

**TOWN OF
CHARLESTOWN, RHODE ISLAND**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE YEAR ENDED
JUNE 30, 2009**

Prepared by:

Patricia A. Anderson

Treasurer

TOWN OF CHARLESTOWN, RHODE ISLAND
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2009

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TOWN OF CHARLESTOWN

INTRODUCTORY SECTION

Patricia M. Anderson
Treasurer
PAnderson@CharlestownRI.org



TOWN OF CHARLESTOWN

4540 South County Trail
Charlestown
Rhode Island 02813
Phone (401) 364-1235
Fax (401) 364-1238

December 16, 2009

To the Honorable Town Council:

The Comprehensive Annual Financial Report of the Town of Charlestown is hereby submitted for the fiscal year ended June 30, 2009, in accordance with the Town Charter, Section C-72. Responsibility for the accuracy of data, and completeness of the presentation, including disclosures, rests with management. To the best of our knowledge, the information contained herein is accurate and representative of the financial position of the Town of Charlestown. It clearly reflects the operation of the Town as measured by the financial activity of its various funds.

This document provides a summary of related costs for providing services to its citizenry, as well as changes in fund balance and financial resources for the year ended June 30, 2009. The Comprehensive Annual Financial Report is a joint effort between Town Management and our auditing firm, Cayer Caccia, LLP Certified Public Accountants.

The Comprehensive Annual Financial Report is presented in three sections. The introductory section is not audited and includes this letter of transmittal; an organizational chart and a listing of the Town of Charlestown's principal elected and appointed officials. The financial section includes the Government-wide Financial Statements, the Statement of Net Assets, Statement of Activities, Business Activities statements and all required supplemental information including the Management Discussion and Analysis as required by Governmental Accounting Standards Board Statement No. 34.

A single audit section relating to federal financial assistance was not required for the 2009 fiscal year. In 1996, the US Office of Management and Budget issued Circular A-133 rescinding Circular A-128 as it related to Audits of State and Local Governments. The Single Audit applies in years that the Town of Charlestown expends \$500,000 or more in federal funds.

Copies of this report are on file in the Town Clerk's Office and the Cross Mills Public Library for public inspection. Individuals wishing to obtain a copy may do so by submitting a written request to the Treasurer's Office at 4540 South County Trail, Charlestown, Rhode Island 02813. This report is forwarded to the Rhode Island Auditor General's Office, as prescribed by state law, and to state, local and other miscellaneous agencies such as the Town's financial advisors.

In accordance with Federal Law and U.S. Department of Agriculture policy, this institution is prohibited from discrimination on the basis of race, color, national origin, sex, age or disability. (Not all prohibited bases apply to all programs.) To file a complaint of discrimination, write USDA Director, Office of Civil Rights, 1400 Independence Avenue SW, Washington, DC 20250-9410, or call 800.795.3272 (voice) or 202.720.6382 (TDD). This institution is an equal opportunity provider and employer.

Community Description

The Town of Charlestown, incorporated on August 22, 1738, is a seaside community located in the southwest portion of Rhode Island. It encompasses thirty-six square miles of land, six miles of inland water and approximately six miles of coastline along Block Island Sound. The Town is a physically diverse community with flourishing beach colonies, unique village centers, and large tracts of open space. The Town is a perennial vacation and tourist location offering exceptional swimming, camping and fishing opportunities. Consequently, between the months of May to September the Town's population swells to more than twenty thousand, including seasonal inhabitants.

Charlestown's year-round population, according to the year 2000 census, increased to 7,851 year-round residents. In 1970, year-round residents totaled 3,200, 1980 totaled 4,800, an increase of 1,600 residents. In 1990, the population of year-round residents had grown to 6,478, increasing another 1,678, or 35%. The 2000 census showed an increase of 21% to a total year-round resident count of 7,851. Furthermore, the 2000 census figures indicated that of the 7,851 residents, 2,066 are age fifty-five and older, accounting for 26% of total year-round residents. The senior population increased 41% over 1990's count of 1,462. From this an assumption may be made that sizable amounts of people choose Charlestown as a retirement location.

The Town of Charlestown has operated under a Council-Administrator government since November 1980. Pursuant to the Charter and subject only to the limitations imposed by the State Constitution, all powers of the Town, except those vested in the Financial Town Meeting, are vested in the Town Council, the governing body. The Town Council determines policies, enacts laws, and appoints the Town Administrator. The Town Administrator executes the laws, and controls the government under the authority of the Town Council. The Town Council consists of five members, elected at large. They serve a term of two years and thereafter until their successors are elected and qualified.

Major Initiatives

The government's staff and committees, following specific direction of the Governing Council and Administrator, were involved in a variety of projects throughout the year.

The Governing Council identifies needs to meet citizen's demands for services and to safeguard the environment with conformity to applicable local, state and federal law. Following is a list of undertakings initiated, or completed, during the 2008-2009 fiscal year:

During 2009, the Town continued its computerization of land evidence records as an on-going project. The Town is also digitizing plat maps to make them accessible electronically.

The Town continued to manage all of the Town facilities at the lowest possible cost to the taxpayers of Charlestown. The Town maintained sound capital investment in new equipment and improved Town facilities as allotted for within the 2009 budget.

On July 1, 2000 the town opened a newly constructed Residential Collection Center that replaced the previous Landfill Facility. The Town then initiated the capping and covering of the closed facility. In fiscal year 2001, \$435,000 was allocated for this closure from the unreserved General fund in lieu of bonding the project. At June 30, 2006, the capping of the landfill was at a standstill due to a problem found by RIDEM with the covering used to cap the landfill. The Town had entered into a Consent Agreement with RIDEM whereby the Town agreed to remove a portion of the initial covering and replace it with appropriate material. As of June 30, 2009, the Town had performed the proper remediation and was determined by RIDEM to be in compliance with its order. On June 20, 2008, the RIDEM issued a Release and Discharge of Violation to finalize the closure of the landfill.

The Town continued to maintain an excellent working relationship with all units representing employees within the structure of government for the Town. Bargaining agreements with two of the Town's unions and the professional management group expired as of June 30, 2008. Negotiations with the bargaining units are on going with the expired contracts remaining in full force and effect. The current police contract was re-negotiated and put into effect for July 1, 2006 through June 30, 2009.

The electors of the Town as well as the Rhode Island General Assembly have authorized the Town to issue not more than \$1,000,000 in bonds or other debt to finance Affordable Housing initiatives. The Town has also been authorized to issue not more than \$2,000,000 for the purchase of open space property.

Renovation of the historic sheep barn on the South Farm Property began in mid-June. The renovation included the addition of shutters and doors. The sheep barn is thought to have been built in the early 1800s. Funding for the project will be from Impact Fees and the Open Space Recreation bond.

Charlestown owes much of its identity to the unparalleled caliber of its recreational virtues. The Town boasts of a vast catalog of federal, state, local and non-profit facilities intended to both preserve and provide public access to open space.

The Town owns and operates two public beaches; a coastal seven acre driving range; a one-hundred and seventy-two acre multi-faceted park complete with professional bicycle course, walking trails, basketball and tennis courts, fresh and salt water access, softball and soccer fields, a playground and festival area. The festival area accommodates seasonal family-oriented activities. Other significant facilities include:

- a. US Fish & Wildlife Refuge Area
- b. Burlingame State Park
- c. Ninigret Conservation Area
- d. Quonochontaug Breachway
- e. Kimball Wildlife Refuge
- f. Wicklund and Columbia Parks
- g. Cross Mills Library
- h. School House Pond
- i. South Farm

Community Development

Charlestown is very mindful of its current physical and economic assets and recognizes that various outstanding needs must be met. Consequently, the Town attempts to address issues that it feels are vital to its future. The Town has a substantial investment in maintaining affordable housing in the community. Since 1996 Charlestown has been awarded more than \$1.3 million through the Community Development Block Grant Program (CDBG), a federally funded program. A portion of each of the grants, distributed through the Community Development Consortium of East Greenwich, is allocated to housing rehabilitation for low and moderate-income families. The Town continues to contract with the Consortium to handle all aspects of these grants, except the writing thereof.

Mr. Geoffrey Marchant, who heads the Consortium, is also in charge of the Shannock Village Revitalization project between the Towns of Charlestown and Richmond. This project has been awarded approximately \$1.2 million since 2000. Additionally, Mr. Marchant is coordinating the improvement and expansion of the Shannock Water District for Charlestown and Richmond. Mr. Marchant has also secured \$431,000 TEA-21 enhancement funding for the "Columbia Heights Housing & Streetscape Plan." Additional federal funds of approximately \$1.8 million were obtained for use by the Shannock Water District. Both of these projects are being worked on in conjunction with each other.

Financial Management

The Town's Management is responsible for maintaining and establishing internal controls designed to ensure that the government's assets are protected from loss or misuse and to provide financial accountability that conforms to accepted accounting principles. An internal control structure provides reasonable accountability for the everyday operation of the government and its various departments. Reasonable accountability recognizes that: (1) the cost of a control does not exceed the benefit; and (2) valuation of costs and benefits requires judgment on the part of management.

The Treasurer's department manages all funds for the Town of Charlestown. The General Fund, primarily funded with tax dollars and miscellaneous departmental revenues, includes the operation of all departments within the Town except for the two enterprise funds that are self-funded through an established fee structure. Financial statements are issued monthly to the governing Council and management and are on record in the Treasurer's office for public inspection. Cash and investments are monitored weekly and reported monthly. The unreserved, undesignated fund balance, which the Town has maintained over several years, enables a smooth transition from one fiscal year to another, as cash flow is maintained at a level sufficient for governmental operation before tax collections. The Town has many special revenue funds in which revenue deposited is restricted for particular expenditures.

Management also maintains extensive budgetary controls to ensure that the monies allocated through tax dollars are expended in the manner for which they were intended.

Risk Management

During 2009 the Town experienced minimal losses on insurance claims and anticipates a similar situation in 2010. The Town has taken steps to maintain adequate and cost effective insurance coverage for all related municipal services and facilities. Our insurance carrier reviews all Town facilities each year so that we minimize exposure to any risk of liability. In addition, the Town is subject to an annual review by the Occupational Safety and Health Administration (OSHA) to detect any existing or potential hazards to municipal employees or citizens while on Town property.

In July of 1991 the Town entered into an insurance contract with Rhode Island Interlocal Risk Management Trust for all of its insurance needs. The Trust is a member owned and operated insurance alternative; it has 58 member municipalities, schools, and public agencies. The Trust monitors and evaluates existing and developing risk exposure for all the municipalities it covers. Through the Trust, local governments jointly self-insure risks arising from worker's compensation and liability claims. The Town's member deductible per occurrence is \$2,500 except for Public Officials' Liability of \$5,000 per occurrence. Worker's compensation coverage has no deductible.

Independent Audit

State law requires an annual audit of Town finances by an independent certified public accountant. The accounting firm of Cayer Caccia, LLP was awarded the bid to conduct the Town's audit for the fiscal year ending June 30, 2009 with the option of auditing the financial statements for the two subsequent years in response to the Town's request for proposal issued in 2008.

Sincerely,



Patricia M. Anderson
Treasurer

MUNICIPAL OFFICERS

Town Council

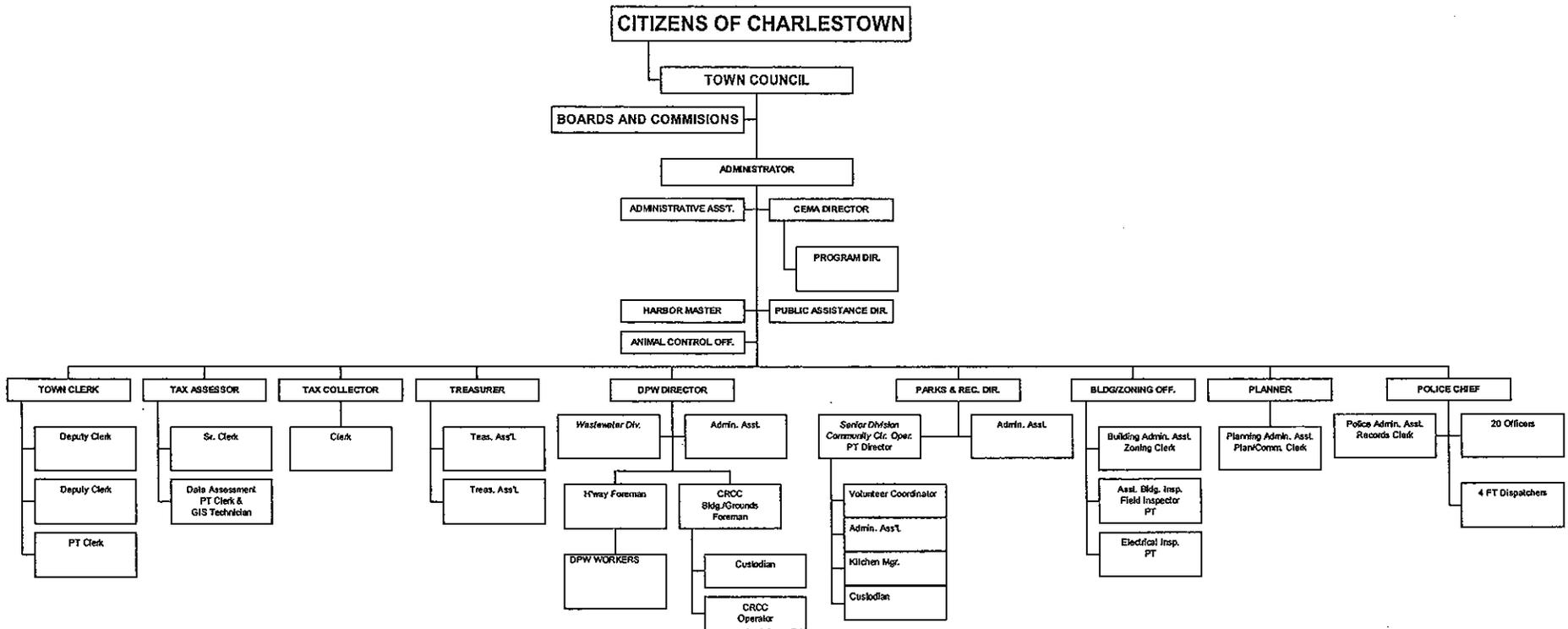
Marjorie Frank, President
Gregory J. Avedisian, Vice President
Charlene Q. Dunn
Richard H. Hosp
Forrester C. Safford

Town Officials

Town Administrator
Chief of Police
Town Clerk
Treasurer
Tax Assessor
Tax Collector
Building & Zoning Official
Public Works Director
Parks & Recreation Director
Town Planner
Animal Control Officer
Harbormaster
Town Solicitor
Probate Solicitor
Solicitor Indian Affairs
Emergency Management
Town Moderator
Sealer of Weights & Measures
Custodian of Cemeteries

William DiLibero
Jack Shippee
Jodi LaCroix, CMC
Patricia Anderson
Kenneth J. Swain
Jo-Anne Santos
John J. Matuza
Alan A. Arsenault
Lisa A. DiBello
Ashley Hahn-Morris
Kathy M. McA'Nulty
Michael Roy
Peter Ruggiero
Robert Craven
Joseph Larisa, Jr.
Kevin Gallup
Henry Walsh
Bernard Augustine
Francis Fenner

Town of Charlestown, RI



TOWN OF CHARLESTOWN

FINANCIAL SECTION



Gerard R. Cayer
CPA, MST, CVA

Mark V. Caccia
CPA, MST, CVA

Donna T. Caccia
CPA, MST, CFP™

INDEPENDENT AUDITOR'S REPORT

To the Honorable Town Council
Charlestown, 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 Charlestown, Rhode Island, as of and for the year ended June 30, 2009, 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 of Charlestown, Rhode Island's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Charlestown, Rhode Island, as of June 30, 2009, 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 our report dated December 16, 2009, on our consideration of the Town of Charlestown, Rhode Island's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis, historical pension and other post-employment benefit information, and budgetary comparison information on pages 3 through 16 and 59 through 67, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

December 16, 2009

Cayer Caccia, LLP

Town of Charlestown, Rhode Island

Management's Discussion and Analysis

The Town of Charlestown's Management Discussion and Analysis is designed to assist the reader in focusing on significant issues. It provides an overview of the Town's financial activity and changes in financial position for the current year only. This is the seventh year that the Town has presented its financial statements under the new reporting model required by the Governmental Accounting Standards Board (GASB) Statement Number 34. Since the Management Discussion and Analysis (M D & A) is designed to focus on the current year's activities, resulting changes and currently known facts it should be read in conjunction with the Transmittal Letter and the Financial Statements (beginning on page 17).

Highlights

Financial Highlights

The Town's net assets decreased by \$909,606 (or 4.0%). Governmental net assets decreased by \$899,677, (or 4.0%) while the business type activities net assets decreased by \$9,929 (or 3.0%). In 2008, governmental net assets increased by \$343,167 (or 1.5%) while the business-type activities net assets increased by \$20,434 (or 6.6%).

Governmental fund general revenues for the year ending June 30, 2009 totaled \$23,440,203 including charges for services at \$873,850, operating grants and contributions of \$2,067,857, capital grants and contributions of \$15,652 with the balance of revenue from property taxes, revenue sharing, and investment interest of \$20,482,844.

Business-type activities revenues for the year ending June 30, 2009 totaled \$227,910 including charges for services of \$201,271, investment income of \$1,639, and transfers of \$25,000.

Governmental fund expenditures and transfers for the fiscal year totaled \$24,339,880 and \$25,000, respectively. Business type activities expenses for the fiscal year totaled \$237,839.

On the GAAP basis, expenditures and other financing uses were \$23,346,099 for the general fund; \$497,056 for the major governmental funds; \$691,740 for the non-major governmental funds; and \$237,839 for business-type funds.

Town Highlights:

A Master Plan for Ninigret Park was prepared by a consultant and presented to the Town Council. The Treasurer's department continued to implement other components of the new accounting software system. The Department of Public Works completed work on the Old Coach Road Reconstruction Project and improvements to Buckeye Brook Road.

Use of the Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 17 through 19) provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements start on page 20. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside of the government.

The financial statement focus is on both the Town as a whole and its government-wide funds, as well as its business type activities. All these perspectives allow the user to address relevant questions, broaden the basis for comparison, and enhance the accountability.

Reporting the Town as a whole:

One of the most important questions asked about Town finances is "Is the Town as a whole better or worse financially as a result of this year's activities"? The Statement of Net Assets and Statement of Activities reports information in a way that gives the reader the answer to the above question. Statements include all assets and liabilities using the accrual method of accounting, similar to that of private business. All current revenues and expenses are taken into account regardless of when cash is received or paid.

