,516	-
Other income	42,352	-	42,352	7,171,636
Grant income	1,082,246	-	1,082,246	-
<b>Total operating revenues</b>	<u>8,236,549</u>	<u>280,879</u>	<u>8,517,428</u>	<u>7,171,636</u>
<b>Operating expenses</b>				
Salaries and benefits	2,131,963	118,002	2,249,965	-
Materials, supplies, repairs and maintenance	865,623	5,503	871,126	-
Depreciation and amortization	1,799,006	-	1,799,006	-
Other operating expenses	1,948,108	109,370	2,057,478	7,171,636
Capital outlay	692,483	-	692,483	-
<b>Total operating expenses</b>	<u>7,437,183</u>	<u>232,875</u>	<u>7,670,058</u>	<u>7,171,636</u>
<b>Operating income</b>	<u>799,366</u>	<u>48,004</u>	<u>847,370</u>	<u>-</u>
<b>Non-operating revenues (expenses)</b>				
Investment income	12,604	-	12,604	-
Sewer bond interest expense	(301,708)	-	(301,708)	-
<b>Total non-operating (expenses)</b>	<u>(289,104)</u>	<u>-</u>	<u>(289,104)</u>	<u>-</u>
<b>Income (loss) before transfers</b>	<u>510,262</u>	<u>48,004</u>	<u>558,266</u>	<u>-</u>
<b>Change in Net Assets</b>	510,262	38,004	548,266	-
<b>Total Net Assets - Beginning</b>	60,101,021	33,645	60,134,666	-
<b>Total Net Assets - Ending</b>	<u>\$ 60,611,283</u>	<u>\$ 71,649</u>	<u>\$ 60,682,932</u>	<u>\$ -</u>

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

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**Statement of Cash Flows-Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2012**

	<u>Enterprise Funds</u>			<u>Internal Service Fund</u>
	<u>Sewer Fund</u>	<u>Non-Major Funds</u>	<u>Total</u>	
<b>Cash flows from operating activities</b>				
Cash received from customers	\$ 9,150,187	\$ 280,879	\$ 9,431,066	\$ 6,571,636
Cash payments to suppliers for goods and services	(2,308,502)	(1,922)	(2,310,424)	(7,043,637)
Cash payments to employees for services	(2,131,963)	(118,002)	(2,249,965)	-
Payment of administrative expense	(2,107,439)	(109,370)	(2,216,809)	-
<b>Net cash provided by (used for) operating activities</b>	<u>2,602,283</u>	<u>51,585</u>	<u>2,653,868</u>	<u>(472,001)</u>
<b>Cash flows from non-capital financing activities</b>				
Interfund loans	(2,236,099)	(51,585)	(2,287,684)	472,001
<b>Net cash provided by (used for) non-capital financing activities</b>	<u>(2,236,099)</u>	<u>(51,585)</u>	<u>(2,287,684)</u>	<u>472,001</u>
<b>Cash flows from capital and related financing activities</b>				
Acquisition and construction of capital assets	(242,746)	-	(242,746)	-
Principal paid on bonds, notes and loans	(1,705,000)	-	(1,705,000)	-
Insurance proceeds for flood	1,883,269	-	1,883,269	-
Interest paid on bonds, notes and loans	(301,708)	-	(301,708)	-
<b>Net cash provided (used for) capital and related financing activities</b>	<u>(366,185)</u>	<u>-</u>	<u>(366,185)</u>	<u>-</u>
<b>Cash flows from investing activities</b>				
Interest and dividends on investments	12,604	-	12,604	-
<b>Net cash provided by (used for) investing activities</b>	<u>12,604</u>	<u>-</u>	<u>12,604</u>	<u>-</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	12,603	-	12,603	-
<b>Cash and cash equivalents at beginning of year</b>	3,089,989		3,089,989	-
<b>Cash and cash equivalents at end of year</b>	<u>\$ 3,102,592</u>	<u>\$ -</u>	<u>\$ 3,102,592</u>	<u>\$ -</u>
<b>Reconciliation of operating income to net cash provided by operating activities</b>				
<b>Operating income</b>	\$ 799,366	\$ 48,004	\$ 847,370	\$ -
<b>Adjustments to reconcile operating income to net cash provided by operating activities:</b>				
Depreciation and amortization	1,799,006	-	1,799,006	-
<b>Changes in assets and liabilities:</b>				
(Increase) decrease in use accounts receivable	913,638	-	913,638	(600,000)
Increase (decrease) in accounts payable and accrued expenses	(428,139)	3,581	(424,558)	127,999
(Increase) decrease in other assets	(159,331)	-	(159,331)	-
(Decrease) in deferred revenues	(322,257)	-	(322,257)	-
<b>Total adjustments</b>	<u>1,802,917</u>	<u>3,581</u>	<u>1,806,498</u>	<u>(472,001)</u>
<b>Net cash provided by operating activities</b>	<u>\$ 2,602,283</u>	<u>\$ 51,585</u>	<u>\$ 2,653,868</u>	<u>\$ (472,001)</u>

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

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

	<u>Employee Retirement Plan</u>	<u>Agency Funds</u>
<b>ASSETS</b>		
Cash	\$ -	\$ 207,291
<b>Receivables:</b>		
Accrued school contribution receivable	1,707,174	207,291
Accrued town contribution receivable	424,183	
Interest receivable	61,794	
Total receivables	<u>2,193,151</u>	<u>-</u>
<b>Investments, at fair value:</b>		
Cash management investment funds	2,332,930	-
Government securities	3,168,032	-
Fixed income	2,039,562	-
Equities	18,925,273	-
Total investments	<u>26,465,797</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u>28,658,948</u>	<u>207,291</u>
<b>LIABILITIES</b>		
Deposits payable to others	-	207,291
Internal balances	6,443	-
Accounts payable and accrued expenses	258	-
<b>TOTAL LIABILITIES</b>	<u>6,701</u>	<u>\$ 207,291</u>
<b>NET ASSETS</b>		
Held in trust for pension benefits and other purposes	<u>\$ 28,652,247</u>	

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

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**For the Fiscal Year Ended June 30, 2012**

	<u><b>Employee Retirement Plan</b></u>
<b>Additions</b>	
Contributions	
Employer contributions	\$ 1,100,592
Plan members contributions	1,359,380
Accrued contributions - Town	424,183
Total contributions	<u>2,884,155</u>
<b>Investment earnings</b>	
Net (decrease) in fair value of investments	(1,236,754)
Interest and dividends	806,752
Total investment earnings	<u>(430,002)</u>
<b>Total additions</b>	<u>2,454,153</u>
<b>Deductions</b>	
Benefits paid	8,177,392
Operating expenses	302,952
Total deductions	<u>8,480,344</u>
<b>Change in net assets</b>	<u>(6,026,191)</u>
<b>Net assets - beginning</b>	32,971,264
<b>Prior period adjustments (Note 14)</b>	1,707,174
<b>Fund balances - beginning (Restated)</b>	34,678,438
<b>Net assets - ending</b>	<u>\$ 28,652,247</u>

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

## **Notes to Financial Statements**

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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

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

**Reporting Entity**

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

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

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

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

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

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

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

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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

The following entities were considered for classification as component units for fiscal year 2012:

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

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

**BASIS OF PRESENTATION**

***Government-Wide Financial Statements***

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

***Fund Financial Statements***

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

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

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

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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

**GOVERNMENTAL FUND TYPES**

*Major Governmental Funds*

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

**School Unrestricted Fund** - The School Unrestricted Fund is used to account for the budgeted resources devoted to financing the general operations of the school department. Medicaid, Tuition revenues, State aid for Education and Town appropriations are reported as revenue in this fund.

**PROPRIETARY FUND TYPE**

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

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

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

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

**FIDUCIARY FUND TYPES**

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

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

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

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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

**BASIS OF ACCOUNTING**

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

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

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

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

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

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

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

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

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

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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

**BASIS OF ACCOUNTING** (continued)

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

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

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

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

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

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

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

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

**Cash Equivalents**

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

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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

**BASIS OF ACCOUNTING** (continued)

**Investments**

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

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

**Receivables**

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

**Inventories**

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

**Capital Assets**

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

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

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

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

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

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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

**BASIS OF ACCOUNTING (continued)**

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

**Deferred Revenues**

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

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

Unused vacation leave is paid upon an employee's termination. Sick leave not taken by municipal workers is paid 100% up to 100 days, for police and fire departments employees are paid 100% up to 130 days and 50% for the next 50 days and 25% for the next 50 days. School department employees are paid compensated absences based on various employee agreements. For Governmental Fund Types accrued compensated absences are presented as a current liability for those amounts expected to be paid with current financial resources. In governmental funds compensated absence expenditures are only reported when matured. For those compensated absences not to be paid with current financial resources, the liability is recorded in the Statement of Net Assets of the Government-Wide Financial Statements. At June 30, 2012 the long-term portion that amount was \$3,245,683. For Proprietary Fund Types accrued compensated absences are recorded as a liability within those funds. The Town's policy has been to use the general fund to liquidate the liability for compensated absences. However, there are amounts other than those which are liabilities on proprietary funds.

**Inter-fund Transactions**

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

**Property Taxes**

The Town is permitted by state law to levy property taxes. Current tax collections for the Town were approximately 96.7% of the total December 31, 2010 levy net of adjustments.

The Town's fiscal 2012 property taxes were levied in July of 2011 on assessed valuation as of December 31, 2010. Upon levy, taxes are billed quarterly and are due on July 15, October 15, January 15, and April 15. Failure to mail payments by due dates will result in lien on taxpayer's property. Assessed values are established by Tax Assessor's Office and are currently calculated at 100% of assessed value for real estate and 100% of market value for motor vehicles. A revaluation of all real estate was completed as of December 31, 2003.

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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

**BASIS OF ACCOUNTING** (continued)

**Fund Balance**

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

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

**Application of Funds**

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

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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

**BASIS OF ACCOUNTING (continued)**

**Net Assets**

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

**Revenues, Expenditures and Expenses**

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

**Program Revenues and Expenses**

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

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

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

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

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 2 – BUDGETARY DATA AND BUDGETARY COMPLIANCE (continued)**

the year ended June 30, 2012. Amendments to the operating budgets that do not result in additional appropriations may be made within departments by means of a transfer. The Finance Director has authority to make such transfers within departments for the first nine months of the fiscal year. Any other departmental transfers made and transfers made outside the departmental level in the last three months of the fiscal year require Town Council approval by ordinance.

**CHARTER PROVISION DESIGNATED FUND BALANCE**

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

**NOTE 3 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Legal Debt Margin**

The Town's legal debt margin as set forth by State Statute is limited to three percent of total assessed value, which approximates \$2,198,240,809 based on the December 31, 2010 assessment. As of June 30, 2012 the Town's debt is under the debt limit by \$42,129,224. In addition to the bonding authority granted under §45-12-2 of the RI General Laws, the Town of West Warwick can authorize bond issues pursuant to a special act of the RI General Assembly. Bond issues authorized by a special act of the General Assembly are normally not subject to any legal debt limit, but are subject to financial constraints such as the Town's ability and willingness to service the bonded debt. See page 106 in the statistical section for computation of the legal debt margin.

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

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

**Governmental Funds**

Planning challenge grant	\$3,325	**
Riverwalk fund	\$71,542	**
Open space Recreation	\$77	**
JAG	\$3,050	**
Community development	\$151,153	**
School unrestricted fund	\$1,668,186	*

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

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

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

***NOTE 5 – CASH AND INVESTMENTS***

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

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

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

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

***Custodial Credit Risk***

*Deposits:* This is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2012, \$11,099,387 of the Town's balances of \$15,594,093 on deposit with financial institutions were both insured and collateralized.

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

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

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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

Cash and investments of the Town consist of the following at June 30, 2012

<b>Cash and Cash Equivalents</b>	
Deposits with financial institutions	\$ 15,594,093
 <b>Investments</b>	
<b>Pension Trust Fund:</b>	
Cash and Money Funds	2,332,930
U.S. Government Bonds	3,168,032
Corporate Debt	2,039,562
Equities	18,925,273
Total Pension Investments	26,465,797
<b>Total Cash and Investments</b>	<b>\$ 42,059,890</b>

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

<b>Statement of Net Assets</b>	
Cash and cash equivalents	\$ 15,386,802
<b>Fiduciary Funds</b>	
Cash and cash equivalents	207,291
Investments	26,465,797
	26,673,088
<b>Total Cash and Investments</b>	<b>\$ 42,059,890</b>

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

Type of Investment	Fair Value	Investment Maturities (in Years)			
		Less Than 1 Year	1-5 Years	6-10 Years	Over 10 Years
Government Bonds	\$ 3,168,032	\$ 145,308	\$ 620,498	\$ 263,841	\$ 2,138,385
Corporate Debt	2,039,562	102,327	423,399	945,538	568,298
Total	\$ 5,207,594	\$ 247,635	\$ 1,043,897	\$ 1,209,379	\$ 2,706,683

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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

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

Average Rating	Corporate Bonds
Aaa	\$ 623,969
Aa1	35,489
Aa2	60,994
Aa3	79,245
A1	108,967
A2	425,133
A3	146,857
Baa1	85,273
Baa2	379,486
Baa3	94,149
	\$ 2,039,562

**NOTE 6 - PROPERTY TAXES**

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

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

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

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

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 7 - INFORMATION ABOUT CAPITAL ASSETS (continued)**

Capital asset activity for Governmental Activities for the fiscal year ended June 30, 2012 was as follows:

	Primary Government			Ending Balance
	Beginning Balance	Increases	Decreases	
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 6,100,113	\$ -	\$ -	\$ 6,100,113
Construction in Progress	207,752	-	-	207,752
Total capital assets not being depreciated	<u>6,307,865</u>	<u>-</u>	<u>-</u>	<u>6,307,865</u>
Other capital assets:				
Land improvements	1,041,755	-	-	1,041,755
Infrastructure	48,390,536	575,261	-	48,965,797
Buildings and improvements	80,681,428	187,945	-	80,869,373
Motor vehicles	1,979,046	499,771	-	2,478,817
Office furniture and equipment	2,162,079	-	-	2,162,079
Machinery and equipment	3,822,288	173,495	-	3,995,783
Total other capital assets at historical cost	<u>138,077,132</u>	<u>1,436,472</u>	<u>-</u>	<u>139,513,604</u>
Less accumulated depreciation for:				
Land improvements	1,010,976	30,779	-	1,041,755
Infrastructure	28,705,207	1,693,883	-	30,399,090
Buildings and improvements	58,789,885	1,294,750	-	60,084,635
Motor vehicles	1,083,945	133,786	-	1,217,731
Office furniture and equipment	1,356,368	116,971	-	1,473,339
Machinery and equipment	3,295,557	285,904	-	3,581,461
Total accumulated depreciation	<u>94,241,938</u>	<u>3,556,073</u>	<u>-</u>	<u>97,798,011</u>
Governmental activities capital assets, net	<u>\$ 50,143,059</u>	<u>\$ (2,119,601)</u>	<u>\$ -</u>	<u>\$ 48,023,458</u>

Depreciation expense was charged to functions as follows:

<b>Governmental activities:</b>	
Legislative, judicial and general administrative	\$ 2,290,949
Public safety	430,120
Public works	102,471
Parks and recreation	528,864
Library	22,294
Education	181,375
Total governmental activities depreciation expense	<u>\$ 3,556,073</u>

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 7 - INFORMATION ABOUT CAPITAL ASSETS (continued)**

*Capital asset activity for Business-Type Activities for the fiscal year ended June 30, 2012 was as follows:*

	Primary Government			Ending Balance
	Beginning Balance	Increases	Decreases	
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 52,900	\$ -	\$ -	\$ 52,900
Construction in progress	7,525,789	242,746	-	7,768,535
Total capital assets not being depreciated	<u>7,578,689</u>	<u>242,746</u>	<u>-</u>	<u>7,821,435</u>
Other capital assets:				
Plant facilities and equipment	59,968,706	-	1,883,269	58,085,437
Extensions and mains	37,488,865	-	-	37,488,865
Total other capital assets at historical cost	<u>97,457,571</u>	<u>-</u>	<u>1,883,269</u>	<u>95,574,302</u>
Less accumulated depreciation for:				
Plant facilities and equipment	13,865,651	1,186,670	-	15,052,321
Extensions and mains	11,486,094	585,859	-	12,071,953
Total accumulated depreciation	<u>25,351,745</u>	<u>1,772,529</u>	<u>-</u>	<u>27,124,274</u>
Business-type activities capital assets, net	<u>\$ 79,684,515</u>	<u>\$ (1,529,783)</u>	<u>\$ 1,883,269</u>	<u>\$ 76,271,463</u>

Depreciation expense was charged to functions as follows:

Business-type activities:	
Sewer Fund	\$ 1,772,529
Total business-type activities depreciation expense	<u>\$ 1,772,529</u>

**TOWN OF WEST WARWICK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012**

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

"Total fund balances" of the Towns' governmental funds \$6,937,255 differs from "net assets" of governmental activities (\$25,642,386) reported in the statement of net assets. This difference primarily results from the long-term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheets. The effect of the differences is illustrated below.

