
TOWN OF EAST GREENWICH

***COMPREHENSIVE ANNUAL
FINANCIAL REPORT***

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

***William Sequino
Town Manager***

***Kathleen Raposa, CPA
Finance Director***

Prepared by: Finance Department

EAST GREENWICH, RHODE ISLAND

**TOWN OF EAST GREENWICH, RHODE ISLAND
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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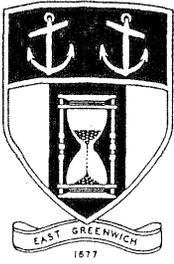
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INTRODUCTORY SECTION

This Section Contains the Following Subsections:

Letter of Transmittal
Organizational Chart
List of Town Officials



Town of East Greenwich

125 Main Street
P.O. Box 111
East Greenwich, RI 02818-0111

Town Council
886-8665

Town Manager
886-8665
Fax: 886-8623

Town Clerk
886-8606
Fax: 886-8625

Canvassers
886-8603

Probate
886-8607

Finance
886-8610
886-8612

Human Services
886-8669

Tax Assessor
886-8614

Municipal Court
886-3212

Planning
886-8645
Fax: 886-8657

111 Peirce Street Offices

Police
884-2244
886-8640
Fax: 886-8653

Public Works
886-8618
Fax: 886-8652

Building Official
886-8618

Recreation
1127 Frenchtown Rd.
886-8626

TDD
401-886-8606

December 15, 2009

Honorable Town Manager and Members of the Town Council
Town of East Greenwich, Rhode Island

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAPP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the Town of East Greenwich for the fiscal year ended June 30, 2009.

This report consists of management's representations concerning the finances of the Town of East Greenwich. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, the management of the Town of East Greenwich has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the Town of East Greenwich's financial statements in conformity with GAPP. Because the cost of internal control should not outweigh the benefits, the Town of East Greenwich's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Town of East Greenwich's financial statements have been audited by Parmelee Poirier & Associates, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of East Greenwich for the Fiscal year ended June 30, 2009, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluation of the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Town of East Greenwich's financial statements for the fiscal year ended June 30, 2009, are fairly presented in conformity with GAPP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of a Management Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Town of East Greenwich's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The Town of East Greenwich was originally owned by the Pequot Indians and was acquired by King Charles in 1644. The General Assembly incorporated the Town in 1677. Geographically the 16 square miles of East Greenwich is located in the center of the state. The town is bounded on the East by Narragansett Bay and four hills roll up from the coast to the West Greenwich town line.

The downtown area of East Greenwich was initially settled to support the surrounding farming area. As the town grew, so did the commercial center. The protected cove brought trade ships from the far corners of the world and gave safe harbor to local fisherman. As East Greenwich grew as a trade center, so did the needs for goods and services. Industry flourished with manufactures of textiles, machinery and shipbuilding. The Town of East Greenwich is proud of its heritage and it's designation as a National Historic District.

The Town of East Greenwich operates under a Home Rule Charter adopted in 1972 providing for a council-manager form of government. The council-manager form of government is the system of local government that combines political leadership of elected officials in the form of a governing body, with strong managerial experience of an appointed local government manager. The council-manager form of government also establishes a representative system where power is concentrated in the elected council and where the council hires a professionally trained manager to oversee the delivery of public services.

The Town of East Greenwich provides a full range of educational and municipal services, including public safety protection; construction and maintenance of streets and other infrastructure; collection of garbage and rubbish through a contracted private vendor; sewer services; activities for the senior citizens and recreational activities and cultural events. Fire protection is provided by an independent Fire District funded by a separate Fire District Tax.

The annual budget serves as the foundation of the Town of East Greenwich's financial planning and control. All departments of the Town of East Greenwich are required to submit requests for appropriation to the Town Manager. The manager uses these requests as the starting point for developing a proposed budget. The manager then presents this proposed budget to the council for review. The Town Council and the School Committee are required to hold public hearings on the proposed budgets and then are required to adopt a final budget. The appropriated budget is prepared by function and department. Budget to actual comparisons are provided in this report, the only governmental fund for which an appropriated annual budget has been adopted.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Town of East Greenwich operates.

Local Economy

The Town of East Greenwich is an affluent, growing, suburban community on the border of a metropolitan area in central Rhode Island. The town is located about fifteen minutes south of the City of Providence. It is primarily a single-family residential community with the highest median family income in the state. July 2008 reported a population of 13,293, which was up 2.7% from the 2000 census and ranked 26th of the thirty nine municipalities in the state. The most recent labor statistics indicates the unemployment rate for East Greenwich at an average of approximately 10.6% as of May 2009, compared to the state with a rate of 12.1%.

Approximately 81.43% of the town's assessed valuation is comprised of residential property. About 11.35% of the assessed valuation is commercial property. According to 2007 data, the median family income of the Town of East Greenwich was \$85,620 compared to the state's average of \$53,568. The median family income in East Greenwich's ranks 1st among Rhode Island cities and towns. The per capita income also ranks 1st in the state.

Commercial activity is supported by providing parking, improving traffic circulation, providing space for expansion, providing a good mix of retail uses and by retaining town government functions and cultural activities in the downtown area. Commercial development falls into various types, such as, offices, storage facilities, retail, small village and commercial strip developments. The Town of East Greenwich is concerned with the quality of development at the gateways into the town. The town feels that the entrances into the town establish the character of the town through the visitor's eyes.

Industrial development provides significant tax revenues. Thus, industrial development is encouraged. The town tries not to compete with surrounding areas, but to encourage development of new activities, support existing industries and support industrial activities in neighboring industrial parks. The town feels that it is very important for the industrial activities to perform at the highest quality possible.

Long Term Financial Planning

The Town Council has continued to support Capital Improvements and Projects. The fiscal year 2009-2010 budget includes appropriations for the following projects: paving, drainage, bulletproof vests, fiber cabling and HVAC Improvements to vault. The town uses tax dollars to pay for these capital improvements. The town has recently completed a new police station. The town is also in the process of completing a new Community Center, new soccer and baseball fields and a new middle school.

Cash Management Policies and Practices

Cash temporarily idle during the year is invested in money market funds and government securities. The average yield on the investments is approximately 1.5% for fiscal year 2009. Investment income includes appreciation in the value of the investments. Increases in the value during the current year, however, do not necessarily represent trends that will continue. A report is provided to the Town Council on a monthly basis. The monthly report includes values and interest rates.

Risk Management

The Town of East Greenwich is exposed to a variety of potential losses and has established a risk management strategy that attempts to minimize the losses and the carrying cost of insurance. The primary technique used for risk financing is the purchase of insurance coverage from commercial insurers. The expected portion of uninsured losses is not expected to be significant when considered in relation to the overall financial position of the town.

Pension and Other Post Employment Benefits

All employees of the town are provided pension benefits through the Town's participation in the State of Rhode Island Municipal Employees Retirement System (MERS). Each year, an independent actuary is engaged to calculate the annual contribution that the town must make to MERS to ensure that the plan will be able to fully meet its obligations to retired employees. As a matter of policy, the town fully funds each year's annual required contribution as determined by the actuary. As a result of the funding policy, the town has one group that is fully funded and currently requires no contribution on the part of the town. The remaining groups with unfunded amounts are systematically being funded as part of the annual required contribution calculated by the actuary.

The Town of East Greenwich also provides post retirement health care benefits to certain employees who have participated in the early retirement plan or have fulfilled the retirement requirements of their respective contracts. As of the end of the current fiscal year, there were thirty-eight retired employees receiving these benefits, which are financed on a pay as you go basis. The Governmental Accounting Standards Board (GASB) recently promulgated Statement 43 and 45. These statements require public sector entities to report the future costs of these non-pension benefits.

Additional information on the Town of East Greenwich's post employment benefits and pension arrangements can be found in Note 16 to the financial statements.

Comprehensive Annual Financial Report

The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. The Town of East Greenwich is submitting their report for review for the second time for the fiscal year ended June 30, 2009.

Acknowledgements

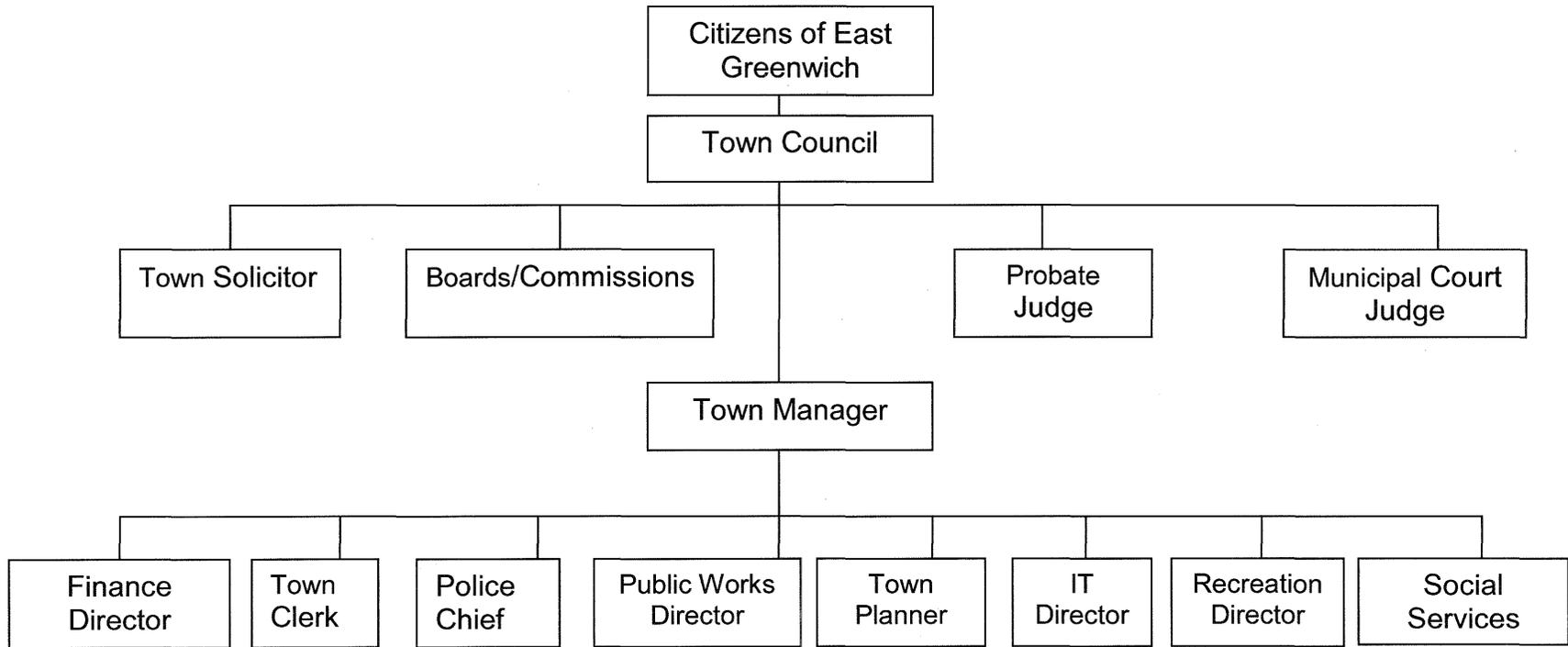
The preparation of the Comprehensive Annual Financial Report would not have been possible without the efficient and dedicated services of the entire Finance Department. I would also like to express my appreciation to all members of the various other town department's who assisted and contributed to the preparation of this report. Credit also must be given to the Town Manager and the Town Council for their unfailing support for maintaining the highest standards of professionalism in the management of the Town of East Greenwich and its finances.

Respectfully submitted,



Kathleen A. Raposa, CPA
Finance Director

TOWN OF EAST GREENWICH
MUNICIPAL ORGANIZATION CHART



TOWN OF EAST GREENWICH, RHODE ISLAND

as of June 30, 2009

TOWN COUNCIL

Michael Isaacs - President
Henry Boezi - Vice President
Richard Buonaiuto
Michael Kiernan
Mark Schwager

TOWN MANAGER

William Sequino, Jr.

FINANCE DIRECTOR

Kathleen Raposa, CPA

FINANCIAL SECTION

This Section Contains the Following Subsections:

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

INDEPENDENT AUDITORS' REPORT

The Honorable President and
Members of the Town Council
Town of East Greenwich
East Greenwich, Rhode Island

We have audited the accompanying financial statements of the governmental activities, the business type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of East Greenwich, Rhode Island (Town) 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 East Greenwich, Rhode Island's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, business type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the Town of East Greenwich, 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.

As described in Note 16 (C) to the basic financial statements, the Town adopted GASB Statement 45 as of July 1, 2008.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 15, 2009 on our consideration of the Town of East Greenwich, Rhode Island's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages 3 through 11, and pension information on page 56, are not a required part of the 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 performed for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual non-major fund statements, budgetary comparison schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements of the Town. The combining and individual non-major fund statements, budgetary comparison schedules and schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly presented in all material respects in relation to the basic financial statements taken as a whole. The statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



Parmelee, Poirier & Associates, LLP
December 15, 2009

Management's Discussion and Analysis

TOWN OF EAST GREENWICH, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2009
(Un-audited)

Our discussion and analysis of the Town of East Greenwich, Rhode Island's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2009. Please read it in conjunction with the letter of transmittal and the Town's financial statements that follow this section.

Financial Highlights

- ❖ The Town's net assets increased by \$3,690,744 as a result of this year's current operations. However, prior period adjustments increased the net assets by an additional \$1,451,607, making the total increase \$5,142,351. On a government-wide basis the assets of the Town of East Greenwich exceeded its liabilities at the close of the most recent fiscal year by \$50,789,464. Net assets of business activities increased by \$4,564,431 or 26.3% with an additional prior period adjustment decrease of \$(263,575), while net assets of Governmental Activities decreased by \$(873,687), or 3.1%, with an additional prior period adjustment increase of \$1,715,182. It should be noted that there was a decrease in the amount of \$986,327 due to the Town's implementation of GASB 45 other post retirement benefits, which required the Town to record the long-term liability for health benefits as a liability on the statement of net assets.
- ❖ The Town's Government-wide (governmental and business activities) operating expenses were \$52,822,521 a 3.3% increase from the prior year, while revenues collected were \$56,513,265 a 13.1% increase. This increase was mainly due to new sewer assessment billings in the amount of \$4,327,971.
- ❖ As of the close of the fiscal year, the Town's governmental funds reported combined ending fund balances of \$21,515,324. Over 90% of this amount, \$19,384,941 is unreserved and available for use within the Town's designation and fiscal policies.
- ❖ At the end of the current fiscal year, the general fund unreserved fund balance was \$2,622,685, or 5.7% of the total general fund expenditures for the fiscal year. The general fund's current fiscal year expenditures and transfers exceeded revenues and transfers by \$(101,571) prior to taking into account a prior period adjustment of \$(83,323). On a budgetary basis revenues and transfers exceeded expenditures and transfers by \$57,080.

Overview of the Financial Statements

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

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

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

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

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

TOWN OF EAST GREENWICH, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2009
(Un-audited)

Government-wide financial statements (Continued)

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

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

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

The government wide financial statements are reported on pages 12 through 13.

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

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

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

The Town maintains governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, School Special Revenue Unrestricted Fund, and the School Bond 52m Capital Fund, which are considered to be major funds. Data from the other funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in the supplementary information section of this report.

The basic governmental fund financial statements can be found on pages 14 through 15.

Proprietary Funds - The Town's proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town has one enterprise fund, the East Greenwich Sewer Department, which accounts for the Town's sewer system.

TOWN OF EAST GREENWICH, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2009
(Un-audited)

Proprietary Funds (Continued)

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the East Greenwich Sewer Department since it is considered to be a major fund of the Town.

The basic proprietary fund financial statements are presented on pages 17 through 19.

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

The fiduciary fund financial statements can be found on page 20.

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

The notes to the financial statements are presented on pages 21 through 48.

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information pertinent to the Town's operations.

Required Supplementary information is presented on pages 49 through 56.

The combining statements and supplementary information referred to earlier in connection with non-major governmental funds, and proprietary funds are presented on pages 57 through 82.

Government-wide Financial Analysis

Analysis of the Town of East Greenwich's Net Assets

As noted earlier, over time net assets may serve as a useful indicator of a government's financial position, and an important determinant of its ability to finance services in the future. For the Town of East Greenwich, governmental activities assets exceeded liabilities by \$29,136,717 as of June 30, 2009. This reflects a decrease of \$873,687 from this current year's activity and a prior period adjustment in the amount of \$1,715,182. The Business Type Activities had an increase of \$4,564,431 from this current year's activity and a prior period adjustment in the amount of \$(263,575). See page 3 **Financial Highlights** above for a further explanation.