Reporting the Town as a whole (Continued):

These two statements report the Town's net assets and changes therein. The Town's net assets are the difference between actual assets and liabilities against said assets. This measures the Town's financial health or financial position. Over time, increases or decreases in net assets is an indicator of whether the financial health of the Town is improving or declining. Other non-financial factors to consider are changes in the Town's property tax base and the condition of town roads and buildings when assessing the overall financial picture. In the Statement of Net Assets and Statement of Activities the Town is divided into two sections: Governmental and Business-type (Enterprise) activities.

Significant Funds

The analysis of the Town's most significant fund begins on page 20. The Fund Financial Statements provide detailed information on the general fund, not the Town as a whole. Some funds are required to be established by State law or by bond covenants. However, the Town Council mainly through the Financial Town Referendum establishes other funds to help control and manage money for a particular purpose or project. Individual funds track costs more closely than in the general everyday use of funds (i.e. road paving, engineering) or to show that all legal responsibilities for using certain grants, and other miscellaneous funds donated or sent to the Town through other sources than property taxes.

Proprietary funds are those that the Town charges its customers for a service it provides – such as the Collection Center where taxpayers deliver their rubbish and recyclables or Coastal Ponds for the registration and use of pond moorings for ocean front property owners. Proprietary funds are like little businesses and are accounted for individually in order to know whether the funding for the service is adequate for the service provided.

The Town may be a trustee for certain types of funds or a fiduciary for certain activities. The Town is responsible for ensuring that the assets reported in these funds are used for their intended purpose. At the present time the Town has only one fiduciary fund for unclaimed estates.

Town as a Whole

Analysis as a Whole

Included below is a condensed Statement of Net Assets for the Town. The condensed format allows the reader to view the overall financial position of the Town.

Governments Wide Statements

Statement of Net Assets As of June 30:

	Governmental		Business Type		Total Primary	
	Activities		Activities		Government	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Current and Other Assets	\$ 8,631,408	\$ 9,157,852	\$151,677	\$158,264	\$ 8,783,085	\$9,316,116
Capital Assets	23,296,126	23,898,080	200,366	212,085	23,496,492	24,110,165
Total Assets	31,927,534	33,055,932	352,043	370,349	32,279,577	33,426,281
Current Liabilities	1,959,996	2,245,919	14,826	16,914	1,974,822	2,262,833
Long Term Liabilities	8,223,058	8,165,856	18,319	24,608	8,241,377	8,190,464
Total Liabilities	10,183,054	10,411,775	33,145	41,522	10,216,199	10,453,297
Invested in Capital Assets						
Net of Related Debt	17,181,465	17,472,216	183,216	188,308	17,364,681	17,660,524
Restricted for Other Purpose	1,908,022	2,002,159	10,000	10,000	1,918,022	2,012,159
Unrestricted	2,654,993	3,169,782	125,682	130,519	2,780,675	3,300,301
Total Net Assets	\$21,744,480	\$22,644,157	\$318,898	\$328,827	\$22,063,378	\$22,972,984

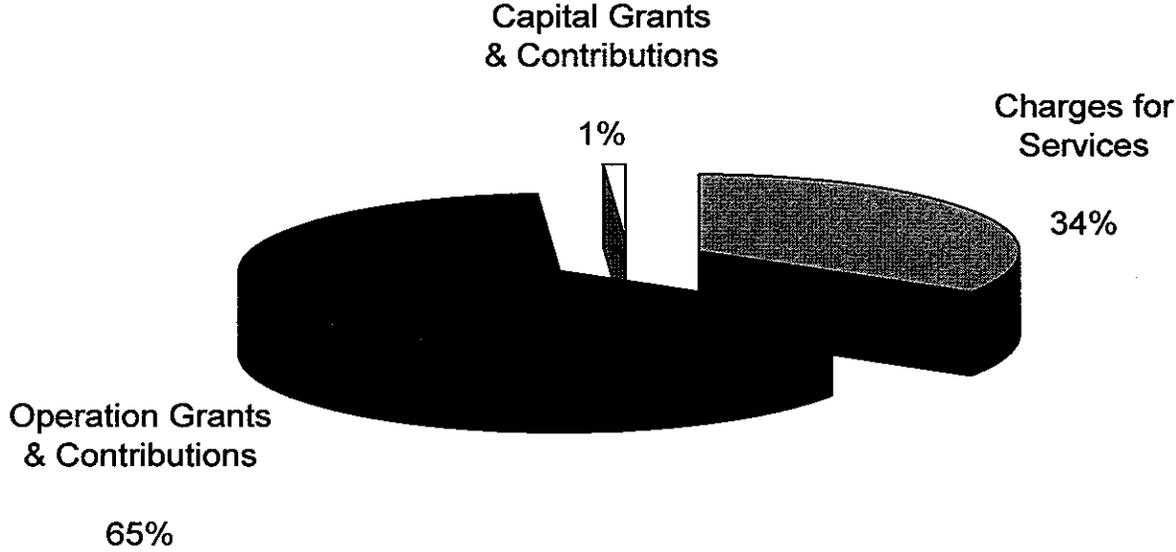
Net Assets equals Total Assets less Total Liabilities

**Changes in Net Assets
For fiscal Year Ended
June 30:**

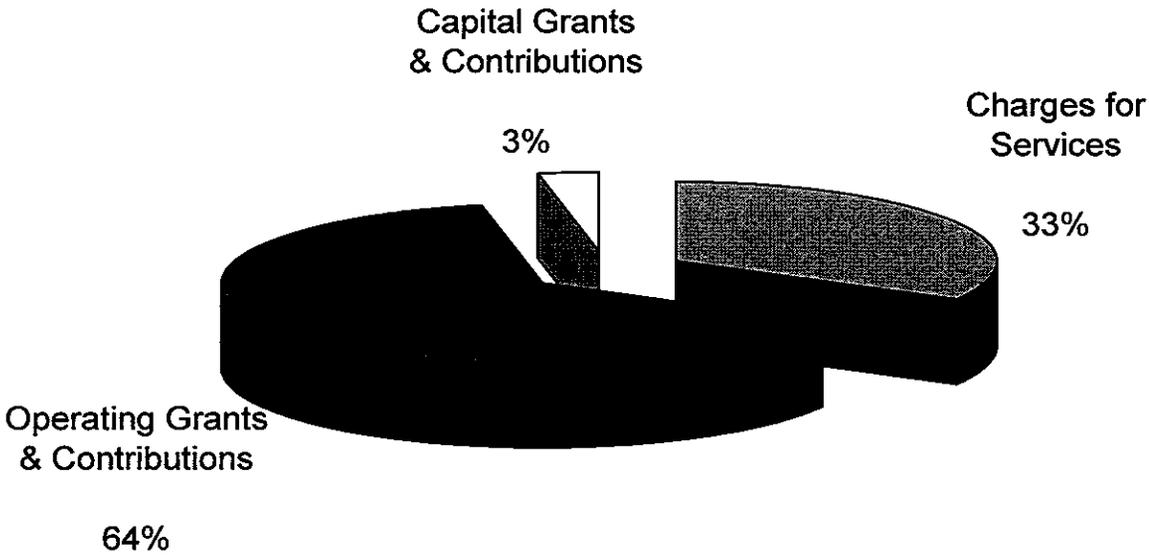
	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Revenue:						
Program Revenue:						
Charges for services	\$ 873,850	\$ 975,919	\$201,271	\$198,103	\$ 1,075,121	\$ 1,174,022
Operating Grants & Contributions	2,067,857	2,283,801			2,067,857	2,283,801
Capital Grants & contributions	15,652	105,500			15,652	105,500
Total Revenue	2,957,359	3,365,220	201,271	198,103	3,158,630	3,563,323
General Revenues:						
Property Taxes	20,246,598	19,399,179			20,246,598	19,399,179
State Revenue Sharing	156,748	345,546			156,748	345,546
Unrestricted Investment Earnings	79,498	281,538	1,639	5,592	81,137	287,130
Contributions not restricted to specific programs		533,809				533,809
Total General Revenues	20,482,844	20,560,072	1,639	5,592	20,484,483	20,565,664
Total Revenues	23,440,203	23,925,292	202,910	203,695	23,643,113	24,128,987
Expenses:						
General Government	1,542,964	1,445,507			1,542,964	1,445,507
Public Safety	2,227,137	2,478,120			2,227,137	2,478,120
Public Works	2,977,778	2,533,478			2,977,778	2,533,478
Education	13,947,768	13,653,253			13,947,768	13,653,253
Parks & Recreation	412,883	462,543			412,883	462,543
Public Health & Asst	425,063	409,719			425,063	409,719
Community Development	182,981	222,285			182,981	222,285
Other	2,377,469	2,089,096	237,839	243,261	2,615,308	2,332,357
Interest on Long Term Debt	220,837	228,124			220,837	228,124
Total Expenses	24,314,880	23,522,125	237,839	243,261	24,552,719	23,765,386
Excess (deficiency) of Revenues Over Expenditures Before Transfers	(874,677)	403,167	(34,929)	(39,566)	(909,606)	363,601
Transfers	(25,000)	(60,000)	25,000	60,000	0	0
Change in Net Assets	(899,677)	343,167	(9,929)	20,434	(909,606)	363,601
Net Assets Beginning	22,644,157	22,300,990	328,827	308,393	22,972,984	22,609,383
Net Assets Ending	\$21,744,480	\$22,644,157	\$318,898	\$328,827	\$22,063,378	\$22,972,984

This is the seventh year Charlestown is reporting fixed assets in its financials and infrastructure additions are included. Infrastructure, roads, culverts, bridges, etc. were inventoried, valued and reported in the financials for fiscal year fiscal year 2007. The following pie charts delineate the preceding chart by percentages. Sometimes it is easier to envision the totals when looking at it as pie slices.

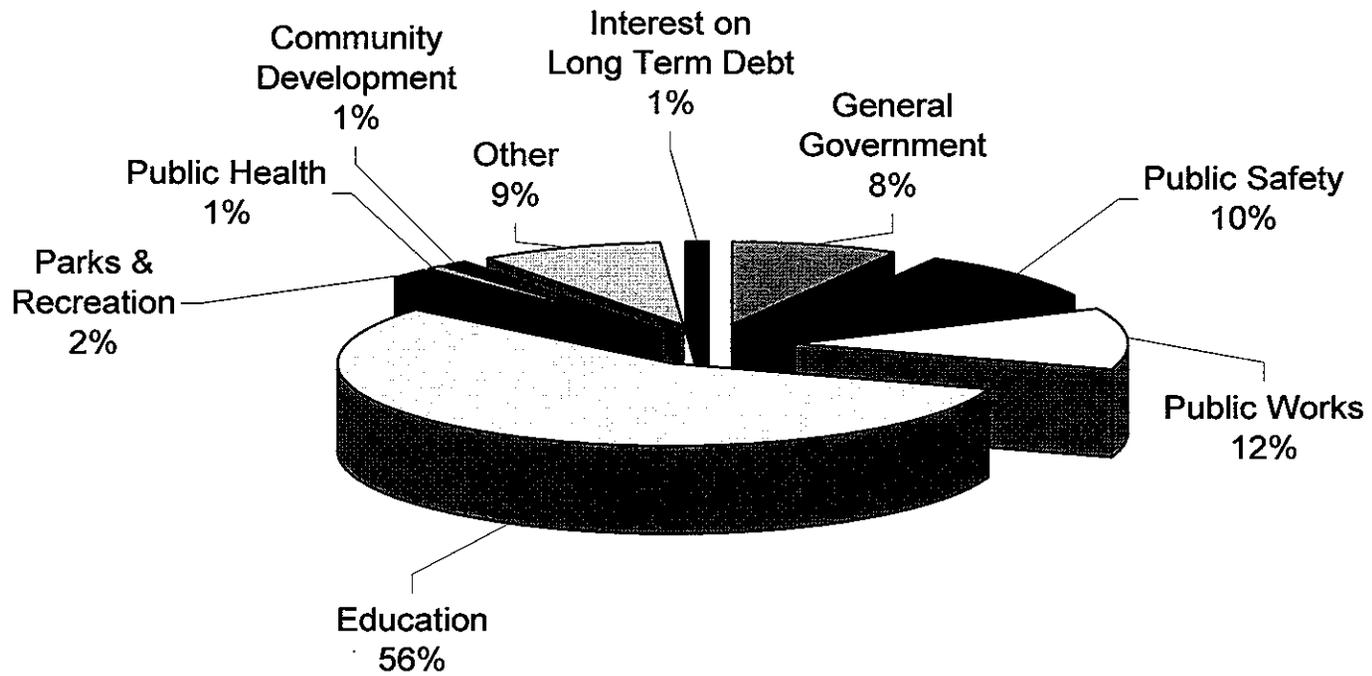
2009 Program Revenues



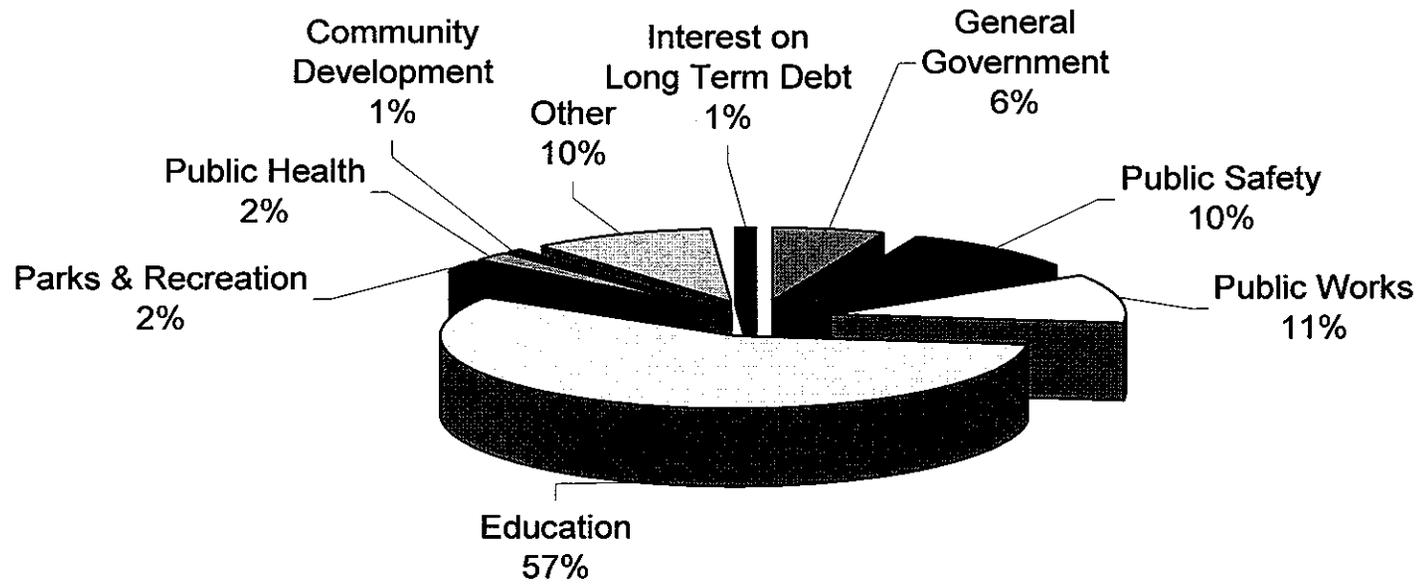
2008 Program Revenues



2009 Expenses



2008 Expenses



Normal Impacts:

There are six basic transactions that affect comparability of Net Assets.

1. Net results of activities – will increase or decrease current and unrestricted
2. Borrowing of Capital – increases current assets and long term debt
3. Spending Borrowed Proceeds on New Capital – reduces current assets and increases capital. Also, a second impact occurs – increase in invested capital assets and an increase in related net debt – note the investment in capital assets will not change the capital asset net of debt.
4. Spending of non-borrowed Current Assets on New Capital – will (a) reduce current assets and increase capital assets and (b) reduce unrestricted net assets and increase invested in capital assets, net of debt.
5. Principal Payment on Debt – a) reduce current assets and long-term debt and (b) reduce unrestricted assets and increase invested capital assets, net of debt.
6. Reduction of Assets through Depreciation – reduces capital assets and invested in capital assets, net of debt.

Changes in net assets of the Town's activities as a whole (includes governmental and business activities) was \$(909,606) and \$363,601 for fiscal year 2009 and 2008, respectively, resulting from the difference between expenses and revenues. For fiscal year 2009, expenses net of their pertinent revenues were \$21,394,089, while revenue not attributed to any activity in the government were \$20,484,483, therefore netting a decrease of \$909,606 in net assets. For fiscal year 2008, expenses net of their pertinent revenues was \$20,202,063, while revenues not attributed to any activity in the government were \$20,565,664, therefore netting an increase of \$363,601 in net assets.

Business type Activities:

The change in net assets for the business type activities for fiscal year 2009 and 2008 was \$(9,929) and \$20,434, respectively.

Town's Funds:

General Fund & Other Governmental funds:

At the end of June 2009, the general fund balance sheet showed a fund balance of \$6,289,796. This figure results from all assets allocated to the fund less its liabilities, as presented on page 20. Of this total, \$99,423 was reserved for encumbrances, prepaids, and other. The Town was also required to show any other major funds which are determined by criteria listed by the GASB. The other major funds of the Town for fiscal year 2009 were the Buckeye Brook Road and the Buckeye Brook Road Phase II projects. At the end of June 2009, the Buckeye Brook Road Fund showed a fund deficit of \$(576,208). Buckeye Brook Road Phase II showed a deficit of \$(650,849). Other governmental funds had a fund balance of \$1,613,401. The total fund balance for the aforementioned funds is \$6,676,140. See Schedule B-1.

At the end of June 2008, the general fund balance sheet showed a fund balance of \$6,211,233. This figure results from all assets allocated to this fund less its liabilities. Of this total, \$957,845 was reserved for encumbrances, prepaids, and other. The other major fund of the Town for fiscal year 2008 was the Buckeye Brook Road project. At the end of June 2008, the Buckeye Brook Road Fund showed a fund deficit of \$(576,208). Other governmental funds had a fund balance of \$1,540,788. The total fund balance for the aforementioned funds is \$7,175,813.

Business type Activity:

The business type activities for the Town are the Collection Center and the Coastal Pond Management. These two entities combined had total net assets of \$318,898 at June 30, 2009, of which \$183,216 is invested in capital assets, net of related debt, \$10,000 is restricted and \$125,682 is unrestricted. At June 30, 2008, these two entities combined had total net assets of \$328,827 of which \$188,308 was invested in capital assets, net of related debt \$10,000 was restricted and \$130,519 was unrestricted.

Required Supplemental Information

In addition to this MD&A and the basic financial statements, this report also presents certain Required Supplemental Information. For the Town of Charlestown, this Required Supplemental Information includes the Budgetary Comparison Schedule for the General Fund that can be found on "Schedule E-2" on page 61. The presentation under GASB 34 requires disclosure of both the original and final budget. The original budget is the first complete appropriated budget. The final budget is the original budget adjusted by all reserves, transfers, allocations, supplemental appropriations and other legally authorized legislative and executive changes applicable to the fiscal year.