<b>Balance Sheet/Statement of Net Assets</b>				
	<b>Total Governmental Funds</b>	<b>Long-term Assets/ Liabilities (1)</b>	<b>Reclassifications and Eliminations (2)</b>	<b>Statement Net Assets Totals</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 12,284,210	\$ -	\$ -	\$ 12,284,210
<b>Receivables:</b>				
Property taxes, net	2,367,808	-	-	2,367,808
Intergovernmental	1,104,814	-	-	1,104,814
Other	179,175	-	606,443	785,618
Internal balances	4,713,872	-	(4,713,872)	-
Inventory	60,929	-	-	60,929
Other assets (net)	1,370,571	-	-	1,370,571
Deferred charges	72,480	395,335	-	467,815
Property, plant and equipment - net	-	41,715,593	-	41,715,593
Assets not being depreciated-CIP	-	207,752	-	207,752
Assets not being depreciated-Land	-	6,100,113	-	6,100,113
<b>Total assets</b>	<b>\$ 22,153,859</b>	<b>\$ 48,418,793</b>	<b>\$ (4,107,429)</b>	<b>\$ 66,465,223</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable and accrued items	\$ 5,648,019	\$ -	\$ 629,529	\$ 6,277,548
Accrued expenses	1,221,750	273,391	-	1,495,141
Internal balances	6,322,330	-	(4,736,958)	1,585,372
Deferred revenue	2,023,035	(1,773,583)	-	249,452
<b>Long-term liabilities</b>				
Due within one year	-	1,764,673	-	1,764,673
Due in more than one year	-	80,735,423	-	80,735,423
<b>Total liabilities</b>	<b>15,215,134</b>	<b>80,999,904</b>	<b>(4,107,429)</b>	<b>92,107,609</b>
<b>Fund Balances/Net Assets</b>				
Total fund balances/net assets	6,937,255	(32,581,111)	-	(25,642,386)
Total liabilities and fund balances/net assets	<b>\$ 22,153,859</b>	<b>\$ 48,418,793</b>	<b>\$ (4,107,429)</b>	<b>\$ 66,465,223</b>

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

Cost of capital assets	\$ 145,821,469
Accumulated depreciation	(97,798,011)
	<u>\$ 48,023,458</u>

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

Adjustment of deferred revenue	\$ 2,017,179
Deferred bond cost	395,335
Bond premium	(243,596)
Accrued interest	(273,391)
	<u>\$ 1,895,527</u>

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

Bonds payable	\$ (23,818,000)
Leases Payable	(237,671)
Accrued compensated absences	(3,245,683)
Net OPEB obligation	(11,919,373)
Net pension obligation	(43,279,369)
	<u>\$ (82,500,096)</u>

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

Accounts receivable	\$ 600,000
Accounts payable	(629,529)
Internal balances	29,529
	<u>\$ -</u>

**TOWN OF WEST WARWICK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012**

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

The "net change in the fund balances" for governmental funds \$202,839 differs from the "change in net assets" for governmental activities (\$10,897,108) reported in the statement of activities. The differences arise primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The effect of the differences are illustrated below with explanations on page 39.

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

	<u>Total Governmental Funds</u>	<u>Long-term Revenues/ Expenses (1)</u>	<u>Capital- related Items (2)</u>	<u>Long-term Debt Transactions (3)</u>	<u>Statement of Activities Totals</u>
<b>Revenues</b>					
General property tax	\$ 52,351,196	\$ (18,678)	\$ -	\$ -	\$ 52,332,518
Intergovernmental and departmental revenues	31,457,758	-	-	-	31,457,758
License and permits	1,755,094	-	-	-	1,755,094
Fines and interest on late payments	497,815	-	-	-	497,815
Interest on investments	15,275	-	-	-	15,275
Other revenues	1,514,487	-	-	16,441	1,530,928
<b>Total revenues</b>	<u>87,591,625</u>	<u>(18,678)</u>	<u>-</u>	<u>16,441</u>	<u>87,589,388</u>
<b>Expenditures</b>					
<b>Current:</b>					
Legislative, judicial and general administrative	9,412,261	-	2,168,256	10,634,236	22,214,753
Financial administration	703,167	-	-	37,853	741,020
Public safety	12,137,075	-	(394,301)	(54,535)	11,688,239
Public works	3,962,380	-	102,471	-	4,064,851
Public Health and Welfare	964,913	-	-	-	964,913
Parks and recreation	256,671	-	389,722	-	646,393
Library	632,000	-	22,294	-	654,294
Education	56,406,860	-	(35,784)	-	56,371,076
Capital	212,129	-	(133,057)	-	79,072
<b>Long-term obligations:</b>					
Principal	1,605,000	-	-	(1,605,000)	-
Interest	1,022,888	(20,547)	-	-	1,002,341
Other	18,659	-	-	-	18,659
<b>Total expenditures</b>	<u>87,334,003</u>	<u>(20,547)</u>	<u>2,119,601</u>	<u>9,012,554</u>	<u>98,445,611</u>
<b>Other financing sources (uses)</b>					
Transfers from other funds	28,908,615	-	-	-	28,908,615
Transfers to other funds	(28,898,615)	-	-	-	(28,898,615)
<b>Total other financing sources (uses)</b>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000</u>
Net change for the year	<u>\$ 267,622</u>	<u>\$ 1,869</u>	<u>\$ (2,119,601)</u>	<u>\$ (8,996,113)</u>	<u>\$ (10,846,223)</u>

**TOWN OF WEST WARWICK  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012**

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

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

Deferred revenue property tax	<u>\$ (18,678)</u>
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Interest expense in the statement of activities differs from the amount reported in the governmental funds for two reasons. Accrued interest was reduced on the calculation for bonds payable. Cost associated with debt financing are expensed in the fund financial statements while in the government-wide financial statements they are capitalized and amortized over the life of the bond, also premiums received from bond issuance which are recorded in the governmental funds as revenue are amortized in the statement of activities.

Accrued interest	\$ 20,547
Amortization of bond premium	16,441
Amortization bond issuance cost	<u>(37,853)</u>
Total expenditure adjustment	<u>\$ (865)</u>

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

Capital outlay	\$ 1,436,472
Depreciation expense	<u>(3,556,073)</u>
Difference	<u>\$ (2,119,601)</u>

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

Principal payments made on bonds	\$ 1,605,000
Principal payments made on leases	54,535
	<u>\$ 1,659,535</u>

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

Net decrease in compensated absences	\$ 36,147
Net increase in the OPEB obligation	(2,664,064)
Net increase in the net pension obligation	<u>(8,006,319)</u>
Change	<u>\$ (10,634,236)</u>

**TOWN OF WEST WARWICK**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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

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

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

Long-term liability activity for the fiscal year ended June 30, 2012 was as follows:

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2012</u>	<u>Amounts</u> <u>Due within</u> <u>One Year</u>
<b>Governmental Activities</b>					
Bonds payable	\$ 25,423,000	\$ -	\$ 1,605,000	\$ 23,818,000	\$ 1,630,000
Capital leases payable	292,206	-	54,535	237,671	56,421
Total bonds payable	<u>25,715,206</u>	<u>-</u>	<u>1,659,535</u>	<u>24,055,671</u>	<u>1,686,421</u>
Other liabilities:					
Accrued compensated absences	3,281,830	-	36,147	3,245,683	78,252
Net OPEB Obligation	9,255,309	2,664,064	-	11,919,373	-
Net Pension Benefit	35,273,050	8,006,319	-	43,279,369	-
Total other liabilities	<u>47,810,189</u>	<u>10,670,383</u>	<u>36,147</u>	<u>58,444,425</u>	<u>78,252</u>
Governmental Activities long-term liabilities	<u>\$ 73,525,395</u>	<u>\$10,670,383</u>	<u>\$ 1,695,682</u>	<u>\$ 82,500,096</u>	<u>\$ 1,764,673</u>
<b>Business-Type Activities</b>					
Sewer Department notes payable	24,533,000	-	1,705,000	22,828,000	1,716,000
Total notes payable	<u>24,533,000</u>	<u>-</u>	<u>1,705,000</u>	<u>22,828,000</u>	<u>1,716,000</u>
Total long-term liabilities	<u>\$ 24,533,000</u>	<u>\$ -</u>	<u>\$ 1,705,000</u>	<u>\$ 22,828,000</u>	<u>\$ 1,716,000</u>

The following schedule summarizes the Town's bonds and notes

	<u>Interest Rates</u>	<u>Principal</u>	<u>Due Dates</u>
Governmental bonds	1.47% - 7.45%	\$23,818,000	2013-2029
Enterprise Funds notes payable	0% - 1.645%	22,828,000	2013-2028
<b>Total All Funds</b>		<u>\$46,646,000</u>	

**TOWN OF WEST WARWICK  
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**NOTE 10 - INFORMATION ABOUT LONG-TERM LIABILITIES (continued)**

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

<b>Fiscal Year Ended June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2013	\$ 1,630,000	\$ 958,046	\$ 2,588,046
2014	1,535,000	894,460	2,429,460
2015	1,495,000	832,658	2,327,658
2016	1,525,000	770,597	2,295,597
2017	1,555,000	705,216	2,260,216
2018	1,590,000	636,003	2,226,003
2019	1,395,000	564,441	1,959,441
2020	1,445,000	498,430	1,943,430
Thereafter	11,648,000	1,650,854	13,298,854
<b>TOTALS</b>	<b><u>\$ 23,818,000</u></b>	<b><u>\$ 7,510,705</u></b>	<b><u>\$ 31,328,705</u></b>

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

<b>Fiscal Year Ended June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2013	\$ 1,716,000	\$ 285,048	\$ 2,001,048
2014	1,726,000	265,418	1,991,418
2015	1,735,000	245,289	1,980,289
2016	1,705,000	225,037	1,930,037
2017	1,717,000	204,678	1,921,678
2018	1,728,000	183,853	1,911,853
2019	1,740,000	162,572	1,902,572
2020	1,754,000	140,849	1,894,849
Thereafter	9,007,000	391,123	9,398,123
<b>TOTALS</b>	<b><u>\$ 22,828,000</u></b>	<b><u>\$ 2,103,867</u></b>	<b><u>\$ 24,931,867</u></b>

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 11 - INTERFUND RECEIVABLES AND PAYABLES**

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

Below are balances at June 30, 2012:

**INTERFUND RECEIVABLES AND PAYABLES**

	<u>Due from other funds</u>		<u>Due to other funds</u>	
<b>General Fund</b>	\$ 382,312		\$ 5,151,053	
<b>Special Revenue Funds:</b>				
School Unrestricted	3,203,402		742,810	
School Restricted	338,241		361,420	
Town Restricted	640,106	4,181,749	67,047	1,171,277
<b>Capital Projects:</b>		149,811		-
<b>Trust and Agency Funds:</b>				
Pension Trust Fund		-		6,443
<b>Proprietary Funds</b>				
Sewer	1,504,532		-	
Municipal Court	80,840		-	
Internal Service	338,351	1,923,723	308,822	308,822
	<u>\$ 6,637,595</u>		<u>\$ 6,637,595</u>	

Transfers are made to provide revenue for annual expenditures of various funds. Transfers are not expected to be repaid to the originating (source) fund. Listed below is the transfer activity for fiscal year ended June 30, 2012.

**INTERFUND TRANSFERS**

<u>Fund / Department</u>	<u>Transfers from other funds</u>	<u>Transfers to other funds</u>
General Fund	\$ 194,615	\$47,018,292
Special Revenue (School Department)	46,779,622	-
Special Revenue Funds (Town)	54,055	-
Special Revenue Funds (School)	-	-
Capital Project Funds	168,038	168,038
Enterprise Funds	-	10,000
Totals	<u>\$47,196,330</u>	<u>\$47,196,330</u>

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 12 - FUND EQUITY RESERVES**

The following reserves are recorded in the fund financial statements at June 30, 2012:

	General Fund	School Special Revenue Unrestricted Fund	Other Non-Major Governmental Funds	Total Governmental Funds
Fund balances:				
Nonspendable fund balances:				
Inventory	\$ 60,929	\$ -	\$ -	\$ 60,929
Deferred charges	6,097	66,383	-	72,480
Restricted fund balances:				
Capital projects fund	-	-	139,169	139,169
Special revenue funds	-	-	1,742,871	1,742,871
QZAB bond sinking fund	1,128,971	-	-	1,128,971
Assigned fund balances:				
Capital improvements	16,605	-	-	16,605
Unassigned, reported in non-major:				
General fund	5,741,416	-	-	5,741,416
Special revenue funds	-	(1,734,569)	(229,147)	(1,963,716)
Total fund balances	<u>\$ 6,954,018</u>	<u>\$ (1,668,186)</u>	<u>\$ 1,652,893</u>	<u>\$ 6,938,725</u>

**NOTE 13 - SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES**

**A. Litigation**

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

**B. Federally Assisted Programs - Compliance Audits**

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

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 14 – PRIOR PERIOD ADJUSTMENTS**

For 2012, the Town of West Warwick had four significant prior period adjustments:

- In prior years from 2007-2010, accrued School contributions to the Town Retirement plan were not accounted for on the Statement of Fiduciary Net Assets in the amount of \$1,707,174. A prior period adjustment in this amount is reflected as increases to Fiduciary Net Assets.
- In 2011, a capital lease in the amount of \$292,206 was signed but not identified by the Finance Department. In 2012, a prior period adjustment in this amount is reflected in the Statement of Activities as a decrease in Net Assets for Capital Leases identified.
- In July of 2012, the Town and School Department settled a legal claim, which resulted in the School Department receiving the amount of \$1,929,338 for prior maintenance of effort funding not appropriated by the Town. In this settlement, the Town is ordered to pay the \$1,929,338 for back maintenance of effort, but also received a credit for prior legal fees incurred for the settlement in the amount of \$150,650. In 2012, a prior period adjustment in the amount of \$150,650 is recorded in the Statement of Activities as an increase in net assets and in the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances as an increase in fund balance. The net transfer of \$1,929,338 between the Town and School is reflected in the statement also, but nets to \$0 for fund presentation purposes.
- In July of 2012, it was noted that an assumption change was made in the completion of the annual OPEB actuarial report. The correction of this assumption change resulted in a prior period adjustment of \$5,651,297. This adjustment was positive to the Town's Net Assets, as the adjustment reduced the amount owed to the OPEB plan.

**NOTE 15 – OTHER POST RETIREMENT BENEFITS**

**Plan Description**

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

**Plan Types**

Medical: Blue Cross/Blue Shield Classic or Healthmate

Dental: Delta Dental of Rhode Island

**Eligibility**

Police & Fire: Any age with 20 years.

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

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

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

**TOWN OF WEST WARWICK, RHODE ISLAND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012**

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

**Benefit/Cost Sharing**

Police Fire: The town pays 100% of the medical and dental premiums until eligible for Medicare for those retiring on/before 7/1/11. For those retiring after 7/1/11, contributions amount to 1% of pension benefit.

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

Municipal Employees: The Town pays 100% of the medical and dental premiums until eligible for Medicare for those hired prior to 7/1/10. For those hired after 7/1/10, contributions requirements are 12% if base salary less than \$47,500, 16% for salaries above \$47,500.

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

**Spouse Benefit - Yes**

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

**Membership**

At June 30, 2012, active membership consisted of 528 employees, while inactive (retiree) membership consisted of 547 employees.

**Funding Policy**

Contribution requirements are negotiated between the Town and the respective unions. The Town is required to contribute the cost of medical/drug and dental benefits, less the amount of any applicable co-payment in effect at the time of retirement. For the year-ended June 30, 2012, the plan operated on a pay as you go basis and no provision has been made to fund future benefits to be provided to plan members.

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

Actuarial Actuarial Valuation Date July 1,	Actuarial Value of Assets (a)	Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2008	\$ 0	\$136,587,286	\$136,587,286	0.0%	N/A	N/A
2010	\$ 0	\$85,956,352	\$85,956,352	0.0%	N/A	N/A
2012	\$ 0	\$107,329,661	\$107,329,661	0.0%	N/A	N/A

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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

*Annual OPEB Cost and Net OPEB Obligation:* Below are the required pension obligation presentations per GASB 45 for the period ending June 30, 2012.

	6/30/2010	6/30/2011	6/30/2012
Annual required contribution	\$ 5,327,511	\$ 7,529,803	\$ 7,552,618
Inter-set on OPEB obligation	230,892	239,307	370,212
Adjustment to annual required contribution	(241,842)	(265,401)	(392,972)
Annual OPEB cost	5,316,561	7,503,709	7,529,858
Contributions made	<u>3,573,395</u>	<u>4,231,074</u>	<u>4,865,794</u>
Increase (decrease) in OPEB obligation	<u>1,743,166</u>	<u>3,272,635</u>	<u>2,664,064</u>
Net OPEB obligation beginning of year	<u>4,239,508</u>	<u>5,982,674</u>	<u>9,255,309</u>
Net OPEB obligation end of year	<u>\$ 5,982,674</u>	<u>\$ 9,255,309</u>	<u>\$ 11,919,373</u>

**Actuarial Methods and Assumptions**

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

Valuation Date:	July 1, 2012
Interest Rate	4.00%
2008 Medical Trend Rate	9.00%
Ultimate Medical Trend Rate	5.00%
Year Ultimate Medical Trend Rate Reached	2021
Remaining Amortization Period	25.97 Years
Annual Payroll Increase	2.50%

**NOTE 16 - PENSION PLANS**

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

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

**Pension Reform, legislative changes, and subsequent litigation**

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 broad changes to ERSRI effective July 1, 2012. The most significant changes include:

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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

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

- Changing the structure of the retirement program from a traditional defined benefit plan to a hybrid plan designed with a smaller defined benefit plan and a supplemental defined contribution plan.
- Changing the automatic COLA from a CPI related formula to a formula contingent on the actual investment performance over time.
- Suspension/reduction of the COLA during times when the funded ratio is lower than targeted 80% levels. State employees, teachers, BHDDH nurses, correctional officers, judges (including pay as you go), and state police (including pay as you go) will be aggregated to determine if the 80% requirement has been reached.
- Re-amortization of the significantly reduced Unfunded Actuarial Accrued Liability (UAAL) to 25 years from the 19 year schedule as of June 30, 2010.
- Teachers and Public Safety personnel not covered by Social Security (except State Police) will participate in additional defined contribution allocations equal to 2% member plus 2% employer for Teachers and 3% member plus 3% employer for Public Safety.

Included within the significant changes noted above, there are certain rules for transitioning from the prior defined benefit structure to the smaller defined benefit plan going forward. Most notably:

- The accumulated benefit multiplier as of June 30, 2012 will be preserved and any changes to accruals will only be made prospectively.
- The final average compensation as calculated on June 30, 2012 will be preserved and any changes to the definition of salary or to the averaging period will not impact the final average compensation used to determine the retirement benefit until after the new calculation is greater than the preserved calculation.
- The calculated accrued benefit as of June 30, 2012 using the accumulated benefit multiplier as of that date and the final average compensation as of that date can be commenced on the date the member would have reached retirement eligibility prior to the Act if the member retires on that retirement date.
- Any past post-retirement benefit adjustments that have been given will be preserved. Only future adjustments will be modified and/or suspended.
- All members currently eligible to retire will retain the ability to retire in accordance with the provisions prior to the Act.
- Current State Employees and Teachers who have five years of service as of June 30, 2012 will have a new retirement age delayed in proportion to the amount of service they have earned as of June 30, 2012 and to their current expected retirement age, but not less than age 59. In no circumstance will the retirement age of the member reduce from the retirement age prior to the Act.
- Current Public Safety personnel who are age 45 with ten years of service as of June 30, 2012, and had a retirement age prior to the Act based on continued service prior to age 52, will have unreduced retirement eligibility at age 52.
- A plan that has had four consecutive benefit adjustments suspended due to the 80% funding criteria will be eligible to receive an adjustment in the fifth year regardless of the funding level.