TOWN OF EAST GREENWICH, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2009
(Un-audited)

Analysis of the Town of East Greenwich's Net Assets (Continued)

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

TOWN OF EAST GREENWICH, RHODE ISLAND
Net Assets

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
ASSETS						
Current and other assets	\$ 27,364,272	\$ 13,727,159	\$ 11,328,878	\$ 7,594,238	\$ 38,693,150	\$ 21,321,397
Capital assets	41,450,618	31,733,361	38,590,015	37,051,457	80,040,633	68,784,818
Total assets	<u>68,814,890</u>	<u>45,460,520</u>	<u>49,918,893</u>	<u>44,645,695</u>	<u>118,733,783</u>	<u>90,106,215</u>
LIABILITIES						
Other liabilities	4,349,677	(880,890)	1,401,255	5,570,526	5,750,932	4,689,636
Long-term liabilities	35,328,496	18,046,188	26,864,891	21,723,279	62,193,387	39,769,467
Total liabilities	<u>39,678,173</u>	<u>17,165,298</u>	<u>28,266,146</u>	<u>27,293,805</u>	<u>67,944,319</u>	<u>44,459,103</u>
NET ASSETS						
Invested in capital assets, net of related debt	20,744,380	14,653,361	11,732,800	15,346,522	32,477,180	29,999,883
Unrestricted	8,392,337	13,641,861	9,919,947	2,005,368	18,312,284	15,647,229
Total net assets	<u>\$ 29,136,717</u>	<u>\$ 28,295,222</u>	<u>\$ 21,652,747</u>	<u>\$ 17,351,890</u>	<u>\$ 50,789,464</u>	<u>\$ 45,647,112</u>

The largest portion of the Town's net assets, \$32,477,180, consists of its investments in capital assets such as land, buildings and improvements, motor vehicles, furniture and equipment and infrastructure, less any debt used to acquire these assets, which is still outstanding. The Town uses these capital assets to provide services to its citizens. Consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves are unlikely to be used to liquidate these liabilities.

Analysis of the Town of East Greenwich's Operations

The following analysis provides a summary of the Town's operations for the year ended June 30, 2009. The Town first implemented GASB Statement 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments for the fiscal year June 30, 2003. Therefore, comparative data is now available and is presented in the following schedules. Governmental activities decreased the Town's net assets by \$(873,687) for the current period (prior to accounting for the prior period adjustment discussed previously), which is a decrease of 3.1% in the Town's governmental net assets, while business-type activities increased the Town's net assets by \$4,564,431, accounting for 26.3% increase in business-type net assets. Overall the Town's net assets increased by \$3,690,744 which is a 8.1% increase over the prior year's net assets, before accounting for the prior period adjustments of \$1,451,607.

TOWN OF EAST GREENWICH, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2009
(Un-audited)

Analysis of the Town of East Greenwich's Operations

The net change in fund balance for the fiscal year ended June 30, 2009 was an increase of \$8,760,861 for the Town's governmental fund types, before accounting for the prior period adjustments. In the statement of activities, expenses for capital items are not recorded as expenses but shown on the balance sheet, which resulted in an increase of \$7,983,327 net of depreciation to our net assets; also revenues from the increase in deferred revenues are not recorded as revenues in the fund financial statements, but in the statement of activities this resulted in a decrease of \$(108,768). Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets, which increased net assets by \$1,940,000. The Town received bond and bond anticipation note proceeds in the governmental funds of \$18,240,000, but in the government-wide financial statements this increases long-term debt, which decreased fund revenues. See Note 8 and 9 in the notes to the financial statements and page 16 of the financial statements for a more detailed explanation of changes in net assets.

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

TOWN OF EAST GREENWICH, RHODE ISLAND
Changes in net assets

	Governmental		Business-Type		Total	
	Activities		Activities			
	2009	2008	2009	2008	2009	2008
Revenues						
Program revenues						
Charges for services	\$ 2,951,822	\$ 1,224,161	\$ 6,170,324	\$ 1,485,497	\$ 9,122,146	\$ 2,709,658
Operating grants and contributions	2,876,410	2,403,724	-	-	2,876,410	2,403,724
Capital grants and contributions	516,318	-	-	-	516,318	-
General revenues						
Property taxes, levied for general purposes	39,648,780	37,851,734	-	-	39,648,780	37,851,734
State revenue sharing	3,676,307	-	-	-	3,676,307	-
Unrestricted investment earnings	94,635	204,322	472,065	367,584	566,700	571,906
Miscellaneous	171,179	6,289,962	-	-	171,179	6,289,962
Gain (loss) on sale of assets	(64,575)	-	-	-	(64,575)	-
Total revenues	<u>49,870,876</u>	<u>47,973,903</u>	<u>6,642,389</u>	<u>1,853,081</u>	<u>56,513,265</u>	<u>49,826,984</u>
Expenses						
General government	5,250,131	4,214,034	-	-	5,250,131	4,214,034
Public safety	3,719,021	3,775,116	-	-	3,719,021	3,775,116
Public works	4,264,987	3,884,001	-	-	4,264,987	3,884,001
Parks and recreation	598,106	176,116	-	-	598,106	176,116
Public and social services	1,187,259	1,400,272	-	-	1,187,259	1,400,272
Education	35,045,679	33,162,664	-	-	35,045,679	33,162,664
Capital Outlay	-	1,698,602	-	-	-	1,698,602
Interest on long-term debt	679,380	597,214	-	-	679,380	597,214
Sewer	-	-	2,077,958	2,234,066	2,077,958	2,234,066
Total expenses	<u>50,744,563</u>	<u>48,908,019</u>	<u>2,077,958</u>	<u>2,234,066</u>	<u>52,822,521</u>	<u>51,142,085</u>
Increase (decrease) in net assets	<u>\$ (873,687)</u>	<u>\$ (934,116)</u>	<u>\$ 4,564,431</u>	<u>\$ (380,985)</u>	<u>\$ 3,690,744</u>	<u>\$ (1,315,101)</u>

TOWN OF EAST GREENWICH, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2009
(Un-audited)

Financial Analysis of the Town of East Greenwich's Funds

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

At the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$21,515,324. Approximately 90% of the total amount, or \$19,384,941, constituted unreserved fund balances. The remainder of the fund balance is reserved or designated for future commitments.

TOWN OF EAST GREENWICH, RHODE ISLAND
Fund Balance Reserves and Designations

	General Fund	School Unrestricted Fund	School Bond 52m Capital Fund	Non-Major Governmental Funds	Total Governmental Funds
Reserve for:					
Reserved by trust agreements	\$ -	\$ -	\$ -	\$ 215,288	\$ 215,288
Reserved for contingency	210,000	-	-	-	210,000
Reserved for healthcare	-	259,900	-	-	259,900
Reserved for inventory	-	-	-	11,201	11,201
Reserved for prepaid expenses	288,675	-	-	5,847	294,522
Unreserved: designated for:					
Designated for capital reserve vehicles	595,145	-	-	-	595,145
Designated for other improvements	444,327	100,000	-	-	544,327
Unreserved, reported in:					
General Fund	2,622,685	-	-	-	2,622,685
Unreserved, reported in non-major funds:					
Capital Projects	-	-	7,939,707	6,844,984	14,784,691
Special revenue funds	-	360,374	-	1,617,191	1,977,565
Total fund balances	\$ 4,160,832	\$ 720,274	\$ 7,939,707	\$ 8,694,511	\$ 21,515,324

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

Unrestricted net assets of the proprietary funds are \$9,919,947.

General Fund Budgetary Highlights

Revenues:

Revenues were \$1,257,379 short of projections on a budgetary basis, due mainly to:

General Property Taxes – were over budget by a total of \$58,825. Current year taxes were under budget by \$(156,910), however, this was offset by collection of prior years' taxes being over budget by \$215,735. The property tax collection rate has been increasing in recent years, at 97.51% for the current year

State Aid – was under budget by \$(836,480) due to decreased funding by the state after the Town's budget was finalized. Additionally, school housing aid and general revenue sharing amounts were under budget.

TOWN OF EAST GREENWICH, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2009
(Un-audited)

General Fund Budgetary Highlights (Continued)

Licenses, permits and usage fees – were under budget by \$(225,728), due mainly to a shortfall in realty transfer and land recording fees due to the poor economy.

Expenditures:

Expenditures on a budgetary basis were under budget by a total of \$1,250,427, due to the following:

Administration – was under budget by \$140,236 primarily due to favorable employee benefit expense costs.

Capital Improvements – were under budget by \$492,273 due to capital items not purchased in the current year.

Education Department Appropriation – was under budget by \$607,160 due to State aid cuts that were recognized as reductions in operating expenses of the school department related to pension savings. See the state aid note above.

The Town of East Greenwich's Capital Assets

The Town of East Greenwich's investment in capital assets for its governmental and business-type activities amounts to \$80,040,633 net of accumulated depreciation at June 30, 2009. Included are land, building and improvements, construction in progress, motor vehicles, furniture and equipment and infrastructure.

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

The following page presents the Capital Assets after the current year's activity.

TOWN OF EAST GREENWICH, RHODE ISLAND
Capital Assets (Net of Accumulated Depreciation)

	June 30, 2009			June 30, 2008		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Land	\$ 1,723,703	\$ 15,372	\$ 1,739,075	\$ 1,723,703	\$ 15,372	\$ 1,739,075
Construction in progress	7,090,543	13,070,895	20,161,438	5,426,463	10,818,440	16,244,903
Infrastructure	9,539,566	-	9,539,566	10,627,654	-	10,627,654
Land improvements	1,610,185	-	1,610,185	1,425,701	-	1,425,701
Buildings and improvements	18,820,739	14,013,634	32,834,373	9,772,954	14,419,436	24,192,390
Motor vehicles	1,317,527	29,761	1,347,288	1,372,528	34,378	1,406,906
Office furniture and equipment	91,493	23,850	115,343	117,139	-	117,139
Machinery and equipment	1,256,862	-	1,256,862	1,267,219	-	1,267,219
Sewer lines	-	11,436,503	11,436,503	-	11,763,831	11,763,831
	<u>\$ 41,450,618</u>	<u>\$ 38,590,015</u>	<u>\$ 80,040,633</u>	<u>\$ 31,733,361</u>	<u>\$ 37,051,457</u>	<u>\$ 68,784,818</u>

TOWN OF EAST GREENWICH, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2009
(Un-audited)

The Town of East Greenwich's Capital Assets (Continued)

The total increase in the Town's investment in capital assets for the current fiscal year was about 16.4% in terms of net book value. Significant expenditures were made for the installation of sewer lines, sewer plant expansion, improvements to school buildings, the construction of a new police station, a King Street development and the capitalization of Landfill Closure costs. In addition, the Town acquired police vehicles and public works equipment. Depreciation charges for the year totaled \$3,114,039 (\$2,331,211 on governmental assets and \$782,828 on the assets of the business-type activities). Additional information on the Town's capital assets can be found in Note 7 of the notes to the financial statements.

The Town of East Greenwich's Debt Administration

At the end of the current fiscal year, the Town of East Greenwich's Governmental Activities had a total bonded debt of \$30,380,000. Of this amount, 100% comprises bonded debt backed by the full faith and credit of the government.

The following is a summary of the Town's long-term debt.

TOWN OF EAST GREENWICH, RHODE ISLAND
General Obligation Bonds and Notes Payable

	June 30, 2009			June 30, 2008		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
General Obligation Bonds	\$ 24,380,000	\$ 6,000,000	\$ 30,380,000	\$ 17,080,000	\$ -	\$ 17,080,000
Notes Payable	9,000,000	20,857,215	29,857,215	-	21,704,935	21,704,935
	<u>\$ 33,380,000</u>	<u>\$ 26,857,215</u>	<u>\$ 60,237,215</u>	<u>\$ 17,080,000</u>	<u>\$ 21,704,935</u>	<u>\$ 38,784,935</u>

The Town issued \$6,000,000 of Sewer General Obligation Bonds in November 2008, as well as \$6,000,000 RIHBC Bonds for School Fields in February 2009. In April 2009, the Town issued a Bond Anticipation Note in the amount of \$9,000,000 for the "School Bond 52m Capital Fund" project, as well as \$3,050,000 of General Obligation Bonds for the construction of a new Community Center and renovations to the existing DPW building and \$190,000 of General Obligation Bonds for Town sidewalks and steps repair.

Additional information on the Town's long-term debt can be found in Note 12 of the notes to the financial statements.

The Town's general obligation bond rating as assigned by Moody's Investors Service in 2009 is Aa2 and AA+ by Standard and Poor's. The State of Rhode Island imposes a limit of 3 percent of the fair value of all taxable Town property on the general obligation debt that a municipality can issue. The Town of East Greenwich's limit is \$83,103,251 at year-end. The Town's outstanding general obligation debt is \$30,380,000 at year-end, which is \$52,723,251 under the State imposed limitation.

TOWN OF EAST GREENWICH, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2009
(Un-audited)

Economic Factors and Next Year's Budgets and Rates

The Town of East Greenwich's total general fund budget for fiscal year 2010 amounts to \$46,952,921 which reflects a increase of \$24,497 over the fiscal 2009 budget of \$46,928,424. Of the Town's 2010 budget of \$46,952,921, 65% is budgeted for educational purposes and 35% is budgeted for general government.

The State of Rhode Island is budgeted to contribute \$1,844,171 to the Town's education department based on State Aide for the Town.

The Town's tax rate for fiscal 2010 is \$16.64 per thousand, with 35% allocated for general government and 65% allocated for education. For fiscal 2009, the Town's tax rate was \$14.00 per thousand, with 32% allocated for general government and 68% allocated for education.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town of East Greenwich's finances for all of the Town of East Greenwich's citizens, taxpayers, customers, investors and creditors. This financial report seeks to demonstrate the Town's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Town of East Greenwich, Finance Director's Office, P.O. Box 111, East Greenwich, RI 02818; Attention: Mrs. Kathleen Raposa, Finance Director.



Kathleen Raposa, CPA
Finance Director

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements

TOWN OF EAST GREENWICH, RHODE ISLAND
Statement of Net Assets
June 30, 2009

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	East Greenwich Land Trust
ASSETS				
Cash and cash equivalents	\$ 24,032,071	\$ 4,732	\$ 24,036,803	\$ -
Investments	33,053	-	33,053	-
Accounts receivable:				
Accounts receivable net	1,727,789	1,162,128	2,889,917	-
Due from other governments	430,723	-	430,723	-
Other receivables	278,723	-	278,723	137,565
Inventory at cost	11,201	-	11,201	-
Other assets	850,712	190,608	1,041,320	-
Capital assets:				
Property, plant and equipment - net	32,636,372	25,503,748	58,140,120	-
Construction in progress	7,090,543	13,070,895	20,161,438	-
Assets not being depreciated	1,723,703	15,372	1,739,075	5,018,500
Total capital assets	41,450,618	38,590,015	80,040,633	5,018,500
Other assets				
Long-term sewer assessment receivable	-	9,971,410	9,971,410	-
TOTAL ASSETS	68,814,890	49,918,893	118,733,783	5,156,065
 LIABILITIES				
Accounts payable and accrued expenses	5,050,873	177,857	5,228,730	-
Internal balances	(1,223,398)	1,223,398	-	-
Due to other governments	425,021	-	425,021	-
Deferred revenue	18,213	-	18,213	-
Other liabilities	78,968	-	78,968	-
Long-term liabilities				
Due within one year	10,940,000	1,499,527	12,439,527	-
Due in more than one year	24,388,496	25,365,364	49,753,860	-
Total liabilities	39,678,173	28,266,146	67,944,319	-
 NET ASSETS				
Invested in capital assets, net of related debt	20,744,380	11,732,800	32,477,180	5,018,500
Unrestricted	8,392,337	9,919,947	18,312,284	137,565
Total net assets	\$ 29,136,717	\$ 21,652,747	\$ 50,789,464	\$ 5,156,065

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

TOWN OF EAST GREENWICH, RHODE ISLAND
Statement of Activities
For the Year Ended June 30, 2009