Analysis of Significant Budget Variations in the General Fund

For the year ended June 30, 2009, the general fund revenues exceeded budget projections by \$48,142 or 0.2%. The general fund expenditures were less than the budget by \$477,376 or 2.0%. This resulted in a \$525,518 budgetary surplus in the General Fund for the year ending June 30, 2009.

The most significant revenue variance was the loss of General Revenue Sharing in the amount of \$195,746. The most significant expense variance was a saving of \$198,764 for Employee Insurance and Benefits.

For the year ended June 30, 2008, the general fund revenues exceeded budget projections by \$286,512 or 1.3%. The general fund expenditures were more than the budget by \$15,555 or .07%. This resulted in a \$270,957 budgetary surplus in the General Fund for the year ending June 30, 2008.

There were no significant revenue or expenditure variances for the year ended June 30, 2008.

Capital Assets and Long-Term Debt

Capital Assets

The Town of Charlestown's investment in capital assets for its governmental and business type activities as of June 30, 2009 and 2008 amounted to \$23.5 and \$24.1 million, respectively (net of accumulated depreciation). This investment in capital assets includes construction-in-progress, land, buildings and improvements, motor vehicles, equipment and infrastructure.

The presentation below for the current fiscal year lists the major categories of capital assets for governmental activities and business-type activities. Infrastructure assets, assets that are long-lived and can be preserved for a significantly greater number of years than most capital assets and that normally are stationary in nature such as streets, sidewalks and curbing are subject to different rules under the standards established by GASB 34. For the fiscal year ended June 30, 2003, the Town was required to report all activity relating to infrastructure assets that occurred in that fiscal year. Retroactive reporting of all other infrastructure assets was required for the current fiscal year.

Capital Assets at June 30:
(In Millions)

	Governmental Activities		Business-Type Activities		Totals	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Motor Vehicles	\$ 2.9	\$ 2.7			\$ 2.9	\$ 2.7
Equipment	0.9	0.9	\$0.4	\$0.4	1.3	1.3
Infrastructure	42.9	42.2			42.9	42.2
Buildings and Improvements	7.0	6.8			7.0	6.8
Land and Land Improvements	7.2	7.2	0.1	0.1	7.3	7.3
Construction-in-progress	.1	.2			.1	.2
Total Assets	61.0	60.0	0.5	0.5	61.5	60.5
Less: Accumulated Depreciation	(37.7)	(36.1)	(0.3)	(0.3)	(38.0)	(36.4)
Net Capital Assets	\$23.3	\$23.9	\$0.2	\$0.2	\$23.5	\$24.1

The Town's investment in capital assets for its governmental and business type activities as of June 30, 2009 was \$61.5 million less accumulated depreciation of \$38.0 million for a net investment in capital assets of \$23.5 million.

The Town's investment in capital assets for its governmental and business type activities as of June 30, 2008 was \$60.5 million less accumulated depreciation of \$36.4 million for a net investment in capital assets of \$24.1 million.

Major capital asset additions during the current fiscal year included the following:

- \$676,000 for Infrastructure
- \$50,000 for Public Safety vehicles
- \$297,000 for Public Works vehicles
- \$516,000 for construction in progress
- \$143,000 for buildings and grounds

Additional information on the Town's capital assets can be found on Note 12 on pages 51 through 52 of this report.

Long Term Debt

As of June 30, 2009, the Town had total long-term liabilities of \$8.9 million. Of that, \$5.5 million related to bonded debt guaranteed by the Town's assets, \$2.1 related to landfill monitoring costs; \$0.7 million related to compensated absences; and \$0.6 million related to leases payable.

As of June 30, 2008, the Town had total long-term liabilities of \$8.8 million. Of that, \$5.8 million related to bonded debt guaranteed by the Town's assets, \$1.7 related to landfill monitoring costs; \$0.7 million related to compensated absences; and \$0.6 million related to leases payable.

The business-type activities had long-term liabilities of \$24,791 at June 30, 2009. Of that, \$17,150 related to leases payable and \$7,641 related to compensated absences.

The business-type activities had long-term liabilities of \$31,234 at June 30, 2008. Of that, \$23,777 related to leases payable and \$7,457 related to compensated absences.

The Town's bond ratings are as follows:

- Moody's: A1

TOWN OF CHARLESTOWN, RHODE ISLANDSTATEMENT OF NET ASSETS
JUNE 30, 2009

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ 6,505,507	\$ 262,306	\$ 6,767,813
Restricted cash and cash equivalents		15,820	15,820
Investments	500		500
Receivables:			
Taxes, net	680,736		680,736
Other receivables	13,588	6,125	19,713
Internal balances	132,574	(132,574)	
Due from other governments	904,925		904,925
Tax sale property	85,093		85,093
Total current assets	8,322,923	151,677	8,474,600
Noncurrent assets:			
Capital assets:			
Non-depreciable	7,287,226	99,500	7,386,726
Depreciable, net	16,008,900	100,866	16,109,766
Bond issuance costs	56,703		56,703
Net other post-employment benefit asset	251,782		251,782
Total noncurrent assets	23,604,611	200,366	23,804,977
TOTAL ASSETS	31,927,534	352,043	32,279,577
LIABILITIES:			
Current liabilities:			
Accounts payable	86,791	8,354	95,145
Accrued interest	177,259		177,259
Retainage payable	5,166		5,166
Due to other governments	11,466		11,466
Current portion of long-term debt	726,509	6,472	732,981
Unearned revenue	867,450		867,450
Other liabilities	85,355		85,355
Total current liabilities	1,959,996	14,826	1,974,822
Noncurrent liabilities:			
Long-term debt, net	8,223,058	18,319	8,241,377
Total noncurrent liabilities	8,223,058	18,319	8,241,377
TOTAL LIABILITIES	10,183,054	33,145	10,216,199

(CONTINUED)

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF CHARLESTOWN, RHODE ISLANDSTATEMENT OF NET ASSETS
JUNE 30, 2009

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
NET ASSETS:			
Invested in capital assets, net of related debt	17,181,465	183,216	17,364,681
Restricted for:			
Capital projects	544,986		544,986
Specific projects and programs	1,363,036	10,000	1,373,036
Unrestricted	2,654,993	125,682	2,780,675
TOTAL NET ASSETS	\$ 21,744,480	\$ 318,898	\$ 22,063,378

(CONCLUDED)

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF CHARLESTOWN, RHODE ISLAND

**STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2009**

<i>Functions/Programs:</i>	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 1,542,964	\$ 475,568	\$ 205,803		\$ (861,593)		\$ (861,593)
Public safety	2,227,137	64,416	15,336	\$ 15,652	(2,131,733)		(2,131,733)
Public works	2,977,778		8,009		(2,969,769)		(2,969,769)
Education	13,947,768		1,631,916		(12,315,852)		(12,315,852)
Parks and recreation	412,883	333,866	23,812		(55,205)		(55,205)
Public health and assistance	425,063				(425,063)		(425,063)
Community development	182,981		182,981		0		0
Other	2,377,469				(2,377,469)		(2,377,469)
Interest on long-term debt	220,837				(220,837)		(220,837)
Total governmental activities	24,314,880	873,850	2,067,857	15,652	(21,357,521)		(21,357,521)
Business-type activities:							
Residential Collection Center	198,554	159,311				\$ (39,243)	(39,243)
Coastal Pond Management	39,285	41,960				2,675	2,675
Total business-type activities	237,839	201,271	0	0	0	(36,568)	(36,568)
Total	\$ 24,552,719	\$ 1,075,121	\$ 2,067,857	\$ 15,652	(21,357,521)	(36,568)	(21,394,089)
General revenues:							
Property taxes					20,246,598		20,246,598
State revenue sharing					156,748		156,748
Unrestricted investment earnings					79,498	1,639	81,137
Transfers					(25,000)	25,000	
Total general revenues and transfers					20,457,844	26,639	20,484,483
Change in net assets					(899,677)	(9,929)	(909,606)
Net Assets - beginning					22,644,157	328,827	22,972,984
Net Assets - ending					\$ 21,744,480	\$ 318,898	\$ 22,063,378

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF CHARLESTOWN, RHODE ISLAND

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009

	General Fund	Buckeye Brook Road	Buckeye Brook Road Phase #2	Other Governmental Funds	Total Governmental Funds
ASSETS:					
Cash and cash equivalents	\$ 5,727,682			\$ 777,825	\$ 6,505,507
Investments				500	500
Receivables:					
Taxes, net	680,736				680,736
Other	12,696			892	13,588
Due from:					
Other funds	1,695,231			1,273,928	2,969,159
Other governments	77,096			827,829	904,925
Tax sale property	85,093				85,093
TOTAL ASSETS	\$ 8,278,534	\$ 0	\$ 0	\$ 2,880,974	\$ 11,159,508
LIABILITIES AND FUND BALANCE:					
LIABILITIES:					
Accounts payable	\$ 86,718			\$ 73	\$ 86,791
Retainage payable				5,166	5,166
Due to:					
Other funds	1,207,925	\$ 576,208	\$ 650,849	401,603	2,836,585
Other governments	11,466				11,466
Deferred revenues	610,319			847,686	1,458,005
Other liabilities	72,310			13,045	85,355
TOTAL LIABILITIES	1,988,738	576,208	650,849	1,267,573	4,483,368

(CONTINUED)

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF CHARLESTOWN, RHODE ISLAND

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009

	General Fund	Buckeye Brook Road	Buckeye Brook Road Phase #2	Other Governmental Funds	Total Governmental Funds
FUND BALANCE:					
Reserved for tax sale property	85,093				85,093
Reserved for perpetual care				1,510	1,510
Reserved for encumbrances	5,679			27,871	33,550
Reserved for amounts not due within one year	8,651				8,651
Unreserved: designated for subsequent years	340,618				340,618
Unreserved, reported in:					
General fund	5,849,755				5,849,755
Special revenue funds				1,347,500	1,347,500
Capital project funds		(576,208)	(650,849)	235,628	(991,429)
Debt service funds				892	892
TOTAL FUND BALANCE (DEFICIT)	6,289,796	(576,208)	(650,849)	1,613,401	6,676,140
TOTAL LIABILITIES AND FUND BALANCE	\$ 8,278,534	\$ 0	\$ 0	\$ 2,880,974	\$ 11,159,508

(CONCLUDED)

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF CHARLESTOWN, RHODE ISLAND

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET (B-1)
TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS (A-1)
JUNE 30, 2009**

Amounts reported for governmental activities in the Statement of Net Assets differ because:

Total Fund Balance (B-1)	\$ 6,676,140
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	23,296,126
Net other post-employment benefit (OPEB) asset is not reported in the governmental funds. This amount represents accumulated plan contributions in excess of annual OPEB costs.	251,782
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(8,949,567)
Deferred revenues (net of an allowance for uncollectibles) are recorded in the funds, but are not deferred under the measurement focus employed in the Statement of Net Assets.	590,555
Accrued interest payable is recorded in governmental activities, but is not recorded in the funds.	(177,259)
Bond issuance costs are reported as expenditures in the Governmental Funds financial statements. The cost and related accumulated amortization is reflected as an other asset on the government-wide financial statements.	<u>56,703</u>
Total Net Assets (A-1)	<u><u>\$ 21,744,480</u></u>

(CONCLUDED)

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF CHARLESTOWN, RHODE ISLAND

**STATEMENT OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES),
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2009**

	<u>General Fund</u>	<u>Buckeye Brook Road</u>	<u>Buckeye Brook Road Phase #2</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES:					
General property taxes	\$ 19,710,359				\$ 19,710,359
Intergovernmental	2,537,483			\$ 224,105	2,761,588
Departmental	809,492				809,492
Investment income	70,401			9,097	79,498
Other				65,358	65,358
TOTAL REVENUES	<u>23,127,735</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>298,560</u>	<u>23,426,295</u>
EXPENDITURES:					
Current:					
General government	1,196,023			159,497	1,355,520
Public safety	2,134,782			23,764	2,158,546
Public works	1,215,433			8,648	1,224,081
Education	13,925,768				13,925,768
Parks and recreation	387,722			8,370	396,092
Public health and assistance	425,063				425,063
Community development				182,981	182,981
Other	2,377,469				2,377,469
Debt Service:					
Principal	346,844			5,191	352,035
Interest and other costs	464,271			2,009	466,280
Capital:					
Capital outlay	441,731		497,056	184,800	1,123,587
TOTAL EXPENDITURES	<u>22,915,106</u>	<u>0</u>	<u>497,056</u>	<u>575,260</u>	<u>23,987,422</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	<u>212,629</u>	<u>0</u>	<u>(497,056)</u>	<u>(276,700)</u>	<u>(561,127)</u>

(CONTINUED)

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF CHARLESTOWN, RHODE ISLAND

**STATEMENT OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES),
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2009**

	General Fund	Buckeye Brook Road	Buckeye Brook Road Phase #2	Other Governmental Funds	Total Governmental Funds
OTHER FINANCING SOURCES (USES):					
Transfers in	11,953			312,000	323,953
Transfers out	(337,000)			(116,480)	(453,480)
Proceeds from capital leases	284,974				284,974
Landfill monitoring	(93,993)				(93,993)
NET OTHER FINANCING SOURCES (USES)	<u>(134,066)</u>	0	0	195,520	61,454
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	78,563	0	(497,056)	(81,180)	(499,673)
FUND BALANCE AT BEGINNING OF YEAR	<u>6,211,233</u>	<u>(576,208)</u>	<u>(153,793)</u>	<u>1,694,581</u>	<u>7,175,813</u>
FUND BALANCE (DEFICIT) AT END OF YEAR	<u>\$ 6,289,796</u>	<u>\$ (576,208)</u>	<u>\$ (650,849)</u>	<u>\$ 1,613,401</u>	<u>\$ 6,676,140</u>

(CONCLUDED)

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF CHARLESTOWN, RHODE ISLAND

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, OTHER FINANCING SOURCES (USES) AND CHANGES IN FUND BALANCE (B-2)
TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES (A-2)
YEAR ENDED JUNE 30, 2009**

Net Change in Fund Balances - Total Governmental Funds (B-2):	\$ (499,673)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	(601,954)
The governmental funds report OPEB contributions as expenditures when paid. However, in the statement of activities, differences between OPEB plan contributions and OPEB costs for the year are reported as an OPEB asset.	251,782
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences.	(65,041)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in governmental funds.	13,908
Adjustment to accrued interest payable related to long-term liabilities which is required to be recorded for government-wide financial statement presentation.	8,359
Bond issuance costs are reported as expenditures in the Governmental Funds financial statements. The cost and related accumulated amortization is reflected as an other asset on the Government-wide financial statements.	<u>(7,058)</u>
Change in Net Assets of Governmental Activities in the Statement of Activities (A-2)	<u><u>\$ (899,677)</u></u>

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF CHARLESTOWN, RHODE ISLAND

**STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 JUNE 30, 2009**

	Residential Collection Center	Coastal Pond Management	Totals
ASSETS:			
Current Assets:			
Cash and cash equivalents	\$ 148,813	\$ 113,493	\$ 262,306
Restricted cash and cash equivalents		15,820	15,820
Receivables, net	6,125		6,125
Total Current Assets	154,938	129,313	284,251
Noncurrent Assets:			
Net capital assets	198,922	1,444	200,366
Total Noncurrent Assets	198,922	1,444	200,366
TOTAL ASSETS	353,860	130,757	484,617
LIABILITIES:			
Current Liabilities:			
Accounts payable	7,401	953	8,354
Due to other funds	86,647	45,927	132,574
Capital leases payable	6,472		6,472
Total Current Liabilities	100,520	46,880	147,400
Noncurrent Liabilities:			
Capital leases payable, net	10,678		10,678
Accrued compensated absences	7,641		7,641
Total Noncurrent Liabilities	18,319	0	18,319
TOTAL LIABILITIES	118,839	46,880	165,719
NET ASSETS:			
Invested in capital assets, net of related debt	181,772	1,444	183,216
Restricted for endowment		10,000	10,000
Unrestricted	53,249	72,433	125,682
TOTAL NET ASSETS	\$ 235,021	\$ 83,877	\$ 318,898

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF CHARLESTOWN, RHODE ISLAND

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2009**

	Residential Collection Center	Coastal Pond Management	Totals
OPERATING REVENUES:			
Charges for usage and service	\$ 159,311	\$ 41,960	\$ 201,271
Total Operating Revenues	<u>159,311</u>	<u>41,960</u>	<u>201,271</u>
OPERATING EXPENSES:			
Operations	90,127	6,774	96,901
Personnel	93,525	31,548	125,073
Depreciation	14,902	963	15,865
Total Operating Expenses	<u>198,554</u>	<u>39,285</u>	<u>237,839</u>
OPERATING INCOME (LOSS)	<u>(39,243)</u>	<u>2,675</u>	<u>(36,568)</u>
NONOPERATING REVENUES:			
Investment income	815	824	1,639
Total Nonoperating Revenues	<u>815</u>	<u>824</u>	<u>1,639</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(38,428)</u>	<u>3,499</u>	<u>(34,929)</u>
TRANSFERS IN	<u>25,000</u>	<u>0</u>	<u>25,000</u>
CHANGE IN NET ASSETS	<u>(13,428)</u>	<u>3,499</u>	<u>(9,929)</u>
TOTAL NET ASSETS - BEGINNING	<u>248,449</u>	<u>80,378</u>	<u>328,827</u>
TOTAL NET ASSETS - ENDING	<u>\$ 235,021</u>	<u>\$ 83,877</u>	<u>\$ 318,898</u>

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF CHARLESTOWN, RHODE ISLAND

**STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2009**

	Residential Collection Center	Coastal Pond Management	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 157,561	\$ 41,960	\$ 199,521
Cash paid to suppliers	(93,014)	(5,821)	(98,835)
Cash paid to employees	(93,341)	(31,548)	(124,889)
Net cash provided by (used for) operating activities	(28,794)	4,591	(24,203)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers from General Fund	25,000		25,000
Increase in due to other funds	68,543	31,991	100,534
Net cash provided by noncapital financing activities	93,543	31,991	125,534
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of capital assets	(4,146)		(4,146)
Principal payment on capital lease payable	(6,627)		(6,627)
Net cash used for capital and related financing activities	(10,773)	0	(10,773)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest on investments	815	824	1,639
Net cash provided by investing activities	815	824	1,639
NET INCREASE IN CASH AND CASH EQUIVALENTS	54,791	37,406	92,197
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	94,022	91,907	185,929
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 148,813	\$ 129,313	\$ 278,126
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (39,243)	\$ 2,675	\$ (36,568)
Adjustments to reconcile:			
Depreciation	14,902	963	15,865
Increase in receivables, net	(1,750)		(1,750)
Increase (decrease) in accounts payable	(2,887)	953	(1,934)
Increase in accrued compensated absences	184		184
Net cash provided by (used for) operating activities	\$ (28,794)	\$ 4,591	\$ (24,203)

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF CHARLESTOWN, RHODE ISLAND

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2009

	Other Post-Employment Benefit Trust Fund	Agency Funds Unclaimed Estates
ASSETS:		
Cash and cash equivalents	\$ 501,724	\$ 9
Total assets	<u>501,724</u>	<u>9</u>
LIABILITIES:		
Deposits held in custody for others		9
Total liabilities	<u>0</u>	<u>\$ 9</u>
NET ASSETS:		
Held in trust for other post-employment benefits	<u>\$ 501,724</u>	

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF CHARLESTOWN, RHODE ISLAND

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 YEAR ENDED JUNE 30, 2009

	<u>Other Post-Employment Benefit Trust Fund</u>
ADDITIONS:	
Contributions:	
Employer contributions	\$ 395,000
Transfer from special revenue fund	104,527
Total contributions	<u>499,527</u>
Investment income:	
Interest and dividends	2,197
Total investment income	<u>2,197</u>
Total additions	<u>501,724</u>
DEDUCTIONS:	
Benefits	0
Administrative expenses	0
Total deductions	<u>0</u>
CHANGE IN NET ASSETS	501,724
NET ASSETS - BEGINNING	0
NET ASSETS - ENDING	<u>\$ 501,724</u>

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF CHARLESTOWN

BASIC
FINANCIAL STATEMENTS

TOWN OF CHARLESTOWN, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009**

1. REPORTING ENTITY

In accordance with the requirements of Statement No. 14 of the Governmental Accounting Standards Board, *The Financial Reporting Entity*, the accompanying basic financial statements present the Town of Charlestown (the primary government).