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

*NOTE 16 - PENSION PLANS (continued)*

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

***Plan Description***

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

***Schedule A Benefits***

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

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

***Schedule B Benefits***

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

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

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 16 - PENSION PLANS (continued)**

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

***Funding Policy***

Rhode Island general laws set the contribution rates for participating State employees at 9.5% of salary. Annual contributions by both employers and the State on behalf of those employees are determined by actuaries and assessed as percentage of participants' payroll. The Town was required to contribute 13.23%, 11.25%, and 11.25%, for all full-time employees for fiscal years 2012, 2011, and 2010, respectively. The required contributions include (a) normal costs; (b) payments to amortize the unfunded frozen actuarial accrued liability as of June 30, 1999 over 30 years; and (c) interest on the unfunded frozen actuarial liability. Normal cost is determined using the entry age normal cost method with frozen initial liability. Both employers and employees contribute 1% of the first \$9,600 of salary for survivor benefits. A variety of significant actuarial assumptions are used and these assumptions are summarized below:

As prescribed by Rhode Island general law, the State pays the entire portion of the annual required contribution attributable to the costs of contributions deferred by the State in prior years plus 40% of contributions assessed to employers on payroll not reimbursable through Federal programs. This resulted in contribution rates paid by the State on behalf of the School Department of 9.09% of non-federally reimbursable payrolls totaling \$2,145,527 for the fiscal year ended June 30, 2012. These on-behalf payments of for the Town's employees were recognized as revenues and expenditures during the period.

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

Required contributions:

<u>Fiscal Years Ending</u>	<u>Required Pension Cost</u>	<u>Percentage Contributed</u>
June 30, 2010	\$ 2,700,405	100%
June 30, 2011	\$ 2,720,817	100%
June 30, 2012	\$ 3,009,669	100%

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

The plans trend information showing the System's progress in accumulating sufficient assets to pay benefits when due is presented in the State of Rhode Island's Employee Retirement System's June 30, 2011 annual financial report which, may be obtained from the administrative offices of the State of Rhode Island Retirement Board, 40 Fountain Street, Providence, Rhode Island. This report is the most recent report available from the State who administers the Plan.

**TOWN OF WEST WARWICK, RHODE ISLAND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2012**

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

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

**Plan Description**

The Town contributes to the Town Plan, a single-employer public employee retirement plan established in accordance with Town Charter. The plan is considered part of the Town's financial reporting entity and is included in the Town's annual financial report as a pension trust fund and is *not* reported separately as a stand alone report. The information provided in this report is limited to the actuarial valuation as of July 1, 2012, the latest actuarial report available.

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving benefits	331
Inactive members	22
Active participants	<u>321</u>
TOTAL	<u>674</u>

The Plan's eligibility requirements are as follows:

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

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

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

Normal Retirement Requirements:

**Police and Fire** - 20 years of service, or at age 62. For employees hired after 7/1/11, benefits can not begin until the 23-year anniversary of membership in the plan.

**Other Departments** – the earliest of:

- Age 60 and completion of 10 years of service;
- Completion of 25 years of service with no age requirement.

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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

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

**Plan Description**

**Monthly Pension:**

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

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

**Average Monthly Compensation:**

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

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

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

**Normal Form of Benefit:**

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

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

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

**Summary of Significant Accounting Policies**

**Basis of Accounting**

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

**Method Used to Value Investments**

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

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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

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

**Contributions and reserves**

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

**Actuarial Cost Method**

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

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

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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

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

**Plan Description (continued)**

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

**Actuarial Assumptions**

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

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

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

Post Retirement Benefit Increases: N/A

Amortization method: Level Percent

Amortization Period: 25 Year (decreasing)

Valuation type: Closed Group

**Concentrations**

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

*Annual Pension Cost and Net Pension Obligation:* Below are the required pension obligation presentations per GASB 25 and 27 for the period ending June 30, 2012.

	6/30/2010	6/30/2011	6/30/2012
Annual required contribution	\$ 5,799,056	\$ 6,912,110	\$ 8,708,689
Interest on NPO obligation	2,107,084	2,412,899	2,821,844
Adjustment to annual required contribution	(1,699,296)	(2,010,121)	(2,423,622)
Annual NPO cost	6,206,844	7,314,888	9,106,911
Contributions made	2,500,000	1,289,098	1,100,592
Increase (decrease) in NPO obligation	<u>3,706,844</u>	<u>6,025,790</u>	<u>8,006,319</u>
Net NPO obligation beginning of year	<u>25,540,416</u>	<u>29,247,260</u>	<u>35,273,050</u>
Net NPO obligation end of year	<u>\$ 29,247,260</u>	<u>\$ 35,273,050</u>	<u>\$ 43,279,369</u>

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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

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

**REQUIRED SUPPLEMENTARY INFORMATION**

**Trend Information**

Fiscal Year Ended <u>June 30,</u>	Annual Required <u>Contribution</u>	Percentage <u>Contributed</u>	<u>NPO</u>	Actual <u>Contribution</u>
2012	\$8,708,689	12.60%	\$43,279,369	\$1,100,592
2011	6,912,110	18.65%	35,273,050	1,289,098
2010	5,799,056	43.11%	29,247,260	2,500,000
2009	4,676,096	21.30%	25,540,416	1,000,000
2008	4,082,436	55.83%	21,458,620	2,279,340
2007	3,553,780	56.31%	19,256,290	2,001,206

**Funded Status**

Actuarial Valuation <u>Date</u>	Actuarial Value of Assets <u>(a)</u>	Actuarial Accrued Liability (AAL) <u>(b)</u>	Unfunded AAL (UAAL) <u>(b-a)</u>	Funded Ratio <u>(a/b)</u>	Covered Payroll <u>(c)</u>	UAAL as a Percentage of Covered Payroll <u>(b-a)/c)</u>
7/1/11	\$34,278,146	\$144,368,994	\$110,090,848	23.70%	\$15,164,989	726.00%
7/1/10	35,007,723	133,014,168	98,006,445	26.32%	16,303,378	601.14%
7/1/09	35,588,039	119,658,016	84,069,977	29.74%	16,891,909	497.69%
7/1/08	44,536,601	112,769,635	68,233,034	39.49%	17,047,080	400.26%
7/1/07	43,413,194	100,619,756	57,206,562	43.10%	16,862,318	339.30%
7/1/06	41,254,601	91,322,808	50,068,207	45.17%	15,720,077	318.50%

**NOTE 17 - RISK MANAGEMENT**

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

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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

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

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

***NOTE 18 - RELATED PARTIES***

The Town reviews its records on an annual basis to determine if any related party transactions exist that would represent a conflict of interest with parties related to its officers and department heads. No such transactions were noted in the fiscal year ended June 30, 2012.

***NOTE 20 – SUBSEQUENT EVENTS***

Management has evaluated subsequent events through February 26, 2013 the date the financial statements were available to be issued. As a result of this review, only the Town and School settlement, which occurred in July 2012 and is noted in Financial Statement Note 13 & 14, is considered to be a material subsequent event identified by Management.

***NOTE 21 – STATE PLAN***

The State of Rhode Island, in conjunction with the Town of West Warwick, have devised a Pension Fund Funding Improvement Plan as of January 10, 2013. Currently, this plan calls for four strategies to increase the Town funding to the existing Town Retirement plan. As of now, the funding plan is not in effect or being followed, as per the Town Manager. We suggest a review of the plan to determine if it is feasible for the Town, and subsequent action be taken if funding targets will not be met.

**REQUIRED SUPPLEMENTARY INFORMATION**

**TOWN OF WEST WARWICK, RHODE ISLAND  
REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2012**

**Annual OPEB Funded Status and Net OPEB Obligation**

**Required Contributions**

Fiscal Year Ended <u>June 30,</u>	Annual Required <u>Contribution</u>	Percentage <u>Contributed</u>	Actual <u>Contribution</u>
2012	\$7,552,618	64.4%	\$4,865,794
2011	\$7,529,803	56.2%	\$4,231,074

**Funded Status**

Actuarial Valuation Date <u>July 1,</u>	Actuarial Value of Assets <u>(a)</u>	Accrued Liability (AAL) <u>(b)</u>	Unfunded AAL (UAAL) <u>(b-a)</u>	Funded Ratio <u>(a/b)</u>	Covered Payroll <u>(c)</u>	UAAL as a Percentage of Covered Payroll <u>((b-a)/c)</u>
2008	\$ 0	\$136,587,286	\$136,587,286	0.0%	N/A	N/A
2010	\$ 0	\$85,956,352	\$85,956,352	0.0%	N/A	N/A
2012	\$ 0	\$107,329,661	\$107,329,661	0.0%	N/A	N/A

**Annual NPO Funded Status and Net Pension Obligation**

**Required Contributions**

Fiscal Year Ended <u>June 30,</u>	Annual Required <u>Contribution</u>	Percentage <u>Contributed</u>	<u>NPO</u>	Actual <u>Contribution</u>
2012	\$8,708,689	12.60%	\$43,279,369	\$1,100,592
2011	6,912,110	18.65%	35,273,050	1,289,098
2010	5,799,056	43.11%	29,247,260	2,500,000
2009	4,676,096	21.30%	25,540,416	1,000,000
2008	4,082,436	55.83%	21,458,620	2,279,340
2007	3,553,780	56.31%	19,256,290	2,001,206

**Funded Status**

Actuarial Valuation Date	Actuarial Value of Assets <u>(a)</u>	Actuarial Accrued Liability (AAL) <u>(b)</u>	Unfunded AAL (UAAL) <u>(b-a)</u>	Funded Ratio <u>(a/b)</u>	Covered Payroll <u>(c)</u>	UAAL as a Percentage of Covered Payroll <u>(b-a)/c)</u>
7/1/11	\$34,278,146	\$144,368,994	\$110,090,848	23.70%	\$15,164,989	726.00%
7/1/10	35,007,723	133,014,168	98,006,445	26.32%	16,303,378	601.14%
7/1/09	35,588,039	119,658,016	84,069,977	29.74%	16,891,909	497.69%
7/1/08	44,536,601	112,769,635	68,233,034	39.49%	17,047,080	400.26%
7/1/07	43,413,194	100,619,756	57,206,562	43.10%	16,862,318	339.30%
7/1/06	41,254,601	91,322,808	50,068,207	45.17%	15,720,077	318.50%

**REQUIRED SUPPLEMENTARY INFORMATION**  
**TOWN OF WEST WARWICK, RHODE ISLAND**  
**Budgetary Comparison Schedule - General Fund**  
**Schedule of Revenues - (Budgetary Basis)**  
**For the Fiscal Year Ended June 30, 2012**

	<u>Original Budget Revenues</u>	<u>Revised Budget Revenues</u>	<u>Actual Revenues</u>	<u>Variance</u>
<b>General property taxes</b>				
Real estate and personal property tax	\$ 51,822,101	\$ 51,822,101	\$ 52,351,196	\$ 529,095
<b>Total general property taxes</b>	<u>51,822,101</u>	<u>51,822,101</u>	<u>52,351,196</u>	<u>529,095</u>
<b>Intergovernmental and departmental revenues</b>				
State of Rhode Island	21,243,148	21,243,148	21,451,423	208,275
Departmental	921,650	921,650	603,317	(318,333)
<b>Total intergovernmental and departmental revenue</b>	<u>22,164,798</u>	<u>22,164,798</u>	<u>22,054,740</u>	<u>(110,058)</u>
<b>Licenses, permits and usage fees</b>				
Business fees	1,793,000	1,793,000	1,716,243	(76,757)
Non-business fees	27,250	27,250	38,851	11,601
<b>Total licenses, permits and usage fees</b>	<u>1,820,250</u>	<u>1,820,250</u>	<u>1,755,094</u>	<u>(65,156)</u>
<b>Fines and interest on late payments</b>	450,000	450,000	497,815	47,815
<b>Interest on investments</b>	50,000	50,000	12,714	(37,286)
<b>Other revenues</b>	99,000	99,000	162,245	63,245
<b>Total revenues</b>	<u>76,406,149</u>	<u>76,406,149</u>	<u>76,833,804</u>	<u>427,655</u>
<b>Other financing sources</b>				
Transfer from municipal court	10,000	10,000	10,000	-
Transfer from other funds	-	-	184,615	184,615
<b>Total other financing sources</b>	<u>10,000</u>	<u>10,000</u>	<u>194,615</u>	<u>184,615</u>
<b>Total revenue and other financing sources</b>	<u>\$ 76,416,149</u>	<u>\$ 76,416,149</u>	<u>\$ 77,028,419</u>	<u>\$ 612,270</u>

**REQUIRED SUPPLEMENTARY INFORMATION  
TOWN OF WEST WARWICK, RHODE ISLAND  
Budgetary Comparison Schedule - General Fund  
For the Fiscal Year Ended June 30, 2012**

	<u>Original Budgeted Expenditures</u>	<u>Revised Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Variance</u>
<i>Legislative, judicial and general administrative</i>				
<i>Town Administrator</i>				
Salaries and wages	\$ 173,628	173,628	130,232	43,396
Office expense	8,500	8,500	5,088	3,412
Travel/training	3,000	3,000	2,936	64
<b>Total Administrator</b>	<u>185,128</u>	<u>185,128</u>	<u>138,256</u>	<u>46,872</u>
<i>Town council</i>				
Salaries	\$ 21,000	\$ 21,000	\$ 21,350	\$ (350)
Fees and supplies	2,000	2,000	3,017	(1,017)
Contribution - non profit	8,000	8,000	9,000	(1,000)
<b>Total council</b>	<u>31,000</u>	<u>31,000</u>	<u>33,367</u>	<u>(2,367)</u>
<i>Clerks and records</i>				
Salaries and wages	205,724	205,724	185,114	20,610
Office expense	19,000	19,000	20,969	(1,969)
Restoration of records	30,000	30,000	19,740	10,260
<b>Total clerks</b>	<u>254,724</u>	<u>254,724</u>	<u>225,823</u>	<u>28,901</u>
<i>Board of Canvassers</i>				
Salaries and wages	50,851	50,851	42,068	8,783
Supplies & expense	5,500	5,500	3,962	1,538
Election expenses	30,000	30,000	34,149	(4,149)
<b>Total board of canvassers</b>	<u>86,351</u>	<u>86,351</u>	<u>80,179</u>	<u>6,172</u>
<i>Legal</i>				
Administration	125,000	125,000	148,766	(23,766)
Labor specialist	60,000	60,000	94,163	(34,163)
Claims paid	40,000	40,000	65,006	(25,006)
Probate	22,500	22,500	21,375	1,125
<b>Total legal</b>	<u>247,500</u>	<u>247,500</u>	<u>329,310</u>	<u>(81,810)</u>
<i>Emergency Management Agency</i>				
Salaries and wages	7,500	7,500	7,625	(125)
Supplies & expense	1,000	1,000	141	859
<b>Total board of emergency management agency</b>	<u>8,500</u>	<u>8,500</u>	<u>7,766</u>	<u>734</u>
<i>Law Enforcement</i>				
Town sergeant	700	700	610	90
<b>Total law enforcement</b>	<u>700</u>	<u>700</u>	<u>610</u>	<u>90</u>
<i>General Government</i>				
Pensions	1,000,000	1,000,000	1,000,000	-
Employee benefits	6,284,502	6,284,502	6,393,561	(109,059)
Insurance	717,500	717,500	708,002	9,498
Unemployment	70,000	70,000	90,384	(20,384)
Services and utilities	159,411	159,411	224,507	(65,096)
Advertising	45,000	45,000	35,091	9,909
Computer services	70,000	70,000	76,259	(6,259)
<b>Total general government</b>	<u>8,346,413</u>	<u>8,346,413</u>	<u>8,527,804</u>	<u>(181,391)</u>

(continued)

REQUIRED SUPPLEMENTARY INFORMATION  
TOWN OF WEST WARWICK, RHODE ISLAND  
Budgetary Comparison Schedule - General Fund  
For the Fiscal Year Ended June 30, 2012  
(continued)

	Original Budgeted Expenditures	Revised Budgeted Expenditures	Actual Expenditures	Variance
<b>Town Planner</b>				
Salaries and wages	73,000	73,000	68,328	4,672
Fees, supplies and postage	1,000	1,000	818	182
<b>Total town planner</b>	<u>74,000</u>	<u>74,000</u>	<u>69,146</u>	<u>4,854</u>
<b>Total Legislative, judicial and general administrative</b>	<u>9,234,316</u>	<u>9,234,316</u>	<u>9,412,261</u>	<u>(177,945)</u>
<b>Financial Administration</b>				
Salaries and wages	236,858	236,858	238,106	(1,248)
IT Consultant	38,000	38,000	38,000	-
Fees, supplies and postage	12,250	12,250	6,753	5,497
<b>Total financial administration</b>	<u>287,108</u>	<u>287,108</u>	<u>282,859</u>	<u>4,249</u>
<b>Audit of Accounts</b>				
Professional services	24,000	24,000	21,080	2,920
<b>Total audit of accounts</b>	<u>24,000</u>	<u>24,000</u>	<u>21,080</u>	<u>2,920</u>
<b>Total for Financial Administration</b>	<u>311,108</u>	<u>311,108</u>	<u>303,939</u>	<u>7,169</u>
<b>Tax Collector</b>				
Salaries and wages	161,525	161,525	165,552	(4,027)
Fees and supplies	16,315	16,315	14,726	1,589
Advertising, postage and printing	11,529	11,529	12,173	(644)
<b>Total Tax Collector</b>	<u>189,369</u>	<u>189,369</u>	<u>192,451</u>	<u>(3,082)</u>
<b>Tax Assessor</b>				
Salaries and wages	120,531	120,531	124,407	(3,876)
Fees and supplies	7,300	7,300	6,558	742
Professional services	24,160	24,160	74,080	(49,920)
<b>Total Tax Assessor</b>	<u>151,991</u>	<u>151,991</u>	<u>205,045</u>	<u>(53,054)</u>
<b>Board of Assessment Review</b>				
Salaries and wages	1,660	1,660	1,574	86
Fees and supplies	200	200	158	42
<b>Total Board of Assessment Review</b>	<u>1,860</u>	<u>1,860</u>	<u>1,732</u>	<u>128</u>
<b>Public Safety</b>				
<b>Police Department</b>				
Salaries and wages	3,993,878	3,993,878	3,789,799	204,079
Police benefits overtime and sick leave	780,800	780,800	876,554	(95,754)
Insurance	23,600	23,600	20,800	2,800
Education	20,000	20,000	45,124	(25,124)
Supplies and services	231,200	231,200	219,665	11,535
Maintenance of police cars	60,000	60,000	73,731	(13,731)
Gas and tires	90,000	90,000	111,858	(21,858)
<b>Total police department</b>	<u>5,199,478</u>	<u>5,199,478</u>	<u>5,137,531</u>	<u>61,947</u>