Functions/Programs	Program revenues				Net (Expense) Revenue and Changes in Net Assets			Component Unit East Greenwich Land Trust
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental	Primary Government	Total	
					Activities	Business-type Activities		
Primary government								
Governmental activities:								
Legislative, judicial and general administrative	\$ 4,185,051	\$ 639,690	\$ -	\$ 408,777	\$ (3,136,584)		\$ (3,136,584)	
Financial administration	498,266	-	-	-	(498,266)		(498,266)	
Information technology	347,956	-	-	-	(347,956)		(347,956)	
Public safety	3,719,021	618,109	27,283	57,541	(3,016,088)		(3,016,088)	
Public works	4,264,987	254,332	-	-	(4,010,655)		(4,010,655)	
Public health and welfare	474,880	55,045	295,974	50,000	(73,861)		(73,861)	
Parks and recreation	598,106	126,491	3,408	-	(468,207)		(468,207)	
Town planner	190,516	296,856	-	-	106,340		106,340	
Senior and human services	245,204	-	-	-	(245,204)		(245,204)	
Education	35,045,679	961,299	2,549,745	-	(31,534,635)		(31,534,635)	
Library	467,175	-	-	-	(467,175)		(467,175)	
Financing costs	1,625	-	-	-	(1,625)		(1,625)	
Unrealized gain (loss) on investment	26,717	-	-	-	(26,717)		(26,717)	
Interest on long-term debt	679,380	-	-	-	(679,380)		(679,380)	
Total governmental activities	<u>50,744,563</u>	<u>2,951,822</u>	<u>2,876,410</u>	<u>516,318</u>	<u>(44,400,013)</u>		<u>(44,400,013)</u>	
Business-type activities:								
Sewer fund	2,077,958	6,170,324	-	-	-	\$ 4,092,366	4,092,366	
Total business-type activities	<u>2,077,958</u>	<u>6,170,324</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,092,366</u>	<u>4,092,366</u>	
Total primary government	<u>\$ 52,822,521</u>	<u>\$ 9,122,146</u>	<u>\$ 2,876,410</u>	<u>\$ 516,318</u>	<u>(44,400,013)</u>	<u>4,092,366</u>	<u>(40,307,647)</u>	
Component unit:								
East Greenwich Land Trust	\$ 37,652	-	\$ 41,873	\$ -				\$ 4,221
Total Component unit:	<u>\$ 37,652</u>	<u>\$ -</u>	<u>\$ 41,873</u>	<u>\$ -</u>				<u>\$ 4,221</u>
General revenues:								
General property tax					39,648,780	-	39,648,780	-
State revenue sharing					3,676,307	-	3,676,307	-
Unrestricted investment earnings					94,635	472,065	566,700	-
Miscellaneous					171,179	-	171,179	-
Gain (loss) on sale of assets					(64,575)	-	(64,575)	-
Total general revenues					<u>43,526,326</u>	<u>472,065</u>	<u>43,998,391</u>	<u>4,221</u>
Change in net assets					<u>(873,687)</u>	<u>4,564,431</u>	<u>3,690,744</u>	<u>4,221</u>
Net assets - beginning					<u>28,295,222</u>	<u>17,351,891</u>	<u>45,647,113</u>	<u>5,151,844</u>
Prior period adjustment (Note 13)					<u>1,715,182</u>	<u>(263,575)</u>	<u>1,451,607</u>	<u>-</u>
Net assets - beginning (restated)					<u>30,010,404</u>	<u>17,088,316</u>	<u>47,098,720</u>	<u>5,151,844</u>
Net assets - ending					<u>\$ 29,136,717</u>	<u>\$ 21,652,747</u>	<u>\$ 50,789,464</u>	<u>\$ 5,156,065</u>

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

Fund Financial Statements

TOWN OF EAST GREENWICH, RHODE ISLAND
Balance Sheet
Governmental Funds
June 30, 2009

	<u>General Fund</u>	<u>School Unrestricted Fund</u>	<u>School Bond 52m Capital Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 19,843,435	\$ -	\$ -	\$ 4,188,636	\$ 24,032,071
Investments	-	-	-	33,053	33,053
Accounts receivable:					
Property taxes, less allowance for doubtful accounts of \$57,000	1,727,789	-	-	-	1,727,789
Intergovernmental	88,667	20,988	-	321,068	430,723
Other	206,014	5,495	-	67,214	278,723
Internal balances	10,128,012	3,605,655	8,207,003	5,057,901	26,998,571
Inventory	-	-	-	11,201	11,201
Deposits with institutions	-	259,900	-	-	259,900
Prepaid expenses	288,675	-	-	5,847	294,522
TOTAL ASSETS	<u>\$ 32,282,592</u>	<u>\$ 3,892,038</u>	<u>\$ 8,207,003</u>	<u>\$ 9,684,920</u>	<u>\$ 54,066,553</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued expenses	\$ 935,649	\$ 2,677,144	\$ 267,296	\$ 441,373	\$ 4,321,462
Internal balances	25,480,884	-	-	521,454	26,002,338
Due to other governments	-	415,652	-	9,369	425,021
Deferred revenue	1,705,227	-	-	18,213	1,723,440
Other liabilities	-	78,968	-	-	78,968
Total liabilities	<u>28,121,760</u>	<u>3,171,764</u>	<u>267,296</u>	<u>990,409</u>	<u>32,551,229</u>
Fund balances:					
Reserve for:					
Reserved by trust agreements	-	-	-	215,288	215,288
Reserved for contingency	210,000	-	-	-	210,000
Reserved for healthcare	-	259,900	-	-	259,900
Reserved for inventory	-	-	-	11,201	11,201
Reserved for prepaid expenses	288,675	-	-	5,847	294,522
Unreserved: designated for:					
Designated for capital reserve vehicles	595,145	-	-	-	595,145
Designated for other improvements	444,327	100,000	-	-	544,327
Unreserved, reported in:					
General fund	2,622,685	-	-	-	2,622,685
Unreserved, reported in non-major funds:					
Capital project funds	-	-	7,939,707	6,844,984	14,784,691
Special revenue funds	-	360,374	-	1,617,191	1,977,565
Total fund balances	<u>4,160,832</u>	<u>720,274</u>	<u>7,939,707</u>	<u>8,694,511</u>	<u>21,515,324</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 32,282,592</u>	<u>\$ 3,892,038</u>	<u>\$ 8,207,003</u>	<u>\$ 9,684,920</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. (see note 8)	41,450,618
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. (see note 8)	1,499,271
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. (see note 8)	(35,328,496)
Net assets of governmental activities	<u>\$ 29,136,717</u>

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

TOWN OF EAST GREENWICH, RHODE ISLAND
Statement of Revenues, Expenditures
and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2009

	General Fund	School Unrestricted Fund	School Bond 52m Capital Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues					
General property tax	\$ 39,757,548	\$ -	\$ -	\$ -	\$ 39,757,548
Intergovernmental and departmental revenues	3,632,783	1,746,190	-	1,578,217	6,957,190
License and permits	1,064,372	-	-	-	1,064,372
Fines and interest on late payments	234,271	-	-	-	234,271
Interest on investments	92,526	-	-	2,109	94,635
Other revenues	889,545	-	-	1,109,750	1,999,295
Total revenues	<u>45,671,045</u>	<u>1,746,190</u>	<u>-</u>	<u>2,690,076</u>	<u>50,107,311</u>
Expenditures					
Legislative, judicial and general administrative	3,153,800	-	-	-	3,153,800
Financial administration	498,266	-	-	-	498,266
Information technology	347,956	-	-	-	347,956
Public safety	2,962,938	-	-	495,636	3,458,574
Public works	2,903,501	-	-	-	2,903,501
Public health and welfare	108,957	-	-	365,923	474,880
Parks and recreation	542,383	-	-	-	542,383
Town planner	190,516	-	-	-	190,516
Senior and human services	245,204	-	-	-	245,204
Education	-	33,037,049	-	1,380,006	34,417,055
Library	467,175	-	-	-	467,175
Financing costs	1,625	-	-	-	1,625
Unrealized gain (loss) on investment	-	-	-	26,717	26,717
Capital outlay	672,264	-	1,060,293	8,581,981	10,314,538
Long-term obligations:					
Principal	1,940,000	-	-	-	1,940,000
Interest	604,260	-	-	-	604,260
Total expenditures	<u>14,638,845</u>	<u>33,037,049</u>	<u>1,060,293</u>	<u>10,850,263</u>	<u>59,586,450</u>
Excess of revenues over (under) expenditures before other financing sources (uses)	<u>31,032,200</u>	<u>(31,290,859)</u>	<u>(1,060,293)</u>	<u>(8,160,187)</u>	<u>(9,479,139)</u>
Other financing sources (uses)					
Issuance of debt	-	-	9,000,000	9,240,000	18,240,000
Transfers from other funds	64,032	31,197,803	-	30,067	31,291,902
Transfers to other funds	(31,197,803)	(30,000)	-	(64,099)	(31,291,902)
Total other financing sources (uses)	<u>(31,133,771)</u>	<u>31,167,803</u>	<u>9,000,000</u>	<u>9,205,968</u>	<u>18,240,000</u>
Net changes in fund balances	(101,571)	(123,056)	7,939,707	1,045,781	8,760,861
Fund balances - beginning	<u>4,345,726</u>	<u>843,330</u>	<u>-</u>	<u>7,648,730</u>	<u>12,837,786</u>
Prior period adjustment (Note 13)	(83,323)	-	-	-	(83,323)
Fund balances - beginning (restated)	<u>4,262,403</u>	<u>843,330</u>	<u>-</u>	<u>7,648,730</u>	<u>12,754,463</u>
Fund balances - ending	<u>\$ 4,160,832</u>	<u>\$ 720,274</u>	<u>\$ 7,939,707</u>	<u>\$ 8,694,511</u>	<u>\$ 21,515,324</u>

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

TOWN OF EAST GREENWICH, RHODE ISLAND
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2009

Net change in fund balances - total governmental funds \$ 8,760,861

Amounts reported for governmental activities in the statement of activities are different from the amounts reported as fund expenditures because:

Governmental funds reported capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays of \$10,314,538 exceed depreciation (\$2,331,211) in the current period. 7,983,327

Property taxes that are not collected in the current period and do not represent current financial resources are deferred in the fund financial statements, however they are recognized as revenues in the statement of activities. (108,768)

Amortization of bond issuance costs and premiums in the current period do not represent current financial resources, however they are recognized as expenditures and revenues in the statement of activities. (87,104)

Some expenditures reported in the governmental funds that require the use of current financial resources are not reported as expenditures in the statement of activities. (75,120)

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the full accrual basis, expenses and liabilities are recorded regardless of when financial resources are available.

Loss on disposal of capital assets	\$	(64,575)	
Principal payments made on long-term debt		1,940,000	
Issuance of debt		(18,240,000)	
Decrease in capital leases		183,250	
Net increase in compensated absences		(179,231)	
Net increase in the other post employment benefit obligation		(986,327)	(17,346,883)

Change in net assets of governmental activities \$ (873,687)

Please see Note 9 for a more detailed explanation of the differences between the Government-Wide Financial Statements and the Fund Financial Statements

TOWN OF EAST GREENWICH, RHODE ISLAND
Statement of Net Assets
Proprietary Funds
June 30, 2009

	Sewer Fund
ASSETS	
Current assets	
Cash and cash equivalents	\$ 4,732
Accounts receivable	
User fees, net of \$50,000 allowance for doubtful accounts	874,225
Assessments, current portion	287,903
Total current assets	1,166,860
Non-current assets	
Deferred charges, net of amortization	190,608
Long-term sewer assessment receivable	9,971,410
Net capital assets	38,590,015
Total non-current assets	48,752,033
TOTAL ASSETS	49,918,893
LIABILITIES	
Current liabilities	
Accounts payable and accrued expenses	177,857
Internal balances	1,223,398
Current portion of long-term debt	1,499,527
Total current liabilities	2,900,782
Non-current liabilities	
Notes and bonds payable	25,357,688
Accrued compensated absences	7,676
Total non-current liabilities	25,365,364
TOTAL LIABILITIES	28,266,146
Net Assets	
Invested in capital assets, net of related debt	11,732,800
Unrestricted	9,919,947
Total net assets	\$ 21,652,747

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

TOWN OF EAST GREENWICH, RHODE ISLAND
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2009

	Sewer Fund
Operating revenues	
Usage sales and fees	\$ 1,464,440
Sewer assessments	4,705,884
Other income	-
Total operating revenues	6,170,324
Operating expenses	
Salaries and benefits	509,388
Materials and supplies	17,138
Contract services	145,761
Repairs and maintenance	34,924
Utilities	154,455
Administrative expenses	28,371
Depreciation and amortization	789,477
Total operating expenses	1,679,514
Operating income	4,490,810
Non-operating revenues (expenses)	
Investment income	45
Assessment interest income	472,020
Sewer bond interest expense	(398,444)
Total non-operating (expenses)	73,621
Change in net assets	4,564,431
Total net assets - beginning	17,351,891
Prior period adjustment (Note 13)	(263,575)
Total net assets - beginning (restated)	17,088,316
Total net assets - ending	\$ 21,652,747

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

TOWN OF EAST GREENWICH, RHODE ISLAND
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2009

	Sewer Fund
Cash flows from operating activities	
Cash received from customers and providing services	\$ 2,198,813
Cash payments to suppliers for goods and services	(397,212)
Cash payments to employees for services	(520,056)
Net cash provided by (used for) operating activities	1,281,545
Cash flows from non-capital financing activities	
Interfund loans	(4,152,708)
Net cash provided by non-capital financing activities	(4,152,708)
Cash flows from capital and related financing activities	
Principal paid on bonds & notes	(1,281,863)
Additions to capital assets	(2,321,385)
Interest paid on long term debt	(398,444)
Bond issuance costs	(33,308)
Proceeds received from bonds/notes	6,434,143
Net cash (used for) capital and related financing activities	2,399,143
Cash flows from investing activities	
Interest income	472,065
Net cash provided by investing activities	472,065
Net increase (decrease) in cash and cash equivalents	45
Cash and cash equivalents at beginning of year	4,687
Cash and cash equivalents at end of year	\$ 4,732
Reconciliation of operating income to net cash provided by operating activities	
Operating income (Loss)	\$ 4,490,810
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	789,477
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(3,971,511)
Increase (decrease) in accounts payable and accrued expenses	(16,563)
Increase (decrease) in compensated absences	(10,668)
Total adjustments	(3,209,265)
Net cash provided by operating activities	\$ 1,281,545

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

TOWN OF EAST GREENWICH, RHODE ISLAND
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2009

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 355,405
Internal balances	<u>89,600</u>
Total Assets	<u>445,005</u>
LIABILITIES	
Deposits held in custody for others	<u>445,005</u>
Total Liabilities	<u>\$ 445,005</u>

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

Notes to Financial Statements

TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 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 East Greenwich, Rhode Island (the primary government). The activities discussed below are included in the Town's reporting entity because of the significance of their operational or financial relationships with the Town.

The Town complies with generally accepted accounting principles (GAAP). Generally accepted accounting principles (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 these notes.

Primary Government

The Town of East Greenwich is a municipal corporation governed by a Town Council/Town Manager form of government with an elected five member Town Council.

The Town of East Greenwich was incorporated in 1677. The Town operates under a Home Rule Charter, adopted in 1972. All legislative powers of the town, except such powers as are reserved by the state law or vested in the financial Town Meeting by the Charter and by-laws enacted by the Town Council, are vested in the Town Council by the Charter, including the ordering of any tax, making appropriations and transacting of any other business pertaining to the financial affairs of the Town.

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

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

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

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

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

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

The following entities were considered for classification as component units for fiscal year 2009:

- * East Greenwich School Department
- * East Greenwich Land Trust (the Trust)

(Continued)

TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 1 - REPORTING ENTITY (CONTINUED)

Although the East Greenwich School Department meets certain criteria of the tests listed above, this entity is not deemed to have separate legal status apart from the Town. As a result, the financial data of these entities have been included as Special Revenue Funds within the Town's financial statements.

The East Greenwich Land Trust (the Trust) has been presented as a component unit of the Town in the government-wide financial statements. An appointed Board of Trustees governs the Trust. The purpose of the Trust is to promote preservation of the environment and character of the Town, to preserve suitable open spaces for recreation, for the conservation of forestry and wildlife, to promote responsible development of real estate and sound conservation practices, to protect environmentally sensitive or threatened existing and /or future fresh-water well fields, aquifer recharge area, wetlands and to promote public access and views of harbors, ponds, marshes, farmland and forests situated in the Town. Upon termination or dissolution of the Trust, title to all remaining funds, land and land rights will vest with the Town. The Trust is included in the Town's reporting entity because of the significance of the operational and financial relationships with the Town. The Trust does not issue separate financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Recently Issued Accounting Standards

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

- GASB Statement No. 51 - Accounting and Financial Reporting for Intangible Assets, effective for the Town's fiscal year ending June 30, 2010.
- GASB Statement No. 53 - Accounting and Financial Reporting for Derivative Instruments, 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.

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

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 non-exchange 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.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. 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 if it meets the following criteria:

(Continued)

TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

GOVERNMENTAL FUND TYPES

These are the funds through which most governmental functions are typically financed. The funds included in this category are as follows:

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 that are legally or administratively required to be accounted for in other funds.