The Town complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide Statement of Net Assets and Statement of Activities, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. Proprietary funds also apply the same principles. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

Primary Government

The Town is a municipal corporation governed by a Council/Town Administrator form of government with a five-member Town Council headed by a Council President. The Town provides the following services as authorized by its charter: public safety, highway and streets, sanitation, health and social services, culture-recreation, public improvements, planning, zoning and inspection, and general administrative services.

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 and all of its component units. GASB Statement No. 14 defines component units as 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 were not included.

Potential component unit:

- * **Chariho Regional School District.** Education services are provided to the Town by the Chariho School District. The District serves the Towns of Charlestown, Richmond and Hopkinton, and is a separate legal entity from its member Towns with no financial interdependency. The District has a separately elected governing authority, and a separate designation of management. In addition, the Town has no ability to significantly influence operations and no accountability over fiscal matters of the School District. As a result, the Town has no oversight responsibilities and the School District's separate financial statements are not included herein.

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009**

1. REPORTING ENTITY (Continued)

For the purpose of these financial statements, the financial reporting entity includes only the Town of Charlestown, Rhode Island. No other organizations satisfy the criteria necessary to be categorized as component units under the requirements of GASB Statement No. 14. The potential component unit discussed above has not been included within the Town's reporting entity due to the Town's lack of financial accountability and ability to significantly influence the operations of the Charho Regional School District.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Recently Issued Accounting Standards

The Town implemented the following pronouncements for the year ended June 30, 2009:

- GASB Statement No. 49 – Accounting and Financial Reporting for Pollution Remediation Obligations.
- GASB Statement No. 55 - The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.
- GASB Statement No. 56 - Codification of Accounting and Financial Reporting Guidance Contained in AICPA Statements on Auditing Standards.

The adoption of these pronouncements did not have an effect on the Town's financial statements.

The Town also implemented GASB Statement No. 45, "*Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions*" for the year ended June 30, 2009. This pronouncement requires the Town to calculate and recognize a net other post-employment benefit obligation (NOPEBO) at June 30, 2009. The NOPEBO is, in general, the cumulative difference between the actuarial required contribution and the actual contributions since July 1, 2008.

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

- GASB Statement No. 51 - Accounting and Reporting for Intangible Assets, effective for the Town's fiscal year ending June 30, 2010.
- GASB Statement No. 54 - Fund Balance Reporting and Governmental Fund Type Definitions, effective for the Town's fiscal year ending June 30, 2011.

Management is in the process of determining the impact of these pronouncements on the Town's financial statements.

Basis of Presentation

Government-Wide Financial Statements

The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds and component units that are fiduciary in nature. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, receivables and payables.

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, liabilities, fund equity, revenues, and 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 for all funds of that category or type and
- b) Total assets, liabilities, revenues, or expenditures/expenses of the individual, governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

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

Special Revenue Funds

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

Capital Project Funds

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

Debt Service Funds

Accounts for servicing of general long-term debt not being financed by proprietary funds.

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds (Continued)

Permanent Funds

Permanent Funds are used to account for assets held by the Town pursuant to a trust agreement. The principal portion of these funds must remain intact, but the earnings may be used to achieve the objectives of the fund.

Proprietary Funds

Proprietary funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. Operating revenues of the Proprietary Funds consist of customer/taxpayer charges for uses and services and certain other miscellaneous revenues. All other revenues of the Proprietary Funds are considered non-operating sources of revenue.

Fiduciary Funds (Not included in government-wide statements)

Other Post-Employment Benefit Trust Funds

Other post-employment benefit trust funds are used to account for resources legally held in trust for the payment of benefits other than pensions. The Post-Employment Benefit Trust Fund accumulates resources for future retiree health benefits for eligible retirees.

Agency Funds

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

- Unclaimed Estates: accounts for monies collected from probated estates held on behalf of heirs.

Major and Non-Major Funds

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

<u>Fund</u>	<u>Brief Description</u>
<i>Major:</i>	
General:	See above for description
Capital Projects:	Buckeye Brook Road: accounts for the funds needed to complete the road reconstruction project over and above the amount approved by referendum in fiscal year 2005. Buckeye Brook Road Phase #2: accounts for the funds needed to reconstruct the remaining portion of Buckeye Brook Road (from the end of the 2006 reconstruction to Shumankanunc Hill Road), as approved at the Financial Town Meeting on June 4, 2007.

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Major and Non-Major Funds (Continued)

<u>Fund</u>	<u>Brief Description</u>
Major:	
Proprietary:	Residential Collection Center: accounts for the operation and maintenance of the Residential Collection Center. Coastal Pond Management: accounts for the operation of the Coastal Pond Management Fund.
Non-Major:	
Special Revenue:	Ad Hoc Withdrawal Committee, Police Grants – Byrne, MEDS Grant - R.I. Dept. of Health, Police Grant - NCHIP, School Impact Fees, Educational Planning, Historical and Vital Records, Green Hill/Beach Road Infiltration Grant, Municipal Planning, Revaluation Fund, Reserve for Employee Severance Benefits, Comprehensive Planning Grant, Neighborhood Crime Prevention, Mud Cove Recreation Development, Recreation Donations, Ninigret Park Fund, Bicentennial Fund, Facilities Maintenance, Developer Bond Deposits, Open Space Fees, DARE Program, Naval Airfield Memorial, Police Forfeiture, Employee Vending, Police Bike Unit Training, Birthday Committee, Trail Improvement Grant - Mud Cove, Health Care Reserve Fund, Homeland Security Grant – Police Dept., Wastewater Management, Community Development Block Grant, Senior Community Activities, Housing Preservation Grants Program, GIS Project, Dept. of Justice – COPS Technology Grant, Special Donations, Stormwater Management Grant, Accounting Software Funds, Columbia Heights Streetscapes Enhancement, RI Historical Preservation Grant, Tax Anticipation Note Interest, and South Farm Trails Grant.
Capital Projects:	DPW Salt/Sand Equipment Shed, DPW – Old Coach Road Reconstruction Phase 1, Tennis Court Construction, Town Capital Maintenance Fund, Police Building Fund, DPW Road Engineering, Open Space Acquisitions, and Landfill Closure.
Debt Service:	Ocean Ridge Road
Permanent:	Zenis Ellis Trust, Cemetery Fund

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus

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

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

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

Basis of Accounting

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

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

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

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

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable

In the government-wide statements, receivables consist of all revenues earned at year end and not yet received. Allowances for uncollectible accounts receivable are based on historical trends and the periodic aging of accounts receivable. The allowance for uncollectible accounts totaled \$278,300 for property taxes. Major receivable balances for the governmental activities include property taxes and intergovernmental grants and aid. Business-type activities report service fees as its major receivables.

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

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in certain governmental funds. Open encumbrances are reported as reservations of fund balances. Encumbrances do not constitute expenditures or liabilities under generally accepted accounting principles.

Investments

Investments are stated at fair value. For purposes of the statements of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents. The Town's cash and cash equivalents consist of cash on hand, demand deposits, money market accounts, and short-term investments with original maturities of three months or less from the date of acquisition. Substantially all of the Town's cash and cash equivalents are held in public deposit institutions or collateralized government investment pools, which are available on a daily basis.

Short-term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

Advances to Other Funds

Noncurrent portions of long-term interfund loan receivables are reported as advances and are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfund Transfers

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

During fiscal year 2009, there were no transfers made as budgeted subsidies.

Bond Premiums and Issuance Costs

In the governmental fund financial statements, bond premiums and issuance costs are treated as period costs in the year of issue. Bond issuance costs are shown as an "expenditure" and bond premiums are reflected as an "other financing source".

In the government-wide statements, bond premiums and issuance costs are deferred and amortized over the term of the bonds. Bond premiums are presented as an addition of the face amount of the bonds payable whereas issuance costs are recorded as other assets.

The total bond premiums at June 30, 2009 were \$35,075, while the accumulated amortization was \$10,432. The total bond issuance costs at June 30, 2009 were \$94,528, while the accumulated amortization was \$37,825.

Materials and Supplies

The costs of governmental fund-type inventories are recorded as expenditures when purchased.

Prepaid Items

Prepaid items are accounted for under the allocation method whereby a prepaid asset is established at the date of payment and subsequently amortized over the accounting periods expected to benefit from the initial payment.

Property, Plant and Equipment

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

Government-Wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets, which are recorded at their estimated fair value at the date of donation. Infrastructure, such as streets and drainage systems, are capitalized. The capitalization threshold is any individual item with a total cost equal to or greater than \$5,000.

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide Statements Continued

Prior to July 1, 2002, governmental funds infrastructure assets were not capitalized. During fiscal year 2007, the Town conducted a detailed study of all infrastructure assets in order to have a complete inventory of its infrastructure assets and be in compliance with GASB Statement No. 34. As of June 30, 2007, the government-wide financial statements include all infrastructure assets in accordance with GASB Statement No. 34.

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

<u>Classes</u>	<u>Useful Life</u>
Buildings and improvements	7 - 50 years
Land improvements.....	15 years
Equipment	3 - 30 years
Vehicles.....	3 - 10 years
Infrastructure	20 - 50 years

Fund Financial Statements

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

Interfund Transactions

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

Reciprocal interfund activities:

- Interfund loans are reported as interfund receivables in the lending fund and interfund payables in borrower funds.

Non-reciprocal interfund activities:

- Interfund transfers are reported in governmental funds as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers. In proprietary funds, transfers are reported after nonoperating revenues and expenses.

Compensated Absences

The Town's policy is to recognize the cost of sick leave and vacation pay in governmental funds at the time payments are made. Vested sick leave and accumulated vacation pay for governmental fund employees at June 30, 2009 amounted to \$734,906. The amount of earned but unpaid vacation and sick leave relating to governmental fund employees is recorded as long-term debt in the government-wide financial statements. The liability is calculated at the rate of pay in effect at June 30, 2009.

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets

Town ordinances require an annual budget for the General Fund. The practices used in the preparation of the budget differ in certain respects from the presentation of the actual results of operations prepared in accordance with GAAP. The actual results of operations, for purposes of the Statement of Revenues and Expenditures (Non-GAAP Budgetary Basis) Budget and Actual - General Fund has been adjusted to a basis consistent with the Town's budget. Transfers of appropriations between departments require the approval of the Town Council. All annual budget appropriations lapse at fiscal year end.

The adjustments necessary to reconcile actual revenues and expenditures reported on a budgetary basis to actual revenues and expenditures reported in accordance with generally accepted accounting principles are as follows:

	<u>Revenues and Transfers</u>	<u>Expenditures and Transfers</u>
Schedule of Revenues, Expenditures and Changes in Fund		
Balance (Non-GAAP Budgetary Basis) Budget and Actual (E-2)...	\$23,874,662	\$23,349,144
Reappropriated fund balance	(450,000)	
Current year encumbrances.....		(5,679)
Prior year encumbrances		<u>2,634</u>
Statement of Revenues, Expenditures and Changes in Fund		
Balance (B-2)	<u>\$23,424,662</u>	<u>\$23,346,099</u>

Use of Estimates

The preparation of financial statements requires management to make assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Equity Classifications

Government-Wide Statements

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

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

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the government-wide statements.

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

The governmental fund statement of revenues, expenditures, other financing sources (uses) and changes in fund balances includes reconciliation between *net changes in fund balances - total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense". The details of this \$601,954 difference are as follows:

Capital outlays	\$1,016,471
Depreciation expense.....	<u>(1,618,425)</u>
Net adjustment.....	<u>\$ (601,954)</u>

Another element of that reconciliation explains that "the issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes financial resources of governmental funds". The details of this \$65,041 difference are as follows:

Bonds payable.....	\$ 346,845
Less: deferred charge on refunding	(7,809)
Add: issuance premium.....	1,926
Capital leases payable	(29,759)
Compensated absences	(1,244)
Landfill monitoring	<u>(375,000)</u>
Net adjustment.....	<u>\$ (65,041)</u>

3. DEPOSITS AND INVESTMENTS

Deposits

Custodial Credit Risk, Deposits - Custodial credit risk is the risk that in the event of bank failure, the Town's deposits may not be returned to it. The Town does not have a policy for custodial credit risk.

The Town maintains deposits at local financial institutions. At year end, the carrying amount of such deposits was \$2,650,333 while the bank balance was \$2,602,124 of which \$254,108 was covered by federal depository insurance and \$2,348,016 was collateralized. Rhode Island General Law 35-10.1 requires that public deposits which are time deposits with maturities greater than 60 days be insured or pledged by collateral. In addition, collateral must be insured or pledged for depository institutions, which do not meet minimum capital standards. The Town of Charlestown was in compliance with this law at June 30, 2009.

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

3. DEPOSITS AND INVESTMENTS (Continued)

The carrying value of the Town's deposits and investments related to the Town's Statement of Net Assets (A-1) totals as follows:

Unrestricted cash deposits.....	\$2,650,333
Petty cash.....	3,075
Investments classified as cash equivalents.....	4,616,138
Investments classified as restricted cash equivalents.....	15,820
Less: Fiduciary funds cash (not included in the government-wide statement)....	<u>(501,733)</u>
Total cash and cash equivalents – (A-1).....	<u>\$6,783,633</u>

Investments

The Town accounts for its investments in accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools," which requires that investments be reported at fair value. Fair values are established by quoted market values. Unrealized gains and losses from changes in fair value are recognized as investment income.

Interest rate risk - The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Town minimizes its exposure to interest rate risk by investing in short-term, highly liquid investments.

Custodial Credit Risk, Investments – The Town does not have a formal custodial credit risk policy. Custodial credit risk is the risk that in the event of financial institution failure, the Town's investments may not be returned or the Town will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

Concentration of Credit Risk - At June 30, 2009, the Town had 100% of its investments concentrated in collateralized local government investment pools. The Collateralized Local Government Investment Pool (LGIP) invests public-sector funds only in U.S. Treasury and other U.S. Government securities permitted under Rhode Island law. The LGIP's provides collateral at a 102% minimum. The LGIP is fully compliant with all Rhode Island laws, investment guidelines and collateral requirements, and is managed within the guidelines of a registered SEC 2-a7-type fund.

In accordance with the Home Rule Charter of the Town, the responsibility for conducting investment transactions resides with the Town Treasurer after consultation with the Town Administrator. As outlined in the Town's investment manual, funds of the Town may be invested in the following instruments:

- U.S. Treasury Bills
- Short term obligations of U.S. Government agencies
- Treasury bills and notes maturing within one (1) year
- Insured or collateralized certificates of deposit
- Repurchase agreements collateralized by U.S. Treasury securities
- State investment pools
- Money market mutual funds whose portfolios consist of a majority of U.S. Government securities or in broadly diversified money market instruments which are based in Rhode Island
- A1/P1 rated commercial paper secured by an irrevocable line of credit
- BBB (S&P) and higher rated bonds issued by corporations and utilities

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009**

3. DEPOSITS AND INVESTMENTS (Continued)

As of June 30, 2009, the Town had the following investments:

<u>Description</u>	<u>Fair Value</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Rating</u>
Series H Bond	\$ 500	1.50%	N/A	
Local Government Investment Pool	<u>4,631,958</u>	Varies Daily (1)	Daily	(not rated)
Subtotal	<u>\$4,632,458</u>			

(1) Average daily rate of 0.25% on June 30, 2009.

Reconciliation to Government-wide Statement of Net Assets:

Investments	\$4,632,458
Less: investments classified as cash equivalents	<u>(4,631,958)</u>
Total investments (A-1)	<u>\$ 500</u>

4. TAXES RECEIVABLE AND DEFERRED REVENUE

Taxes are assessed each December 31, and the levy thereon may be paid in full or quarterly, without penalty, at the taxpayer's option. A 12% penalty is imposed for all taxes in an overdue status.

Taxes are due in equal quarterly installments on August 1, November 1, February 1, and May 1 during the fiscal year although they may be paid in full by September 1, at the option of the taxpayer.

Unpaid property taxes at June 30, 2009 include delinquent installments of the current and prior years. The Town does not record interest earned on delinquent taxes until payment is received. Delinquent installments which are not received within sixty days after the close of the fiscal year are recorded as deferred revenue.

Net property taxes levied for the fiscal year 2009 were based on an assessed value of approximately \$2,721,001,820 at December 31, 2007 and amounted to \$19,708,925. Collections through June 30, 2009 amounted to \$19,289,612 which represents 98% of the total tax levy.

The Town recognizes property tax revenues in accordance with Section P70, "Property Taxes" of the Codification of Governmental Accounting and Financial Reporting Standards. Unpaid property taxes as of June 30, 2009 of \$959,036 are recorded as a receivable, net of an allowance for uncollectible property taxes of \$278,300. Those net property taxes receivable which were not collected within the 60 days immediately following June 30, 2009 are recorded as deferred revenue and amounted to \$590,555 at June 30, 2009. Property taxes recognized as revenue for the fiscal year ended June 30, 2009 (due to their collection within the 60 days immediately following June 30, 2009) amounted to \$90,181.