(continued)

**REQUIRED SUPPLEMENTARY INFORMATION  
TOWN OF WEST WARWICK, RHODE ISLAND  
Budgetary Comparison Schedule - General Fund  
For the Fiscal Year Ended June 30, 2012  
(continued)**

	<u>Original Budgeted Expenditures</u>	<u>Revised Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Variance</u>
<i>Public Safety (continued)</i>				
<i>Fire Department</i>				
Salaries and wages	4,385,364	4,304,334	4,289,953	14,381
Benefits overtime and sick leave	879,739	1,069,519	1,121,584	(52,065)
Education	25,000	25,000	25,000	-
Insurance	26,000	26,000	28,800	(2,800)
Supplies & expense	76,333	76,333	106,432	(30,099)
Clothing allowance	108,750	-	2,000	(2,000)
Fuel	54,000	54,000	73,454	(19,454)
Utilities	23,000	23,000	25,288	(2,288)
Hydrants	375,101	375,101	370,085	5,016
Maintenance	58,950	58,950	80,059	(21,109)
Ambulance	33,000	33,000	36,000	(3,000)
Alarm and radio	20,000	20,000	22,760	(2,760)
<b>Total fire department</b>	<u>6,065,237</u>	<u>6,065,237</u>	<u>6,181,415</u>	<u>(116,178)</u>
<b>Total Public Safety</b>	<u>11,264,715</u>	<u>11,264,715</u>	<u>11,318,946</u>	<u>(54,231)</u>
<i>Public Works</i>				
<i>Administration</i>				
Salaries and wages	1,399,686	1,399,686	1,182,043	217,643
Supplies and expense	297,000	297,000	164,729	132,271
Dumping fees	400,000	400,000	342,639	57,361
Fuel	105,000	105,000	116,276	(11,276)
Fleet maintenance	182,000	182,000	138,585	43,415
Maintenance	195,000	195,000	131,417	63,583
<b>Total administration</b>	<u>2,578,686</u>	<u>2,578,686</u>	<u>2,075,689</u>	<u>502,997</u>
<i>Recycling</i>				
Salaries and wages	198,960	198,960	174,428	24,532
Supplies	10,000	10,000	1,660	8,340
<b>Total recycling</b>	<u>208,960</u>	<u>208,960</u>	<u>176,088</u>	<u>32,872</u>
<i>Engineering</i>				
Salaries and wages	15,000	15,000	44,743	(29,743)
Supplies and fuel	3,000	3,000	6,258	(3,258)
<b>Total engineering</b>	<u>18,000</u>	<u>18,000</u>	<u>51,001</u>	<u>(33,001)</u>
<i>Street Lighting</i>				
Electric	385,000	385,000	357,415	27,585
<b>Total street lighting</b>	<u>385,000</u>	<u>385,000</u>	<u>357,415</u>	<u>27,585</u>
<i>Other Public Works</i>				
Zoning	5,300	5,300	3,811	1,489
Contracted Services	708,735	708,735	649,060	59,675
<b>Total other public works</b>	<u>714,035</u>	<u>714,035</u>	<u>652,871</u>	<u>61,164</u>

(continued)

REQUIRED SUPPLEMENTARY INFORMATION  
TOWN OF WEST WARWICK, RHODE ISLAND  
Budgetary Comparison Schedule - General Fund  
For the Fiscal Year Ended June 30, 2012  
(continued)

	Original Budgeted Expenditures	Revised Budgeted Expenditures	Actual Expenditures	Variance
<i>Public Works (continued)</i>				
<i>Building Inspector</i>				
Salaries and wages	198,017	198,017	197,688	329
Repairs and maintenance	70,400	70,400	77,250	(6,850)
Supplies, heat and fuel	72,800	72,800	79,426	(6,626)
Other	1,600	1,600	2,240	(640)
<i>Total building inspector</i>	<u>342,817</u>	<u>342,817</u>	<u>356,604</u>	<u>(13,787)</u>
<i>Total Public Works</i>	<u>4,247,498</u>	<u>4,247,498</u>	<u>3,669,668</u>	<u>577,830</u>
<i>Public Health and Welfare</i>				
Tenant affairs	1,800	1,800	1,840	(40)
Senior center	140,000	140,000	140,000	-
<i>Total Public Health and Welfare</i>	<u>141,800</u>	<u>141,800</u>	<u>141,840</u>	<u>(40)</u>
<i>Library</i>				
Salaries and wages	365,563	365,563	365,563	-
Benefits overtime and sick leave	55,498	55,498	80,749	(25,251)
Repairs and maintenance	153,497	153,497	128,247	25,250
Supplies and utilities	28,606	28,606	28,605	1
Memberships	28,836	28,836	28,836	-
<i>Total Library</i>	<u>632,000</u>	<u>632,000</u>	<u>632,000</u>	<u>-</u>
<i>Parks and Recreation</i>				
Salaries and wages	144,644	144,644	174,072	(29,428)
Supplies	78,640	78,640	82,599	(3,959)
<i>Total Parks and Recreation</i>	<u>223,284</u>	<u>223,284</u>	<u>256,671</u>	<u>(33,387)</u>
<i>Capital Budget</i>				
Capitalized capital budget	242,926	242,926	140,863	102,063
<i>Total Capital Budget</i>	<u>242,926</u>	<u>242,926</u>	<u>140,863</u>	<u>102,063</u>
<i>Total expenditures</i>	<u>26,640,867</u>	<u>26,640,867</u>	<u>26,275,416</u>	<u>365,451</u>
<i>Debt Service</i>				
Principal	1,605,000	1,605,000	1,605,000	-
Interest	1,028,560	1,028,560	1,022,888	5,672
Other bond cost	17,500	17,500	18,659	(1,159)
<i>Total Debt Service</i>	<u>2,651,060</u>	<u>2,651,060</u>	<u>2,646,547</u>	<u>4,513</u>
<i>Other financing uses</i>				
<i>Transfer to other funds</i>				
West Warwick school appropriation	47,124,222	47,124,222	46,779,622	344,600
Transfer to other funds	-	-	238,670	(238,670)
<i>Total other financing uses</i>	<u>47,124,222</u>	<u>47,124,222</u>	<u>47,018,292</u>	<u>105,930</u>
<i>Total expenditures and other financing uses</i>	<u>\$ 76,416,149</u>	<u>\$ 76,416,149</u>	<u>\$ 75,940,255</u>	<u>\$ 475,894</u>

(concluded)

**REQUIRED SUPPLEMENTARY INFORMATION**  
**WEST WARWICK PUBLIC SCHOOLS**  
**Budgetary Comparison Schedule - School Unrestricted Fund**  
**Schedule of Revenues - Budgetary Basis**  
**For the Fiscal Year Ended June 30, 2012**

	<u>Original Budgeted Revenues</u>	<u>Revised Budgeted Revenues</u>	<u>Actual Revenues</u>	<u>Variance</u>
<b>Revenues</b>				
Medicaid	\$ 450,000	\$ 450,000	\$ 845,905	\$ 395,905
Interest on investments	-	-	2,557	2,557
Other revenues	70,000	70,000	163,457	93,457
<b>Total revenues</b>	<u>520,000</u>	<u>520,000</u>	<u>1,011,919</u>	<u>491,919</u>
<b>Other financing sources</b>				
Town appropriation	28,829,138	28,829,138	28,491,907	(337,231)
<b>State and Federal Aid Transfers from Town</b>				
General aid	18,295,084	18,295,084	18,287,715	(7,369)
<b>Total other financing sources</b>	<u>47,124,222</u>	<u>47,124,222</u>	<u>46,779,622</u>	<u>(344,600)</u>
<b>Total revenue and other financing sources</b>	<u><u>\$ 47,644,222</u></u>	<u><u>\$ 47,644,222</u></u>	<u><u>\$ 47,791,541</u></u>	<u><u>\$ 147,319</u></u>

**REQUIRED SUPPLEMENTARY INFORMATION**  
**WEST WARWICK PUBLIC SCHOOLS**  
**Budgetary Comparison Schedule - School Unrestricted Fund**  
**Schedule of Expenditures - Budgetary Basis**  
**Fiscal Year Ended June 30, 2012**

	<u>Original Budgeted Expenditures</u>	<u>Revised Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Variance</u>
<b>Expenditures</b>				
Instructional Teachers	\$ 24,441,900	\$ 24,441,900	\$ 24,489,796	\$ (47,896)
Substitute Teachers	765,200	765,200	741,048	24,152
Instructional Paraprofessionals	1,250,150	1,250,150	1,258,379	(8,229)
Pupil Use Technology and Software	236,400	236,400	183,036	53,364
Instructional Materials, Trips and Supplies	391,200	391,200	404,230	(13,030)
Guidance and Counseling	814,100	814,100	805,732	8,368
Libraries and Media	681,500	681,500	669,289	12,211
Extracurricular	485,300	485,300	446,239	39,061
Student Health and Services	824,100	824,100	944,797	(120,697)
Curriculum Development	487,900	487,900	477,357	10,543
In-Service, Staff Development and Support	260,000	260,000	359,747	(99,747)
Program Management	646,600	646,600	633,289	13,311
Therapists, Psychologists, Evaluators, Social Workers	2,500,450	2,500,450	2,679,741	(179,291)
Academic Student Assessments	-	-	40,798	(40,798)
Transportation	1,688,400	1,688,400	1,697,925	(9,525)
Safety	74,800	74,800	75,918	(1,118)
Building Upkeep, Utilities and Maintenance	2,986,000	2,986,000	2,888,081	97,919
Data Processing	131,000	131,000	113,248	17,752
Business Operations	577,000	577,000	589,208	(12,208)
Capital Projects	23,000	23,000	23,489	(489)
Public, Parochial, Private and Charter Schools	2,455,000	2,455,000	2,957,515	(502,515)
Retiree Benefits and Other	3,086,222	3,086,222	2,697,591	388,631
Enterprise/Community Service	25,500	25,500	8,630	16,870
Principals and Assistant Principals	1,203,600	1,203,600	1,202,378	1,222
School Office	859,000	859,000	919,503	(60,503)
Deputies, Senior Administrators	53,800	53,800	67,200	(13,400)
Superintendent and School Board	363,100	363,100	357,044	6,056
Legal	53,000	53,000	253,072	(200,072)
Workers' Compensation and Unemployment	280,000	280,000	264,608	15,392
<b>Subtotal expenditures</b>	<u>47,644,222</u>	<u>47,644,222</u>	<u>48,248,888</u>	<u>(604,666)</u>
<b>Total expenditures</b>	<u>\$ 47,644,222</u>	<u>\$ 47,644,222</u>	<u>\$ 48,248,888</u>	<u>\$ (604,666)</u>



## **SUPPLEMENTARY INFORMATION**

**SUPPLEMENTARY INFORMATION**  
**TOWN OF WEST WARWICK, RHODE ISLAND**  
**Budgetary Comparison Schedule - General Fund**  
**Schedule of Revenues and Expenditures**  
**For the Fiscal Year Ended June 30, 2012**

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>				
General property tax	\$ 51,822,101	\$ 51,822,101	\$ 52,351,196	\$ 529,095
Intergovernmental and departmental revenue	22,164,798	22,164,798	22,054,740	(110,058)
License and permits	1,820,250	1,820,250	1,755,094	(65,156)
Fines and interest on late payments	450,000	450,000	497,815	47,815
Interest on investments	50,000	50,000	12,714	(37,286)
Other revenue	99,000	99,000	162,245	63,245
<b>Total Revenues</b>	<u>76,406,149</u>	<u>76,406,149</u>	<u>76,833,804</u>	<u>427,655</u>
<b>Expenditures</b>				
Legislative, judicial, and general administrative	9,234,316	9,234,316	9,412,261	(177,945)
Financial administration, tax collection and assessment	654,328	654,328	703,167	(48,839)
Public safety	11,264,715	11,264,715	11,318,946	(54,231)
Public works	4,247,498	4,247,498	3,669,668	577,830
Public health & welfare	141,800	141,800	141,840	(40)
Parks and recreation	223,284	223,284	256,671	(33,387)
Library	632,000	632,000	632,000	-
Capital budget	242,926	242,926	140,863	102,063
Debt service:				
Principal	1,605,000	1,605,000	1,605,000	-
Interest	1,028,560	1,028,560	1,022,888	5,672
Other	17,500	17,500	18,659	(1,159)
<b>Total expenditures</b>	<u>29,291,927</u>	<u>29,291,927</u>	<u>28,921,963</u>	<u>369,964</u>
<b>Excess of revenues over expenditures before operating transfers</b>	<u>47,114,222</u>	<u>47,114,222</u>	<u>47,911,841</u>	<u>797,619</u>
<b>Other financing sources and (uses)</b>				
Operating transfers from other funds	10,000	10,000	194,615	184,615
Operating transfers to other funds	(47,124,222)	(47,124,222)	(47,018,292)	105,930
<b>Total operating transfers</b>	<u>(47,114,222)</u>	<u>(47,114,222)</u>	<u>(46,823,677)</u>	<u>290,545</u>
<b>Excess of revenues over expenditures and operating transfers</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,088,164</u>	<u>\$ 1,088,164</u>

**SUPPLEMENTARY INFORMATION  
WEST WARWICK PUBLIC SCHOOLS  
Budgetary Comparison Schedule - School Unrestricted Fund  
Schedule of Revenues and Expenditures  
For the Fiscal Year Ended June 30, 2012**

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>				
Intergovernmental revenue	\$ 450,000	\$ 450,000	\$ 845,905	\$ 395,905
Interest on investments	-	-	2,557	2,557
Other	70,000	70,000	163,457	93,457
<b>Total revenue</b>	<u>520,000</u>	<u>520,000</u>	<u>1,011,919</u>	<u>491,919</u>
<b>Expenditures</b>				
Operating	47,644,222	47,644,222	48,248,888	(604,666)
<b>Total expenditures</b>	<u>47,644,222</u>	<u>47,644,222</u>	<u>48,248,888</u>	<u>(604,666)</u>
<b>Excess of revenues over (under) expenditures before other financing sources</b>	<u>(47,124,222)</u>	<u>(47,124,222)</u>	<u>(47,236,969)</u>	<u>(112,747)</u>
<b>Other financing sources</b>				
Transfers from other funds	47,124,222	47,124,222	46,779,622	(344,600)
<b>Total other financing sources</b>	<u>47,124,222</u>	<u>47,124,222</u>	<u>46,779,622</u>	<u>(344,600)</u>
<b>Excess revenues and other sources over (under) expenditures and other sources</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (457,347)</u>	<u>\$ (457,347)</u>

**SUPPLEMENTARY INFORMATION**  
**TOWN OF WEST WARWICK, RHODE ISLAND**  
**Combining Balance Sheet - Non-Major Governmental Funds**  
**June 30, 2012**

	<b>Town Special Revenue Funds</b>	<b>School Special Revenue Funds</b>	<b>Capital Project Funds</b>	<b>Total Non-Major Governmental Funds</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 575,254	\$ 376,995	\$ -	\$ 952,249
Due from other governments	42,622	651,613	-	694,235
Internal balances	640,106	338,241	149,811	1,128,158
<b>Total assets</b>	<u>\$ 1,257,982</u>	<u>\$ 1,366,849</u>	<u>\$ 149,811</u>	<u>\$ 2,774,642</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable and accrued expenses	\$ 410,115	\$ 272,525	\$ 10,642	\$ 693,282
Internal balances	67,047	361,420	-	428,467
<b>Total liabilities</b>	<u>477,162</u>	<u>633,945</u>	<u>10,642</u>	<u>1,121,749</u>
<b>Fund balances (deficits)</b>				
Restricted, reported in:				
Special revenue funds	780,820	732,904	-	1,513,724
Capital projects funds	-	-	139,169	139,169
<b>Total fund balances</b>	<u>780,820</u>	<u>732,904</u>	<u>139,169</u>	<u>1,652,893</u>
<b>Total liabilities and fund balances</b>	<u>\$ 1,257,982</u>	<u>\$ 1,366,849</u>	<u>\$ 149,811</u>	<u>\$ 2,774,642</u>

**SUPPLEMENTARY INFORMATION**  
**TOWN OF WEST WARWICK, RHODE ISLAND**  
**Combining Statement of Revenues, Expenditures and**  
**Changes in Fund Balance - Non-Major Governmental Funds**  
**For the Fiscal Year Ended June 30, 2012**

	<u>Town Special Revenue Funds</u>	<u>School Special Revenue Funds</u>	<u>Capital Project Funds</u>	<u>Total Non-Major Governmental Funds</u>
<b>Revenues</b>				
Intergovernmental revenue	\$ 975,442	\$ 5,436,144	\$ -	\$ 6,411,586
Earnings on investments	4	-	-	4
Other revenue	673,294	515,491	-	1,188,785
<b>Total revenues</b>	<u>1,648,740</u>	<u>5,951,635</u>	<u>-</u>	<u>7,600,375</u>
<b>Expenditures</b>				
Public safety	818,129	-	-	818,129
Public works	292,712	-	-	292,712
Public Health and Welfare	823,073	-	-	823,073
Capital	-	-	71,266	71,266
Education	-	5,813,837	198,608	6,012,445
<b>Total expenditures</b>	<u>1,933,914</u>	<u>5,813,837</u>	<u>269,874</u>	<u>8,017,625</u>
<b>Excess (deficiency) of revenues over (under)</b> <b>expenditures before other financing sources (uses)</b>	(285,174)	137,798	(269,874)	(417,250)
<b>Other financing sources (uses)</b>				
Transfers from other funds	54,055	-	168,038	222,093
Transfers to other funds	-	-	(168,038)	(168,038)
<b>Total other financing sources (uses)</b>	<u>54,055</u>	<u>-</u>	<u>-</u>	<u>54,055</u>
<b>Net change in fund balances</b>	<u>(231,119)</u>	<u>137,798</u>	<u>(269,874)</u>	<u>(363,195)</u>
<b>Fund balances (deficit) - restricted July 1, 2011</b>	<u>1,011,939</u>	<u>595,106</u>	<u>409,043</u>	<u>2,016,088</u>
<b>Fund balances (deficit) - restricted June 30, 2012</b>	<u>\$ 780,820</u>	<u>\$ 732,904</u>	<u>\$ 139,169</u>	<u>\$ 1,652,893</u>

**SUPPLEMENTARY INFORMATION**  
**TOWN OF WEST WARWICK, RHODE ISLAND**  
**Combining Balance Sheet - Non-Major Governmental Funds**  
**Special Revenue Funds - Town**  
**June 30, 2012**

