

TOWN OF WEST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2012

Trust, Inc.) which provides coverage for property/liability claims and workers' compensation claims. Upon joining the Trust, the Town signed a participation agreement which 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 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 amounts to \$3,000,000 depending on the type of coverage provided. Settled claims resulting from these risks have not exceeded the Trust coverage in any of the past three fiscal years and the level and type of coverage has not changed in the past three years.

NOTE 11 – BUDGETARY AND LEGAL COMPLIANCE

Budgetary Data

The Town Council adopts an annual budget for the General Fund. The Town Council is authorized to transfer budgeted amounts within and among departments and to authorize emergency expenditures. Any revisions that alter total expenditures must be approved by the taxpayers by a vote at a Financial Town Meeting. Management cannot make any transfers without prior Council approval. The governing Council did not make any supplemental budgetary appropriations during the fiscal year. The budget for the General Fund is presented in the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual. All unused annual appropriations lapse at fiscal year end unless specifically approved for carryover to the following year by the taxpayers by a vote at a Financial Town Meeting. The Town does not budget for the combined Special Revenue Funds since budgetary control is maintained on an individual fund basis. Since grant periods may differ from the Town's fiscal year, and although most grants comprise an annual time period not all grants operate on a twelve month period, a comparison of budgetary information may not be meaningful and has not been presented in the accompanying financial statements.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of funds are recorded in order to preserve that portion of the applicable appropriation, is employed in the General Fund Budget. Open encumbrances are reported as reservations of fund balances. Encumbrances do not constitute expenditures or liabilities. There were no open encumbrances at June 30, 2012.

NOTE 12 – OTHER POST EMPLOYMENT BENEFIT OBLIGATIONS (OPEB)

In addition to pension benefits, the Town provides post employment benefits (health and dental insurance) to six employees who chose to exercise early retirement as of June 30, 2012. These benefits include health and dental insurance for the employee, and in some cases their spouse, and terminate when the employee reaches age 65. The Town pays between 80.00% and 91.50% of health insurance premiums and either 90.00% or 100.00% of dental insurance premiums. Annual premiums for each

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employee ranged from \$5,546 to \$12,765 for health insurance and \$468 to \$1,578 for dental insurance for the fiscal year ended June 30, 2012.

The cost of retirees' health and dental benefits is recognized as an expenditure as premiums are paid. For the fiscal year ended June 30, 2012, these costs were \$55,086. The projected future obligation of these benefits, assuming a 5% annual cost increase, is \$100,906 as of June 30, 2012, and is scheduled to terminate by fiscal year 2016.