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009**

5. INTERGOVERNMENTAL RECEIVABLES/PAYABLES

Intergovernmental receivables and payables consisted of the following at June 30, 2009:

	<u>Due From</u>	<u>Due To</u>
Governmental activities:		
State of Rhode Island:		
Major funds:		
General Fund	\$ 77,096	\$11,466
Non-major funds	<u>280,532</u>	
Total	<u>357,628</u>	<u>11,466</u>
Federal government:		
Non-major funds	<u>547,297</u>	
Total governmental activities	<u>\$904,925</u>	<u>\$11,466</u>

6. DEFINED BENEFIT PENSION PLANS

(a) General Municipal Employee's Pension Plan

Plan Description

The Town's defined benefit pension plan, Municipal Employee's Retirement System of the State of Rhode Island (MERS), provides retirement and disability benefits, annual cost-of-living adjustments, death and disability benefits to plan members and beneficiaries. MERS is an agent multiple-employer Public Employee Retirement System that acts as a common investment agent for participants. The schedule of funding progress, presented as required supplementary information following the notes to the basic financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liabilities for benefits. The Municipal Employee's Retirement System of the State of Rhode Island issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the State of Rhode Island Employee Retirement Board, 40 Fountain Street, Providence, RI 02903. The payroll for employees covered by the System for the year ended June 30, 2009 was approximately \$1,649,898, and the Town wide payroll was approximately \$3,889,554.

Funding Policy

MERS members are required to contribute 7.0% of their annual covered salary. The Town is required to contribute at an actuarially determined rate; the current rate is 11.66% of annual covered payroll. The contribution requirements of plan members and the Town are established and may be amended by State Statute.

Annual Pension Cost

For 2009, the Town's annual pension cost of \$192,378 for MERS was equal to the Town's required and actual contributions. The required contribution was determined as part of the June 30, 2006 actuarial valuation using the entry age normal cost method with frozen initial liability. Significant actuarial assumptions included (a) a net investment return of 8.25 percent compounded annually, (b) projected salary increases of 4.5 percent - 8.5 percent, (c) 3.0 percent per year cost-of-living adjustments, (d) mortality rates based on the 1994 Group Annuity Mortality Tables and (e) a retirement age of 65 or completion of service requirements, if later. The actuarial value of MERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. MERS unfunded actuarial accrued liability is being amortized as a level percentage of salary funding over a closed 30 year period. The remaining amortization period at June 30, 2008 was 22 years.

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009**

6. DEFINED BENEFIT PENSION PLANS (Continued)

(b) Police Pension Plan

Plan Description

All full-time police members participate in the same Municipal Employee's Retirement System of the State of Rhode Island (described above). The payroll for employees covered by the System for the year ended June 30, 2009 was approximately \$1,194,587, and the Town wide payroll was approximately \$3,889,554.

Funding Policy

Covered police employees are required to contribute 9.0% of their salary. The Town is required to contribute at an actuarially determined rate; the current rate is 24.19% of annual covered payroll. The contribution requirements of plan members and the Town are established and may be amended by State Statute.

Annual Pension Cost

For 2009, the Town's annual pension cost of \$288,971 for the Police Pension System was equal to the Town's required and actual contributions. The required contribution was determined as part of the June 30, 2006 actuarial valuation using the entry age normal cost method with frozen initial liability and adjusted on December 31, 2003 in anticipation of adopting COLA Plan C. Significant actuarial assumptions included (a) net investment return of 8.25 percent compounded annually, (b) projected salary increases of 4.75 percent - 14.75 percent compounded annually, (c) 3.0 percent per year cost of living adjustments, (d) mortality rates based on the 1994 Group Annuity Mortality Tables, and (e) a retirement age of 60 and completion of 10 years of service, or at the later of the age 55 and completion of 25 years of service, if earlier, or completion of service requirements, if later. The actuarial value of MERS' assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. MERS unfunded actuarial accrued liability is being amortized as a level percentage of salary funding over a closed 30 year period. The remaining amortization period at June 30, 2008 was 22 years.

The schedule of funding progress, presented as required supplementary information following the notes to the basic financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liabilities for benefits. 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 2008 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.

(c) Other Retirement Plans

In addition to the Municipal and Police MERS, the Town also offers one self-funded plan as described below:

Town Funded Retirement Benefits

During fiscal year 2009, the Town provided retirement benefits to two former employees. These pensions are self-funded by the Town on a pay-as-you-go basis. One of the pensions is based on a fixed annual amount of \$4,800 and is payable for the remainder of the retiree's life. The other pension has a June 30, 1987 base amount of \$9,000 and is increased annually by 3%. In addition, if the retiree predeceases his spouse, then the surviving spouse is entitled to 50% of the benefits for the remainder of the spouse's life or until the spouse remarries. For the year ended June 30, 2009, the total cost to the Town for providing retirement benefits to these two retirees amounted to \$13,171.

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009**

7. INTERFUND BALANCES

Interfund receivable and payable balances at June 30, 2009 are as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Governmental activities:		
Major funds:		
General Fund	\$1,695,231	\$1,207,925
Buckeye Brook Road		576,208
Buckeye Brook Road Phase #2		650,849
Non-major funds	<u>1,273,928</u>	<u>401,603</u>
Total governmental activities	<u>\$2,969,159</u>	<u>\$2,836,585</u>
Business-type activities:		
Major funds:		
Residential Collection Center.....		\$ 86,647
Coastal Pond Management.....		45,927
Total business-type activities	<u>\$ 0</u>	<u>\$ 132,574</u>

8. LONG-TERM LIABILITIES

(a) Long-Term Liability Activity

Long-term liability activity for the year ended June 30, 2009 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Long-term debt:					
General obligation debt.....	\$5,842,690		\$346,845	\$5,495,845	\$333,098
Leases payable.....	576,778	\$284,974	255,215	606,537	219,911
Subtotal.....	6,419,468	284,974	602,060	6,102,382	553,009
Plus: bond premium, net of amortization.....	26,569		1,926	24,643	
Less: amount deferred on refunding	(20,173)		(7,809)	(12,364)	
Total long-term debt	<u>6,425,864</u>	<u>284,974</u>	<u>596,177</u>	<u>6,114,661</u>	<u>553,009</u>
Other long-term liabilities:					
Compensated absences	733,662	130,999	129,755	734,906	73,500
Landfill monitoring costs.....	1,725,000	468,993	93,993	2,100,000	100,000
Total other long-term liabilities	<u>2,458,662</u>	<u>599,992</u>	<u>223,748</u>	<u>2,834,906</u>	<u>173,500</u>
Governmental activities:					
Long-term liabilities	<u>\$8,884,526</u>	<u>\$884,966</u>	<u>\$819,925</u>	<u>\$8,949,567</u>	<u>\$726,509</u>

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009**

8. LONG-TERM LIABILITIES (Continued)

(a) Long-Term Liability Activity (Continued)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Business-Type Activities:					
Long-term debt:					
Leases payable	\$ 23,777	\$ 0	\$ 6,627	\$ 17,150	\$ 6,472
Other long-term liabilities:					
Compensated absences.....	7,457	184	0	7,641	0
Business-type activities:					
Long-term liabilities.....	\$ 31,234	\$ 184	\$ 6,627	\$ 24,791	\$ 6,472

All debt of the governmental activities is general obligation debt. Payments on all long-term debt and other long-term liabilities that pertain to the Town's governmental activities are made by the general fund.

(b) Debt Maturity

At June 30, 2009, the Town had \$4,882,800 of remaining authorized unissued bond authority.

Annual principal and interest requirements on long-term liabilities are as follows:

<u>Year ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 333,098	\$ 224,494	\$ 557,592
2011	332,010	215,115	547,125
2012	183,450	204,863	388,313
2013	184,955	198,483	383,438
2014	186,528	191,660	378,188
2015 - 2019	958,829	849,609	1,808,438
2020 - 2024	1,010,238	650,264	1,660,502
2025 - 2029	324,305	490,945	815,250
2030 - 2034	404,142	411,108	815,250
2035 - 2039	503,635	311,615	815,250
2040 - 2044	627,621	187,629	815,250
2045 - 2048	447,034	40,660	487,694
Totals	\$5,495,845	\$3,976,445	\$9,472,290

At June 30, 2009, the Town was in compliance with Rhode Island General Law 45-12-2 which places a 3% cap on the ratio of the Town's maximum aggregate indebtedness, excluding debt in the enterprise funds, to taxable property.

(c) Bonds Outstanding

Bonds payable at June 30, 2009 consisted of the following:

	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Original Issue</u>	<u>Balance June 30, 2009</u>
General obligation serial bonds:					
Open Space bond.....	2.25% - 4.30%	2/12/04	2/1/24	\$3,000,000	\$2,250,000
Refunding bond	1.0% - 2.75%	2/12/04	2/1/11	\$1,230,000	305,000
USDA bond.....	4.50%	7/28/06	7/28/46	\$3,000,000	2,940,845
Total general obligation bonds					\$5,495,845

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009**

8. LONG-TERM LIABILITIES (Continued)

(d) Capital Leases

The Town has several lease agreements for financing the acquisition of various public works and public safety equipment.

The assets acquired through capital leases are as follows:

Governmental Activities

	<u>Public Safety</u>	<u>Public Works</u>
Assets:		
Vehicles and equipment.....	\$555,159	\$1,127,762
Less: accumulated depreciation.....	(208,046)	(518,162)
Total.....	<u>\$347,113</u>	<u>\$ 609,610</u>

Business-type Activities

	<u>Residential Recycling Center</u>
Assets:	
Equipment.....	\$31,025
Less: accumulated depreciation.....	0
Total.....	<u>\$31,025</u>

The following schedule summarizes the future minimum lease payments under those capital leases, and the present value of the net minimum lease payments at June 30, 2009:

<u>Fiscal year ending June 30:</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2010.....	\$243,560	\$ 7,248
2011.....	198,864	7,248
2012.....	91,306	4,092
2013.....	46,151	
2014.....	46,151	
2015.....	46,151	
Total minimum lease payments.....	<u>672,183</u>	<u>18,588</u>
Less: amount representing interest.....	(65,646)	(1,438)
Present value of future minimum lease payments	<u>\$606,537</u>	<u>\$17,150</u>

9. CONTINGENT LIABILITIES

Grants

Under the terms of federal and state grants, periodic compliance audits by the grantors or their representatives are required and, consequently, certain costs may be questioned as not being appropriate, and result in reimbursement to the grantor agencies. The amount, if any, of expenditures which may be disallowed by the granting agencies could not be determined at this time. Town officials believe that such disallowances, if any, would not be material.

Litigation

The Town is a defendant in various lawsuits. Management estimates that the potential claims against the Town not recorded in the accompanying basic financial statements resulting from such litigation would not materially affect the basic financial statements.

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009**

10. LANDFILL ENTERPRISE FUND - CLOSURE AND POSTCLOSURE CARE COSTS

The Town accounts for its closure and postclosure care costs under GASB Statement No. 18. This Statement is based on the October 9, 1991, U.S. Environmental Protection Agency (EPA) rule, "Solid Waste Disposal Facility Criteria," which establishes closure requirements for all municipal solid waste landfills (MSWLF's) that receive solid waste after October 9, 1991. The EPA rule also establishes thirty-year postclosure care requirements for MSWLF's that accept solid waste after October 9, 1993. The effect of the EPA rule and similar state laws or regulations is to obligate MSWLF owners and operators to perform certain closing functions and postclosure monitoring and maintenance functions as a condition for the right to operate the MSWLF in the current period.

State and federal laws and regulations require the Town to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the Town reported a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The Town closed the Landfill effective June 30, 2000. General Fund postclosure costs incurred during the fiscal year ended June 30, 2009 totaled \$93,993. Postclosure monitoring costs were originally estimated at \$50,000 per year for 30 years. Based upon revised estimates from an independent consultant, the costs should approximate \$100,000 annually for the remaining 21 years. These estimates are based on an independent evaluation of the cost to perform postclosure monitoring. Actual costs may be higher due to inflation, changes in technology or changes in regulation. Annual postclosure monitoring costs are expected to be funded through General Fund appropriations.

11. FUND EQUITY

The fund equity balances have been classified to reflect the limitations and restrictions placed on the respective funds as follows:

(a) Reservations

Reservations of fund balances at June 30, 2009 were as follows:

General Fund:	
Reserved for tax sale property	\$85,093
Reserved for encumbrances	5,679
Reserved for amounts not due within one year	<u>8,651</u>
Total	<u>\$99,423</u>
 Special Revenue Funds:	
Reserved for encumbrances	<u>\$ 4,691</u>
 Capital Projects Funds:	
Reserved for encumbrances	<u>\$23,180</u>

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009**

11. FUND EQUITY (Continued)

(a) Reservations (Continued)

Permanent Funds:

Reserved for perpetual care \$ 1,510

Designations of unreserved fund balances at June 30, 2009 were are follows:

General Fund:

Designated for fiscal 2010 operations..... \$340,618

(b) Net Assets

Restriction of net assets at June 30, 2009 were as follows:

Enterprise Funds:

Restriction for endowment \$ 10,000

(c) Fund Deficits

The following funds had cumulative deficits at June 30, 2009:

Major Governmental Funds:

Buckeye Brook Road \$576,208
Buckeye Brook Road Phase # 2 \$650,849

Non-major Governmental Funds:

Green Hill/Beach Road Infiltration Grant..... \$ 7,256
Community Development Block Grant..... \$ 18
Senior Community Activities \$ 1,169
DPW - Old Coach Road Reconstruction Phase 1 \$257,864
Tennis Court Construction \$ 28,314

The deficit in the Buckeye Brook Road fund will be funded by General Fund contributions. At its discretion, the Town Council determined in fiscal year 2009 to fund the project with General Fund contributions rather than a general obligation bond. The deficits in the Green Hill/Beach Road Infiltration Grant, the Community Development Block Grant, and Senior Community Activities funds will be funded by General Fund contributions. The deficits in the Buckeye Brook Road Phase #2 and the DPW - Old Coach Road Reconstruction Phase 1 funds will be funded by proceeds from general obligation bonds. The deficit in the Tennis Court Construction fund is expected to be funded with additional grant proceeds.

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009**

12. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2009 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 7,241,614			\$ 7,241,614
Construction-in-progress	195,905	\$ 516,136	\$(666,429)	45,612
Total capital assets not being depreciated..	<u>7,437,519</u>	<u>516,136</u>	<u>(666,429)</u>	<u>7,287,226</u>
Other capital assets:				
Buildings and improvements	6,808,736	143,096		6,951,832
Equipment	903,125			903,125
Vehicles	2,574,043	347,343	(15,750)	2,905,636
Infrastructure	42,256,920	676,325		42,933,245
Total other capital assets	<u>52,542,824</u>	<u>1,166,764</u>	<u>(15,750)</u>	<u>53,693,838</u>
Less: accumulated depreciation for:				
Buildings and improvements	(1,426,309)	(156,604)		(1,582,913)
Equipment	(375,037)	(108,212)		(483,249)
Vehicles	(1,639,087)	(277,730)	15,750	(1,901,067)
Infrastructure	(32,641,830)	(1,075,879)		(33,717,709)
Total accumulated depreciation	<u>(36,082,263)</u>	<u>(1,618,425)</u>	<u>15,750</u>	<u>(37,684,938)</u>
Other capital assets, net.....	<u>16,460,561</u>	<u>(451,661)</u>	<u>0</u>	<u>16,008,900</u>
Governmental activities capital assets, net.....	<u>\$23,898,080</u>	<u>\$ 64,475</u>	<u>\$(666,429)</u>	<u>\$23,296,126</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 99,500			\$ 99,500
Total capital assets not being depreciated..	<u>99,500</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>99,500</u>
Other capital assets:				
Buildings	18,550			18,550
Land improvements	113,684			113,684
Machinery and equipment	226,318	4,146		230,464
Total other capital assets	<u>358,552</u>	<u>4,146</u>	<u>0</u>	<u>362,698</u>
Less: accumulated depreciation for:				
Buildings	(18,548)			(18,548)
Land improvements	(60,632)	(7,579)		(68,211)
Machinery and equipment	(166,787)	(8,286)		(175,073)
Total accumulated depreciation	<u>(245,967)</u>	<u>(15,865)</u>	<u>0</u>	<u>(261,832)</u>
Other capital assets, net.....	<u>112,585</u>	<u>(11,719)</u>	<u>0</u>	<u>100,866</u>
Business-type activities capital assets, net.....	<u>\$212,085</u>	<u>\$(11,719)</u>	<u>\$ 0</u>	<u>\$200,366</u>

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009**

12. CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 57,728
Public safety	279,887
Recreation	19,796
Public works	1,239,014
Education	<u>22,000</u>
Total governmental activities depreciation expense.....	<u>\$1,618,425</u>
 Business-type activities:	
Residential Collection Center	\$14,902
Coastal Pond Management	<u>963</u>
Total business type activities	<u>\$15,865</u>

13. DEFERRED COMPENSATION PLAN

The Town offers its municipal employees a deferred compensation plan established in accordance with the provisions of Internal Revenue Code Section 457. The Plan, available to all municipal employees, permits the deferral of a portion of their salary. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

During the year ended June 30, 1998, the Town implemented the Governmental Accounting Standards Board, Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. All assets and income of the Plan are held in trust for the exclusive benefit of the participants and their beneficiaries. As a result, deferred compensation investments and the respective liability have been removed from the Town's financial statements for the year ended June 30, 2009.

14. RISK MANAGEMENT

The Town of Charlestown 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 Interlocal Risk Management 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 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 fourteen fiscal years.

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

15. COMMUNITY SEPTIC LOAN PROGRAM

On June 9, 1999, the Town entered into an agreement with the Rhode Island Clean Water Finance Agency to finance the Town's Community Septic System Loan Program. The loan agreement provides the Town with a \$500,000 non-restoring line-of-credit. The proceeds of the loan shall be used by the Town for the establishment and operation of a Community Septic System Loan Program. The Program provides for the Town to make loans to property owners of the Town for the repair or replacement of failed or failing septic systems. The individual loans to be made to property owners shall be underwritten by the Town with the assistance of the Rhode Island Housing Mortgage Finance Corporation (RIHMFC). RIHMFC, on behalf of the Town shall perform all administrative functions related to servicing the individual loans, including disbursing loans to property owners and collecting and remitting borrower loan payments. The loan has a zero interest rate to the Town and 4% to property owners. The Town is only required to make principal repayments in the event that individual property owners default on their loans. As of June 30, 2009, approximately \$481,858 of loans have been disbursed under this program.

16. INTERFUND TRANSFERS

Interfund transfers for fiscal year ended June 30, 2009 are as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental activities:		
Major funds:		
General Fund	\$ 11,953	\$337,000
Non-major funds	312,000	116,480
Total governmental activities	<u>\$323,953</u>	<u>\$453,480</u>
Business-type activities:		
Major funds:		
Residential Collection Center	\$ 25,000	
Total business-type activities	<u>\$ 25,000</u>	<u>\$ 0</u>
Fuduciary funds:		
Post-Employment Benefits Trust Fund	\$104,527	\$ 0

17. CONSTRUCTION COMMITMENTS

As of June 30, 2009, the Town had the following commitments with respect to unfinished capital projects:

Open Space Acquisitions	<u>\$23,180</u>
Total	<u>\$23,180</u>

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009**

18. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Plan Description

The cost of post-employment health care benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in future years when it will be paid. In adopting the requirements of GASB No. 45 during the year ended June 30, 2009, the Town recognizes the cost of post-employment healthcare in the year when the employee services are rendered, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the Town's future cash flows.