	<u>Tricentennial Committee</u>	<u>Benjamin R. Vaughn</u>	<u>Annie Livsey Fund</u>	<u>Greene Cemetery Fund</u>	<u>Energy Fund</u>	<u>Planning Challenge Grant</u>
<b>ASSETS</b>						
Cash	\$ 1,009	\$ 1,101	\$ -	\$ -	\$ -	\$ -
Due from other governments	-	-	-	-	-	-
Internal balances	-	-	-	-	-	-
<b>Total assets</b>	<u>\$ 1,009</u>	<u>\$ 1,101</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 <b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,014
Internal balances	-	-	-	-	-	2,311
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,325</u>
 <b>Fund balances (deficits)</b>						
Fund balances - restricted	1,009	1,101	-	-	-	(3,325)
<b>Total fund balances (deficits)</b>	<u>1,009</u>	<u>1,101</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,325)</u>
<b>Total liabilities and fund balances</b>	<u>\$ 1,009</u>	<u>\$ 1,101</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(continued)

**SUPPLEMENTARY INFORMATION**  
**TOWN OF WEST WARWICK, RHODE ISLAND**  
**Combining Balance Sheet - Non-Major Governmental Funds**  
**Special Revenue Funds - Town**  
**June 30, 2012**  
**(continued)**

	Bramley Bill Fund	Police Title V	JAG Peer to Peer	Bryne Grant JAG 2008	Bryne Grant JAG 2009	Riverwalk Fund
<b>ASSETS</b>						
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments	2,622	-	-	-	-	-
Internal balances	12,066	-	3,400	-	-	-
<b>Total assets</b>	<u>\$ 14,688</u>	<u>\$ -</u>	<u>\$ 3,400</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Accounts payable and accrued expenses	\$ 485	\$ -	\$ 3,400	\$ -	\$ -	\$ 6,972
Internal balances	-	-	-	-	-	64,570
<b>Total liabilities</b>	<u>485</u>	<u>-</u>	<u>3,400</u>	<u>-</u>	<u>-</u>	<u>71,542</u>
<b>Fund balances (deficits)</b>						
Fund balances - restricted	14,203	-	-	-	-	(71,542)
<b>Total fund balances (deficits)</b>	<u>14,203</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(71,542)</u>
<b>Total liabilities and fund balances</b>	<u>\$ 14,688</u>	<u>\$ -</u>	<u>\$ 3,400</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(continued)

SUPPLEMENTARY INFORMATION  
TOWN OF WEST WARWICK, RHODE ISLAND  
Combining Balance Sheet - Non-Major Governmental Funds  
Special Revenue Funds - Town  
June 30, 2012  
(continued)

	Open Space Recreation	JAG ARRA	JAG	Economic Development Revolving Loan Fund	Library Grants	Homeland Security 2008
<b>ASSETS</b>						
Cash	\$ -	\$ -	\$ -	\$ 15,865	\$ 439,455	\$ -
Due from other governments	-	-	-	-	-	-
Internal balances	-	-	-	-	4,906	-
<b>Total assets</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,865</u>	<u>\$ 444,361</u>	<u>\$ -</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities</b>						
Accounts payable and accrued expenses	\$ -	\$ -	\$ 3,050	\$ -	\$ 16,251	\$ -
Internal balances	77	-	-	-	89	-
<b>Total liabilities</b>	<u>77</u>	<u>-</u>	<u>3,050</u>	<u>-</u>	<u>16,340</u>	<u>-</u>
<b>Fund balances (deficits)</b>						
Fund balances - restricted	(77)	-	(3,050)	15,865	428,021	-
<b>Total fund balances (deficits)</b>	<u>(77)</u>	<u>-</u>	<u>(3,050)</u>	<u>15,865</u>	<u>428,021</u>	<u>-</u>
<b>Total liabilities and fund balances</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,865</u>	<u>\$ 444,361</u>	<u>\$ -</u>

(continued)

**SUPPLEMENTARY INFORMATION**  
**TOWN OF WEST WARWICK, RHODE ISLAND**  
**Combining Balance Sheet - Non-Major Governmental Funds**  
**Special Revenue Funds - Town**  
**June 30, 2012**  
**(continued)**

	<u>Assistance to Firefighters</u>	<u>State Homeland Exercise &amp; Evaluation</u>	<u>Highway Safety Jaws of Life</u>	<u>Federal Clean Diesel Program</u>	<u>2011 Assistance to Firefighters</u>
<b>ASSETS</b>					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other governments	-	-	-	-	-
Internal balances	-	-	-	-	-
<b>Total assets</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -
Internal balances	-	-	-	-	-
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances (deficits)</b>					
Fund balances - restricted	-	-	-	-	-
<b>Total fund balances (deficits)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total liabilities and fund balances</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(continued)

**SUPPLEMENTARY INFORMATION**  
**TOWN OF WEST WARWICK, RHODE ISLAND**  
**Combining Balance Sheet - Non-Major Governmental Funds**  
**Special Revenue Funds - Town**  
**June 30, 2012**  
 (continued)

	<u>ARRA Clean Diesel Program</u>	<u>Community Development Block Grant</u>	<u>FEMA TS Irene</u>	<u>Revolving Fund</u>	<u>DARE Fund</u>
<b>ASSETS</b>					
Cash	\$ -	\$ -	\$ -	\$ -	\$ 12,927
Due from other governments	-	40,000	-	-	-
Internal balances	-	61,887	64,459	271,103	-
<b>Total assets</b>	<u>\$ -</u>	<u>\$ 101,887</u>	<u>\$ 64,459</u>	<u>\$ 271,103</u>	<u>\$ 12,927</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable and accrued expenses	\$ -	\$ 253,040	\$ -	\$ 11,328	\$ -
Internal balances	-	-	-	-	-
<b>Total liabilities</b>	<u>-</u>	<u>253,040</u>	<u>-</u>	<u>11,328</u>	<u>-</u>
<b>Fund balances (deficits)</b>					
Fund balances - restricted	-	(151,153)	64,459	259,775	12,927
<b>Total fund balances (deficits)</b>	<u>-</u>	<u>(151,153)</u>	<u>64,459</u>	<u>259,775</u>	<u>12,927</u>
<b>Total liabilities and fund balances</b>	<u>\$ -</u>	<u>\$ 101,887</u>	<u>\$ 64,459</u>	<u>\$ 271,103</u>	<u>\$ 12,927</u>

(continued)

**SUPPLEMENTARY INFORMATION**  
**TOWN OF WEST WARWICK, RHODE ISLAND**  
**Combining Balance Sheet - Non-Major Governmental Funds**  
**Special Revenue Funds - Town**  
**June 30, 2012**  
**(continued)**

	Tower Rent Revolving Fund	Comstar	Police Detail Car	Totals
<b>ASSETS</b>				
Cash	\$ -	\$ 104,897	\$ -	\$ 575,254
Due from other governments	-	-	-	42,622
Internal balances	45,852	170,655	5,778	640,106
<b>Total assets</b>	<u>\$ 45,852</u>	<u>\$ 275,552</u>	<u>\$ 5,778</u>	<u>\$ 1,255,872</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable and accrued expenses	\$ -	\$ 114,575	\$ -	410,115
Internal balances	-	-	-	67,047
<b>Total liabilities</b>	<u>-</u>	<u>114,575</u>	<u>-</u>	<u>473,837</u>
<b>Fund balances (deficits)</b>				
Fund balances - restricted	45,852	160,977	5,778	780,820
<b>Total fund balances (deficits)</b>	<u>45,852</u>	<u>160,977</u>	<u>5,778</u>	<u>782,035</u>
<b>Total liabilities and fund balances</b>	<u>\$ 45,852</u>	<u>\$ 275,552</u>	<u>\$ 5,778</u>	<u>\$ 1,255,872</u>

(concluded)

**SUPPLEMENTARY INFORMATION**  
**TOWN OF WEST WARWICK, RHODE ISLAND**  
**Combining Statement of Revenues, Expenditures and**  
**Changes in Fund Balance - Non-Major Governmental Funds**  
**Special Revenue Funds - Town**  
**For the Fiscal Year Ended June 30, 2012**

	Tricentennial Committee	Benjamin R. Vaughn	Annie Livsey Fund	Greene Cemetery Fund	Energy Fund	Planning Challenge Grant
<b>Revenues</b>						
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38,876
Earnings on investments	2	2	-	-	-	-
Other revenue	-	-	8,797	300	-	-
<b>Total revenues</b>	<u>2</u>	<u>2</u>	<u>8,797</u>	<u>300</u>	<u>-</u>	<u>38,876</u>
<b>Expenditures</b>						
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	42,201
Public Health and Welfare	-	-	8,797	300	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>8,797</u>	<u>300</u>	<u>-</u>	<u>42,201</u>
<b>Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)</b>	2	2	-	-	-	(3,325)
<b>Other financing sources (uses)</b>						
Operating transfers (to) from other funds	-	-	-	-	16,715	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,715</u>	<u>-</u>
<b>Excess (deficiency) of revenues and other sources over (under) expenditures and other uses</b>	2	2	-	-	16,715	(3,325)
<b>Fund balances (deficit) - restricted July 1, 2011</b>	1,007	1,099	-	-	(16,715)	-
<b>Fund balances (deficit) - restricted June 30, 2012</b>	<u>\$ 1,009</u>	<u>\$ 1,101</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,325)</u>

(continued)

**SUPPLEMENTARY INFORMATION**  
**TOWN OF WEST WARWICK, RHODE ISLAND**  
**Combining Statement of Revenues, Expenditures and**  
**Changes in Fund Balance - Non-Major Governmental Funds**  
**Special Revenue Funds - Town**  
**For the Fiscal Year Ended June 30, 2012**  
**(continued)**

	Bramley Bill Fund	Police Title V	JAG Peer to Peer	Byrne Grant JAG 2008	Bryne Grant JAG 2009	Riverwalk Fund
<b>Revenues</b>						
Intergovernmental revenue	\$ 32,463	\$ -	\$ 3,400	\$ -	\$ 8,735	\$ 6,750
Earnings on investments	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
<b>Total revenues</b>	<u>32,463</u>	<u>-</u>	<u>3,400</u>	<u>-</u>	<u>8,735</u>	<u>6,750</u>
<b>Expenditures</b>						
Public safety	26,917	-	3,400	-	8,735	-
Public works	-	-	-	-	-	-
Public Health and Welfare	-	-	-	-	-	93,292
<b>Total expenditures</b>	<u>26,917</u>	<u>-</u>	<u>3,400</u>	<u>-</u>	<u>8,735</u>	<u>93,292</u>
<b>Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)</b>	5,546	-	-	-	-	(86,542)
<b>Other financing sources (uses)</b>						
Operating transfers (to) from other funds	-	(7,746)	-	4,134	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>(7,746)</u>	<u>-</u>	<u>4,134</u>	<u>-</u>	<u>-</u>
<b>Excess (deficiency) of revenues and other sources over (under) expenditures and other uses</b>	5,546	(7,746)	-	4,134	-	(86,542)
<b>Fund balances (deficit) - restricted July 1, 2011</b>	8,657	7,746	-	(4,134)	-	15,000
<b>Fund balances (deficit) - restricted June 30, 2012</b>	<u>\$ 14,203</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (71,542)</u>

(continued)

**SUPPLEMENTARY INFORMATION**  
**TOWN OF WEST WARWICK, RHODE ISLAND**  
**Combining Statement of Revenues, Expenditures and**  
**Changes in Fund Balance - Non-Major Governmental Funds**  
**Special Revenue Funds - Town**  
**For the Fiscal Year Ended June 30, 2012**  
**(continued)**

	<u>Open Space Recreation</u>	<u>JAG ARRA</u>	<u>JAG</u>	<u>Economic Development Revolving Loan Fund</u>	<u>Library Grants</u>	<u>Homeland Security 2008</u>
<b>Revenues</b>						
Intergovernmental revenue	\$ 33,478	\$ 44,245	\$ -	\$ -	\$ 173,748	\$ 51,404
Earnings on investments	-	-	-	-	-	-
Other revenue	12,500	-	-	-	77,235	-
<b>Total revenues</b>	<u>45,978</u>	<u>44,245</u>	<u>-</u>	<u>-</u>	<u>250,983</u>	<u>51,404</u>
<b>Expenditures</b>						
Public safety	-	45,674	8,749	-	-	57,901
Public works	-	-	-	-	-	-
Public Health and Welfare	14,892	-	-	-	211,234	-
<b>Total expenditures</b>	<u>14,892</u>	<u>45,674</u>	<u>8,749</u>	<u>-</u>	<u>211,234</u>	<u>57,901</u>
<b>Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)</b>	31,086	(1,429)	(8,749)	-	39,749	(6,497)
<b>Other financing sources (uses)</b>						
Operating transfers (to) from other funds	-	33,824	5,699	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>33,824</u>	<u>5,699</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (deficiency) of revenues and other sources over (under) expenditures and other uses</b>	<u>31,086</u>	<u>32,395</u>	<u>(3,050)</u>	<u>-</u>	<u>39,749</u>	<u>(6,497)</u>
<b>Fund balances (deficit) - restricted July 1, 2011</b>	<u>(31,163)</u>	<u>(32,395)</u>	<u>-</u>	<u>15,865</u>	<u>388,272</u>	<u>6,497</u>
<b>Fund balances (deficit) - restricted June 30, 2012</b>	<u>\$ (77)</u>	<u>\$ -</u>	<u>\$ (3,050)</u>	<u>\$ 15,865</u>	<u>\$ 428,021</u>	<u>\$ -</u>

(continued)

**SUPPLEMENTARY INFORMATION**  
**TOWN OF WEST WARWICK, RHODE ISLAND**  
**Combining Statement of Revenues, Expenditures and**  
**Changes in Fund Balance - Non-Major Governmental Funds**  
**Special Revenue Funds - Town**  
**For the Fiscal Year Ended June 30, 2012**  
**(continued)**

	<u>Assistance to Firefighters</u>	<u>State Homeland Exercise &amp; Evaluation</u>	<u>Highway Safety Jaws of Life</u>	<u>Federal Clean Diesel Program</u>	<u>2011 Assistance to Firefighters</u>
<b>Revenues</b>					
Intergovernmental revenue	\$ 4,287	\$ -	\$ 11,515	\$ 176,869	\$ 18,000
Earnings on investments	-	-	-	-	-
Other revenue	-	-	-	-	-
<b>Total revenues</b>	<u>4,287</u>	<u>-</u>	<u>11,515</u>	<u>176,869</u>	<u>18,000</u>
<b>Expenditures</b>					
Public safety	-	6,779	-	-	18,000
Public works	-	-	-	-	-
Public Health and Welfare	-	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>6,779</u>	<u>-</u>	<u>-</u>	<u>18,000</u>
<b>Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)</b>	4,287	(6,779)	11,515	176,869	-
<b>Other financing sources (uses)</b>					
Operating transfers (to) from other funds	-	-	-	(176,869)	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(176,869)</u>	<u>-</u>
<b>Excess (deficiency) of revenues and other sources over (under) expenditures and other uses</b>	<u>4,287</u>	<u>(6,779)</u>	<u>11,515</u>	<u>-</u>	<u>-</u>
<b>Fund balances (deficit) - restricted July 1, 2011</b>	<u>(4,287)</u>	<u>6,779</u>	<u>(11,515)</u>	<u>-</u>	<u>-</u>
<b>Fund balances (deficit) - restricted June 30, 2012</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(continued)

SUPPLEMENTARY INFORMATION  
TOWN OF WEST WARWICK, RHODE ISLAND  
Combining Statement of Revenues, Expenditures and  
Changes in Fund Balance - Non-Major Governmental Funds  
Special Revenue Funds - Town  
For the Fiscal Year Ended June 30, 2012  
(continued)

	ARRA Clean Diesel Program	Community Development Block Grant	FEMA TS Irene	Revolving Fund	DARE Fund
<b>Revenues</b>					
Intergovernmental revenue	\$ 59,433	\$ 235,000	\$ 77,239	\$ -	\$ -
Earnings on investments	-	-	-	-	-
Other revenue	-	-	-	452,762	6,394
<b>Total revenues</b>	<u>59,433</u>	<u>235,000</u>	<u>77,239</u>	<u>452,762</u>	<u>6,394</u>
<b>Expenditures</b>					
Public safety	-	-	-	440,860	7,269
Public works	237,731	-	12,780	-	-
Public Health and Welfare	-	493,766	-	-	-
<b>Total expenditures</b>	<u>237,731</u>	<u>493,766</u>	<u>12,780</u>	<u>440,860</u>	<u>7,269</u>
<b>Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)</b>	(178,298)	(258,766)	64,459	11,902	(875)
<b>Other financing sources (uses)</b>					
Operating transfers (to) from other funds	178,298	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>178,298</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (deficiency) of revenues and other sources over (under) expenditures and other uses</b>	-	(258,766)	64,459	11,902	(875)
<b>Fund balances (deficit) - restricted July 1, 2011</b>	-	107,613	-	247,873	13,802
<b>Fund balances (deficit) - restricted June 30, 2012</b>	<u>\$ -</u>	<u>\$ (151,153)</u>	<u>\$ 64,459</u>	<u>\$ 259,775</u>	<u>\$ 12,927</u>

(continued)

SUPPLEMENTARY INFORMATION  
TOWN OF WEST WARWICK, RHODE ISLAND  
Combining Statement of Revenues, Expenditures and  
Changes in Fund Balance - Non-Major Governmental Funds  
Special Revenue Funds - Town  
For the Fiscal Year Ended June 30, 2012  
(continued)

	Tower Rent Revolving Fund	Comstar	Police Detail Car	Total
<b>Revenues</b>				
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ 975,442
Earnings on investments	-	-	-	4
Other revenue	-	109,528	5,778	673,294
<b>Total revenues</b>	<u>-</u>	<u>109,528</u>	<u>5,778</u>	<u>1,648,740</u>
<b>Expenditures</b>				
Public safety	-	193,845	-	818,129
Public works	-	-	-	292,712
Public Health and Welfare	792	-	-	823,073
<b>Total expenditures</b>	<u>792</u>	<u>193,845</u>	<u>-</u>	<u>1,933,914</u>
<b>Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)</b>	(792)	(84,317)	5,778	(285,174)
<b>Other financing sources (uses)</b>				
Operating transfers (to) from other funds	-	-	-	54,055
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>54,055</u>
<b>Excess (deficiency) of revenues and other sources over (under) expenditures and other uses</b>	(792)	(84,317)	5,778	(231,119)
<b>Fund balances (deficit) - restricted July 1, 2011</b>	46,644	245,294	-	1,011,939
<b>Fund balances (deficit) - restricted June 30, 2012</b>	<u>\$ 45,852</u>	<u>\$ 160,977</u>	<u>\$ 5,778</u>	<u>\$ 780,820</u>