Special Unrestricted Fund – is the primary operating fund of the School Department and is always classified as a major fund. It is used to account for all School activities except those that are legally or administratively required to be accounted for in other funds.

Special Revenue Funds – are used to account for the proceeds of specific revenue sources (other than expendable trust, or major capital projects) that are legally restricted to expenditures for specified purposes.

Capital Projects Funds - are used to account for resources restricted for the acquisition or construction of specific capital projects or items (other than those financed by Proprietary or Trust funds).

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

PROPRIETARY FUND TYPES

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 FUND TYPES

These funds use the accrual basis of accounting to account for assets held by the Town as a trustee or agent for individuals, private organizations, and other units of governments. These funds are not included in government-wide statements.

TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Agency Funds – are used to account for assets held by the Town in a purely custodial capacity. Since agency funds are custodial in nature (i.e. assets equal liabilities), they do not involve the measurement of results of operations.

BASIS OF ACCOUNTING

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 and agency 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, fiduciary 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.

All proprietary funds, fiduciary 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.

TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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.

Cash and Cash Equivalents

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

Investments

Investments are stated at fair value in accordance with GASB No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

For purposes of the statements of cash flows, all highly liquid investments with a maturity of three months or less when purchased (e.g. short-term commercial paper) are considered to be cash equivalents.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. 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. Non-exchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivables are based upon historical trends and the periodic aging of accounts receivable.

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.

Inventories

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

TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Property, Plant and Equipment

The accounting treatment over 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. The capitalization threshold is any individual item with a total cost greater than \$10,000.

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>Description</u>	<u>Years</u>
Buildings, Infrastructure & Improvements	10-100
Motor vehicles	5-10
Machinery and equipment	5-30
Sewer mains	75-100

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.

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".

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.

TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance Transactions

The reappropriation of prior year's unexpended balances for certain accounts in the General Fund is reported as a transfer of fund balance in the current year.

Property Taxes

The Town is permitted by state law to levy property taxes. Taxes are recognized as revenue when they are collected. Taxes are levied each July on (a) 100% of the full and fair value of real and tangible personal property owned within the Town on the previous December 31; and, (b) the value, as determined by the Rhode Island Vehicle Valuation Commission, of vehicles registered within the Town the previous calendar year, prorated for the actual number of days so registered, reduced by the amount exempt under the Motor Vehicle Phase-Out Program. Taxes levied during July are payable in quarterly installments on September 15, December 15, March 15 and June 15, or on September 15, if paid in one payment. 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.

The allowance for uncollectible accounts is based on that portion of current and delinquent taxes receivable, which is estimated to be doubtful of collection. This provision does not constitute an abandonment of claim or the cessation of collection effort.

The municipality holds an annual tax sale in May or June. This tax sale includes all property with a delinquent balance as of the December 15 quarterly installment for the prior year. Subsequent to the tax sale, recorder's deeds are placed on sold properties.

Deferred Revenues

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

Vacation, Sick Leave, and Other Compensated Absences

Unused vacation leave is paid upon an employee's termination. Sick leave not taken is paid only to municipal workers up to 75 days and for police department employees the greater of 130 days or 75% of total accumulated sick leave, upon retirement. School department employees are paid compensated absences based on various employee agreements. Compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts not expected to be liquidated with expendable available resources are reported as long-term debt in the government-wide financial statements. Long-term debt and other obligations financed by the proprietary funds are reported as liabilities in the appropriate funds. For Proprietary Fund Types accrued compensated absences are recorded as a liability within those funds using the full accrual basis.

Short-Term Interfund Receivable/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 "internal balances" 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 appropriations.

(Continued)

TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Uses of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make assumptions that affect the reported amounts of assets and liabilities and 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.

Budgetary Process

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

Appropriations in addition to those contained in the annual operating budgets, except for the purpose of meeting a public emergency, are made upon the recommendation of the Town Manager with the Director of Finance's certification as to General Fund surplus to meet such appropriations and with Town Council's approval and approval of the citizens at a Financial Town meeting. There were no additional supplemental appropriations for the year ended June 30, 2008. Amendments to the operating budgets that do not result in additional appropriations may be made within departments by means of a transfer.

NOTE 3 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Legal Debt Margin

The Town's legal debt margin as set forth by State Statute is limited to three percent of total assessed value, which approximates \$83,103,251 based on the December 31, 2008 assessment. As of June 30, 2009 the Town's debt is under the debt limit by \$52,723,251.

In addition to the bonding authority granted under §45-12-2 of the RI General Laws, the Town of East Greenwich can authorize bond issues pursuant to a special act of the RI General Assembly. Bond issues authorized by a special act of the General Assembly are normally not subject to any legal debt limit, but are subject to financial constraints such as the Town's ability and willingness to service the bonded debt. See page 94 in the statistical section for computation of the legal debt margin.

**TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

NOTE 4 - FUND EQUITY

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

A. Reserves - Reservations of fund balance at June 30, 2009 were as follows:

General Fund:

Reserved for contingency	\$ 210,000
Reserved for prepaid expenses	<u>288,675</u>
Total	<u>\$ 498,675</u>

School Unrestricted Fund:

Reserved for healthcare deposits	<u>\$ 259,900</u>
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Non-Major Governmental Funds:

Reserved by trust agreements	\$ 215,288
Reserved for inventory	11,201
Reserved for prepaid expenses	<u>5,847</u>
Total	<u>\$ 232,336</u>

B. Designations - Designations of fund balance at June 30, 2009 were as follows:

General Fund:

Designated for capital reserve vehicles	\$ 595,145
Designated for other improvements	<u>444,327</u>
Total	<u>\$ 1,039,472</u>

School Unrestricted Fund:

Designated for other improvements	<u>\$ 100,000</u>
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C. Deficits - Deficits of fund equity balances at June 30, 2009 were as follows:

Non-Major Governmental Funds:

School Lunch Fund	\$ 187,531
King Street Project	\$ 40,575
Landfill Project	\$ 111,183

NOTE 5 - CASH AND INVESTMENTS

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

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

TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 5 - CASH AND INVESTMENTS (CONTINUED)

Interest Rate Risk: The Town limits its exposure to fair value losses arising from changes in interest rates by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and investing operating funds primarily in shorter-term securities, money market funds, or similar investment pools.

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

Custodial Credit Risk

Deposits: This is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2009, \$-0- of the Town's balance of \$24,392,208 was uninsured and uncollateralized.

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

Cash and investments of the Town consist of the following at June 30, 2009

Cash and cash equivalents	
Deposits with financial institutions	\$ 24,392,208
Investments	
Permanent funds	
Corporate stocks	33,053
Total permanent fund investments	<u>33,053</u>
Total cash and investments	<u><u>\$ 24,425,261</u></u>

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

Statement of net assets	
Cash and cash equivalents	\$ 24,036,803
Investments	33,053
	<u>24,069,856</u>
Fiduciary funds	
Cash and cash equivalents	355,405
	<u>355,405</u>
Total cash and investments	<u><u>\$ 24,425,261</u></u>

TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 5 - CASH AND INVESTMENTS (CONTINUED)

Interest Rate Risk: This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The town does not have any investments that are subject to interest rate risk for the fiscal year ended June 30, 2009. If applicable, information about the exposure of the Town's debt type investments to this risk is reported using the segment time distribution model.

Credit Risk: Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. The Town did not have any debt type investments that were exposed to credit risk as defined by GASB 40 as of June 30, 2009.

NOTE 6 - PROPERTY TAXES

The Town is responsible for assessing, collecting, and distributing property taxes in accordance with enabling state legislation. The Town does not use the modified accrual basis (60 day rule) for reporting its revenue from property taxes. Rather, the Town uses the cash method which reports revenue as taxes are paid. This method is not according to Generally Accepted Accounting Principals (GAAP). However, the total effect on the Funds Statement is insignificant. Therefore, there is no modification to the auditor's opinion on these Financial Statements.

All property taxes for fund statement purposes are recognized in compliance with NCGA Interpretation-3 (Revenue Recognition - Property Taxes), which states that such revenue is recorded when it becomes measurable and available. Available means due, or past due and receivable within the current period and collected no longer than 60 days after the close of the current period. The Town uses the allowance method for bad debts. Under this method, the Town has reserved the sum of \$57,000.00.

Current tax collections for the Town were approximately 97.51% of the total July 2008 tax levy.

NOTE 7 - INFORMATION ABOUT CAPITAL ASSETS

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

TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 7 - INFORMATION ABOUT CAPITAL ASSETS (CONTINUED)

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

	Primary Government				Ending Balance
	Beginning Balance	Increases	Decreases	Adjustments	
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 1,723,703	\$ -	\$ -	\$ -	\$ 1,723,703
Construction in progress	5,426,463	9,481,677	-	(7,817,597)	7,090,543
Total capital assets not being depreciated	<u>7,150,166</u>	<u>9,481,677</u>	<u>-</u>	<u>(7,817,597)</u>	<u>8,814,246</u>
Other capital assets:					
Infrastructure	36,472,762	-	-	-	36,472,762
Land improvements	1,818,208	265,907	-	-	2,084,115
Buildings and improvements	17,417,265	38,905	-	9,616,102	27,072,272
Office furniture and equipment	281,873	-	-	-	281,873
Motor vehicles	2,351,470	167,089	343,128	-	2,175,431
Machinery and equipment	3,072,653	360,960	561,928	-	2,871,685
Total other capital assets at historical cost	<u>61,414,231</u>	<u>832,861</u>	<u>905,056</u>	<u>9,616,102</u>	<u>70,958,138</u>
Less accumulated depreciation for:					
Infrastructure	25,845,108	1,088,088	-	-	26,933,196
Land improvements	392,507	81,423	-	-	473,930
Buildings and improvements	7,644,311	607,222	-	-	8,251,533
Office furniture and equipment	164,734	25,646	-	-	190,380
Motor vehicles	978,942	200,124	321,162	-	857,904
Machinery and equipment	1,805,434	328,708	519,319	-	1,614,823
Total accumulated depreciation	<u>36,831,036</u>	<u>2,331,211</u>	<u>840,481</u>	<u>-</u>	<u>38,321,766</u>
Governmental activities capital assets, net	<u>\$ 31,733,361</u>	<u>\$ 7,983,327</u>	<u>\$ 64,575</u>	<u>\$ 1,798,505</u>	<u>\$ 41,450,618</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
Legislative, judicial and general administrative	\$ 24,931
Public safety	260,447
Public works	1,361,486
Parks and recreation	55,723
Education	628,624
Total governmental activities depreciation expense	<u>\$ 2,331,211</u>

TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 7 - INFORMATION ABOUT CAPITAL ASSETS (CONTINUED)

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

	Primary Government			Ending Balance
	Beginning Balance	Increases	Decreases	
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 15,372	\$ -	\$ -	\$ 15,372
Construction in progress	10,818,440	2,252,455	-	13,070,895
Total capital assets not being depreciated	<u>10,833,812</u>	<u>2,252,455</u>	<u>-</u>	<u>13,086,267</u>
Other capital assets:				
Sewer facility	20,753,745	42,431	-	\$ 20,796,176
Equipment and fixtures	305,115	26,500	-	331,615
Motor vehicles	174,072	-	-	174,072
Sewer lines	14,213,857	-	-	14,213,857
Total other capital assets at historical cost	<u>35,446,789</u>	<u>68,931</u>	<u>-</u>	<u>35,515,720</u>
Less accumulated depreciation for:				
Sewer facility	6,334,309	448,233	-	6,782,542
Equipment and fixtures	305,115	2,650	-	307,765
Motor vehicles	139,694	4,617	-	144,311
Sewer lines	2,450,026	327,328	-	2,777,354
Total accumulated depreciation	<u>9,229,144</u>	<u>782,828</u>	<u>-</u>	<u>10,011,972</u>
Business-type activities capital assets, net	<u>\$ 37,051,457</u>	<u>\$ 1,538,558</u>	<u>\$ -</u>	<u>\$ 38,590,015</u>

Depreciation expense was charged to functions as follows:

Business-type activities:	
Sewer Fund	\$ 782,828
Total business-type activities depreciation expense	<u>\$ 782,828</u>

TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

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

"Total fund balances" of the Towns' governmental funds \$21,515,324 differs from "net assets" of governmental activities \$29,136,717 reported in the statement of net assets. This difference primarily results from the long-term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheets. The effect of the differences is illustrated below.

	Total Governmental Funds	Long-term Assets/ Liabilities (1)	Reclassifications and Eliminations	Statement Net Assets Totals
Assets				
Cash and cash equivalents	\$ 24,032,071	\$ -	\$ -	\$ 24,032,071
Investments	33,053	-	-	33,053
Receivables:				
Property taxes, net	1,727,789	-	-	1,727,789
Intergovernmental	430,723	-	-	430,723
Other	278,723	-	-	278,723
Internal balances	26,998,571	-	(26,998,571)	-
Inventory	11,201	-	-	11,201
Other assets	554,422	296,290	-	850,712
Property, plant and equipment - net	-	39,726,915	-	39,726,915
Assets not being depreciated	-	1,723,703	-	1,723,703
Total assets	\$ 54,066,553	\$ 41,746,908	\$ (26,998,571)	\$ 68,814,890
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued expenses	\$ 4,321,462	\$ 502,246	\$ 227,165	\$ 5,050,873
Internal balances	26,002,338	-	(27,225,736)	(1,223,398)
Due to other governments	425,021	-	-	425,021
Deferred revenue	1,723,440	(1,705,227)	-	18,213
Other liabilities	78,968	-	-	78,968
Long-term liabilities				
Due within one year	-	10,940,000	-	10,940,000
Due in more than one year	-	24,388,496	-	24,388,496
Total liabilities	32,551,229	34,125,515	(26,998,571)	39,678,173
Fund Balances/Net Assets				
Total fund balances/net assets	21,515,324	7,621,393	-	29,136,717
Total liabilities and fund balances/net assets	\$ 54,066,553	\$ 41,746,908	\$ (26,998,571)	\$ 68,814,890

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

Cost of capital assets	\$ 79,772,384
Accumulated depreciation	(38,321,766)
	\$ 41,450,618

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

Adjustment of deferred revenue	\$ 1,705,227
Accrued interest	(172,648)
Bond premiums	(329,598)
Bond issuance costs	296,290
	\$ 1,499,271

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

Bonds payable	\$ (33,380,000)
Capital leases payable	(33,333)
Accrued compensated absences	(928,836)
Net other post employment benefit obligation	(986,327)
	\$ (35,328,496)

TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

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

The "net change in the fund balances" for governmental funds \$8,760,861 differs from the "change in net assets" for governmental activities (\$873,687) reported in the statement of activities. The differences arise primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

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

	<u>Total Governmental Funds</u>	<u>Long-term Revenues/ Expenses (1)</u>	<u>Capital- related Items (2)</u>	<u>Long-term Debt Transactions (3)</u>	<u>Statement of Activities Totals</u>
Revenues					
General property tax	\$ 39,757,548	\$ (108,768)	\$ -	\$ -	\$ 39,648,780
Intergovernmental and departmental revenues	6,957,190	(79,083)	-	-	6,878,107
License and permits	1,064,372	-	-	-	1,064,372
Fines and interest on late payments	234,271	-	-	-	234,271
Interest on investments	94,635	-	-	-	94,635
Other revenues	1,999,295	15,991	-	-	2,015,286
Total revenues	<u>50,107,311</u>	<u>(171,860)</u>	<u>-</u>	<u>-</u>	<u>49,935,451</u>
Expenditures					
Current:					
Legislative, judicial and general administrative	3,153,800	24,012	24,931	982,308	4,185,051
Financial administration	498,266	-	-	-	498,266
Information technology	347,956	-	-	-	347,956
Public safety	3,458,574	-	260,447	-	3,719,021
Public works	2,903,501	-	1,361,486	-	4,264,987
Public health and welfare	474,880	-	-	-	474,880
Parks and recreation	542,383	-	55,723	-	598,106
Town planner	190,516	-	-	-	190,516
Senior and human services	245,204	-	-	-	245,204
Education	34,417,055	-	628,624	-	35,045,679
Library	467,175	-	-	-	467,175
Financing costs	1,625	-	-	-	1,625
Unrealized gain (loss) on investment	26,717	-	-	-	26,717
Capital outlay	10,314,538	-	(10,314,538)	-	-
Long-term obligations:					
Principal	1,940,000	-	-	(1,940,000)	-
Interest	604,260	75,120	-	-	679,380
Total expenditures	<u>59,586,450</u>	<u>99,132</u>	<u>(7,983,327)</u>	<u>(957,692)</u>	<u>50,744,563</u>
Other financing sources (uses)					
Issuance of debt	18,240,000	-	-	(18,240,000)	-
Gain (loss) on disposal of equipment	-	-	(64,575)	-	(64,575)
Transfers from other funds	31,291,902	-	-	-	31,291,902
Transfers to other funds	(31,291,902)	-	-	-	(31,291,902)
Total other financing sources (uses)	<u>18,240,000</u>	<u>-</u>	<u>(64,575)</u>	<u>(18,240,000)</u>	<u>(64,575)</u>
Net change for the year	<u>\$ 8,760,861</u>	<u>\$ (270,992)</u>	<u>\$ 7,918,752</u>	<u>\$ (17,282,308)</u>	<u>\$ (873,687)</u>

TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

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

- (1) Increases in deferred revenues that provide current financial resources to governmental funds are not reported as revenues in the statement of activities. State funded public service corporation tax revenues that are not accrued for in the governmental funds are reported as revenues in the statement of activities.