The Town of Charlestown's OPEB Plan is a single-employer defined benefit plan offering individual or two-party (spousal) health insurance to police retirees and retirees of the Charlestown Professional Management Association (CPMA). Police and CPMA retirees vest for OPEB when they vest for pension benefits. Police retirees hired before July 1, 2006, who retire on or after January 1, 2008, are required to contribute 10% of the cost of their health insurance. Police retirees hired on or after July 1, 2006 are required to contribute 15% of the cost of their health insurance. CPMA retirees hired on or before June 30, 1996, who retire after June 30, 2007, are required to contribute 15% of the cost of their health insurance. CPMA retirees hired after June 30, 1996 are not eligible for OPEB. Members of the police union can choose individual, two-party (spousal) or family coverage when active, which is paid by the Town with a required 10% or 15% employee contribution based on their date of hire. CPMA members may also choose individual, two-party (spousal) or family coverage when active, which is paid by the Town with a required 15% employee contribution. Police and CPMA members who retire prior to the age of 65 remain in their pre-retirement medical plan from the date of retirement until age 65. At age 65, police and CPMA retirees enter Plan 65. Police retirees and their spouses age 65 or older are also reimbursed for Medicare Part B premiums.

The latest actuarial valuation was performed July 1, 2006. The post-retirement plan does not issue a stand-alone financial report.

Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

In fiscal year 2009, the Town established an OPEB trust fund to fund future OPEB liabilities. The OPEB trust fund financial statements are prepared on the accrual basis of accounting. Contributions are recognized when due, pursuant to formal budgetary commitments and contractual requirements. Investment income is recognized when earned and expenses (benefits and administration) are recognized when they are due and payable in accordance with the terms of the plan.

Valuation of Investments

Investments are valued at fair value. Securities traded on national exchanges are valued at the last reported sales prices. As of June 30, 2009, OPEB trust fund assets are invested in a bank money market account pending transfer to other planned asset allocations.

Classes of Employees Covered

As of July 1, 2006 (date of the last actuarial valuation) membership data consisted of the following:

	<u>CPMA</u>	<u>Police</u>	<u>Total</u>
Active employees	6	20	26
Retirees and beneficiaries currently receiving benefits	<u>10</u>	<u>14</u>	<u>24</u>
Total	<u>16</u>	<u>34</u>	<u>50</u>

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009**

18. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

Benefit Provisions and Contributions

Benefit Provisions

The Town plan provides for medical benefits for all eligible Police and CPMA retirees and their spouses. Benefits and contributions are established by contract and may be amended by union negotiations. Administration costs are financed from investment earnings.

Employer Contributions

The Town's contributions are actuarially determined on a three-year cycle using the level percent amortization method. Contributions made during fiscal year 2009 totaling \$636,782 consist of \$104,527 transferred from a special revenue fund, the current year general fund appropriation of \$395,000, \$135,000 of general fund pay-as-you-go benefit payments, and the balance representing interest earned on the funds prior to transfer to the OPEB trust fund.

Summary Financial Information

The Other Post-Employment Benefits Trust summary financial information reported in the financial statements is as follows:

**STATEMENT OF FIDUCIARY NET ASSETS
OTHER POST-EMPLOYMENT BENEFITS TRUST FUND
JUNE 30, 2009**

	<u>June 30, 2009</u>
Assets:	
Cash and investments.....	\$501,724
Liabilities:	
Account payable.....	<u>0</u>
Net Assets:	
Net assets held in trust for OPEB benefits.....	<u>\$501,724</u>

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

18. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

Summary Financial Information (Continued)

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
OTHER POST-EMPLOYMENT BENEFITS TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2009

	For the year ended June 30, 2009
Additions:	
Employer contributions.....	\$395,000
Transfer from Special Revenue Fund.....	104,527
Investment income, net of investment expenses.....	2,197
Total additions	<u>397,197</u>
Deductions:	
Benefits.....	0
Administration.....	<u>0</u>
Total deductions	<u>0</u>
Changes in Net Assets	397,197
Net Assets - July 1, 2008	<u>0</u>
Net Assets - June 30, 2009	<u>\$501,724</u>

Annual OPEB Cost and Net OPEB Obligation

The Town's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation.

Annual required contribution.....	\$ 385,000
Interest on net OPEB obligation.....	0
Adjustment to annual required contribution.....	<u>0</u>
Annual OPEB cost (expense).....	385,000
Contributions made.....	<u>636,782</u>
Increase (decrease) in net OPEB obligation.....	(251,782)
Net OPEB obligation - July 1, 2008.....	<u>0</u>
Net OPEB obligation, (asset) June 30, 2009.....	<u>\$(251,782)</u>

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009**

18. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

Annual OPEB Cost and Net OPEB Obligation (Continued)

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation/(Asset)</u>
June 30, 2009	\$385,000	165.4%	\$(251,782)

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2006 (the date of the most recent actuarial valuation) was as follows:

<u>Actuarial Valuation Date</u>	<u>(A) Actuarial Value of Assets</u>	<u>(B) Actuarially Accrued Liability (AAL) Protected Unit Credit</u>	<u>(A-B) Under Funded AAL</u>	<u>(A/B) Funded AAL Ratio</u>	<u>(C) Covered Payroll</u>	<u>[(A-B)/C] Under Funded AAL as A Percentage of Covered Payroll</u>
July 1, 2006	\$0	\$3,391,000	\$3,391,000	0%	Not Available	N/A

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to basic financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liabilities for benefits. Since this is the initial year of GASB 45 disclosures, multiyear trend information will be disclosed beginning in fiscal year 2010.

Actuarial Methods and Assumptions

The accompanying schedules of employer contributions present trend information about the amounts contributed to the plan by employers in comparison to the ARC, an amount that is actuarially determined in accordance with the parameters of GASB Statement 43. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed twenty years for Police and thirty years for CPMA.

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009**

18. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

Actuarial Methods and Assumptions (Continued)

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. Actuarial calculations reflect a long-term perspective. Consistent with the perspective, 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.

The annual OPEB cost was determined as part of the actuarial valuation as of July 1, 2006. Only assets that have been contributed to the OPEB Trust are considered available for liabilities for purposes of the valuation. Assets are valued at fair market value. Additional information and assumptions used as of the last actuarial valuation is summarized below:

Discount Rate.....	7.50% (net of administrative expenses)
Amortization Method	Level Percent
Amortization Growth.....	3.00%
Amortization Period (decreasing).....	30 years (CPMA) 20 years (Police)
Valuation Type	Closed Group
Initial medical inflation rate.....	9.00%
Ultimate medical inflation rate.....	5.00%
Years until ultimate inflation rate reached	4 years

(CONCLUDED)

TOWN OF CHARLESTOWN

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF CHARLESTOWN, RHODE ISLANDREQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date <u>June 30,</u>	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	(Overfunded) Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
<u>General Employees – Municipal Employees' Retirement System</u>						
2006	\$3,076,371	\$4,562,471	\$1,428,100	67.4%	\$1,484,156	96.2%
2007	\$3,496,090	\$4,722,506	\$1,226,416	74.0%	\$1,401,757	87.5%
2008	\$3,953,467	\$5,118,158	\$1,164,691	77.2%	\$1,594,344	73.1%

Police – Municipal Employees' Retirement System

2006	\$4,172,898	\$6,306,521	\$2,133,624	66.2%	\$1,051,151	203.0%
2007	\$4,902,698	\$6,943,458	\$2,040,760	70.6%	\$1,127,881	180.9%
2008	\$5,590,888	\$7,551,518	\$1,960,630	74.0%	\$1,127,222	173.9%

OPEB Trust Plan

7/1/06	\$ 0	\$3,391,000	\$3,391,000	0%	Not Available	N/A
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SCHEDULE OF CONTRIBUTIONS FROM THE TOWN

Year Ended <u>June 30,</u>	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
<u>General Employees – Municipal Employees' Retirement System</u>			
2007	\$117,034	100%	\$0
2008	\$142,747	100%	\$0
2009	\$192,378	100%	\$0
<u>Police – Municipal Employees' Retirement System</u>			
2007	\$319,816	100%	\$0
2008	\$357,490	100%	\$0
2009	\$288,971	100%	\$0
<u>OPEB Trust Plan</u>			
7/1/06	\$385,000	100%	\$0

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)****NOTES TO SCHEDULES**

Additional information as of the latest actuarial valuation follows:

Pension Plan – Municipal Employees' Retirement System

Valuation date	June 30, 2007
Actuarial cost method	Entry Age Normal
Amortization method	Level percent of payroll-closed
Remaining amortization period	22 years
Asset valuation method	5 years smoothed market
Actuarial assumptions:	
Investment rate of return	8.25%
Projected salary increases	4.5% - 8.5% Town and 4.75% -14.75% Police
Cost-of-living adjustments	3.0% not compounded
Inflation	3.0%

OPEB Trust Plan

Valuation date	July 1, 2006
Amortization method	Level percent
Amortization period	30 years (CPMA) 20 years (Police)
Discount rate	7.50% (net of administrative expenses)
Initial medical inflation rate	9.00%
Ultimate medical inflation rate	5.00%
Years until ultimate inflation rate	4 years
Valuation type	Closed group

(CONCLUDED)

TOWN OF CHARLESTOWN, RHODE ISLAND

**SCHEDULE OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES)
AND CHANGES IN FUND BALANCE (NON GAAP BUDGETARY BASIS)
BUDGET AND ACTUAL**

**GENERAL FUND
YEAR ENDED JUNE 30, 2009**

	Originally Adopted Budget	Final Approved Budget	Actual (Budgetary Basis)	Variance Positive (Negative)
REVENUES:				
General property taxes	\$ 19,736,142	\$ 19,736,142	\$ 19,710,359	\$ (25,783)
Intergovernmental	2,670,278	2,670,278	2,537,483	(132,795)
Investment income	175,200	175,200	70,401	(104,799)
Departmental	794,900	794,900	809,492	14,592
Total revenues	<u>23,376,520</u>	<u>23,376,520</u>	<u>23,127,735</u>	<u>(248,785)</u>
EXPENDITURES:				
Current:				
General government	1,273,076	1,273,076	1,199,147	73,929
Public safety	2,260,698	2,260,698	2,135,470	125,228
Public works	1,313,454	1,313,454	1,216,382	97,072
Education	13,925,768	13,925,768	13,925,768	
Recreation	445,779	445,779	387,406	58,373
Public health and assistance	426,650	426,650	425,063	1,587
Miscellaneous	2,668,010	2,668,010	2,377,469	290,541
Debt service:				
Principal	344,312	344,312	346,844	(2,532)
Interest and other costs	467,262	467,262	464,271	2,991
Capital:				
Capital improvements	289,511	289,511	440,331	(150,820)
Total expenditures	<u>23,414,520</u>	<u>23,414,520</u>	<u>22,918,151</u>	<u>496,369</u>
Excess of revenues over expenditures	<u>(38,000)</u>	<u>(38,000)</u>	209,584	247,584
Other financing sources (uses):				
Transfers from fund balance	450,000	450,000	450,000	
Proceeds from capital leases	0	0	284,974	284,974
Transfers in	0	0	11,953	11,953
Transfers out	(337,000)	(337,000)	(337,000)	
Landfill monitoring	(75,000)	(75,000)	(93,993)	(18,993)
Net other financing sources (uses)	<u>38,000</u>	<u>38,000</u>	<u>315,934</u>	<u>277,934</u>
Excess of revenues and other sources over expenditures and other uses	<u>\$ 0</u>	<u>\$ 0</u>	525,518	<u>\$ 525,518</u>
Less: transfer from fund balance			(450,000)	
Less: prior year encumbrances			(2,634)	
Add: current year encumbrances			5,679	
Fund balance, beginning of year			<u>6,211,233</u>	
Fund balance, end of year			<u>\$ 6,289,796</u>	

TOWN OF CHARLESTOWN, RHODE ISLANDGENERAL FUND**SCHEDULE OF BUDGET ESTIMATES AND ACTUAL REVENUES
YEAR ENDED JUNE 30, 2009**

	Original and Final Budget	Actual Revenues	Variance Positive (Negative)
Property taxes:			
Current and prior years	\$ 19,638,169	\$ 19,583,171	\$ (54,998)
Interest on delinquent taxes	97,973	127,188	29,215
Total property taxes	19,736,142	19,710,359	(25,783)
Intergovernmental revenues:			
State of Rhode Island including:			
Beach parking fees	27,000	23,212	(3,788)
School aid	1,532,347	1,631,916	99,569
General revenue sharing	352,494	156,748	(195,746)
Beverage/meals tax	116,430	101,916	(14,514)
Hotel tax	17,801	20,069	2,268
Public service corporation tax	76,504	76,425	(79)
Motor vehicle phaseout	538,116	522,331	(15,785)
Emergency Management grant	9,586	4,866	(4,720)
Total intergovernmental revenues	2,670,278	2,537,483	(132,795)
Departmental revenues:			
Town Clerk:			
Business licenses and fees	14,000	16,280	2,280
Non-business licenses and fees	2,000	4,948	2,948
Transfer stamps	150,000	139,043	(10,957)
Probate fees	5,000	17,029	12,029
Tax certificates	10,000	13,115	3,115
Recording fees	90,000	124,270	34,270
Building inspector	126,000	105,245	(20,755)
Police department	65,000	57,739	(7,261)
Recreation	15,000	26,766	11,766
Town beach parking and concessions	70,000	76,313	6,313
Beach passes	80,000	66,565	(13,435)
Blue Shutters parking and concessions	110,000	110,523	523
Driving range	21,000	15,494	(5,506)
Animal control	6,000	6,677	677
Ninigret Park	5,000	5,562	562
Planning Board	9,000	5,149	(3,851)
Zoning Board and Review	6,000	4,105	(1,895)
Senior/Community Center	10,900	4,493	(6,407)
Other revenues	0	10,176	10,176
Total departmental revenues	794,900	809,492	14,592
Investment income	175,200	70,401	(104,799)
Other financing sources:			
Transfers from fund balance	450,000	450,000	0
Transfers in	0	11,953	11,953
Proceeds from capital leases	0	284,974	284,974
Total other financing sources	450,000	746,927	296,927
Total revenues and other financing sources	\$ 23,826,520	\$ 23,874,662	\$ 48,142

TOWN OF CHARLESTOWN, RHODE ISLANDGENERAL FUNDSCHEDULE OF APPROPRIATIONS AND ACTUAL EXPENDITURES - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2009

	Original Budget	Budget Amendments	Final Budget	Actual Expenditures and Transfers	Adjustments to Budgetary Basis	Expenditures and Transfers on Budgetary Basis	Variance Positive (Negative)
General Government:							
Central services	\$ 196,200		\$ 196,200	\$ 168,397	\$ 342	\$ 168,739	\$ 27,461
Town clerk	177,481		177,481	174,100	450	174,550	2,931
Treasurer	160,726		160,726	134,957		134,957	25,769
Town administrator	141,363		141,363	142,793	212	143,005	(1,642)
Tax assessor	185,080		185,080	189,540		189,540	(4,460)
Building inspector	137,408		137,408	132,019		132,019	5,389
Tax collector	95,082		95,082	95,439		95,439	(357)
Town planner	100,951		100,951	101,002		101,002	(51)
Town council	20,200		20,200	17,472		17,472	2,728
Elections unit	22,660		22,660	20,341		20,341	2,319
Boards, agencies, and committees	35,925		35,925	19,963	2,120	22,083	13,842
Total general government	1,273,076	\$ 0	1,273,076	1,196,023	3,124	1,199,147	73,929
Public Safety:							
Police department	2,158,756		2,158,756	2,040,087	1,080	2,041,167	117,589
Animal control	75,620		75,620	72,596		72,596	3,024
Civil preparedness	26,322		26,322	22,099	(392)	21,707	4,615
Total public safety	2,260,698	0	2,260,698	2,134,782	688	2,135,470	125,228
Public Works:							
Highway department	841,930		841,930	812,228		812,228	29,702
Public buildings and grounds	279,113		279,113	225,662	949	226,611	52,502
Administration	122,978		122,978	120,536		120,536	2,442
Wastewater management	69,433		69,433	57,007		57,007	12,426
Total public works	1,313,454	0	1,313,454	1,215,433	949	1,216,382	97,072

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLANDGENERAL FUND**SCHEDULE OF APPROPRIATIONS AND ACTUAL EXPENDITURES - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2009**

	Original <u>Budget</u>	Budget <u>Amendments</u>	Final <u>Budget</u>	Actual Expenditures and Transfers	Adjustments to Budgetary <u>Basis</u>	Expenditures and Transfers on <u>Budgetary Basis</u>	Variance Positive <u>(Negative)</u>
Recreation:							
Participation recreation	144,004		144,004	137,396	(182)	137,214	6,790
Senior/Community Center	85,852		85,852	70,309		70,309	15,543
Blue Shutters Beach	72,115		72,115	65,990	115	66,105	6,010
Town Beach	87,020		87,020	75,246	115	75,361	11,659
Driving Range	26,380		26,380	11,139	(41)	11,098	15,282
Ninigret Park	30,408		30,408	27,642	(323)	27,319	3,089
Total recreation	445,779	0	445,779	387,722	(316)	387,406	58,373
Public Health and Assistance:							
Cross Mills Library	208,000		208,000	208,000		208,000	0
Ambulance services	176,800		176,800	176,800		176,800	0
VNS Home Health Services	4,000		4,000	4,000		4,000	0
South Shore Mental Health	4,000		4,000	4,000		4,000	0
Wood River Health	1,500		1,500	1,500		1,500	0
Domestic Violence of South County	1,500		1,500	1,500		1,500	0
Health Center of South County	1,500		1,500	1,500		1,500	0
Public Assistance	13,200		13,200	11,613		11,613	1,587
Warm Shelter	1,000		1,000	1,000		1,000	0
Salt ponds	500		500	500		500	0
Wood River/Pawcatuck	600		600	600		600	0
Seniors helping others	1,250		1,250	1,250		1,250	0
Community Action South County	2,000		2,000	2,000		2,000	0
The Samaritans	500		500	500		500	0
Hospice Care of RI	750		750	750		750	0
St. James Food Pantry	3,000		3,000	3,000		3,000	0
Memorial Day Parade	500		500	500		500	0
Chariho Cowboys	500		500	500		500	0
Chariho Soccer League	250		250	250		250	0
Charlestown Memorial Parade	1,000		1,000	1,000		1,000	0
Washington County Coalition Children	200		200	200		200	0
Wildlife Rehabilitators of Rhode Island	100		100	100		100	0
Washington County Community Development	500		500	500		500	0

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLANDGENERAL FUND**SCHEDULE OF APPROPRIATIONS AND ACTUAL EXPENDITURES - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2009**