(concluded)

**SUPPLEMENTARY INFORMATION**  
**WEST WARWICK PUBLIC SCHOOLS**  
**Combining Balance Sheet - Non-Major Governmental Funds**  
**Special Revenue Funds - School Restricted**  
**June 30, 2012**

	<b>IDEA Part B</b>	<b>Preschool Section 619</b>	<b>Creating Collaborative Models</b>	<b>ARRA IDEA Part B</b>	<b>ARRA Preschool Section 619</b>	<b>Title I</b>	<b>ARRA Title I</b>
<b>ASSETS</b>							
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Internal balances	-	-	-	-	-	-	-
Due from Federal and State Governments	173,820	8,610	1,023	-	-	105,825	-
<b>TOTAL ASSETS</b>	<u>\$ 173,820</u>	<u>\$ 8,610</u>	<u>\$ 1,023</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 105,825</u>	<u>\$ -</u>
 <b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities</b>							
Accounts payable and accrued expenses	\$ 28,035	\$ -	\$ -	\$ -	\$ -	\$ 58,619	\$ -
Internal balances	145,785	8,610	1,023	-	-	47,206	-
<b>Total liabilities</b>	<u>173,820</u>	<u>8,610</u>	<u>1,023</u>	<u>-</u>	<u>-</u>	<u>105,825</u>	<u>-</u>
Fund balances - restricted	-	-	-	-	-	-	-
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 173,820</u>	<u>\$ 8,610</u>	<u>\$ 1,023</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 105,825</u>	<u>\$ -</u>

(continued)

**SUPPLEMENTARY INFORMATION**  
**WEST WARWICK PUBLIC SCHOOLS**  
**Combining Balance Sheet - Non-Major Governmental Funds**  
**Special Revenue Funds - School Restricted**  
**June 30, 2012**  
**(continued)**

	Title II	E2T3 Training Consortium	E2T2 Training Consortium	ARRA E2T3 Training Consortium	ARRA E2T2 Training Consortium	ARRA E2T2 Training Consortium	Title III
<b>ASSETS</b>							
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Internal balances	-	-	-	-	-	-	-
Due from Federal and State Governments	46,317	73,608	-	-	-	-	3,816
<b>TOTAL ASSETS</b>	<u>\$ 46,317</u>	<u>\$ 73,608</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,816</u>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities</b>							
Accounts payable and accrued expenses	\$ -	\$ 18,788	\$ -	\$ -	\$ -	\$ -	\$ 1,046
Internal balances	46,317	54,820	-	-	-	-	2,770
<b>Total liabilities</b>	<u>46,317</u>	<u>73,608</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,816</u>
<b>Fund Balances - Restricted</b>	-	-	-	-	-	-	-
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 46,317</u>	<u>\$ 73,608</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,816</u>

(continued)

**SUPPLEMENTARY INFORMATION**  
**WEST WARWICK PUBLIC SCHOOLS**  
**Combining Balance Sheet - Non-Major Governmental Funds**  
**Special Revenue Funds - School Restricted**  
**June 30, 2012**  
**(continued)**

	<u>Perkins Grant</u>	<u>FFV Program</u>	<u>School Security Grant</u>	<u>ARRA Educator Jobs Fund</u>	<u>RTTT Standards and Curriculum</u>	<u>RTTT Educator Effectiveness</u>	<u>RTTT Set Aside</u>
<b>ASSETS</b>							
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Internal balances	-	-	-	-	-	-	-
Due from Federal and State Governments	20,003	8,766	2,106	-	-	21,314	-
<b>TOTAL ASSETS</b>	<u>\$ 20,003</u>	<u>\$ 8,766</u>	<u>\$ 2,106</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,314</u>	<u>\$ -</u>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities</b>							
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Internal balances	20,003	8,766	2,106	-	-	21,314	-
<b>Total liabilities</b>	<u>20,003</u>	<u>8,766</u>	<u>2,106</u>	<u>-</u>	<u>-</u>	<u>21,314</u>	<u>-</u>
<b>Fund Balances - Restricted</b>	-	-	-	-	-	-	-
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 20,003</u>	<u>\$ 8,766</u>	<u>\$ 2,106</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,314</u>	<u>\$ -</u>

(continued)

**SUPPLEMENTARY INFORMATION**  
**WEST WARWICK PUBLIC SCHOOLS**  
**Combining Balance Sheet - Non-Major Governmental Funds**  
**Special Revenue Funds - School Restricted**  
**June 30, 2012**  
**(continued)**

	<u>ARRA EECBG</u>	<u>General Assembly</u>	<u>Civics GSEs and CCSS</u>	<u>District Negotiated Agreement</u>	<u>RI Council on Humanities</u>	<u>Corporate Grants</u>	<u>Private Grants</u>
<b>ASSETS</b>							
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Internal balances	1,162	-	3,715	-	959	5,433	4,871
Due from Federal and State Governments	96,529	-	3,000	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 97,691</u>	<u>\$ -</u>	<u>\$ 6,715</u>	<u>\$ -</u>	<u>\$ 959</u>	<u>\$ 5,433</u>	<u>\$ 4,871</u>
 <b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities</b>							
Accounts payable and accrued expenses	\$ 93,829	\$ -	\$ 3,066	\$ -	\$ 14	\$ -	\$ -
Internal balances	2,700	-	-	-	-	-	-
<b>Total liabilities</b>	<u>96,529</u>	<u>-</u>	<u>3,066</u>	<u>-</u>	<u>14</u>	<u>-</u>	<u>-</u>
 <b>Fund Balances - Restricted</b>	 1,162	 -	 3,649	 -	 945	 5,433	 4,871
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 97,691</u>	<u>\$ -</u>	<u>\$ 6,715</u>	<u>\$ -</u>	<u>\$ 959</u>	<u>\$ 5,433</u>	<u>\$ 4,871</u>

(continued)

**SUPPLEMENTARY INFORMATION**  
**WEST WARWICK PUBLIC SCHOOLS**  
**Combining Balance Sheet - Non-Major Governmental Funds**  
**Special Revenue Funds - School Restricted**  
**June 30, 2012**  
**(continued)**

	<u>School Lunch Program</u>	<u>DMS Players Fund</u>	<u>Preschool</u>	<u>TOTALS</u>
<b>ASSETS</b>				
Cash	\$ 376,995	\$ -	\$ -	\$ 376,995
Internal balances	302,661	15,622	3,818	338,241
Due from Federal and State Governments	86,876	-	-	651,613
<b>TOTAL ASSETS</b>	<u>\$ 766,532</u>	<u>\$ 15,622</u>	<u>\$ 3,818</u>	<u>1,366,849</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable and accrued expenses	\$ 69,128	\$ -	\$ -	272,525
Internal balances	-	-	-	361,420
<b>Total liabilities</b>	<u>69,128</u>	<u>-</u>	<u>-</u>	<u>633,945</u>
<b>Fund Balances - Restricted</b>	<u>697,404</u>	<u>15,622</u>	<u>3,818</u>	<u>732,904</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 766,532</u>	<u>\$ 15,622</u>	<u>\$ 3,818</u>	<u>\$ 1,366,849</u>

(concluded)

**SUPPLEMENTARY INFORMATION**  
**WEST WARWICK PUBLIC SCHOOLS**  
**Combining Statement of Revenues, Expenditures and**  
**Changes in Fund Balances - Non-Major Governmental Funds**  
**Special Revenue Funds - School Restricted**  
**For the Fiscal Year Ended June 30, 2012**

	<u>IDEA Part B</u>	<u>Preschool Section 619</u>	<u>Creating Collaborative Models</u>	<u>ARRA IDEA Part B</u>	<u>ARRA Preschool Section 619</u>	<u>Title I</u>	<u>ARRA Title I</u>
<b>Revenues</b>							
Intergovernmental revenue	\$ 1,012,356	\$ 19,077	\$ 14,100	\$ 20,093	\$ 678	\$ 1,188,950	\$ 71,480
Other	-	-	-	-	-	-	-
<b>Total revenues</b>	<u>1,012,356</u>	<u>19,077</u>	<u>14,100</u>	<u>20,093</u>	<u>678</u>	<u>1,188,950</u>	<u>71,480</u>
<b>Expenditures</b>							
Salaries	624,693	5,792	13,043	6,774	-	676,111	29,554
Employee Benefits	334,500	439	1,057	464	-	354,797	16,430
Purchased services	22,398	5,650	-	5,060	678	27,780	14,820
Supplies and materials	30,765	7,196	-	7,795	-	9,258	10,676
Property and equipment	-	-	-	-	-	114,911	-
Other costs	-	-	-	-	-	6,093	-
<b>Total expenditures</b>	<u>1,012,356</u>	<u>19,077</u>	<u>14,100</u>	<u>20,093</u>	<u>678</u>	<u>1,188,950</u>	<u>71,480</u>
<b>Excess revenues over (under) expenditures</b>	-	-	-	-	-	-	-
<b>Other financing sources (uses)</b>							
Operating transfers (to) other funds	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances (deficit) - restricted July 1, 2011</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances (deficit) - restricted June 30, 2012</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(continued)

**SUPPLEMENTARY INFORMATION**  
**WEST WARWICK PUBLIC SCHOOLS**  
**Combining Statement of Revenues, Expenditures and**  
**Changes in Fund Balances - Non-Major Governmental Funds**  
**Special Revenue Funds - School Restricted**  
**For the Fiscal Year Ended June 30, 2012**  
**(continued)**

	Title II	E2T3 Training Consortium	E2T2 Training Consortium	ARRA E2T3 Training Consortium	ARRA E2T2 Training Consortium	ARRA E2T2 Training Consortium	Title III
<b>Revenues</b>							
Intergovernmental revenue	\$ 352,526	\$ 211,448	\$ 2,180	\$ 296,245	\$ 40,000	\$ 22,605	\$ 10,825
Other	-	-	-	-	-	-	-
<b>Total revenues</b>	<u>352,526</u>	<u>211,448</u>	<u>2,180</u>	<u>296,245</u>	<u>40,000</u>	<u>22,605</u>	<u>10,825</u>
<b>Expenditures</b>							
Salaries	209,032	2,000	-	4,000	-	4,500	5,300
Employee Benefits	123,070	200	-	400	-	307	405
Purchased services	8,154	206,448	-	286,245	-	-	3,753
Supplies and materials	4,895	2,800	-	5,600	-	-	1,367
Property and equipment	7,375	-	2,180	-	40,000	17,798	-
Other costs	-	-	-	-	-	-	-
<b>Total expenditures</b>	<u>352,526</u>	<u>211,448</u>	<u>2,180</u>	<u>296,245</u>	<u>40,000</u>	<u>22,605</u>	<u>10,825</u>
<b>Excess revenues over (under) expenditures</b>	-	-	-	-	-	-	-
<b>Other financing sources (uses)</b>							
Operating transfers (to) other funds	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances (deficit) - restricted July 1, 2011</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances (deficit) - restricted June 30, 2012</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(continued)

**SUPPLEMENTARY INFORMATION**  
**WEST WARWICK PUBLIC SCHOOLS**  
**Combining Statement of Revenues, Expenditures and**  
**Changes in Fund Balances - Non-Major Governmental Funds**  
**Special Revenue Funds - School Restricted**  
**For the Fiscal Year Ended June 30, 2012**  
**(continued)**

	<u>Perkins Grant</u>	<u>FFV Program</u>	<u>School Security Grant</u>	<u>ARRA Educator Jobs Fund</u>	<u>RTTT Standards and Curriculum</u>	<u>RTTT Educator Effectiveness</u>	<u>RTTT Set Aside</u>
<b>Revenues</b>							
Intergovernmental revenue	\$ 20,003	\$ 48,161	\$ 39,421	\$ 877,277	\$ 21,745	\$ 50,248	\$ 45,282
Other	-	-	-	-	-	-	-
<b>Total revenues</b>	<u>20,003</u>	<u>48,161</u>	<u>39,421</u>	<u>877,277</u>	<u>21,745</u>	<u>50,248</u>	<u>45,282</u>
<b>Expenditures</b>							
Salaries	2,228	-	-	585,846	19,924	46,262	-
Employee Benefits	147	-	-	291,431	1,821	3,986	-
Purchased services	-	48,161	-	-	-	-	45,282
Supplies and materials	5,974	-	2,106	-	-	-	-
Property and equipment	11,654	-	37,315	-	-	-	-
Other costs	-	-	-	-	-	-	-
<b>Total expenditures</b>	<u>20,003</u>	<u>48,161</u>	<u>39,421</u>	<u>877,277</u>	<u>21,745</u>	<u>50,248</u>	<u>45,282</u>
<b>Excess revenues over (under) expenditures</b>	-	-	-	-	-	-	-
<b>Other financing sources (uses)</b>							
Operating transfers in (to) other funds	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances (deficit) - restricted July 1, 2011</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances (deficit) - restricted June 30, 2012</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(continued)

**SUPPLEMENTARY INFORMATION**  
**WEST WARWICK PUBLIC SCHOOLS**  
**Combining Statement of Revenues, Expenditures and**  
**Changes in Fund Balances - Non-Major Governmental Funds**  
**Special Revenue Funds - School Restricted**  
**For the Fiscal Year Ended June 30, 2012**  
**(continued)**

	<u>ARRA EECBG</u>	<u>General Assembly</u>	<u>Civics GSEs and CCSS</u>	<u>District Negotiated Agreement</u>	<u>RI Council on Humanities</u>	<u>Corporate Grants</u>	<u>Private Grants</u>
<b>Revenues</b>							
Intergovernmental revenue	\$ 287,221	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	-	3,847	3,000	-	-	-	52,462
<b>Total revenues</b>	<u>287,221</u>	<u>3,847</u>	<u>3,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>52,462</u>
<b>Expenditures</b>							
Salaries	-	-	1,160	3,106	-	-	38,173
Employee Benefits	-	-	89	-	-	-	7,192
Purchased services	-	-	1,500	-	-	-	-
Supplies and materials	1,585	4,299	316	-	244	-	1,461
Property and equipment	284,474	-	-	-	-	-	-
Other costs	-	-	-	-	-	-	-
<b>Total expenditures</b>	<u>286,059</u>	<u>4,299</u>	<u>3,065</u>	<u>3,106</u>	<u>244</u>	<u>-</u>	<u>46,826</u>
<b>Excess revenues over (under) expenditures</b>	1,162	(452)	(65)	(3,106)	(244)	-	5,636
<b>Other financing sources (uses)</b>							
Operating transfers (to) other funds	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses</b>	<u>1,162</u>	<u>(452)</u>	<u>(65)</u>	<u>(3,106)</u>	<u>(244)</u>	<u>-</u>	<u>5,636</u>
<b>Fund balances (deficit) - restricted July 1, 2011</b>	-	452	3,714	3,106	1,189	5,433	(765)
<b>Fund balances (deficit) - restricted June 30, 2012</b>	<u>\$ 1,162</u>	<u>\$ -</u>	<u>\$ 3,649</u>	<u>\$ -</u>	<u>\$ 945</u>	<u>\$ 5,433</u>	<u>\$ 4,871</u>

(continued)

**SUPPLEMENTARY INFORMATION**  
**WEST WARWICK PUBLIC SCHOOLS**  
**Combining Statement of Revenues, Expenditures and**  
**Changes in Fund Balances - Non-Major Governmental Funds**  
**Special Revenue Funds - School Restricted**  
**For the Fiscal Year Ended June 30, 2012**  
**(continued)**

	<u>School Lunch Program</u>	<u>DMS Players Fund</u>	<u>Preschool</u>	<u>TOTALS</u>
<b>Revenues</b>				
Intergovernmental revenue	\$ 784,223	\$ -	\$ -	\$ 5,436,144
Other	429,171	18,805	8,206	515,491
<b>Total revenues</b>	<u>1,213,394</u>	<u>18,805</u>	<u>8,206</u>	<u>5,951,635</u>
<b>Expenditures</b>				
Salaries	-	-	-	2,277,498
Employee Benefits	-	-	-	1,136,735
Purchased services	1,051,577	2,500	-	1,730,006
Supplies and materials	16,044	23,209	4,388	139,978
Property and equipment	-	7,820	-	523,527
Other costs	-	-	-	6,093
<b>Total expenditures</b>	<u>1,067,621</u>	<u>33,529</u>	<u>4,388</u>	<u>5,813,837</u>
<b>Excess revenues over (under) expenditures</b>	145,773	(14,724)	3,818	137,798
<b>Other financing sources (uses)</b>				
Operating transfers (to) other funds	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses</b>	<u>145,773</u>	<u>(14,724)</u>	<u>3,818</u>	<u>137,798</u>
<b>Fund balances (deficit) - restricted July 1, 2011</b>	551,631	30,346	-	595,106
<b>Fund balances (deficit) - restricted June 30, 2012</b>	<u>\$ 697,404</u>	<u>\$ 15,622</u>	<u>\$ 3,818</u>	<u>\$ 732,904</u>

(concluded)

**SUPPLEMENTARY INFORMATION**  
**TOWN OF WEST WARWICK, RHODE ISLAND**  
**Capital Projects Funds**  
**Combining Balance Sheet - Non-Major Governmental Fund**  
**June 30, 2012**

	<u>Town QZAB Bond Fund</u>	<u>School QZAB Bond Fund</u>	<u>School Fire Code Renovations</u>	<u>Road Bond Fund</u>	<u>Totals</u>
<b>ASSETS</b>					
Internal balances	\$ -	\$ 14,647	\$ 51,571	\$ 83,593	\$ 149,811
<b>Total assets</b>	<u>\$ -</u>	<u>\$ 14,647</u>	<u>\$ 51,571</u>	<u>\$ 83,593</u>	<u>\$ 149,811</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts Payable	\$ -	\$ -	\$ -	\$ 10,642	10,642
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,642</u>	<u>10,642</u>
Fund balances - restricted	-	14,647	51,571	72,951	139,169
<b>Total fund balances (deficit)</b>	<u>-</u>	<u>14,647</u>	<u>51,571</u>	<u>72,951</u>	<u>139,169</u>
<b>Total liabilities and fund balances</b>	<u>\$ -</u>	<u>\$ 14,647</u>	<u>\$ 51,571</u>	<u>\$ 83,593</u>	<u>\$ 149,811</u>