Deferred revenue property tax	<u>\$ (108,768)</u>
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Interest expense in the statement of activities differs from the amount reported in the governmental funds for two reasons. Accrued interest was reduced on the calculation for bonds payable and bond issuance costs and premiums are reported as expenditures in governmental funds while in the government-wide financial statements they are capitalized and amortized over the life of the bond.

Accrued interest	\$ (75,120)
Bond issuance costs	169,430
Amortization bond issuance costs	(24,012)
Bond premiums	(248,513)
Amortization bond premium costs	15,991
Total expenditure adjustment	<u>\$ (162,224)</u>

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

Capital outlay	\$ 10,314,538
Depreciation expense	(2,331,211)
Difference	<u>\$ 7,983,327</u>

When a loss is realized for the disposal of capital assets the loss is not recognized on the governmental funds and is only recorded on the statement of activities.

Loss on disposal of equipment	<u>\$ (64,575)</u>
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- (3) Repayment of bond principal is reported as an expenditure in the governmental funds and, thus, has the effect of reducing fund balance because current financial resources have been used. For the town as a whole, however, the principal payments reduce the liabilities in the statement of net assets and do not result in an expense in the statement of activities.

Issuance of debt	\$ (18,240,000)
Principal payments made	1,940,000
Difference	<u>\$ (16,300,000)</u>

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

Net increase in the other post employment benefit	\$ 986,327
Net increase in compensated absences	179,231
Net decrease in capital leases	(183,250)
Change	<u>\$ 982,308</u>

**TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

NOTE 10 - CAPITAL LEASES

As of June 30, 2009, future minimum rental commitments under capital leases are as follows:

<u>ENDED JUNE 30,</u>	<u>FISCAL YEAR</u> <u>PAYMENTS</u>
2010	35,692
Future Minimum Rental Payments	35,692
Interest Portion of Payments	(2,359)
Obligation Under Capital Leases	\$ 33,333

The gross amount of leased assets included in capital assets for the fiscal year ended June 30, 2009 was \$100,000 for Town Telecommunications.

NOTE 11 - INTERFUND BALANCES

Inter-fund balances represent loans to various funds for use in operations. These amounts are expected to be repaid at certain future dates. Below are the balances as of June 30, 2009:

	<u>Due from other funds</u>	<u>Due to other funds</u>
General Fund	\$ 10,128,012	\$ 25,480,884
School Bond 52m Capital Fund	8,207,003	
Special Revenue Funds:		
School Unrestricted	3,605,655	-
School Restricted	128,785	210,241
Town Restricted	1,452,069	130,341
Town Projects Fund	219,835	5,335
	5,406,344	345,917
Other Non-major Funds		
Capital Projects Funds	3,257,212	175,537
Enterprise Funds		
Sewer	-	1,223,398
Fiduciary Funds		
Land Trust	89,600	-
Component Unit		
Land Trust	-	-
	137,565	-
Totals	\$ 27,225,736	\$ 27,225,736

NOTE 12 - LONG-TERM LIABILITIES

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds may be issued for both general government and proprietary activities and are direct obligations and pledge the full faith and credit of the Town.

Rhode Island general laws cap the amount of each municipality's general obligation bonds that may be outstanding to 3% of its assessed property values. Exceptions apply to bonds financed from non-tax revenues and special exemptions are granted for other purposes as well. The assessed value of the Town's properties at December 31, 2007 was \$2,770,108,371, limiting the amount of non-excepted general obligation bond authority to \$83,103,251. The outstanding bonded debt as of June 30, 2009 was \$30,380,000, which is \$52,723,251 below the maximum level. (See Note 3 page 28 for details.)

TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 12 - LONG TERM LIABILITIES (CONTINUED)

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

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

GOVERNMENTAL ACTIVITIES	Date of Issuance	Interest Rate	Date of Maturity	Authorized	Outstanding July 1, 2008	Additions	Maturities During Year	Outstanding June 30, 2009	Amounts due within one year	Interest Paid
General Obligation Bonds Payable										
School Gym	7/15/1999	4.0-6.0%	7/15/2009	\$ 1,830,000	\$ 360,000	\$ -	\$ 180,000	\$ 180,000	\$ 180,000	\$ 12,330
Open Space Bonds	10/1/2001	4.25-4.7%	10/1/2011	1,000,000	400,000	-	100,000	300,000	100,000	16,175
Open Space / School Improvements	3/15/2004	2.0-4.0%	3/15/2019	9,660,000	7,590,000	-	690,000	6,900,000	690,000	239,650
Police Station	9/1/2007	3.85%	6/15/2017	8,000,000	7,245,000	-	805,100	6,439,900	805,000	278,967
Landfill Reclamation	9/1/2007	3.85%	6/15/2017	1,600,000	1,485,000	-	164,900	1,320,100	165,000	57,138
Town Hall Sidewalk/Step Repair	4/29/2009	2.0-4.0%	4/15/2019	190,000	-	190,000	-	190,000	-	-
Senior Center/Public Works Offices	4/29/2009	2.0-4.0%	4/15/2019	3,050,000	-	3,050,000	-	3,050,000	-	-
School Fields - RIHBC	2/25/2009	2.5-4.125%	5/15/2024	6,000,000	-	6,000,000	-	6,000,000	-	-
Total general obligation bonds payable				<u>31,330,000</u>	<u>17,080,000</u>	<u>9,240,000</u>	<u>1,940,000</u>	<u>24,380,000</u>	<u>1,940,000</u>	<u>604,260</u>
Bond Anticipation Notes Payable										
Bond Anticipation Notes	4/29/2009	2.00%	4/28/2010	9,000,000	-	9,000,000	-	9,000,000	9,000,000	-
Capital Leases Payable										
Capital leases					216,583	-	183,250	33,333	-	-
Total governmental activities bonds, BANs and leases payable					<u>17,296,583</u>	<u>18,240,000</u>	<u>2,123,250</u>	<u>33,413,333</u>	<u>10,940,000</u>	<u>604,260</u>
Accrued expenses										
Compensated absences - Town					730,545	185,476	-	916,021	-	-
Compensated absences - School Department					19,060	-	6,245	12,815	-	-
Net other post employment benefit obligation					-	986,327	-	986,327	-	-
Total accrued expenses					<u>749,605</u>	<u>1,171,803</u>	<u>6,245</u>	<u>1,915,163</u>	<u>-</u>	<u>-</u>
Total long-term liabilities - governmental activities					<u>\$ 18,046,188</u>	<u>\$ 19,411,803</u>	<u>\$ 2,129,495</u>	<u>\$ 35,328,496</u>	<u>\$ 10,940,000</u>	<u>\$ 604,260</u>
BUSINESS TYPE ACTIVITIES										
General Obligation Bonds Payable										
Sewer General Obligation Bonds	11/1/2008	4.0-4.2%	6/30/2023	\$ 6,000,000	\$ -	\$ 6,000,000	\$ -	\$ 6,000,000	\$ 200,000	\$ -
Total general obligation bonds payable				<u>6,000,000</u>	<u>-</u>	<u>6,000,000</u>	<u>-</u>	<u>6,000,000</u>	<u>200,000</u>	<u>-</u>
Notes payable										
Clean Water	8/25/1999	5.09%	9/1/2019	\$ 8,500,000	\$ 5,368,421	\$ -	\$ 447,368	\$ 4,921,053	\$ 447,368	\$ 195,135
Clean Water	10/30/2002	3.90%	9/1/2022	11,100,000	9,170,657	-	512,495	8,658,162	525,159	141,553
Clean Water	12/21/2006	1.27%	9/1/2027	7,600,000	7,600,000	-	322,000	7,278,000	327,000	313
Total Sewer notes payable				<u>27,200,000</u>	<u>22,139,078</u>	<u>-</u>	<u>1,281,863</u>	<u>20,857,215</u>	<u>1,299,528</u>	<u>337,001</u>
Total business-type activities funds bonds and loans payable					<u>22,139,078</u>	<u>6,000,000</u>	<u>1,281,863</u>	<u>26,857,215</u>	<u>1,499,528</u>	<u>337,001</u>
Accrued expenses										
Compensated absences					18,344	-	10,668	7,676	-	-
Total long-term liabilities - business-type activities					<u>\$ 22,157,422</u>	<u>\$ 6,000,000</u>	<u>\$ 1,292,531</u>	<u>\$ 26,864,891</u>	<u>\$ 1,499,528</u>	<u>\$ 337,001</u>

**TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

NOTE 12 - LONG TERM LIABILITIES (CONTINUED)

SCHEDULE OF DEBT SERVICE REQUIREMENTS

GOVERNMENTAL ACTIVITIES

Fiscal Year Ended June 30,	Percentage of Maturity	Principal	Interest	Total Debt Service
2010	32.77%	\$ 10,940,000	\$ 1,055,045	\$ 11,995,045
2011	40.41%	2,550,000	769,378	3,319,378
2012	48.05%	2,550,000	690,445	3,240,445
2013	55.39%	2,450,000	606,350	3,056,350
2014	62.73%	2,450,000	527,343	2,977,343
2015	70.07%	2,450,000	445,673	2,895,673
2016	77.41%	2,450,000	362,203	2,812,203
2017	84.75%	2,450,000	272,708	2,722,708
2018	89.19%	1,480,000	183,213	1,663,213
2019	93.62%	1,480,000	131,763	1,611,763
2020-2024	100.00%	2,130,000	249,325	2,379,325
		\$ 33,380,000	\$ 5,293,442	\$ 38,673,442

BUSINESS-TYPE ACTIVITIES

2010	5.58%	\$ 1,499,528	\$ 753,449	\$ 2,252,976
2011	11.72%	1,648,504	610,063	2,258,567
2012	17.93%	1,666,802	568,728	2,235,530
2013	24.17%	1,676,428	527,284	2,203,712
2014	30.49%	1,696,390	485,710	2,182,100
2015	36.80%	1,696,698	444,200	2,140,898
2016	43.20%	1,717,359	402,728	2,120,087
2017	49.67%	1,738,382	360,586	2,098,968
2018	56.22%	1,759,777	317,770	2,077,547
2019	62.86%	1,782,552	274,555	2,057,107
2020-2029	100.00%	9,974,796	1,019,308	10,994,104
		\$ 26,857,215	\$ 5,764,381	\$ 32,621,596

TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 13 - PRIOR PERIOD ADJUSTMENTS

Governmental Activities - Capital Assets - Prior year construction in progress is being restated due to two projects having not been recorded. These corrections will increase prior year net assets by \$1,798,505 and the General Funds prior period adjustment (noted below) will decrease prior year net assets by \$83,323 amounting to a net prior period adjustment for Governmental Activities of \$1,715,182.

Business-Type Activities – Sewer Assessment Receivables - Prior year sewer assessment receivables are being restated due to an error in the report writing function for the long term sewer assessment balances. These corrections will decrease prior year net assets by \$263,575.

Governmental Funds - General Fund – Amounts due to the East Greenwich Fire District had been included in revenues rather than being recorded as payables to the Fire District. This correction will decrease prior year fund balance by \$83,323

NOTE 14 - SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

A. Litigation

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

B. Federally Assisted Programs - Compliance Audits

The Town participates in a number of federally assisted programs. The audits of these programs through the year ended June 30, 2009 were audited in connection with the accompanying financial statements under the Single Audit Concept and the auditor's reports thereon are presented in the Single Audit Report. Management believes that the amounts, if any, of expenditures, which may be disallowed, will not be material to the financial position of the Town.

NOTE 15 - FUND TRANSFERS

Transfers are made to provide revenue for annual expenditures of various funds. Transfers are not expected to be repaid to the originating (source) fund. Listed below is the transfer activity for fiscal year ended June 30, 2009.

<u>Fund / Department</u>	Transfers from other funds	Transfers to other funds
General Fund	\$ 64,032	\$ (31,197,803)
School Unrestricted Fund	31,197,803	(30,000)
Special Revenue Funds	30,067	(64,099)
Totals	<u>\$ 31,291,902</u>	<u>\$ (31,291,902)</u>

TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 16 - RETIREMENT PLANS & POST EMPLOYMENT BENEFITS

A. MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF RHODE ISLAND

The Town of East Greenwich participates in the Municipal Employees' Retirement System of the State of Rhode Island ("System"), an agent multiple employer defined benefit plan. The System includes a normal plan for general employees and both a normal and optional plan for police personnel. All full-time Town and non-certified School Department general employees participate in the System. The payroll for employees covered by the System for the year ended June 30, 2009 was \$8,148,117 and the Town wide payroll was approximately \$25.1 million.

Plan Description - State Statute establishes the following eligibility and benefit provisions. The System generally provides retirement benefits equal to 2 percent of final average salary per year of service with a maximum benefit of 75 percent of final average salary. Final average salary is the three highest consecutive years of earned salary exclusive of overtime, bonuses or severance pay. Such benefits are available to members at least age 58 with 10 years of service or after 30 years regardless of age. The plan also provides non-occupational disability benefits after 5 years of service, occupational disability benefits with no minimum service requirement, survivors' benefits, and certain lump sum death benefits. Employees are vested in their retirement benefits on completion of 10 years of service. Benefits are established by State Statute. MERS is an agent multiple-employer Public Employee Retirement System that acts as a common investment agent for participants. 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.

Basis of Accounting - The financial statements of the System are prepared on the accrual basis of accounting. Under this method revenues are recorded when earned and expenses are recorded when incurred. Plan member contributions are recognized in the period in which the contributions withheld from payroll. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. Dividend income is recorded on the ex-dividend date. Investment transactions are recorded on a trade date basis. The gains or losses on foreign currency exchange contracts are included in income in the period in which the exchange rates change. Gains and losses on contracts which hedge specific foreign currency denominated commitments are deferred and recognized in the period in which the transaction is completed. The Governmental Accounting Standards Board (GASB) has the responsibility for establishing generally accepted accounting principles for fiduciary type activities.

Method Used to Value Investments - Investments are recorded in the financial statements at fair value. Fair value is the amount that a plan can reasonably expect to receive for an investment in a current sale between a willing buyer and a willing seller – that is, other than a forced liquidation sale. The fair value of fixed income and domestic and international stocks are generally based on published market prices and quotations from national security exchanges and securities pricing services. Commingled funds consist of institutional domestic and international equity index funds and a short duration fixed income fund. The fair value of the commingled funds is based on the reported share value of the respective fund. Futures contracts are valued at the settlement price established each day by the board of trade or exchange on which they are traded. Other investments that are not traded on a national security exchange (primarily private equity and real estate investments) are generally valued based on audited December 31 net asset values adjusted for cash flows for the period January 1 to June 30 (which principally include additional investments and partnership distributions).

Contributions and Reserves - Contribution requirements for plan members and employers are established pursuant to Rhode General Laws. Employers are required to contribute at an actuarially determined rate. Plan member contributions are fixed by statute.

(Continued)

**TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

NOTE 16 - RETIREMENT PLANS & POST EMPLOYEMENT BENEFITS

A. MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF RHODE ISLAND (CONTINUED)

Concentrations - There is no single issuer exposure within the System's portfolio that comprises 5% of the overall portfolio and, therefore, there is no concentration of credit risk.

Funding Policy - MERS General Employee Unit members are required to contribute 7% of their annual covered salary, while Police units are required to contribute 9%. The Town is required to contribute at an actuarially determined rate; the current rate is 0% of annual covered payroll for General Employee Units, 14.87% for Police Units, and 7.71% for COLA. The contribution requirements of plan members and the Town are established and may be amended by State Statute. The annual required contribution amount, which equals annual pension cost, for the Town was determined as described above and was based on an actuarial valuation as of June 30, 2006.