	Original Budget	Budget Amendments	Final Budget	Actual Expenditures and Transfers	Adjustments to Budgetary Basis	Expenditures and Transfers on Budgetary Basis	Variance Positive (Negative)
Public Health and Assistance (Continued):							
Education Exchange	400		400	400		400	0
Chamber of Commerce	3,100		3,100	3,100		3,100	0
Total public health and assistance	426,650	0	426,650	425,063	0	425,063	1,587
Education:							
Charlho Regional High School	13,925,768	0	13,925,768	13,925,768	0	13,925,768	0
Debt Service:							
General Obligation Bond:							
Principal	344,312		344,312	346,844		346,844	(2,532)
Interest	233,464		233,464	230,931		230,931	2,533
Capital leases	233,098		233,098	232,640		232,640	458
Fiscal agent fees	700		700	700		700	0
Total debt service	811,574	0	811,574	811,115	0	811,115	459
Miscellaneous:							
Employee insurance and benefits	2,100,331		2,100,331	1,901,567		1,901,567	198,764
Council contingency	5,000		5,000	4,003		4,003	997
Special contingency	61,000		61,000	0		0	61,000
Town insurance	237,300		237,300	193,815		193,815	43,485
Auditing	41,000		41,000	35,136		35,136	5,864
Legal services	223,379		223,379	242,948		242,948	(19,569)
Total miscellaneous	2,668,010	0	2,668,010	2,377,469	0	2,377,469	290,541
Capital Improvements Program:							
Police	50,000		50,000	49,702		49,702	298
Public works	139,511		139,511	45,655		45,655	93,856
Recreation	40,000		40,000	1,400	(1,400)	0	40,000
Fuel conformance	60,000		60,000	60,000		60,000	0
Capital leases	0		0	284,974		284,974	(284,974)
Total capital improvements	289,511	0	289,511	441,731	(1,400)	440,331	(150,820)

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLANDGENERAL FUND**SCHEDULE OF APPROPRIATIONS AND ACTUAL EXPENDITURES - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2009**

	<u>Original Budget</u>	<u>Budget Amendments</u>	<u>Final Budget</u>	<u>Actual Expenditures and Transfers</u>	<u>Adjustments to Budgetary Basis</u>	<u>Expenditures and Transfers on Budgetary Basis</u>	<u>Variance Positive (Negative)</u>
Other financing uses:							
Transfers out:							
Enterprise funds	25,000		25,000	25,000		25,000	0
Special revenue funds - Ad Hoc Withdrawal Committee	20,000		20,000	20,000		20,000	0
Special revenue funds - Revaluation	50,000		50,000	50,000		50,000	0
Special revenue funds - Reserve for Severance	75,000		75,000	75,000		75,000	0
Special revenue funds - Facilities Maintenance	2,500		2,500	2,500		2,500	0
Special revenue funds - Treasurer financial software	22,000		22,000	22,000		22,000	0
Special revenue funds - Tax anticipation note interest	7,500		7,500	7,500		7,500	0
Capital project funds - Salt/Sand Equipment Shed	125,000		125,000	125,000		125,000	0
Capital project funds - DPW Road Engineering	10,000		10,000	10,000		10,000	0
Total transfers out	337,000	0	337,000	337,000	0	337,000	0
Other:							
Landfill monitoring	75,000		75,000	93,993		93,993	(18,993)
Total other	75,000	0	75,000	93,993	0	93,993	(18,993)
Total expenditures	\$ 23,826,520	\$ 0	\$ 23,826,520	\$ 23,346,099	\$ 3,045	\$ 23,349,144	\$ 477,376

(CONCLUDED)

Town Of Charlestown

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Ad Hoc Withdrawal Committee

This fund accounts for monies to be used by this committee to study all options to provide the best possible education to Charlestown students including the withdrawal from the Chariho School District.

Police Grants - Byrne

The purpose of this fund is to account for police grants received from the Governor's Justice Commission.

MEDS Grant – RI Dept. of Health

The purpose of this fund is to account for a grant received from the RI Department of Health to develop and maintain a Medical Emergency Distributions System (MEDS) Point of Dispensing (POD) Plan. The Town will be required to develop and maintain a MEDS POD plan that describes how the Town will activate and execute the mass distribution of antibiotics or mass administration of a vaccine.

Police Grant - NCHIP

The purpose of this fund is to account for a grant for the cost of a Livescan (fingerprint) machine with a FBI-certified printer and a demographic interface between the Livescan machine and the police records management system. The grant was received from the Rhode Island Justice Commission.

School Impact Fees

This fund accounts for fees collected from new construction to be used for school facilities.

Educational Planning

The purpose of this fund is to account for monies set-aside for a stand alone Charlestown School system.

(CONTINUED)

Town Of Charlestown

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS (CONTINUED)

Historical and Vital Records

This fund is to account for fees collected for the filing of state documents and recording fees. The revenue received is to be used for the preservation of public records of historical value maintained by the municipal clerk.

Green Hill/Beach Road Infiltration Grant

This fund was created to account for funds to be reimbursed through a RI DEM grant award that is intended to address storm water that flows in two areas of Charlestown into Green Hill Pond that are considered highly impaired for fecal coliform bacteria. The grant will reimburse the cost of a feasibility study and possible construction of infiltrating catch basins.

Municipal Planning

The purpose of this fund is to account for monies set-aside for municipal planning.

Revaluation Fund

This fund accounts for resources restricted to pay for costs associated with the Town's property revaluation.

Reserve for Employee Severance Benefits

This fund accounts for funds set-aside for employee severance benefits.

Comprehensive Planning Grant

The Planning and Land Use Grant fund accounts for monies received from the state to be used by the Town in preparation of its comprehensive plans.

Neighborhood Crime Prevention

This fund accounts for grant monies to be used for crime prevention in local neighborhoods.

Mud Cove Recreation Development

This fund was created to account for the funds to be reimbursed through a RI DEM grant to help finance the cost to develop the Mud Cove property. The planned development includes a small parking lot, small pavilion and picnic area. The Town will also establish walking nature trails.

(CONTINUED)

Town Of Charlestown

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS (CONTINUED)

Recreation Donations

This fund accounts for fees received from event providers for events held at park and recreation facilities that are to be used for the benefit of the Ninigret Part Fund.

Ninigret Park Fund

This fund accounts for revenues generated at the Ninigret Park recreational facility.

Bicentennial Fund

This fund accounts for donations which are restricted to cover costs associated with the Town's next Bicentennial Celebration.

Facilities Maintenance

This fund accounts for monies set aside for the Building Commission to repair facilities in need of roofing repairs, etc.

Developer Bond Deposits

This fund accounts for activity related to construction deposits held by the Town.

Open Space Fees

This fund accounts for fees charged to developers which are to be set aside for future open space and recreational facilities.

D.A.R.E. Program

D.A.R.E. stands for Drug Abuse Resistance Education. This program is to account for a grant received by the Town to be utilized to educate the youth of Charlestown on drug abuse.

Naval Airfield Memorial

This fund accounts for donations received by the Town which will be used to build a monument at the old Naval Air Base in the Town of Charlestown.

(CONTINUED)

Town Of Charlestown

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS (CONTINUED)

Police Forfeiture

The Police Forfeiture Fund accounts for funds received from drug related indictments.

Employee Vending

The purpose of this fund is to account for funds generated from vending machines located in Town Hall which are used to pay for an annual employee party.

Police Bike Unit Training

This fund accounts for fees collected for bike training to offset costs associated with the operations of the bike unit.

Birthday Committee

This fund accounts for donations received by the Town which will be used for the Town's Centennial celebrations.

Trail Improvement Grant - Mud Cove

The purpose of this fund is to account for a grant funded by the Federal Highway Administration and administered by the Rhode Island Trails Improvement Advisory Committee (RITAC). The grant will provide funds to enable the Town to develop and manage the Mud Cove property, a parcel of land owned by the RI Department of Environmental Management, for recreational purposes.

Health Care Reserve Fund

This fund was created to reserve funds for other post-employment benefits for Town retirees.

Homeland Security Grant - Police Dept.

This fund accounts for federal funds granted to support the police department's efforts in homeland security.

(CONTINUED)

Town Of Charlestown

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS (CONTINUED)

Wastewater Management

This fund accounts for federal monies received to further enhance the wastewater management in the Town of Charlestown.

Community Development Block Grants

This fund accounts for funds obtained through the Community Development Block Grant Program and the U.S. Department of Housing and Urban Development, which are restricted for specific purposes of programs.

Senior Community Activities

This fund accounts for monies received from activities at the Senior/Community Center.

Housing Preservation Grants Program

This fund accounts for funds to be used for housing rehabilitation for a specific project.

GIS Project

The purpose of this fund is to account for funds set aside to purchase equipment, software and services for a Geographical Information System (GIS). The GIS will be used to analyze earth data for town planning, zoning and assessment purposes.

Dept. of Justice – COPS Technology Grant

The purpose of this fund is to account for a grant for equipment and technology to be utilized at the newly constructed police station. This grant was received by the U.S. Department of Justice.

Special Donations

This fund accounts for donations received from various sources to support specific programs such as Kiducation.

Stormwater Management Grant

This fund accounts for grant monies for the development of a stormwater management plan.

(CONTINUED)

Town Of Charlestown

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS (CONTINUED)

Accounting Software Fund

The purpose of this fund is to account for Town Council approved funding for a new windows based financial software system to replace the current DOS based system. The new software is expected to be installed and operating in FY 08.

Columbia Heights Streetscapes Enhancement

This fund accounts for grant monies received for the revitalization plan for the Columbia Heights neighborhood.

RI Historical Records Preservation Grant

This fund is for a grant received from the State of Rhode Island to package and shred documents that have passed the retention date.

Tax Anticipation Note Interest

This fund accounts for funds set-aside for interest expense associated with a Tax Anticipation Note.

South Farm Trail Grant

This fund is to account for a grant funded by the Rhode Island Department of Transportation. The grant will allow the Town to improve existing trails at the South Farm and develop new trails. Also, a parking lot will be constructed.

CAPITAL PROJECT FUNDS

Capital Project funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

DPW - Salt/Sand Equipment Shed

This fund accounts for funds reserved for the future construction of a salt/sand shed.

DPW - Old Coach Road Reconstruction Phase 1

This fund was created to reserve funds needed to complete Phase 1 of the Old Coach Road reconstruction project. Phase 1 construction work includes widening and improving the road base and improving roadway drainage.

Tennis Court Construction

This fund is used to account for the costs to install new tennis courts in Ninigret Park.

(CONTINUED)

Town Of Charlestown

NON-MAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECT FUNDS (CONTINUED)

Town Capital Maintenance Fund

This fund was created to reserve funds for Town-wide capital maintenance, projects and renovations.

Police Building Fund

This fund accounts for costs associated with the development of a new police station to be constructed on Route 1A adjacent to the Charlestown Ambulance facility.

DPW Road Engineering

Accounts for costs related to road engineering.

Open Space Acquisition

Accounts for costs related to the purchase of open space land.

Landfill Closure

Accounts for the construction costs related to the closing of the landfill.

DEBT SERVICE FUND

The Debt Service Fund is used to account for the accumulation of resources and payment of demand note principal and interest from governmental resources and special assessment demand note principal and interest from special assessment levies when the government is obligated in some manner for the payment.

Ocean Ridge Road

This fund accounts for the assessment of property owners for road improvements through special legislation. The property liens are placed on the plats for a period of 15 years.

(CONTINUED)

Town Of Charlestown

NON-MAJOR GOVERNMENTAL FUNDS

PERMANENT FUNDS

The Permanent Funds are used to account for assets held by the Town pursuant to a trust agreement. The principal portion of these funds must remain intact, but the interest may be used to achieve the objective of the funds.

Zenis Ellis Fund

The Zenis Ellis Fund accounts for monies provided by a private donor for the benefit of the Narragansett Indian Sunday School of Charlestown. The principal amount of the gift is to be maintained intact and invested. Investment earnings are given to the Sunday School.

Cemetery Fund

The Cemetery Fund accounts for monies provided by individuals to be used for the perpetual care of Town cemeteries.

TOWN OF CHARLESTOWN, RHODE ISLAND

**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2009**

BUDGETARY TO GAAP BASIS RECONCILIATION

The following reconciliation summarizes the differences for the Town's General Fund between budgetary and GAAP basis for the year ended June 30, 2009:

Excess of revenues and other sources over expenditures and other uses (Non-GAAP Budgetary Basis).....	\$525,518
Reappropriated fund balance	(450,000)
Current year encumbrances.....	5,679
Prior year encumbrances	<u>(2,634)</u>
Excess of revenues and other sources over expenditures and other uses (GAAP)	<u>\$ 78,563</u>

TOWN OF CHARLESTOWN, RHODE ISLAND

**COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2009**

	Special Revenue Funds					
	Ad Hoc Withdrawal Committee	Police Grants - Byrne	MEDS Grant - RI Dept of Health	Police Grant - NCHIP	School Impact Fees	Educational Planning
ASSETS:						
Cash and cash equivalents					\$ 603,675	
Investments						
Other receivables						
Due from:						
Other funds	\$ 14,938		\$ 6,712	\$ 2,700		\$ 19,933
Other governments		\$ 3,975				
TOTAL ASSETS	\$ 14,938	\$ 3,975	\$ 6,712	\$ 2,700	\$ 603,675	\$ 19,933
LIABILITIES AND FUND BALANCES:						
LIABILITIES:						
Accounts payable						
Due to other funds		\$ 3,265				
Retainage payable						
Deferred revenues		710	\$ 6,712			
Other liabilities						
TOTAL LIABILITIES	\$ 0	3,975	6,712	\$ 0	\$ 0	\$ 0
FUND BALANCES:						
Reserved for:						
Perpetual care						
Encumbrances						
Unreserved, reported in:						
Special revenue funds	14,938			2,700	603,675	19,933
Capital project funds						
Debt service funds						
TOTAL FUND BALANCES	14,938	0	0	2,700	603,675	19,933
TOTAL LIABILITIES AND FUND BALANCES	\$ 14,938	\$ 3,975	\$ 6,712	\$ 2,700	\$ 603,675	\$ 19,933

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

**COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2009**

	Special Revenue Funds					
	Historical and Vital Records	Green Hill/ Beach Rd Infiltration Grant	Municipal Planning	Revaluation Fund	Reserve for Employee Severance Benefits	Comprehensive Planning Grant
ASSETS:						
Cash and cash equivalents						\$ 777
Investments						
Other receivables						
Due from:						
Other funds	\$ 74,020		\$ 114,297	\$ 185,101	\$ 77,184	12,068
Other governments		\$ 22,003				
TOTAL ASSETS	\$ 74,020	\$ 22,003	\$ 114,297	\$ 185,101	\$ 77,184	\$ 12,845
LIABILITIES AND FUND BALANCES:						
LIABILITIES:						
Accounts payable						
Due to other funds		\$ 29,259				
Retainage payable						
Deferred revenues						
Other liabilities						
TOTAL LIABILITIES	\$ 0	29,259	\$ 0	\$ 0	\$ 0	\$ 0
FUND BALANCES:						
Reserved for:						
Perpetual care						
Encumbrances						
Unreserved, reported in:						
Special revenue funds	74,020	(7,256)	114,297	185,101	77,184	12,845
Capital project funds						
Debt service funds						
TOTAL FUND BALANCES	74,020	(7,256)	114,297	185,101	77,184	12,845
TOTAL LIABILITIES AND FUND BALANCES	\$ 74,020	\$ 22,003	\$ 114,297	\$ 185,101	\$ 77,184	\$ 12,845

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

**COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2009**

	Special Revenue Funds					
	Neighborhood Crime Prevention	Mud Cove Recreation Development	Recreation Donations	Ninigret Park Fund	Bicentennial Fund	Facilities Maintenance
ASSETS:						
Cash and cash equivalents				\$ 101,364	\$ 2,188	
Investments						
Other receivables						
Due from:						
Other funds			\$ 1,159	2,430		\$ 50,214
Other governments		\$ 150,000				
TOTAL ASSETS	\$0	\$ 150,000	\$ 1,159	\$ 103,794	\$ 2,188	\$ 50,214
LIABILITIES AND FUND BALANCES:						
LIABILITIES:						
Accounts payable						
Due to other funds						
Retainage payable						
Deferred revenues		\$ 150,000				
Other liabilities						
TOTAL LIABILITIES	\$0	150,000	\$ 0	\$ 0	\$ 0	\$ 0
FUND BALANCES:						
Reserved for:						
Perpetual care						
Encumbrances						
Unreserved, reported in:						
Special revenue funds			1,159	103,794	2,188	50,214
Capital project funds						
Debt service funds						
TOTAL FUND BALANCES	0	0	1,159	103,794	2,188	50,214
TOTAL LIABILITIES AND FUND BALANCES	\$0	\$ 150,000	\$ 1,159	\$ 103,794	\$ 2,188	\$ 50,214

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

**COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2009**

	Special Revenue Funds					
	Developer Bond Deposits	Open Space Fees	DARE Program	Naval Airfield Memorial	Police Forfeiture	Employee Vending
ASSETS:						
Cash and cash equivalents	\$ 12,839	\$ 32,637		\$ 2,307	\$ 6,492	\$ 591
Investments						
Other receivables						
Due from:						
Other funds						
Other governments						
TOTAL ASSETS	\$ 12,839	\$ 32,637	\$0	\$ 2,307	\$ 6,492	\$ 591
LIABILITIES AND FUND BALANCES:						
LIABILITIES:						
Accounts payable						
Due to other funds						
Retainage payable						
Deferred revenues						
Other liabilities	\$ 12,839					
TOTAL LIABILITIES	12,839	\$ 0	\$0	\$ 0	\$ 0	\$ 0
FUND BALANCES:						
Reserved for:						
Perpetual care						
Encumbrances						
Unreserved, reported in:						
Special revenue funds		32,637		2,307	6,492	591
Capital project funds						
Debt service funds						
TOTAL FUND BALANCES	0	32,637	0	2,307	6,492	591
TOTAL LIABILITIES AND FUND BALANCES	\$ 12,839	\$ 32,637	\$0	\$ 2,307	\$ 6,492	\$ 591

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

**COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2009**

	Special Revenue Funds					
	Police Bike Unit Training	Birthday Committee	Trail Improvement Grant - Mud Cove	Health Care Reserve Fund	Homeland Security Grant - Police Dept	Wastewater Management
ASSETS:						
Cash and cash equivalents		\$ 1,899				
Investments						
Other receivables						
Due from:						
Other funds	\$ 95				\$ 204	
Other governments			\$ 50,000			\$ 4,413
TOTAL ASSETS	\$ 95	\$ 1,899	\$ 50,000	\$0	\$ 204	\$ 4,413
LIABILITIES AND FUND BALANCES:						
LIABILITIES:						
Accounts payable						
Due to other funds			\$ 795			\$ 4,413
Retainage payable						
Deferred revenues			49,205		\$ 204	
Other liabilities						
TOTAL LIABILITIES	\$ 0	\$ 0	50,000	\$0	204	4,413
FUND BALANCES:						
Reserved for:						
Perpetual care						
Encumbrances						
Unreserved, reported in:						
Special revenue funds	95	1,899				
Capital project funds						
Debt service funds						
TOTAL FUND BALANCES	95	1,899	0	0	0	0
TOTAL LIABILITIES AND FUND BALANCES	\$ 95	\$ 1,899	\$ 50,000	\$0	\$ 204	\$ 4,413