**SUPPLEMENTARY INFORMATION**  
**TOWN OF WEST WARWICK, RHODE ISLAND**  
**Capital Project Funds**  
**Combining Statement of Revenues, Expenditures and**  
**Changes in Fund Balance - Non-Major Governmental Funds**  
**For the Fiscal Year Ended June 30, 2012**

	<u>Town QZAB Bond Fund</u>	<u>School QZAB Bond Fund</u>	<u>School Fire Code Renovations</u>	<u>Road Bond Fund</u>	<u>Totals</u>
<b>Revenues</b>					
Interest on Investments	\$ -	\$ -	\$ -	\$ -	\$ -
Other income	-	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures</b>					
Capital expenditures	-	71,266	-	-	71,266
Supplies and materials	1	35,163	15,743	147,701	198,608
Total expenditures	<u>1</u>	<u>106,429</u>	<u>15,743</u>	<u>147,701</u>	<u>269,874</u>
<b>Excess (deficiency) of revenues over (under) expenditures before other financing sources</b>	(1)	(106,429)	(15,743)	(147,701)	(269,874)
<b>Other financing sources (uses)</b>					
Transfers from other funds	-	168,038	-	-	168,038
Transfers (to) other funds	(168,038)	-	-	-	(168,038)
Total other financing sources (uses)	<u>(168,038)</u>	<u>168,038</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess of revenues and other sources over (under) expenditures</b>	(168,039)	61,609	(15,743)	(147,701)	(269,874)
<b>Fund balances (deficit) - restricted July 1, 2011</b>	168,039	(46,962)	67,314	220,652	409,043
<b>Fund balances (deficit) - restricted June 30, 2012</b>	<u>\$ -</u>	<u>\$ 14,647</u>	<u>\$ 51,571</u>	<u>\$ 72,951</u>	<u>\$ 139,169</u>

**SUPPLEMENTARY INFORMATION**  
**TOWN OF WEST WARWICK, RHODE ISLAND**  
**Non-Major Proprietary Funds**  
**Combining Balance Sheet**  
**June 30, 2012**

<b>ASSETS</b>	<b>Municipal Court</b>	<b>Totals</b>
	<u>          </u>	<u>          </u>
<b>Current assets</b>		
<b>Accounts receivable</b>		
Internal balances	\$ 80,840	\$ 80,840
<b>Total current assets</b>	<u>80,840</u>	<u>80,840</u>
<b>TOTAL ASSETS</b>	<u>80,840</u>	<u>80,840</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable	7,131	7,131
Accrued expenses	<u>2,060</u>	<u>2,060</u>
<b>Total current liabilities</b>	<u>9,191</u>	<u>9,191</u>
<b>Total liabilities</b>	<u>9,191</u>	<u>9,191</u>
<b>Net Assets</b>		
Unrestricted	71,649	71,649
<b>Total Net Assets</b>	<u>\$ 71,649</u>	<u>\$ 71,649</u>

**SUPPLEMENTARY INFORMATION**  
**TOWN OF WEST WARWICK, RHODE ISLAND**  
**Non-Major Proprietary Funds**  
**Combining Statement of Revenues, Expenses**  
**And Changes in Net Assets**  
**For the Fiscal Year Ended June 30, 2012**

	<u>Municipal Court</u>	<u>Totals</u>
<b>Operating revenues</b>		
Usage sales and fees	\$ 280,879	\$ 280,879
<b>Total operating revenues</b>	<u>280,879</u>	<u>280,879</u>
<b>Operating expenses</b>		
Salaries and benefits	118,002	118,002
Materials, supplies, repairs and maintenance	5,503	5,503
Other operating expenses	109,370	109,370
<b>Total operating expenses</b>	<u>232,875</u>	<u>232,875</u>
<b>Operating income (loss)</b>	<u>48,004</u>	<u>48,004</u>
<b>Transfers</b>		
Transfers to other funds	(10,000)	(10,000)
<b>Total transfers</b>	<u>(10,000)</u>	<u>(10,000)</u>
<b>Net income</b>	<u>38,004</u>	<u>38,004</u>
<b>Net assets - beginning</b>	<u>33,645</u>	<u>33,645</u>
<b>Net assets - ending</b>	<u>\$ 71,649</u>	<u>\$ 71,649</u>

**SUPPLEMENTARY INFORMATION  
TOWN OF WEST WARWICK, RHODE ISLAND  
Non-Major Proprietary Funds  
Combining Statement of Cash Flows  
For the Fiscal Year Ended June 30, 2012**

	<b>Municipal Court</b>	<b>Totals</b>
<b>Cash flows from operating activities</b>		
Cash received from customers	\$ 280,879	\$ 280,879
Cash payments to suppliers for goods and services	(1,922)	(1,922)
Cash payments to employees for services	(118,002)	(118,002)
Payment of administrative expense	(109,370)	(109,370)
<b>Net cash provided by (used for) operating activities</b>	51,585	51,585
<b>Cash flows from non-capital financing activities</b>		
Interfund loans	(51,585)	(51,585)
<b>Net cash provided by (used for) non-capital financing activities</b>	(51,585)	(51,585)
<b>Net increase (decrease) in cash and cash equivalents</b>	-	-
<b>Cash and cash equivalents at beginning of year</b>	-	-
<b>Cash and cash equivalents at end of year</b>	\$ -	\$ -
<b>Reconciliation of operating income to net cash provided by operating activities</b>		
<b>Operating income (Loss)</b>	\$ 48,004	\$ 48,004
<b>Adjustments to reconcile operating income to net cash provided by operating activities:</b>		
<b>Changes in assets and liabilities:</b>		
Increase (decrease) in accounts payable and accrued expenses	3,581	3,581
<b>Total adjustments</b>	3,581	3,581
<b>Net cash provided by operating activities</b>	\$ 51,585	\$ 51,585

**SUPPLEMENTARY INFORMATION**  
**TOWN OF WEST WARWICK, RHODE ISLAND**  
**Sewer Enterprise Fund**  
**Combining Schedules of Revenues and Expenses**  
**Budgetary Basis (Non-GAAP)**  
**For the Fiscal Year ended June 30, 2012**

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Operating revenues</b>				
Usage sales and fees	\$ 6,268,768	\$ 6,268,768	\$ 6,308,435	\$ 39,667
Sewer assessment revenue	950,037	950,037	803,516	(146,521)
Other income	177,533	177,533	42,352	(135,181)
Grant income	-	-	1,082,246	1,082,246
<b>Total operating revenues</b>	<u>7,396,338</u>	<u>7,396,338</u>	<u>8,236,549</u>	<u>840,211</u>
<b>Operating expenses</b>				
Salaries and benefits 5200	\$ 2,258,882	2,258,882	\$ 2,131,963	126,919
Materials and supplies 5300	963,220	963,220	865,623	97,597
Depreciation and amortization	-	-	1,799,006	(1,799,006)
Capital outlays 5669	50,000	50,000	692,483	(642,483)
Other operating expenses 5951-5959	2,133,064	2,133,064	1,948,108	184,956
<b>Total operating expenses</b>	<u>5,405,166</u>	<u>5,405,166</u>	<u>7,437,183</u>	<u>(2,032,017)</u>
<b>Operating income (loss)</b>	<u>1,991,172</u>	<u>1,991,172</u>	<u>799,366</u>	<u>(1,191,806)</u>
<b>Other income (expense)</b>				
Investment income	20,000	20,000	12,604	(7,396)
Sewer bond interest expense	(306,172)	(306,172)	(301,708)	4,464
Principal payments	(1,705,000)	(1,705,000)	(1,705,000)	-
<b>Total non-operating income (expenses)</b>	<u>(1,991,172)</u>	<u>(1,991,172)</u>	<u>(1,994,104)</u>	<u>(2,932)</u>
<b>Net income</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,194,738)</u>	<u>\$ (1,194,738)</u>

(continued)

**SUPPLEMENTARY INFORMATION**  
**TOWN OF WEST WARWICK, RHODE ISLAND**  
**Enterprise Funds**  
**Combining Schedules of Revenues and Expenses**  
**Budgetary Basis (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2012**  
**(continued)**

	<u>Municipal Court</u>				<u>Totals</u>			
	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Operating revenues</b>								
Usage sales and fees	\$ 172,861	\$ 172,861	\$ 280,879	\$ 108,018	\$ 6,441,629	\$ 6,441,629	\$ 6,589,314	\$ 147,685
Sewer assessment revenue	-	-	-	-	950,037	950,037	803,516	(146,521)
Other income	-	-	-	-	177,533	177,533	42,352	(135,181)
<b>Total operating revenues</b>	<u>172,861</u>	<u>172,861</u>	<u>280,879</u>	<u>108,018</u>	<u>7,569,199</u>	<u>7,569,199</u>	<u>7,435,182</u>	<u>(134,017)</u>
<b>Operating expenses</b>								
Salaries and benefits	77,361	77,361	118,002	(40,641)	2,336,243	2,336,243	2,249,965	86,278
Materials and supplies	10,500	10,500	5,503	4,997	973,720	973,720	871,126	102,594
Depreciation and amortization	-	-	-	-	-	-	1,799,006	(1,799,006)
Capital outlays	-	-	-	-	50,000	50,000	692,483	(642,483)
Other operating expenses	75,000	75,000	109,370	(34,370)	2,208,064	2,208,064	2,057,478	150,586
<b>Total operating expenses</b>	<u>162,861</u>	<u>162,861</u>	<u>232,875</u>	<u>(70,014)</u>	<u>5,568,027</u>	<u>5,568,027</u>	<u>7,670,058</u>	<u>(2,102,031)</u>
<b>Operating income (loss)</b>	<u>10,000</u>	<u>10,000</u>	<u>48,004</u>	<u>38,004</u>	<u>2,001,172</u>	<u>2,001,172</u>	<u>(234,876)</u>	<u>(2,236,048)</u>
<b>Other income (expense)</b>								
Investment income	-	-	-	-	20,000	20,000	12,604	(7,396)
Sewer bond interest expense	-	-	-	-	(306,172)	(306,172)	(301,708)	4,464
Principal payments	-	-	-	-	(1,705,000)	(1,705,000)	(1,705,000)	-
<b>Total non-operating income (expenses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,991,172)</u>	<u>(1,991,172)</u>	<u>(1,994,104)</u>	<u>(2,932)</u>
<b>Income before transfers and non-operating expenses</b>	10,000	10,000	48,004	38,004	10,000	10,000	(1,146,734)	(2,238,980)
<b>Other financing sources (uses)</b>								
Transfer to other funds	(10,000)	(10,000)	(10,000)	-	(10,000)	(10,000)	(10,000)	-
<b>Total other financing sources (uses)</b>	<u>(10,000)</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>-</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>-</u>
<b>Net income</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,004</u>	<u>\$ 38,004</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,156,734)</u>	<u>\$ (2,238,980)</u>

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**AGENCY FUNDS**  
**COMBINING STATEMENT OF CHANGES**  
**IN ASSETS AND LIABILITIES**  
**FOR THE FISCAL YEAR ENDING JUNE 30, 2012**

	<u>Balance July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2012</u>
<b>DRUG EVIDENCE</b>				
<b>Assets</b>				
Cash	\$ 88,902	\$ 24,735	\$ 16,261	\$ 97,376
Internal balances	6,703	-	6,703	-
<b>Total assets</b>	<u>\$ 95,605</u>	<u>\$ 24,735</u>	<u>\$ 22,964</u>	<u>\$ 97,376</u>
<b>Liabilities</b>				
Deposits held in custody for others	\$ 95,605	\$ 24,735	\$ 22,964	\$ 97,376
<b>Total liabilities</b>	<u>\$ 95,605</u>	<u>\$ 24,735</u>	<u>\$ 22,964</u>	<u>\$ 97,376</u>
<b>SCHOOL FIDUCIARY FUND</b>				
<b>Assets</b>				
Cash	\$ 90,370	\$ 258,512	\$ 238,967	\$ 109,915
<b>Total assets</b>	<u>\$ 90,370</u>	<u>\$ 258,512</u>	<u>\$ 238,967</u>	<u>\$ 109,915</u>
<b>Liabilities</b>				
Deposits held in custody for others	\$ 90,370	\$ 258,512	\$ 238,967	\$ 109,915
<b>Total liabilities</b>	<u>\$ 90,370</u>	<u>\$ 258,512</u>	<u>\$ 238,967</u>	<u>\$ 109,915</u>
<b>TOTAL AGENCY FUNDS</b>				
<b>Assets</b>				
Cash	\$ 179,272	\$ 283,247	\$ 255,228	\$ 207,291
Internal balances	6,703	-	6,703	-
<b>Total assets</b>	<u>\$ 185,975</u>	<u>\$ 283,247</u>	<u>\$ 261,931</u>	<u>\$ 207,291</u>
<b>Liabilities</b>				
Deposits held in custody for others	\$ 185,975	\$ 283,247	\$ 261,931	\$ 207,291
<b>Total liabilities</b>	<u>\$ 185,975</u>	<u>\$ 283,247</u>	<u>\$ 261,931</u>	<u>\$ 207,291</u>

## **STATISTICAL SECTION**

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

**TOWN OF WEST WARWICK, RHODE ISLAND  
TAX COLLECTOR'S ANNUAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**REAL ESTATE AND PERSONAL PROPERTY TAXES**

<b>Tax Roll Year</b>	<b>Balance July 1, 2011</b>	<b>Current Year Assessment</b>	<b>Additions and Adjustments</b>	<b>Abatements and Adjustments</b>	<b>Amount to be Collected</b>	<b>Collections</b>	<b>Balance June 30, 2012</b>
2011	\$ -	\$ 52,337,257	11,099	23,337	52,325,019	50,617,415	1,707,604
2010	2,089,111	-	3,416	8,392	2,084,135	1,535,941	548,194
2009	338,870	-	6,688	3,720	341,838	111,667	230,171
2008	170,798	-	88	2,228	168,658	34,560	134,098
2007	95,405	-	-	913	94,492	7,117	87,375
2006	76,424	-	-	632	75,792	4,132	71,660
2005	92,154	-	-	32,312	59,842	1,417	58,425
2004	51,313	-	-	61	51,252	463	50,789
2003	68,266	-	-	79	68,187	819	67,368
2002	82,686	-	-	-	82,686	937	81,749
2001	67,553	-	-	-	67,553	708	66,845
2000 & Prior	129,427	-	(3,519)	-	125,908	1,394	124,514
	<u>3,262,007</u>	<u>\$ 52,337,257</u>	<u>\$ 17,772</u>	<u>\$ 71,674</u>	<u>\$ 55,545,362</u>	<u>\$52,316,570</u>	<u>3,228,792</u>
Less: Allowance FY 12 Prepayments	(865,585) -						(865,585) 4,601
Net Taxes receivable	<u>\$2,396,422</u>						<u>\$ 2,367,808</u>

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

<b>Description of Property</b>	<b>Valuations</b>	<b>Levy</b>
Real property residential	\$1,374,074,000	\$29,409,306
Real property code 3	113,138,900	2,822,929
Real property code 4	327,840,600	8,567,131
Real property code 40	147,678,500	4,684,805
Real property frozen	28,351,460	-
Motor vehicles	204,301,167	5,816,454
Tangible personal	96,337,350	3,270,942
<i>Total</i>	<u>2,291,721,977</u>	<u>54,571,566</u>
Exemptions	93,481,168	2,234,309
<i>Net assessed value</i>	<u>\$2,198,240,809</u>	<u>\$52,337,257</u>
<i>Current year assessment</i>		<u>\$52,337,257</u>

**RECONCILIATION OF CURRENT YEAR  
PROPERTY TAX REVENUE**

Current year collections	\$ 52,316,570
Reserve collected within 60 days subsequent to fiscal year ending June 30, 2012	<u>350,629</u>
	<u>52,667,199</u>
Prior year revenue received in current year	(360,565)
Less: refunds and miscellaneous credits	<u>44,562</u>
Current year property tax revenue	<u>\$ 52,351,196</u>

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**Schedule of long-term liabilities - Primary Government**  
**For the fiscal year ended June 30, 2012**

	<u>Date of Issuance</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Authorized</u>	<u>Outstanding July 1, 2011</u>	<u>Additions</u>	<u>Maturities During Year</u>	<u>Outstanding June 30, 2012</u>	<u>Interest Paid</u>	<u>Due within one year</u>
<b>General Obligation Bonds Payable</b>										
Open space bond	8/15/93	7% - 7.45%	6/30/14	\$ 800,000	\$ 200,000	\$ -	\$ 65,000	\$ 135,000	\$ 12,479	\$ 65,000
GOB - 2002 refunding series B	8/1/02	2% - 3.875%	7/15/12	1,300,000	260,000	-	130,000	130,000	7,475	130,000
GOB - Town	10/25/05	4.00% to 5.00%	10/14/25	2,100,000	1,550,000	-	110,000	1,440,000	71,225	110,000
GOB - School	11/29/05	1.47%	11/29/21	3,688,000	3,688,000	-	-	3,688,000	54,214	-
GOB - Refunding bonds series 2009 B	8/20/09	2.00% to 3.50%	4/1/18	2,370,000	1,785,000	-	270,000	1,515,000	51,338	265,000
GOB - series A	8/20/09	2.75% to 5.00%	4/1/29	6,500,000	6,255,000	-	250,000	6,005,000	265,100	255,000
Road Bond	7/15/07	4.50% to 5.25%	7/15/27	5,000,000	4,250,000	-	250,000	4,000,000	192,250	250,000
GOB - School	3/1/02	4.80%	3/1/22	10,500,000	7,435,000	-	530,000	6,905,000	368,807	555,000
<b>Total general obligation bonds payable</b>				<b>32,258,000</b>	<b>25,423,000</b>	<b>-</b>	<b>1,605,000</b>	<b>23,818,000</b>	<b>1,022,888</b>	<b>1,630,000</b>
<b>Capital Lease Payable</b>										
Capital Leases (Prior period adjustment Note XX)	1/21/11	6.00%	3/21/16	386,724	292,206	-	54,535	237,671	10,110	56,421
<b>Total capital leases payable</b>				<b>386,724</b>	<b>292,206</b>	<b>-</b>	<b>54,535</b>	<b>237,671</b>	<b>10,110</b>	<b>56,421</b>
<b>Subtotal general fund long term debt payable</b>				<b>32,644,724</b>	<b>25,715,206</b>	<b>-</b>	<b>1,659,535</b>	<b>24,055,671</b>	<b>1,032,998</b>	<b>1,686,421</b>
<b>Sewer Bonds Payable</b>										
Notes Payable - Clean Water	3/9/06	1.11% - 1.565%	9/1/25	7,719,000	6,045,000	-	352,000	5,693,000	115,340	358,000
Notes Payable - Clean Water	6/5/03	0%	9/1/23	20,923,000	14,197,000	-	1,121,000	13,076,000	110,579	1,121,000
Notes Payable - Clean Water	12/21/06	1.185% - 1.355%	9/1/26	500,000	414,000	-	23,000	391,000	7,204	23,000
Notes Payable - Clean Water	12/12/07	1.185% - 1.645%	9/1/28	1,675,000	1,534,000	-	72,000	1,462,000	29,703	74,000
Notes Payable - Clean Water	12/30/04	0.78% - 1.555%	9/1/25	3,000,000	2,343,000	-	137,000	2,206,000	43,346	140,000
<b>Total sewer bonds payable</b>				<b>33,817,000</b>	<b>24,533,000</b>	<b>-</b>	<b>1,705,000</b>	<b>22,828,000</b>	<b>306,172</b>	<b>1,716,000</b>
<b>Total bonds, notes and leases payable</b>				<b>\$ 66,461,724</b>	<b>50,248,206</b>	<b>-</b>	<b>3,364,535</b>	<b>46,883,671</b>	<b>\$ 1,339,170</b>	<b>\$ 3,402,421</b>
<b>Accrued expenses</b>										
Compensated absences					3,281,830	-	36,147	3,245,683	n/a	78,252
Net OPEB obligation					9,255,309	2,664,064	-	11,919,373	n/a	n/a
Net pension obligation					35,273,050	8,006,319	-	43,279,369	n/a	n/a
<b>Total accrued expenses</b>					<b>47,810,189</b>	<b>10,670,383</b>	<b>36,147</b>	<b>58,444,425</b>		
<b>Total long-term liabilities - Primary Government</b>					<b>\$ 98,058,395</b>	<b>\$ 10,670,383</b>	<b>\$ 3,400,682</b>	<b>\$ 105,328,096</b>		

***TOWN OF WEST WARWICK***

***SINGLE AUDIT SECTION***

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of West Warwick (Town), as of and for the year fiscal ended June 30, 2012, which collectively comprise the Town's basic financial statements and have issued our report thereon dated February 23, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matter**

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

We noted certain other matters that we reported to management of the Town in a separate letter dated February 23, 2013.