Significant actuarial assumptions used on the June 30, 2006 valuation include the following:

- Investment return - 8.25% compounded annually
- Inflation rate - 3.00%
- Net real rate of return - 5.25%
- Projected salary increases - 4.5%-8.75%
- Cost of living adjustment - 3%, non-compounded
- Actuarial value of assets - market value
- Amortization method - level percent of payroll

Annual Pension Cost - For 2009, the Town contributed \$683,608 for MERS. 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. 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 three-year period. MERS unfunded actuarial accrued liability is being amortized using the weighted average method over a 25-year period.

Required contributions:

<u>Fiscal Years Ending</u>	<u>Annual Required Pension Cost</u>	<u>Percentage Contributed</u>
June 30, 2007	\$ 379,870	100%
June 30, 2008	\$ 591,199	100%
June 30, 2009	\$ 683,608	100%

See page 56 for a more detailed description of the funded status and funding progress.

B. EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF RHODE ISLAND

All Town of East Greenwich, Rhode Island certified school personnel participate in the Employees' Retirement System of the State of Rhode Island ("System"), a cost-sharing multiple-employer public employee retirement system. The payroll for employees covered by the System for the year ended June 30, 2009 was \$16,963,639. The Town's total payroll was approximately \$25.1 million.

TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 16 - RETIREMENT PLANS & POST EMPLOYMENT BENEFITS (CONTINUED)

B. EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF RHODE ISLAND (CONTINUED)

Plan Description - State Statute establishes the following eligibility and benefit provisions. All Town of East Greenwich, Rhode Island certified school personnel are eligible to participate in the System if they are certified by the Board of Regents, engaged in teaching as principal occupation, and are regularly employed on at least a half time basis. Employees who retire at or after age 60 with 10 years of credited service or after 28 years of credited service regardless of age are entitled to a retirement benefit. The retirement benefit is equal to 1.7 percent of their final average salary for each year of credited service up to 10 years, plus 1.9 percent of their final average salary in excess of 10 years through 20 years, plus 3.0 percent of their final average salary in excess of 20 years up to the 34th year of service, plus 2.0 percent of their final average salary for the 35th year, up to a maximum benefit of 80 percent of their final average salary. Final average salary is the three highest consecutive years of earned salary exclusive of overtime, bonuses, or severance pay. Employees are vested in their retirement benefits on completion of 10 years of service. Retirees' benefits are adjusted annually by 3 percent compounded to allow for increases in cost of living. Cost of living adjustments begin on the January 1st following the third anniversary of an employee's retirement. There were no changes in the method, and assumptions in the June 30, 2006 actuarial valuation to determine plan cost. The System also provides death and disability benefits. The System also provides pre-retirement benefits at a minimum of 17% of salary for non-occupational disabilities after 5 years of service and at 67% of salary for occupational disabilities regardless of service. Surviving spouses are also eligible for both pre and post-retirement benefits with minimum amounts established under varying circumstances.

Basis of Accounting - The financial statements of the System are prepared on the accrual basis of accounting. Under this method revenues are recorded when earned and expenses are recorded when incurred. Plan member contributions are recognized in the period in which the contributions withheld from payroll. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. Dividend income is recorded on the ex-dividend date. Investment transactions are recorded on a trade date basis. The gains or losses on foreign currency exchange contracts are included in income in the period in which the exchange rates change. Gains and losses on contracts which hedge specific foreign currency denominated commitments are deferred and recognized in the period in which the transaction is completed. The Governmental Accounting Standards Board (GASB) has the responsibility for establishing generally accepted accounting principles for fiduciary type activities.

Method Used to Value Investments - Investments are recorded in the financial statements at fair value. Fair value is the amount that a plan can reasonably expect to receive for an investment in a current sale between a willing buyer and a willing seller – that is, other than a forced liquidation sale. The fair value of fixed income and domestic and international stocks are generally based on published market prices and quotations from national security exchanges and securities pricing services. Commingled funds consist of institutional domestic and international equity index funds and a short duration fixed income fund. The fair value of the commingled funds is based on the reported share value of the respective fund. Futures contracts are valued at the settlement price established each day by the board of trade or exchange on which they are traded. Other investments that are not traded on a national security exchange (primarily private equity and real estate investments) are generally valued based on audited December 31 net asset values adjusted for cash flows for the period January 1 to June 30 (which principally include additional investments and partnership distributions).

Contributions and Reserves - Contribution requirements for plan members and employers are established pursuant to Rhode General Laws. Employers are required to contribute at an actuarially determined rate. Plan member contributions are fixed by statute.

Concentrations - There is no single issuer exposure within the System's portfolio that comprises 5% of the overall portfolio and, therefore, there is no concentration of credit risk.

(Continued)

**TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

NOTE 16 - RETIREMENT PLANS & POST EMPLOYEMENT BENEFITS (CONTINUED)

B. EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF RHODE ISLAND (CONTINUED)

Funding Policy - Rhode Island general laws set the contribution rates for participating State employees at 9.5% of salary. Annual contributions by both employers and the State on behalf of those employees are determined by actuaries and assessed as percentage of participants' payroll. The Town was required to contribute 11.89%, 13.04%, and 11.62%, for all full-time employees for fiscal years 2009, 2008, and 2007, respectively. The 2009 contribution rates are based on the State of Rhode Island's FY 2009 Pension Reform Reconciliation. The required contributions include (a) normal costs; (b) payments to amortize the unfunded frozen actuarial accrued liability as of July 1, 1985 over 30 years; and (c) interest on the unfunded frozen actuarial liability. Normal cost is determined using the entry age normal cost method with frozen initial liability. Both employers and employees contribute 1% of the first \$9,600 of salary for survivor benefits. A variety of significant actuarial assumptions are used and these assumptions are summarized below:

- **Mortality** – 1994 Group Annuity Mortality Tables.
- **Investment return** – 8.25 percent, compounded annually.
- **Salary increase** - Salaries will increase at a rate of 4.5-13.25 percent, compounded annually.
- **Retirement age** - Teachers are assumed to retire at the later of age 60 with 10 years of service credit or any age with at least 28 years service credit.
- **Cost of living adjustments** – 3.0 percent compounded annually beginning on the January 1st following a participant's third anniversary of retirement.

As prescribed by Rhode Island general law, the State pays the entire portion of the annual required contribution attributable to the costs of contributions deferred by the State in prior years plus 40% of contributions assessed to employers on payroll not reimbursable through Federal programs. This resulted in contribution rates paid by the State on behalf of the School Department of 10.17% of non-federally reimbursable payrolls totaling \$1,725,202 for the fiscal year ended June 30, 2009. The School Department does not have any investments or related party investment with the State Plan.

The amounts contributed to the plan are as follows:

<u>Fiscal Years Ending</u>	<u>Annual Required Pension Cost</u>	<u>Percentage Contributed</u>
June 30, 2007	\$ 1,998,988	100%
June 30, 2008	\$ 2,040,861	100%
June 30, 2009	\$ 1,637,537	100%

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

**TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

C. POST RETIREMENT BENEFITS

Plan Description

In addition to the pension benefits described above, the Town provides post employment health care benefits in accordance with Town contracts through a single-employer, defined postretirement health insurance program. These benefits are for continued full family or individual health care for the employee groups as described below. Retiree medical coverage is only to age 65, while dental continues post-65.

Groups Covered

The Town of East Greenwich can be separated under four groups of employees, each covered under a separate contract with the Town. The groups are:

- Police Department
- National Education Association of RI (NEARI)
- Department of Public Works (DPW)
- Other groups including Non-Union, Town Council, Department Heads, and Non-Police Union (Other)

Membership

At July 1, 2009, membership consisted of:

Eligible Active Members	116
Retired Members and Spouses	<u>32</u>
Total	148

Funding Policy

The Town pays for the other post-employment benefits on a pay-as-you-go basis. Currently 38 retirees meet these eligibility requirements. The Town reimburses 100% of the amount of medical and hospitalization costs incurred by the retirees and their dependents, which amounted to \$207,852 for the fiscal year ended June 30, 2009.

Annual OPEB Cost and net OPEB Obligation

The following chart projects the Actuarial Required Contribution ("ARC"), Pay-As-you-Go, Annual OPEB cost and the Net OPEB Obligation for the next 5 years under an unfunded (pay-as-you-go) scenario.

Actuarial Valuation Date <u>July 1,</u>	Actuarial Value of Assets <u>(a)</u>	Accrued Liability (AAL) <u>(b)</u>	Unfunded AAL (UAAL) <u>(b-a)</u>	Funded Ratio <u>(a/b)</u>	Covered Payroll <u>(c)</u>	UAAL as a Percentage of Covered Payroll <u>((b-a)/c)</u>
2008	N/A	\$10,504,613	\$(10,504,613)	N/A	\$5,624,739	186.8%

Funding Status and Funding Progress

Currently, post employment benefits are paid for on a pay-as-you-go basis (an unfunded scenario). The Town's pay-as-you-go cost for fiscal 2010 is projected to be \$1,262,545. The normal cost for fiscal 2009 under the unfunded scenario with a 4.25% discount rate is \$610,539.

The Town has not yet set aside any money to pre-fund the post employment benefits. Therefore, there is a large unfunded actuarial accrued liability for benefits already earned by employees and retirees.

**TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

NOTE 16 - RETIREMENT PLANS & POST EMPLOYMENT BENEFITS (CONTINUED)

C. POST RETIREMENT BENEFITS (CONTINUED)

Actuarial Methods and Assumptions

The information presented was determined as part of the actuarial valuation. Additional information as of the last actuarial valuations follows:

Valuation Date:	July 1, 2008
Actuarial Cost Method:	Projected Unit Credit Funding Method
Asset Valuation Method:	Plan is currently unfunded
Amortization Method:	Level dollar thirty year open amortization basis
Remaining Amortization Period	30 Years
Health Care Trend Rate:	8.50% per year graded off 0.50% per year to an ultimate rate of 4.50% per year.

Annual OPEB Cost and Net OPEB Obligation: Below are the required OPEB obligation presentations per GASB 45 for the period ending June 30, 2009.

Annual required contribution	\$ 1,262,545
Interest on OPEB	-
Adjustment to annual required contribution	-
Annual OPEB cost	<u>1,262,545</u>
Contributions made*	<u>276,218</u>
Increase (decrease in net pension obligation	<u>986,327</u>
Net OPEB obligation beginning of year	-
Net OPEB obligation end of year	<u>\$ 986,327</u>

* Assumes pay-as-you-go funding for Fiscal Year Ending June 30, 2009

NOTE 17 - JOINTLY GOVERNED ORGANIZATION

The Town of East Greenwich, in conjunction with seven other member communities, participates in a joint venture entitled the Community Development Consortium (Consortium) formed for the management of the Small Cities Community Development Programs (CDBG). The Consortium develops annual applications for the individual members, manages the awarded grants and reports the expenditures to the State. Each member community's grant application includes an administrative subsidy set aside to fund the Consortium. No member community has an obligation, entitlement, or residual interest in the unexpended administrative subsidy or liability for programs carried out for the other members. The Town of East Greenwich has been designated as the host community where the Consortium offices are situated.

NOTE 18 - RELATED PARTIES

The Town reviews its records on an annual basis to determine if any related party transactions exist that would represent a conflict of interest with parties related to its officers and department heads. No such transactions were noted in the fiscal year ended June 30, 2009.

TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 19 - RISK MANAGEMENT

Self-insurance:

The School Department participates in a multi-employer cost reimbursement healthcare self-insurance risk pool managed by West Bay Community Health (WBCH). The School Department pays WBCH monthly premiums based upon "working rates" that are periodically adjusted to reflect changes in actual costs. Funds on deposit with WBCH are made available to pay claims, claim reserves and administrative costs. As of June 30, 2009, the reported expenditures exceeded premiums on deposit by \$78,967. Incurred but not reported (IBNR) claims, estimated at \$475,400, reduced the adjusted reserve to \$(554,367). This amount has been accrued and reported on the accrued expenditures line on the fund balance sheet.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for IBNR claims. The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, including retroactive assessments for hospital costs and other settlements occurring after the end of the fiscal year and not determinable at the end of the fiscal year. An excess coverage insurance policy covers individual claims exceeding \$125,000.

Changes in the deposit balances for the past two years are as follows:

	Year ended June 30, 2009	Year ended June 30, 2008
Beginning cumulative surplus	\$ 442,344	\$ 788,188
Premium deposits	3,350,087	2,964,408
Incurred claims (excluding IBNR)	(3,645,518)	(2,894,159)
Surplus Reimbursement	-	(150,000)
Administrative fees	<u>(225,880)</u>	<u>(266,092)</u>
Ending cash deposit balance	(78,967)	442,344
Estimated IBNR (two month estimate)	<u>(475,400)</u>	<u>(482,360)</u>
Net adjusted reserve	<u>\$ (554,367)</u>	<u>\$ (40,016)</u>

The Town 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 for which the Town carries commercial insurance. Settled claims resulting from these risks have not exceeded the Town's coverage in any of the past three fiscal years and there have been no significant reductions in insurance coverage from the prior year.

NOTE 20 - CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

Pending or threatened lawsuits against municipal governments arise in the ordinary course of operations. Generally, in the opinion of the administration, the ultimate resolution of any legal actions will not result in a material loss to the Town. However, at June 30, 2009, there are several claims against the Town for which the Town's legal counsel is unable to determine the likelihood of an unfavorable outcome or the amount or range of potential loss.

TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 21 – LANDFILL CLOSURE COSTS

GASBS 49 — *Accounting and Financial Reporting for Pollution Remediation Obligations*, addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of *existing* pollution by participating in pollution remediation activities such as site assessments and cleanups.

The outlay is capitalizable as outlays to prepare for use property acquired with suspected pollution that was expected to be remediated. Accordingly, the town capitalizes remediation outlays as incurred and does not record a pollution remediation liability or expense. For the fiscal year ended June 30, 2009, \$75,112 was capitalized for remediation activities. It should be also noted that prior year amounts were capitalized as a prior period adjustment in the amount of \$321,744 (see Note 13).

The substantial completion of the feasibility study in 2007 is a measurement benchmark requiring the Town to accrue all components of the pollution remediation liability. As of June 30, 2009, the cleanup project was substantially complete. For the Fiscal Year 2010, this project will be included in the fixed asset schedule rather than construction in progress.

NOTE 22 – STATE FISCAL STABILIZATION FUNDS

State education aid to school districts was reduced for fiscal years 2009 and 2010 as part of a State budget crisis. To offset this reduction, an equal amount of State Fiscal Stabilization Funds (SFSF) were allocated to each school district. The fiscal impact to school district operations aid was intended to be neutral. These Stabilization Funds were part of the American Recovery and Reinvestment Act of 2009 (ARRA) and under guidance provided by Rhode Island General Law R.I.G.L. 45-12-22.2. School Departments were required to account for Stabilization Funds in a separate restricted fund, however for financial statement purposes districts are required to include expenditures covered by the Stabilization Funds as part of the School Unrestricted (General) Fund. For fiscal year 2009, the East Greenwich School Department was awarded and received \$181,326 in Stabilization Funds.