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

**COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2009**

	Special Revenue Funds					
	Community Development Block Grant	Senior Community Activities	Housing Preservation Grants Program	GIS Project	Dept of Justice - COPS Technology Grant	Special Donations
ASSETS:						
Cash and cash equivalents	\$ 1,143					\$ 5,757
Investments						
Other receivables						
Due from:						
Other funds	66,058		\$ 73	\$ 32,830		
Other governments	156,860					
TOTAL ASSETS	\$ 224,061	\$ 0	\$ 73	\$ 32,830	\$0	\$ 5,757
LIABILITIES AND FUND BALANCES:						
LIABILITIES:						
Accounts payable			\$ 73			
Due to other funds		\$ 1,169				
Retainage payable						
Deferred revenues	\$ 224,079					
Other liabilities						
TOTAL LIABILITIES	224,079	1,169	73	\$ 0	\$0	\$ 0
FUND BALANCES:						
Reserved for:						
Perpetual care						
Encumbrances						
Unreserved, reported in:						
Special revenue funds	(18)	(1,169)		32,830		5,757
Capital project funds						
Debt service funds						
TOTAL FUND BALANCES	(18)	(1,169)	0	32,830	0	5,757
TOTAL LIABILITIES AND FUND BALANCES	\$ 224,061	\$ 0	\$ 73	\$ 32,830	\$0	\$ 5,757

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

**COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2009**

	Special Revenue Funds					
	Stormwater Management Grant	Accounting Software Fund	Columbia Heights Streetscapes Enhancement	RI Historical Preservation Grant	Tax Anticipation Note Interest	South Farm Trails Grant
ASSETS:						
Cash and cash equivalents						
Investments						
Other receivables						
Due from:						
Other funds		\$ 8,478		\$ 906	\$ 7,500	
Other governments	\$ 25,000		\$ 395,578			\$ 20,000
TOTAL ASSETS	\$ 25,000	\$ 8,478	\$ 395,578	\$ 906	\$ 7,500	\$ 20,000
LIABILITIES AND FUND BALANCES:						
LIABILITIES:						
Accounts payable						
Due to other funds	\$ 25,000					\$ 600
Retainage payable						
Deferred revenues			\$ 395,578	\$ 906		19,400
Other liabilities						
TOTAL LIABILITIES	25,000	\$ 0	395,578	906	\$ 0	20,000
FUND BALANCES:						
Reserved for:						
Perpetual care						
Encumbrances		4,691				
Unreserved, reported in:						
Special revenue funds		3,787			7,500	
Capital project funds						
Debt service funds						
TOTAL FUND BALANCES	0	8,478	0	0	7,500	0
TOTAL LIABILITIES AND FUND BALANCES	\$ 25,000	\$ 8,478	\$ 395,578	\$ 906	\$ 7,500	\$ 20,000

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

**COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2009**

	Capital Project Funds					
	DPW Salt/Sand Equipment Shed	DPW - Old Coach Road Reconstruction Phase I	Tennis Court Construction	Town Capital Maintenance Fund	Police Building Fund	DPW Road Engineering
ASSETS:						
Cash and cash equivalents					\$ 4,108	
Investments						
Other receivables						
Due from:						
Other funds	\$ 250,000		\$ 50,924	\$ 24,205	63,663	\$ 46,833
Other governments						
TOTAL ASSETS	\$ 250,000	\$ 0	\$ 50,924	\$ 24,205	\$ 67,771	\$ 46,833
LIABILITIES AND FUND BALANCES:						
LIABILITIES:						
Accounts payable						
Due to other funds		\$ 257,864	\$ 79,238			
Retainage payable					\$ 5,166	
Deferred revenues						
Other liabilities						
TOTAL LIABILITIES	\$ 0	257,864	79,238	\$ 0	5,166	\$ 0
FUND BALANCES:						
Reserved for:						
Perpetual care						
Encumbrances						
Unreserved, reported in:						
Special revenue funds						
Capital project funds	250,000	(257,864)	(28,314)	24,205	62,605	46,833
Debt service funds						
TOTAL FUND BALANCES	250,000	(257,864)	(28,314)	24,205	62,605	46,833
TOTAL LIABILITIES AND FUND BALANCES	\$ 250,000	\$ 0	\$ 50,924	\$ 24,205	\$ 67,771	\$ 46,833

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

**COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2009**

	Capital Project Funds		Debt Service Funds	Permanent Funds		Total Non-Major Governmental Funds
	Open Space Acquisitions	Landfill Closure	Ocean Ridge Road	Zenis Ellis Trust	Cemetery Fund	
ASSETS:						
Cash and cash equivalents			\$ 892	\$ 1,156		\$ 777,825
Investments					\$ 500	500
Other receivables			892			892
Due from:						
Other funds	\$ 137,322	\$ 24,021			60	1,273,928
Other governments						827,829
TOTAL ASSETS	\$ 137,322	\$ 24,021	\$ 1,784	\$ 1,156	\$ 560	\$ 2,880,974
LIABILITIES AND FUND BALANCES:						
LIABILITIES:						
Accounts payable						\$ 73
Due to other funds						401,603
Retainage payable						5,166
Deferred revenues			\$ 892			847,686
Other liabilities				\$ 206		13,045
TOTAL LIABILITIES	\$ 0	\$ 0	892	206	\$ 0	1,267,573
FUND BALANCES:						
Reserved for:						
Perpetual care				950	560	1,510
Encumbrances	23,180					27,871
Unreserved, reported in:						
Special revenue funds						1,347,500
Capital project funds	114,142	24,021				235,628
Debt service funds			892			892
TOTAL FUND BALANCES	137,322	24,021	892	950	560	1,613,401
TOTAL LIABILITIES AND FUND BALANCES	\$ 137,322	\$ 24,021	\$ 1,784	\$ 1,156	\$ 560	\$ 2,880,974

(CONCLUDED)

TOWN OF CHARLESTOWN, RHODE ISLAND

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES) AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2009**

	Special Revenue Funds					
	Ad Hoc Withdrawal Committee	Police Grants- Byrne	MEDS Grant - RI Dept of Health	Police Grant - NCHIP	School Impact Fees	Educational Planning
REVENUES:						
Intergovernmental		\$ 6,419	\$ 15,336			
Investment income					\$ 5,559	
Other					19,978	
TOTAL REVENUES	\$ 0	6,419	15,336	\$ 0	25,537	\$ 0
EXPENDITURES:						
Current:						
General government	62					
Public safety		6,419	15,336			
Public works						
Parks and recreation						
Community development						
Debt Service:						
Principal				5,191		
Interest				2,009		
Capital:						
Capital outlay						
TOTAL EXPENDITURES	62	6,419	15,336	7,200	0	0
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	(62)	0	0	(7,200)	25,537	0
OTHER FINANCING SOURCES (USES):						
Transfers in	20,000					
Transfers out						
NET OTHER FINANCING SOURCES (USES)	20,000	0	0	0	0	0
EXCESS OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	19,938	0	0	(7,200)	25,537	0
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	(5,000)	0	0	9,900	578,138	19,933
FUND BALANCE (DEFICIT) AT END OF YEAR	\$ 14,938	\$ 0	\$ 0	\$ 2,700	\$ 603,675	\$ 19,933

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES) AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2009**

	Special Revenue Funds					
	Historical and Vital Records	Green Hill/ Beach Rd Infiltration Grant	Municipal Planning	Revaluation Fund	Reserve for Employee Severance Benefits	Comprehensive Planning Grant
REVENUES:						
Intergovernmental				\$ 1,527		
Investment income						
Other	\$ 16,105					
TOTAL REVENUES	16,105	\$ 0	\$ 0	1,527	\$ 0	\$ 0
EXPENDITURES:						
Current:						
General government	8,175		10,628		129,755	
Public safety						
Public works		575				
Parks and recreation						
Community development						
Debt Service:						
Principal						
Interest						
Capital:						
Capital outlay						
TOTAL EXPENDITURES	8,175	575	10,628	0	129,755	0
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	7,930	(575)	(10,628)	1,527	(129,755)	0
OTHER FINANCING SOURCES (USES):						
Transfers in				50,000	75,000	
Transfers out						
NET OTHER FINANCING SOURCES (USES)	0	0	0	50,000	75,000	0
EXCESS OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	7,930	(575)	(10,628)	51,527	(54,755)	0
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	66,090	(6,681)	124,925	133,574	131,939	12,845
FUND BALANCE (DEFICIT) AT END OF YEAR	\$ 74,020	\$ (7,256)	\$ 114,297	\$ 185,101	\$ 77,184	\$ 12,845

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES) AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2009**

	Special Revenue Funds					
	Neighborhood Crime Prevention	Mud Cove Recreation Development	Recreation Donations	Ninigret Park Fund	Bicentennial Fund	Facilities Maintenance
REVENUES:						
Intergovernmental						
Investment income				\$ 1,761	\$ 34	
Other				28,150		
TOTAL REVENUES	\$ 0	\$0	\$ 0	29,911	34	\$ 0
EXPENDITURES:						
Current:						
General government						6,811
Public safety	580					
Public works						
Parks and recreation				5,020		
Community development						
Debt Service:						
Principal						
Interest						
Capital:						
Capital outlay						
TOTAL EXPENDITURES	580	0	0	5,020	0	6,811
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	(580)	0	0	24,891	34	(6,811)
OTHER FINANCING SOURCES (USES):						
Transfers in						2,500
Transfers out						
NET OTHER FINANCING SOURCES (USES)	0	0	0	0	0	2,500
EXCESS OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	(580)	0	0	24,891	34	(4,311)
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	580	0	1,159	78,903	2,154	54,525
FUND BALANCE (DEFICIT) AT END OF YEAR	\$ 0	\$0	\$ 1,159	\$ 103,794	\$ 2,188	\$ 50,214

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES) AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2009**

	Special Revenue Funds					
	Developer Bond Deposits	Open Space Fees	DARE Program	Naval Airfield Memorial	Police Forfeiture	Employee Vending
REVENUES:						
Intergovernmental						
Investment income		\$ 305		\$ 46	\$ 7	\$ 2
Other						125
TOTAL REVENUES	\$0	305	\$ 0	46	7	127
EXPENDITURES:						
Current:						
General government						488
Public safety			230		1,000	
Public works						
Parks and recreation				2,750		
Community development						
Debt Service:						
Principal						
Interest						
Capital:						
Capital outlay						
TOTAL EXPENDITURES	0	0	230	2,750	1,000	488
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	0	305	(230)	(2,704)	(993)	(361)
OTHER FINANCING SOURCES (USES):						
Transfers in						
Transfers out						
NET OTHER FINANCING SOURCES (USES)	0	0	0	0	0	0
EXCESS OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	0	305	(230)	(2,704)	(993)	(361)
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	0	32,332	230	5,011	7,485	952
FUND BALANCE (DEFICIT) AT END OF YEAR	\$0	\$ 32,637	\$ 0	\$ 2,307	\$ 6,492	\$ 591

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES) AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2009**

	Special Revenue Funds					
	Police Bike Unit Training	Birthday Committee	Trail Improvement Grant - Mud Cove	Health Care Reserve Fund	Homeland Security Grant - Police Dept	Wastewater Management
REVENUES:						
Intergovernmental						\$ 7,328
Investment income		\$ 18				
Other						
TOTAL REVENUES	\$ 0	18	\$ 0	\$ 0	\$0	7,328
EXPENDITURES:						
Current:						
General government						
Public safety	199					
Public works						7,328
Parks and recreation						
Community development						
Debt Service:						
Principal						
Interest						
Capital:						
Capital outlay						
TOTAL EXPENDITURES	199	0	0	0	0	7,328
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	(199)	18	0	0	0	0
OTHER FINANCING SOURCES (USES):						
Transfers in						
Transfers out				(104,527)		
NET OTHER FINANCING SOURCES (USES)	0	0	0	(104,527)	0	0
EXCESS OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	(199)	18	0	(104,527)	0	0
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	294	1,881	0	104,527	0	0
FUND BALANCE (DEFICIT) AT END OF YEAR	\$ 95	\$ 1,899	\$ 0	\$ 0	\$0	\$ 0

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES) AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2009**

	Special Revenue Funds					
	Community Development Block Grant	Senior Community Activities	Housing Preservation Grants Program	GIS Project	Dept of Justice - COPS Technology Grant	Special Donations
REVENUES:						
Intergovernmental	\$ 182,981				\$ 9,233	
Investment income						\$ 50
Other						1,000
TOTAL REVENUES	182,981	\$ 0	\$0	\$ 0	9,233	1,050
EXPENDITURES:						
Current:						
General government				3,578		
Public safety						
Public works						
Parks and recreation						
Community development	182,981					
Debt Service:						
Principal						
Interest						
Capital:						
Capital outlay					9,233	
TOTAL EXPENDITURES	182,981	0	0	3,578	9,233	0
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	0	0	0	(3,578)	0	1,050
OTHER FINANCING SOURCES (USES):						
Transfers in						
Transfers out						
NET OTHER FINANCING SOURCES (USES)	0	0	0	0	0	0
EXCESS OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	0	0	0	(3,578)	0	1,050
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	(18)	(1,169)	0	36,408	0	4,707
FUND BALANCE (DEFICIT) AT END OF YEAR	\$ (18)	\$ (1,169)	\$0	\$ 32,830	\$ 0	\$ 5,757

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES) AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2009**

	Special Revenue Funds					
	Stormwater Management Grant	Accounting Software Fund	Columbia Heights Streetscapes Enhancement	RI Historical Preservation Grant	Tax Anticipation Note Interest	South Farm Trails Grant
REVENUES:						
Intergovernmental	\$ 681					\$ 600
Investment income						
Other						
TOTAL REVENUES	681	\$ 0	\$0	\$0	\$ 0	600
EXPENDITURES:						
Current:						
General government						
Public safety						
Public works	681					
Parks and recreation						600
Community development						
Debt Service:						
Principal						
Interest						
Capital:						
Capital outlay		4,926				
TOTAL EXPENDITURES	681	4,926	0	0	0	600
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	0	(4,926)	0	0	0	0
OTHER FINANCING SOURCES (USES):						
Transfers in		22,000			7,500	
Transfers out						
NET OTHER FINANCING SOURCES (USES)	0	22,000	0	0	7,500	0
EXCESS OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	0	17,074	0	0	7,500	0
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	0	(8,596)	0	0	0	0
FUND BALANCE (DEFICIT) AT END OF YEAR	\$ 0	\$ 8,478	\$0	\$0	\$ 7,500	\$ 0

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES) AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2009**

	Capital Project Funds					
	DPW Salt/Sand Equipment Shed	DPW - Old Coach Road Reconstruction Phase I	Tennis Court Construction	Town Capital Maintenance Fund	Police Building Fund	DPW Road Engineering
REVENUES:						
Intergovernmental						
Investment income						
Other						
TOTAL REVENUES	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
EXPENDITURES:						
Current:						
General government						
Public safety						
Public works		64				
Parks and recreation						
Community development						
Debt Service:						
Principal						
Interest						
Capital:						
Capital outlay				36,727		76,792
TOTAL EXPENDITURES	0	64	0	36,727	0	76,792
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	0	(64)	0	(36,727)	0	(76,792)
OTHER FINANCING SOURCES (USES):						
Transfers in	125,000					10,000
Transfers out						
NET OTHER FINANCING SOURCES (USES)	125,000	0	0	0	0	10,000
EXCESS OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	125,000	(64)	0	(36,727)	0	(66,792)
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	125,000	(257,800)	(28,314)	60,932	62,605	113,625
FUND BALANCE (DEFICIT) AT END OF YEAR	\$ 250,000	\$ (257,864)	\$ (28,314)	\$ 24,205	\$ 62,605	\$ 46,833

(CONTINUED)

TOWN OF CHARLESTOWN, RHODE ISLAND

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, OTHER FINANCING SOURCES (USES) AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2009**

	Capital Project Funds		Debt Service Funds	Permanent Funds		Total Non-Major Governmental Funds
	Open Space Acquisitions	Landfill Closure	Ocean Ridge Road	Zenis Ellis Trust	Cemetery Fund	
REVENUES:						
Intergovernmental						\$ 224,105
Investment income	\$ 1,289		\$ 22		\$ 4	9,097
Other						65,358
TOTAL REVENUES	1,289	\$ 0	22	\$ 0	4	298,560
EXPENDITURES:						
Current:						
General government						159,497
Public safety						23,764
Public works						8,648
Parks and recreation						8,370
Community development						182,981
Debt Service:						
Principal						5,191
Interest						2,009
Capital:						
Capital outlay	57,122					184,800
TOTAL EXPENDITURES	57,122	0	0	0	0	575,260
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	(55,833)	0	22	0	4	(276,700)
OTHER FINANCING SOURCES (USES):						
Transfers in						312,000
Transfers out			(11,953)			(116,480)
NET OTHER FINANCING SOURCES (USES)	0	0	(11,953)	0	0	195,520
EXCESS OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES	(55,833)	0	(11,931)	0	4	(81,180)
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	193,155	24,021	12,823	950	556	1,694,581
FUND BALANCE (DEFICIT) AT END OF YEAR	\$ 137,322	\$ 24,021	\$ 892	\$ 950	\$ 560	\$ 1,613,401

(CONCLUDED)

TOWN OF CHARLESTOWN

REPORT IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS



Gerard R. Cayer
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CPA, MST, CVA

Donna T. Caccia
CPA, MST, CFP™

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

To the Honorable Town Council,
Charlestown, 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 Charlestown, Rhode Island, as of and for the year ended June 30, 2009, which collectively comprise the Town of Charlestown, Rhode Island's basic financial statements and have issued our report thereon dated December 16, 2009. 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 of Charlestown, Rhode Island's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Charlestown, Rhode Island's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Charlestown, Rhode Island's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Town of Charlestown, Rhode Island's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town of Charlestown, Rhode Island's financial statements that is more than inconsequential will not be prevented or detected by the Town of Charlestown, Rhode Island's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Town of Charlestown, Rhode Island's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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 Matters

As part of obtaining reasonable assurance about whether the Town of Charlestown, Rhode Island'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 matters that we reported to management of the Town of Charlestown, Rhode Island, in a separate letter dated December 16, 2009.

This report is intended solely for the information and use of the Town Council, management, others within the entity, 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.

December 16, 2009

Cayen Caccia, LLP