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

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

Parmelee, Poirier & Associates, LLP  
February 23, 2013

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

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

**Compliance**

We have audited the compliance of the Town of West Warwick (Town), with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2012. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Town's management. Our responsibility is to express an opinion on the Town's compliance based on our audit.

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

In our opinion, the Town, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2012.

**Internal Control Over Compliance**

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

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

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

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

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

  
Parmelee, Poirier & Associates, LLP  
February 23, 2013

**TOWN OF WEST WARWICK, RHODE ISLAND**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2012**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
<b>U.S. Department of Agriculture:</b>			
<i>Passed through State of Rhode Island Department of Education:</i>			
<i>Child Nutrition Cluster:</i>			
National School Lunch Program	10.555	N/A	\$ 642,566
School Breakfast Program	10.553	N/A	141,657
Food Donation - See Note 4	10.550	N/A	285,025
Fresh Fruit and Vegetable Program	10.582	2725-17602-030	48,161
<b>Total U.S. Department of Agriculture</b>			<b>\$ 1,117,409</b>
<b>U.S. Department of Housing and Urban Development:</b>			
<i>Pass-Through State of Rhode Island Division of Planning,</i>			
<i>Office of Housing and Community Development</i>			
Community Development Block Grant/State Program	14.228	Various	\$ 493,766
<b>Total U.S. Department of Housing and Urban Development</b>			<b>\$ 493,766</b>
<b>U.S. Department of Justice:</b>			
<i>Direct Program:</i>			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	GR-8255	\$ 8,749
<i>Justice Assistance Cluster</i>			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	DJ-BX-0748	12,135
ARRA-Edward Byrne Memorial Justice Assistance Grant Program	16.803	09-036-JAG-R	44,245
<b>Total U.S. Department of Justice</b>			<b>\$ 65,129</b>
<b>U.S. Department of Transportation:</b>			
<i>Pass-Through State of Rhode Island Department of Transportation,</i>			
<i>Governor's Office on Highway Safety</i>			
Highway planning and construction	20.205	N/A	\$ 42,201
State and Community Highway Safety	20.600	402-EM-12	27,083
<b>Total U.S. Department of Transportation</b>			<b>\$ 69,284</b>
<b>Environmental Protection Agency:</b>			
<i>Pass-Through State of Rhode Island Environmental Protection Agency</i>			
Energy Efficiency And Conservation Block Grant Program	66.040	96101701	\$ 226,302
<b>Total Environmental Protection Agency</b>			<b>\$ 226,302</b>
<b>U.S. Department of Energy:</b>			
<i>Direct Program:</i>			
ARRA - State Energy Program Special Projects	81.119	EE 2011-04	\$ 542,603
ARRA - Energy Efficiency and Conservation Block Grant Program	81.128	GR-8735	287,222
<b>Total U.S. Department of Energy</b>			<b>\$ 829,825</b>
<b>U.S. Department of Education:</b>			
<i>Passed through State of Rhode Island Department of Education:</i>			
<i>Special Education Cluster:</i>			
Title I Grants to Local Education Agencies	84.010	2725-11702-201	\$ 1,188,950
ARRA-Title I Grants to Local Education Agencies	84.389	4752-10102-101	71,480
<i>Special Education Cluster:</i>			
Special Education Grants to States	84.027	2725-13202-201	1,026,456
Special Education Preschool Grants	84.173	2725-13502-201	19,077
ARRA-Special Education Grants to States	84.391	4572-10802-101	20,093
ARRA-Special Education Preschool Grants	84.392	4572-10202-101	678
<i>Technology Cluster:</i>			
Education Technology State Grants	84.318	2725-12902-260	194,840
ARRA-Education Technology State Grants	84.318	4572-10702-110	296,248
ARRA-Education Technology State Grants	84.386	4572-10702-230	62,605
English Language Acquisition Grants	84.365	2725-16502-201	10,825
Improving Teacher Quality State Grants	84.367	2725-16402-201	352,526
ARRA - Race to the Top	84.395	4572-13502-110	117,275
ARRA - Educator Jobs Fund	84.410	4572-13102-101	877,277
<i>Passed through the City of Warwick Public School System</i>			
<i>State of Rhode Island</i>			
Career and Technical Education - Basic Grants to States	84.048	2725-16502-101	20,003
<b>Total U.S. Department of Education</b>			<b>\$ 4,258,333</b>
<b>U.S. Department of Homeland Security:</b>			
<i>Direct Program:</i>			
Assistance to Firefighters Grant	97.044	EMW-2011-FO-03614	\$ 16,200
<i>Pass-through State of Rhode Island Emergency Management Agency:</i>			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	N/A	585,727
Homeland Security Grant Program	97.067	37-71-FY10 HAZ	97,322
<b>Total U.S. Department of Homeland Security</b>			<b>\$ 699,249</b>
<b>Total Expenditures of Federal Awards</b>			<b>\$ 7,759,297</b>

**TOWN OF WEST WARWICK**  
**Schedule of Findings and Questioned Costs**  
**For The Fiscal Year Ended June 30, 2012**

**SECTION I - SUMMARY OF AUDITORS' RESULTS**

**Financial Statements**

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness (es) identified?  X  yes   no

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

Noncompliance material to financial statements noted?   yes  X  no

**Federal Awards**

Internal control over major programs:

Material weakness (es) identified?  X  yes   no

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

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

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

**Identification of major programs:**

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>
	<i>Child Nutrition Cluster</i>
10.555	National School Lunch Program
14.228	Community Development Block Grant
81.119	ARRA – State Energy Projects
84.367	Improving Teacher Quality State Grants
	<i>Education Technology Cluster</i>
84.318	Education Technology State Grants
84.386	ARRA - Education Technology State Grants
84.410	ARRA – Educator Jobs Fund
97.036	Disaster Grants – Public Assistance

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

Auditee qualified as low risk auditee?  X  yes   no

**TOWN OF WEST WARWICK**  
**Schedule of Findings and Questioned Costs**  
**For The Fiscal Year Ended June 30, 2012**

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

**2012-1 Finding:** Rhode Island General Law 16-2-18 prohibits Rhode Island School Departments from having a deficit. The West Warwick School Department's Unrestricted Fund had a cumulative fund deficit of \$(1,732,352) as of June 30, 2012. This is in violation of Rhode Island General Laws.

**Recommendation:** We recommend that the Town and School Department implement a plan to fund the cumulative deficit.

**Response:** Plan was submitted by School Department on September 21, 2012 for a 5 year payback.

The Town has no authority to alter/ change/ adjust/ or effectively negotiate with the School Department on issues of this nature, despite the suggestion to the contrary in this audit. State Law as presently formulated establishes schools virtually as the pre-eminent authority in budgeting as per legislation. Financial discrepancies and serious differences will likely continue between Schools and Town as per the construction of the legislation.

**2012-2 Finding:** The Town does not have any purchasing policies or procedures in place. The purchase order process is not in place or operating effectively. Although the Town has the capability for a Purchase Order system, all Purchase Orders were issued subsequent to the invoice. Although most Town expenditures were approved subsequent to services provided or goods received, major project expenses have been approved properly through the bid process. To be accountable to its citizens and taxpayers, proper approval of expenditures is needed.

**Recommendation:** We suggest that the Town formalize its purchasing policy, and follow the GL system guidelines for Purchase Orders.

**Response:** A Purchasing Ordinance was adopted to comply with State law on March 5, 2013. However, at this time the Town does not have sufficiently trained/ capable staff in place to competently/ effectively/ consistently administer purchasing ordinance/ policies procedures. This situation is exacerbated by the inability of the Town to fill senior staff Finance/ Deputy Finance Director Positions due to the financial distress of the Town. A change in procedure was established in August 2012 to attempt to ensure that all P.O.'s were appropriately approved prior to purchases made. While somewhat successful there is still concern that violations occur.

Evidence indicates that Purchasing Policies have been ignored for many years, contributing to the deterioration of the Town financial condition. (Attached memo to Auditor General Hoyle dated October 18, 2012, as example)

As a side the Library considers itself independent from the Town and has been allowed to pursue its own administration per a Library Board through agreement searched with the Town in "Spring" of 1994. Additional comment on the unwieldy nature of this arrangement may be provided through the September 11, 2011 legal opinion of the Town Solicitor as attached.

**2012-3 Finding:** The Town does not have any policies or procedures in place to identify Federal Grant expenditures. During our review of federal grant expenditures, it was noted that there were various reconciliations and journal entries to transfer and record expenditures in the proper special revenue fund. Not all police overtime expenditures were recorded in the proper special revenue funds, and as such, the General Fund was overstated for unidentifiable federal expenditures. We also noted that prior expenditures funded by federal monies were not properly identified, and were subsequently recorded as general fund expense.

**TOWN OF WEST WARWICK**  
**Schedule of Findings and Questioned Costs**  
**For The Fiscal Year Ended June 30, 2012**

**Recommendation:** We suggest that all grants are approved prior to application, and that the Finance Department is made aware of all grant information, such as the CFDA number, award letters, contract services and agreements in order to properly account for the grant expenditure in their respective special revenue fund.

**Response:** This has been inadequately handled for many years and is the result of untrained financial staff and inappropriate procedures.

A consistent approach may possibly be put in place when a Finance Director is hired.

**2012-4 Finding:** The Town does not have any policies or procedures in place to identify Federal grant revenues. During our review of federal grant revenues, it was noted that various revenues were recorded in a 'suspense' account on the general fund, until the revenue was identified and transferred to the proper special revenue account/fund. We noted that revenues for police payroll grants were being posted against police overtime expense, where neither the revenue nor expense is properly stated. A journal entry was needed to reclassify \$176,000 of federal monies received, where the expenditure recorded in prior years was recorded in the general fund incorrectly.

**Recommendation:** We suggest that all grants are approved prior to application, and that the Finance Department is made aware of all grant information, such as the CFDA number, award letters, contract services and agreements in order to properly account for the grant monies, as well as correspondence for reimbursement requests in order to properly classify revenue when received.

**Response:** Same as 2012-3 above

**2012-5 Finding:** The Town does not have any policies or procedures in place to account for Pension Fund Transactions on the General Ledger. During our review of the Pension Trust Fund, it was noted that no activity from the Pension Investment Account is recorded on the Town's General Ledger. This precludes the Finance Department from reviewing and approving any transactions that are taken by the Pension Board. Although we don't believe the Finance Department needs to approve board transactions, they should at least be recorded on the Town's ledger and reconciled at least quarterly to the Pension Investment Statements. It was also noted that certain disbursements paid to the Town for Pension Clerk activities are in arrears for two quarters.

**Recommendation:** We suggest that these Clerk activities also be recorded and reconciled at least quarterly.

**Response:** The operation of the Pension Board is fraught with serious problems which are only partially addressed by this audit item.

It is absolutely the case that the Finance Department (more correctly, "Town") should have responsibility for approving board actions, to differ with the audit viewpoint. There should be no Pension Board "administration" of a Pension--- the Board could / should play a role in setting Policy, but the "administration" of such a complicated/ complex financially sizable enterprise is not suited to the system now in place. This massive problem cannot be effectively addressed by having the Finance Department reconcile "at least quarterly"---it will require a much more "hands on" approach and control and should involve a Charter change to provide more direct administration of the Pension Fund by the Town. As a further comment, the Pension Board has two signatures to sign checks at a local bank: this should not be a function of a Pension Board but by the Finance Department of the Town in order to ensure proper control.

**2012-6 Finding:** The Town does not have any policies or procedures in place to account for Health Insurance Expenses in the Internal Service Fund. During our review of the Internal Service Fund, it was noted that General Fund contributions to the Internal Service Fund were not being recorded timely. As a result, at June 30, 2012 \$4.7M worth of General Fund contributions were needed to reconcile the Internal Service Fund, as well as to be recorded as expense on the General Fund. When we reviewed the Health Insurance expenses on the General Fund, the whole year of contributions were not recorded. Per our audit adjustment, all activity was properly recorded.

**TOWN OF WEST WARWICK**  
**Schedule of Findings and Questioned Costs**  
**For The Fiscal Year Ended June 30, 2012**

**Recommendation:** We suggest that a monthly review of the Internal Service Fund revenues and expenditures, as well as recording funding activity from the General Fund take place to ensure that all activity for both Funds are recorded timely. With this timely posting, budget to actual review for the General Fund is a more useful tool for management as all expenditures would then be recorded for review. This is the only expense for the General Fund that is not posted on a periodic basis.

**Response:** “Timely posting” may be able to be accomplished when a Finance Director is employed. Lack of control over how health care is negotiated and costed as a benefit and administered by the Town is evidence of the lack of staff training and capabilities existant in the Town currently.

**2012-7 Finding:** The Town does not have policies and procedures in place to properly maintain and account for capital assets. The Town has not performed a physical inventory of capital assets in many years. During our review of Fixed Assets for both Governmental and Enterprise Funds, it was noted that there are variances in the depreciation and asset values for both beginning and ending balances. When fixed assets were provided to us, many reconciling items were needed to tie out the beginning assets and depreciation and ending assets and depreciation. The Town did not identify any asset additions or retirements throughout the year, and as such, were late in providing any information to the auditors in regards to these assets. For the Enterprise Funds, asset impairments for the March Flood of 2010 were only identified through insurance reimbursements, and were never properly recorded on the Fixed Asset ledger. Only an ‘impairment’ account was created to account for the impairments.

**Recommendation:** We suggest that the town perform a complete review of all Town assets, including Enterprise Funds, to determine the status and value of all assets owned by the Town. We additionally suggest that an outside firm be contracted to do this, as historical information is not readily available from the Town to complete this process.

**Response:** This is a failing of the Town for many years.

The employment of a Finance Director may allow this issue to be addressed although the capabilities/ competence/ training of staff to address such a issue is problematic at this time- and it has been for many years.

An outside contract can only be viewed as a “band-aid” approach--- if no “historical information” is available to the Town to complete a process of determining the status and value of all assets owned by the Town, any such effort by an outside contractor would amount to searching for the same records that the town staff couldn’t find for this audit and/or creating a new listing at great expense: but this listing would be outdated within days of its completion: as competent staff with consistent direction is not in place to update and maintain such an audit/ list.

**2012-8 Finding:** The Town does not have any policies or procedures in place to properly account for General Fund Taxes receivable and Sewer Fund Usage receivable. During our review of the Trial Balance for the General Fund and Enterprise Funds, it was noted that there were many entries needed to reconcile Property Taxes receivable and Sewer use fees receivable to the General Ledger. The FY2013 Tax Levy was mistakenly recorded on the GF Trial Balance, and a net \$2.0M adjustment was needed to correctly record the FY2012 tax levy. FY2013 Sewer billings in the amount of \$5.8M were recorded in FY2012 as revenue and not as deferred. OPAL Sewer Use revenues were additionally recorded as only Usage, and not identified by other categories such as Assessment, Assessment Interest, and Industrial.

**Recommendation:** We suggest that a monthly or quarterly review take place to ensure that all items billed for Property Taxes and Sewer Use Fees are recorded in the proper period and to the proper categories.

**Response:** The operation of the Sewer Fund has numerous problems, including maintaining a current listing of assets, amounts of reserve balance and the understanding and funding of a viable Capital Improvement Program for the future, for example. These issues, along with those mentioned in the Audit, may possibly be handled by a Finance Director with competent capable and trained staff.

**TOWN OF WEST WARWICK**  
***Schedule of Findings and Questioned Costs***  
***For The Fiscal Year Ended June 30, 2012***

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

**2012-9 Finding:** The Town does not have any policies or procedures in place to identify Capital Assets purchased with Federal monies. During our Single audit, it was noted that assets purchased with Federal monies were not properly identified on a Federal asset schedule, and that a review and reconciliation of Federal assets had not taken place within the 2-year period required.

**Recommendation:** We suggest that a Federal asset list be maintained by the Town and School department to account for any federal asset with a value of greater than \$5,000, and bi-annual periodic reviews take place.

**Response:** A permanent Finance Director will maintain in a separate asset listing of all assets over the amount of \$5,000 purchased with federal grant funds.

**TOWN OF WEST WARWICK**  
***Schedule of Findings and Questioned Costs***  
***For The Fiscal Year Ended June 30, 2012***

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

**None Reported**

**TOWN OF WEST WARWICK**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For The Fiscal Year Ended June 30, 2012**

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

U.S.D.A. Contributions: The United States Department of Agriculture makes available commodities for donations to schools. The amount of \$285,025 represents the market value of such commodities used during the period.