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION
TOWN OF EAST GREENWICH, RHODE ISLAND
Budgetary Comparison Schedule - General Fund
Schedule of Revenues - Non-GAAP Budgetary Basis
For the Fiscal Year Ended June 30, 2009

	<u>Original Budget Revenues</u>	<u>Revised Budget Revenues</u>	<u>Actual Revenues</u>	<u>Variance</u>
General property tax				
Taxes - current	\$ 38,748,723	\$ 38,748,723	\$ 38,591,813	\$ (156,910)
Taxes - prior year	950,000	950,000	1,165,735	215,735
Total general property taxes	<u>39,698,723</u>	<u>39,698,723</u>	<u>39,757,548</u>	<u>58,825</u>
General revenue				
Grants and departmental revenue	48,000	48,000	23,072	(24,928)
Municipal court	35,000	35,000	32,645	(2,355)
School revenue	430,000	430,000	536,972	106,972
Other revenue	250,661	250,661	296,856	46,195
Total general revenue	<u>763,661</u>	<u>763,661</u>	<u>889,545</u>	<u>125,884</u>
State aid				
School housing aid	425,000	425,000	316,700	(108,300)
State aid to education	1,949,761	1,949,761	1,183,652	(766,109)
Federal revenue - SFSF	-	-	181,326	181,326
Telephone tax	126,043	126,043	113,688	(12,355)
Pilot	8,008	8,008	8,008	-
General revenue sharing	177,367	177,367	67,958	(109,409)
Motor vehicle phase out	1,398,821	1,398,821	1,365,583	(33,238)
Meal Tax	384,263	384,263	395,868	11,605
Total state aid	<u>4,469,263</u>	<u>4,469,263</u>	<u>3,632,783</u>	<u>(836,480)</u>
Licenses, permits and usage fees				
Town clerk department	710,000	710,000	607,045	(102,955)
Department of public works	330,100	330,100	254,332	(75,768)
Police department	250,000	250,000	202,995	(47,005)
Total licenses, permits and usage fees	<u>1,290,100</u>	<u>1,290,100</u>	<u>1,064,372</u>	<u>(225,728)</u>
Fines and interest on late payments	140,000	140,000	234,271	94,271
Interest on investments	120,000	120,000	92,526	(27,474)
Total revenues	<u>46,481,747</u>	<u>46,481,747</u>	<u>45,671,045</u>	<u>(810,702)</u>
Other financing sources				
Transfer in - vehicle replacement fund	446,677	446,677	-	(446,677)
Transfer in - special revenue funds	-	-	64,032	64,032
Total other financing sources	<u>446,677</u>	<u>446,677</u>	<u>64,032</u>	<u>(446,677)</u>
Total revenue and other financing sources	<u>\$ 46,928,424</u>	<u>\$ 46,928,424</u>	<u>\$ 45,735,077</u>	<u>\$ (1,257,379)</u>

(Continued)

REQUIRED SUPPLEMENTARY INFORMATION
TOWN OF EAST GREENWICH, RHODE ISLAND
Budgetary Comparison Schedule - General Fund
Schedule of Expenditures - Non-GAAP Budgetary Basis
For the Fiscal Year Ended June 30, 2009

	<u>Original Budgeted Expenditures</u>	<u>Revised Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Variance</u>
Administration				
Town council				
Salaries	\$ 9,300	\$ 9,300	\$ 9,300	\$ -
Total town council	<u>9,300</u>	<u>9,300</u>	<u>9,300</u>	<u>-</u>
Town manager				
Salaries and wages	167,307	167,307	162,784	4,523
Outside services	17,440	17,440	17,103	337
Supplies	4,700	4,700	2,121	2,579
Total town manager	<u>189,447</u>	<u>189,447</u>	<u>182,008</u>	<u>7,439</u>
Town clerks				
Salaries and wages	262,607	262,607	260,260	2,347
Outside services	14,460	14,460	18,086	(3,626)
Supplies	2,400	2,400	2,786	(386)
Total town clerks	<u>279,467</u>	<u>279,467</u>	<u>281,132</u>	<u>(1,665)</u>
Town solicitor				
Outside services	157,500	157,500	178,907	(21,407)
Total town solicitor	<u>157,500</u>	<u>157,500</u>	<u>178,907</u>	<u>(21,407)</u>
Municipal court and judges				
Salaries	40,158	40,158	40,692	(534)
Outside services	2,200	2,200	798	1,402
Total municipal court and judges	<u>42,358</u>	<u>42,358</u>	<u>41,490</u>	<u>868</u>
Board of canvassers				
Salaries and wages	31,700	31,700	20,195	11,505
Outside services	12,200	12,200	5,451	6,749
Supplies	1,300	1,300	498	802
Total board of canvassers	<u>45,200</u>	<u>45,200</u>	<u>26,144</u>	<u>19,056</u>
Employee benefits				
Outside services	2,267,812	2,267,812	2,168,684	99,128
Total employee benefits	<u>2,267,812</u>	<u>2,267,812</u>	<u>2,168,684</u>	<u>99,128</u>
Insurance				
Outside services	287,952	287,952	251,546	36,406
Total insurance	<u>287,952</u>	<u>287,952</u>	<u>251,546</u>	<u>36,406</u>
Contingency fund				
Outside services	15,000	15,000	14,589	411
Total contingency fund	<u>15,000</u>	<u>15,000</u>	<u>14,589</u>	<u>411</u>
Total Administration	<u>3,294,036</u>	<u>3,294,036</u>	<u>3,153,800</u>	<u>140,236</u>

(Continued)

REQUIRED SUPPLEMENTARY INFORMATION
TOWN OF EAST GREENWICH, RHODE ISLAND
Budgetary Comparison Schedule - General Fund
Schedule of Expenditures - Non-GAAP Budgetary Basis
For the Fiscal Year Ended June 30, 2009
(Continued)

	<u>Original Budgeted Expenditures</u>	<u>Revised Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Variance</u>
Finance department				
Salaries	409,123	409,123	402,007	7,116
Outside services	52,075	52,075	56,443	(4,368)
Supplies	6,300	6,300	6,295	5
Equipment	500	500	389	111
Communications	30,000	30,000	33,132	(3,132)
Total finance department	<u>497,998</u>	<u>497,998</u>	<u>498,266</u>	<u>(268)</u>
Information technology				
Salaries	62,805	62,805	64,358	(1,553)
Outside services	93,762	94,362	99,442	(5,080)
Supplies	9,800	9,200	9,253	(53)
Equipment	36,649	36,649	40,579	(3,930)
Communications	70,500	70,500	134,324	(63,824)
Total information technology	<u>273,516</u>	<u>273,516</u>	<u>347,956</u>	<u>(74,440)</u>
Police department				
Salaries and wages	2,540,505	2,490,505	2,534,737	(44,232)
Police overtime	268,728	318,728	307,001	11,727
Outside services	40,115	40,115	22,084	18,031
Supplies	89,255	89,255	81,190	8,065
Equipment	19,316	19,316	13,862	5,454
Communications	3,700	3,700	3,650	50
Total police department	<u>2,961,619</u>	<u>2,961,619</u>	<u>2,962,524</u>	<u>(905)</u>
Public works administration				
Salaries and wages	1,267,945	1,267,945	1,262,379	5,566
Outside services	295,735	295,735	293,548	2,187
Supplies and expense	740,072	740,072	769,741	(29,669)
Collection refuse	555,000	555,000	574,655	(19,655)
Equipment	475	475	478	(3)
Total public works administration	<u>2,859,227</u>	<u>2,859,227</u>	<u>2,900,801</u>	<u>(41,574)</u>
Recreation department				
Salaries and wages	448,729	448,729	419,756	28,973
Outside services	83,015	83,015	61,079	21,936
Supplies	70,555	70,555	58,066	12,489
Equipment	4,000	4,000	3,482	518
Total recreation department	<u>606,299</u>	<u>606,299</u>	<u>542,383</u>	<u>63,916</u>
Teen center				
Salaries and wages	6,000	6,000	5,482	518
Supplies and equipment	12,500	12,500	12,585	(85)
Total teen center	<u>18,500</u>	<u>18,500</u>	<u>18,067</u>	<u>433</u>

(Continued)

REQUIRED SUPPLEMENTARY INFORMATION
TOWN OF EAST GREENWICH, RHODE ISLAND
Budgetary Comparison Schedule - General Fund
Schedule of Expenditures - Non-GAAP Budgetary Basis
For the Fiscal Year Ended June 30, 2009
(Continued)

	<u>Original Budgeted Expenditures</u>	<u>Revised Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Variance</u>
Town planner				
Salaries and wages	180,886	180,886	181,553	(667)
Outside services	11,825	11,825	7,303	4,522
Supplies	2,500	2,500	1,660	840
Equipment	500	500	-	500
Total town planner	<u>195,711</u>	<u>195,711</u>	<u>190,516</u>	<u>5,195</u>
Senior and human services				
Salaries and wages	190,830	190,830	198,931	(8,101)
Outside services	13,400	13,400	12,600	800
Supplies	1,500	1,500	666	834
Communications	5,100	5,100	4,442	658
Community services	35,000	35,000	28,565	6,435
Total senior and human services	<u>245,830</u>	<u>245,830</u>	<u>245,204</u>	<u>626</u>
Grants and contributions				
Contributions	97,590	97,590	90,890	6,700
Total grants and contributions	<u>97,590</u>	<u>97,590</u>	<u>90,890</u>	<u>6,700</u>
East Greenwich Land Trust				
Insurance	2,000	2,000	-	2,000
Payment in lieu of taxes	6,300	6,300	-	6,300
Building maintenance	5,000	5,000	-	5,000
Boesch farm rehabilitation	35,000	35,000	-	35,000
Total East Greenwich Land Trust	<u>48,300</u>	<u>48,300</u>	<u>-</u>	<u>48,300</u>
Library				
Town contributions	467,175	467,175	467,175	-
Total library	<u>467,175</u>	<u>467,175</u>	<u>467,175</u>	<u>-</u>
Capital improvements				
Capital outlays	1,009,000	1,009,000	516,727	492,273
Total capital improvements	<u>1,009,000</u>	<u>1,009,000</u>	<u>516,727</u>	<u>492,273</u>
Total expenditures	<u>12,574,801</u>	<u>12,574,801</u>	<u>11,934,309</u>	<u>640,492</u>
Other financing uses				
Debt service				
Principal	1,940,000	1,940,000	1,940,000	-
Interest	604,385	604,385	604,260	125
Financing costs	4,275	4,275	1,625	2,650
Total debt service	<u>2,548,660</u>	<u>2,548,660</u>	<u>2,545,885</u>	<u>2,775</u>
Other financing uses				
Education department appropriation	29,425,202	29,425,202	29,295,853	129,349
Education department appropriation - other revenues	430,000	430,000	536,972	(106,972)
Education department appropriation - state aid	1,949,761	1,949,761	1,183,652	766,109
Education department appropriation - federal SFSP	-	-	181,326	(181,326)
Total other financing uses	<u>31,804,963</u>	<u>31,804,963</u>	<u>31,197,803</u>	<u>607,160</u>
Total expenditures and other financing uses	<u>\$ 46,928,424</u>	<u>\$ 46,928,424</u>	<u>\$ 45,677,997</u>	<u>\$ 1,250,427</u>

(Continued)

REQUIRED SUPPLEMENTARY INFORMATION
EAST GREENWICH SCHOOL DEPARTMENT
Budgetary Comparison Schedule - School Unrestricted Fund
Schedule of Revenues - Non-GAAP Budgetary Basis
For the Fiscal Year Ended June 30, 2009

	<u>Original Budgeted Revenues</u>	<u>Revised Budgeted Revenues</u>	<u>Actual Revenues</u>	<u>Variance</u>
Revenues				
UCOA revenue	\$ -	\$ -	\$ 20,988	\$ 20,988
Total revenues	<u>-</u>	<u>-</u>	<u>20,988</u>	<u>20,988</u>
State and federal aid and transfers				
Other Revenues	430,000	430,000	536,972	106,972
State aid to education	1,949,761	1,949,761	1,183,652	(766,109)
Federal revenue - SFSF	-	-	181,326	181,326
Total state and federal aid and transfers	<u>2,379,761</u>	<u>2,379,761</u>	<u>1,901,950</u>	<u>(477,811)</u>
Transfer from other funds				
Town appropriation	29,425,202	29,425,202	29,295,853	(129,349)
Total transfers from other funds	<u>29,425,202</u>	<u>29,425,202</u>	<u>29,295,853</u>	<u>(129,349)</u>
Total revenue and other financing sources	<u>\$ 31,804,963</u>	<u>\$ 31,804,963</u>	<u>\$ 31,218,791</u>	<u>\$ (586,172)</u>

(Continued)

**REQUIRED SUPPLEMENTARY INFORMATION
EAST GREENWICH SCHOOL DEPARTMENT
Budgetary Comparison Schedule - School Unrestricted Fund
Schedule of Expenditures - Non-GAAP Budgetary Basis
Fiscal Year Ended June 30, 2009**

	<u>Original Budgeted Expenditures</u>	<u>Revised Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Variance</u>
Expenditures				
Instruction	\$ 18,613,793	\$ 18,640,468	\$ 18,256,122	\$ 384,346
Kindergarten	422,316	422,316	401,195	21,121
Vocational education	100,000	100,000	112,961	(12,961)
Curriculum development	71,440	71,440	66,448	4,992
Staff development	72,295	72,295	59,543	12,752
Libraries	632,638	632,638	602,426	30,212
English as a second language	37,488	37,488	55,105	(17,617)
Attendance out of district	974,765	934,574	837,706	96,868
Enrichment program	70,136	70,136	50,838	19,298
School attendance officer	15,000	15,000	17,051	(2,051)
Guidance services	1,129,671	1,111,300	1,061,327	49,973
Health services	528,173	528,173	529,571	(1,398)
Property services	3,067,203	3,067,203	3,089,841	(22,638)
Other student activities	147,080	174,017	154,050	19,967
Transportation and safety	1,528,796	1,528,796	1,568,925	(40,129)
Athletics	482,699	479,984	461,103	18,881
System wide management	360,505	363,220	371,105	(7,885)
Fiscal services	292,237	292,237	268,126	24,111
Management information services	474,477	474,477	449,703	24,774
School management	2,399,242	2,404,192	2,541,319	(137,127)
School committee	385,009	385,009	357,382	27,627
Total expenditures	<u>31,804,963</u>	<u>31,804,963</u>	<u>31,311,847</u>	<u>493,116</u>
Transfer to other funds				
School lunch fund	-	-	30,000	(30,000)
Total transfers to other funds	<u>-</u>	<u>-</u>	<u>30,000</u>	<u>(30,000)</u>
Total expenditures and transfers	<u>\$ 31,804,963</u>	<u>\$ 31,804,963</u>	<u>\$ 31,341,847</u>	<u>\$ 463,116</u>

(Continued)

**TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY TO GAAP BASIS RECONCILIATION

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

Excess of revenues and other sources over expenditures and other uses (Non-GAAP Budgetary Basis).....	\$ 57,080
Prior year encumbrances expensed in the current year	<u>(158,651)</u>
Excess of revenues and other sources over expenditures and other uses (GAAP).....	<u>\$ (101,571)</u>

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

Excess of revenues and other sources over expenditures and other uses (Non-GAAP Budgetary Basis).....	\$(123,056)
Adjustments.....	<u> -</u>
Excess of revenues and other sources over expenditures and other uses (GAAP).....	<u>\$ (123,056)</u>

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

	<u>Revenues and Transfers</u>	<u>Expenditures and Transfers</u>
General Fund:		
Schedule of Revenues and Expenditures (Non-GAAP Budgetary Basis) Budget and Actual	\$45,735,077	\$45,677,997
Plus: Prior year encumbrances expensed in the current year	<u> -</u>	<u>158,651</u>
Statement of Revenues, Expenditures, and Changes in Fund Balance	<u>\$45,735,077</u>	<u>\$45,836,648</u>

A reconciliation of the School's Operating Fund revenues and expenditures and other financing sources (uses) is presented below:

	<u>Revenues and Transfers</u>	<u>Expenditures and Transfers</u>
School Unrestricted Fund:		
Schedule of Revenues, Expenditures and Other Financing Sources (Non-GAAP Budgetary Basis) Budget and Actual	\$31,218,791	\$31,341,847
Adjustment for pension contribution made by State of Rhode Island on behalf of employees	1,725,202	1,725,202
Stabilization Stimulus reported in School Unrestricted Fund.....	<u> -</u>	<u> -</u>
Statement of Revenues, Expenditures, and Changes in Fund Balances	<u>\$32,943,993</u>	<u>\$33,067,049</u>

**TOWN OF EAST GREENWICH, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

**MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
(UNAUDITED)**

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date June 30,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
General Employees						
2007	8,113,412	5,041,994	(3,071,418)	161%	899,674	-341%
2008	8,680,821	4,872,345	(3,808,476)	178%	1,065,758	-357%
2009	9,233,655	5,444,173	(3,789,482)	170%	1,172,412	-323%
Police Employees						
2007	9,829,614	10,510,066	680,452	94%	1,738,795	39%
2008	8,662,445	10,523,945	1,861,500	82%	2,112,367	88%
2009	12,227,676	12,050,993	(176,683)	101%	1,914,960	-9%

SCHEDULE OF CONTRIBUTIONS FROM THE TOWN

Year Ended June 30,	Annual Required Contribution	Amount Contributed	Percentage Contributed
2007	379,870	379,870	100%
2008	591,199	591,199	100%
2009	683,608	683,608	100%

NOTES TO SCHEDULES

Additional information as of the latest actuarial valuation follows:

Valuation date	June 30, 2006
Actuarial cost method	Entry Age Normal Cost
Amortization method	Level percent closed
Remaining amortization period	N/A – No unfunded actuarial accrued liability
Asset valuation method	3 year smoothed market value of assets

Actuarial assumptions:	
Investment rate of return	8.25%, compounded annually
Projected salary increases	4.5-8.75%, compounded annually
Cost-of-living adjustments	3.0% not compounded
Inflation	3.0% annually

SUPPLEMENTARY INFORMATION

SUPPLEMENTARY INFORMATION
TOWN OF EAST GREENWICH, RHODE ISLAND
Budgetary Comparison Schedule - General Fund
Schedule of Revenues and Expenditures - Non-GAAP Budgetary Basis
For the Fiscal Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues				
General property tax	\$ 39,698,723	\$ 39,698,723	\$ 39,757,548	\$ 58,825
General revenue	763,661	763,661	889,545	125,884
State aid	4,469,263	4,469,263	3,632,783	(836,480)
License and permits	1,290,100	1,290,100	1,064,372	(225,728)
Fines and interest on late payments	140,000	140,000	234,271	94,271
Interest on investments	120,000	120,000	92,526	(27,474)
Total Revenues	<u>46,481,747</u>	<u>46,481,747</u>	<u>45,671,045</u>	<u>(810,702)</u>
Expenditures				
Administration	3,294,036	3,294,036	3,153,800	140,236
Finance	497,998	497,998	498,266	(268)
Information technology	273,516	273,516	347,956	(74,440)
Public safety	2,961,619	2,961,619	2,962,524	(905)
Public works	2,859,227	2,859,227	2,900,801	(41,574)
Recreation	606,299	606,299	542,383	63,916
Teen center	18,500	18,500	18,067	433
Town planner	195,711	195,711	190,516	5,195
Senior and human services	245,830	245,830	245,204	626
Grants and contributions	97,590	97,590	90,890	6,700
East Greenwich Land Trust	48,300	48,300	-	48,300
Library	467,175	467,175	467,175	-
Capital improvements	1,009,000	1,009,000	516,727	492,273
Debt service:				
Principal	1,940,000	1,940,000	1,940,000	-
Interest	604,385	604,385	604,260	125
Financing costs	4,275	4,275	1,625	2,650
Total expenditures	<u>15,123,461</u>	<u>15,123,461</u>	<u>14,480,194</u>	<u>643,267</u>
Excess of revenues over expenditures before operating transfers	<u>31,358,286</u>	<u>31,358,286</u>	<u>31,190,851</u>	<u>(167,435)</u>
Operating transfers				
Appropriated fund balance (vehicle reserve)	446,677	446,677	-	(446,677)
Transfers from other funds	-	-	64,032	64,032
Transfers to other funds	(31,804,963)	(31,804,963)	(31,197,803)	607,160
Total operating transfers	<u>(31,358,286)</u>	<u>(31,358,286)</u>	<u>(31,133,771)</u>	<u>224,515</u>
Excess of revenues over (under) expenditures and operating transfers	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,080</u>	<u>\$ 57,080</u>

SUPPLEMENTARY INFORMATION
EAST GREENWICH SCHOOL DEPARTMENT
Budgetary Comparison Schedule - School Unrestricted Fund
Schedule of Revenues and Expenditures - Non-GAAP Budgetary Basis
For the Fiscal Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues				
Other revenue	\$ -	\$ -	\$ 20,988	\$ 20,988
Total Revenues	<u>-</u>	<u>-</u>	<u>20,988</u>	<u>20,988</u>
Expenditures				
Operating	31,804,963	31,804,963	31,311,847	493,116
Total Expenditures	<u>31,804,963</u>	<u>31,804,963</u>	<u>31,311,847</u>	<u>493,116</u>
Excess of Revenues Over (Under) Expenditures Before Other Financing Sources	<u>(31,804,963)</u>	<u>(31,804,963)</u>	<u>(31,290,859)</u>	<u>514,104</u>
Other Financing Sources				
Education department appropriation	29,425,202	29,425,202	29,295,853	(129,349)
Education department appropriation - other revenues	430,000	430,000	536,972	106,972
Education department appropriation - state aid	1,949,761	1,949,761	1,183,652	(766,109)
Education department appropriation - federal SFSF	-	-	181,326	181,326
Transfer to school lunch fund	-	-	(30,000)	(30,000)
Total Other Financing Sources	<u>31,804,963</u>	<u>31,804,963</u>	<u>31,167,803</u>	<u>(637,160)</u>
Excess Revenues and Other Sources Over (Under) Expenditures and Other Sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (123,056)</u>	<u>\$ (123,056)</u>

SUPPLEMENTARY INFORMATION
TOWN OF EAST GREENWICH, RHODE ISLAND
Combining Balance Sheet - Non-Major Governmental Funds
June 30, 2009

	<u>Town Special Revenue Funds</u>	<u>Town Special Revenue Projects Fund</u>	<u>School Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Town Permanent Funds</u>	<u>Total Non-Major Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 112,167	\$ -	\$ 34,221	\$ 3,860,013	\$ 182,235	\$ 4,188,636
Investments	-	-	-	-	33,053	33,053
Internal balances	1,452,069	219,835	128,785	3,257,212	-	5,057,901
Due from other governments	65,594	5,335	250,139	-	-	321,068
Other receivables	67,214	-	-	-	-	67,214
Inventories	-	-	11,201	-	-	11,201
Prepaid expenses	-	-	5,847	-	-	5,847
TOTAL ASSETS	<u>\$ 1,697,044</u>	<u>\$ 225,170</u>	<u>\$ 430,193</u>	<u>\$ 7,117,225</u>	<u>\$ 215,288</u>	<u>\$ 9,684,920</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable and accrued expenses	\$ 19,949	\$ 1,860	\$ 322,860	\$ 96,704	\$ -	\$ 441,373
Internal balances	130,341	5,335	210,241	175,537	-	521,454
Due to other governments	-	-	9,369	-	-	9,369
Deferred revenue	18,213	-	-	-	-	18,213
Total liabilities	<u>168,503</u>	<u>7,195</u>	<u>542,470</u>	<u>272,241</u>	<u>-</u>	<u>990,409</u>
Fund balances						
Reserved for inventory	-	-	11,201	-	-	11,201
Reserved for prepaid expenses	-	-	5,847	-	-	5,847
Reserved by trust agreements	-	-	-	-	215,288	215,288
Unreserved, reported in:						
Special revenue funds	1,528,541	217,975	(129,325)	-	-	1,617,191
Capital projects funds	-	-	-	6,844,984	-	6,844,984
Total fund balances (deficits)	<u>1,528,541</u>	<u>217,975</u>	<u>(112,277)</u>	<u>6,844,984</u>	<u>215,288</u>	<u>8,694,511</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,697,044</u>	<u>\$ 225,170</u>	<u>\$ 430,193</u>	<u>\$ 7,117,225</u>	<u>\$ 215,288</u>	<u>\$ 9,684,920</u>

SUPPLEMENTARY INFORMATION
TOWN OF EAST GREENWICH, RHODE ISLAND
Coming Statement of Revenues, Expenditures and
Changes in Fund Balance - Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2009

	<u>Town Special Revenue Funds</u>	<u>Town Special Revenue Projects Fund</u>	<u>School Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Town Permanent Funds</u>	<u>Total Non-Major Governmental Funds</u>
Revenues						
Intergovernmental revenue	\$ 331,585	\$ 6,634	\$ 831,221	\$ 408,777	\$ -	\$ 1,578,217
Earnings on investments	599	-	-	-	1,510	2,109
Other revenue	599,390	86,033	424,327	-	-	1,109,750
Total revenues	<u>931,574</u>	<u>92,667</u>	<u>1,255,548</u>	<u>408,777</u>	<u>1,510</u>	<u>2,690,076</u>
Expenditures						
Public safety	489,404	6,232	-	-	-	495,636
Public health and welfare	343,388	22,535	-	-	-	365,923
Education	-	-	1,380,006	-	-	1,380,006
Unrealized (gain) loss	-	-	-	-	26,717	26,717
Capital outlay	91,119	-	-	8,490,862	-	8,581,981
Total expenditures	<u>923,911</u>	<u>28,767</u>	<u>1,380,006</u>	<u>8,490,862</u>	<u>26,717</u>	<u>10,850,263</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	7,663	63,900	(124,458)	(8,082,085)	(25,207)	(8,160,187)
Other financing sources (uses)						
Issuance of debt	-	-	-	9,240,000	-	9,240,000
Transfers from other funds	-	67	30,000	-	-	30,067
Transfers to other funds	-	(58,134)	(5,965)	-	-	(64,099)
Total other financing sources (uses)	<u>-</u>	<u>(58,067)</u>	<u>24,035</u>	<u>9,240,000</u>	<u>-</u>	<u>9,205,968</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>7,663</u>	<u>5,833</u>	<u>(100,423)</u>	<u>1,157,915</u>	<u>(25,207)</u>	<u>1,045,781</u>
Fund balances - beginning	<u>1,520,878</u>	<u>212,142</u>	<u>(11,854)</u>	<u>5,687,069</u>	<u>240,495</u>	<u>7,648,730</u>
Fund balances - ending	<u>\$ 1,528,541</u>	<u>\$ 217,975</u>	<u>\$ (112,277)</u>	<u>\$ 6,844,984</u>	<u>\$ 215,288</u>	<u>\$ 8,694,511</u>

SUPPLEMENTARY INFORMATION
TOWN OF EAST GREENWICH, RHODE ISLAND
Town Special Revenue Funds
Combining Balance Sheet - Non-Major Governmental Funds
June 30, 2009

	<u>Recreation Development Fund</u>	<u>Impact Fees</u>	<u>Courthouse Fund</u>	<u>Community Development</u>	<u>Substance Abuse</u>	<u>Comprehensive Plan Land Use</u>
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ 50,000	\$ 62,167	\$ -	\$ -
Due from other governments	-	-	-	63,658	1,936	-
Internal balances	84,116	966,289	153,410	-	39,911	16,267
Other receivables	-	-	-	14,851	-	-
TOTAL ASSETS	<u>\$ 84,116</u>	<u>\$ 966,289</u>	<u>\$ 203,410</u>	<u>\$ 140,676</u>	<u>\$ 41,847</u>	<u>\$ 16,267</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable and accrued expenses	\$ -	\$ -	\$ 6,507	\$ 900	\$ 242	\$ -
Internal balances	-	-	-	77,978	-	-
Deferred revenue	-	-	-	801	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>6,507</u>	<u>79,679</u>	<u>242</u>	<u>-</u>
Fund balances						
Unreserved	84,116	966,289	196,903	60,997	41,605	16,267
Total fund balances (deficits)	<u>84,116</u>	<u>966,289</u>	<u>196,903</u>	<u>60,997</u>	<u>41,605</u>	<u>16,267</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 84,116</u>	<u>\$ 966,289</u>	<u>\$ 203,410</u>	<u>\$ 140,676</u>	<u>\$ 41,847</u>	<u>\$ 16,267</u>

(Continued)

SUPPLEMENTARY INFORMATION
TOWN OF EAST GREENWICH, RHODE ISLAND
Town Special Revenue Funds
Combining Balance Sheet - Non-Major Governmental Funds
June 30, 2009
 (Continued)

	<u>Homeland Security Fund</u>	<u>Revaluation Fund</u>	<u>Recreation Activities Fund</u>	<u>Farmer's Market</u>	<u>Police Details</u>	<u>Totals</u>
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 112,167
Due from other governments	-	-	-	-	-	65,594
Internal balances	17,412	9,374	163,020	2,270	-	1,452,069
Other receivables	-	-	-	-	52,363	67,214
TOTAL ASSETS	<u>\$ 17,412</u>	<u>\$ 9,374</u>	<u>\$ 163,020</u>	<u>\$ 2,270</u>	<u>\$ 52,363</u>	<u>\$ 1,697,044</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable and accrued expenses	\$ -	\$ 9,374	\$ 2,744	\$ 182	\$ -	\$ 19,949
Internal balances	-	-	-	-	52,363	130,341
Deferred revenue	17,412	-	-	-	-	18,213
Total liabilities	<u>17,412</u>	<u>9,374</u>	<u>2,744</u>	<u>182</u>	<u>52,363</u>	<u>168,503</u>
Fund balances						
Unreserved	-	-	160,276	2,088	-	1,528,541
Total fund balances (deficits)	<u>-</u>	<u>-</u>	<u>160,276</u>	<u>2,088</u>	<u>-</u>	<u>1,528,541</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 17,412</u>	<u>\$ 9,374</u>	<u>\$ 163,020</u>	<u>\$ 2,270</u>	<u>\$ 52,363</u>	<u>\$ 1,697,044</u>

(Concluded)

SUPPLEMENTARY INFORMATION
TOWN OF EAST GREENWICH, RHODE ISLAND
Town Special Revenue Funds
Coming Statement of Revenues, Expenditures and
Changes in Fund Balance - Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2009

	Recreation Development Fund	Impact Fees	Courthouse Fund	Community Development	Substance Abuse	Comprehensive Plan Land Use
Revenues						
Intergovernmental revenue	\$ -	\$ -	\$ 50,000	\$ 163,180	\$ 23,236	\$ -
Interest on investments	-	-	-	599	-	-
Other revenue	-	55,045	-	-	-	-
Total revenues	<u>-</u>	<u>55,045</u>	<u>50,000</u>	<u>163,779</u>	<u>23,236</u>	<u>-</u>
Expenditures						
Public safety	-	-	-	-	21,524	-
Public health and welfare	-	19,504	12,491	155,644	-	5,375
Capital outlay	-	89,850	1,269	-	-	-
Total expenditures	<u>-</u>	<u>109,354</u>	<u>13,760</u>	<u>155,644</u>	<u>21,524</u>	<u>5,375</u>
Excess of revenues and other sources over (under) expenditures	<u>-</u>	<u>(54,309)</u>	<u>36,240</u>	<u>8,135</u>	<u>1,712</u>	<u>(5,375)</u>
Fund balances - beginning	<u>84,116</u>	<u>1,020,598</u>	<u>160,663</u>	<u>52,862</u>	<u>39,893</u>	<u>21,642</u>
Fund balances - ending	<u>\$ 84,116</u>	<u>\$ 966,289</u>	<u>\$ 196,903</u>	<u>\$ 60,997</u>	<u>\$ 41,605</u>	<u>\$ 16,267</u>

(Continued)

SUPPLEMENTARY INFORMATION
TOWN OF EAST GREENWICH, RHODE ISLAND
Town Special Revenue Funds
Coming Statement of Revenues, Expenditures and
Changes in Fund Balance - Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2009
 (Continued)

	Homeland Security	Revaluation Fund	Recreation Activities Fund	Farmer's Market	Police Details	Totals
Revenues						
Intergovernmental revenue	\$ 52,766	\$ 42,403	\$ -	\$ -	\$ -	\$ 331,585
Interest on investments	-	-	-	-	-	599
Other revenue	-	-	126,491	2,740	415,114	599,390
Total revenues	<u>52,766</u>	<u>42,403</u>	<u>126,491</u>	<u>2,740</u>	<u>415,114</u>	<u>931,574</u>
Expenditures						
Public safety	52,766	-	-	-	415,114	489,404
Public health and welfare	-	42,403	107,319	652	-	343,388
Capital outlay	-	-	-	-	-	91,119
Total expenditures	<u>52,766</u>	<u>42,403</u>	<u>107,319</u>	<u>652</u>	<u>415,114</u>	<u>923,911</u>
Excess of revenues and other sources over (under) expenditures	-	-	19,172	2,088	-	7,663
Fund balances - beginning	-	-	141,104	-	-	1,520,878
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 160,276</u>	<u>\$ 2,088</u>	<u>\$ -</u>	<u>\$ 1,528,541</u>

(Concluded)

SUPPLEMENTARY INFORMATION
TOWN OF EAST GREENWICH, RHODE ISLAND
Combining Balance Sheet - Non-Major Governmental Funds
Special Revenue Project Funds - Town
June 30, 2009

	<u>EMA Fund</u>	<u>Police Seizures</u>	<u>Cops That Care</u>	<u>Tobacco Grant</u>	<u>Alcohol Grant</u>	<u>Car Seat</u>
ASSETS						
Due from other governments	\$ -	\$ -	\$ -	\$ -	\$ 560	\$ -
Internal balances	-	9,899	-	-	-	-
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 9,899</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 560</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Internal balances	-	-	-	-	560	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>560</u>	<u>-</u>
Fund balances						
Unreserved	-	9,899	-	-	-	-
Total fund balances (deficits)	<u>-</u>	<u>9,899</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ 9,899</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 560</u>	<u>\$ -</u>

(Continued)

SUPPLEMENTARY INFORMATION
TOWN OF EAST GREENWICH, RHODE ISLAND
Combining Balance Sheet - Non-Major Governmental Funds
Special Revenue Project Funds - Town
June 30, 2009
(Continued)

	<u>Byrne Grant</u>	<u>LLEBG</u>	<u>Animal Enforcement</u>	<u>Senior Services</u>	<u>Document Preservation & Technology</u>	<u>Historic Trust Fund</u>
ASSETS						
Due from other governments	\$ 4,775	\$ -	\$ -	\$ -	\$ -	\$ -
Internal balances	-	-	14,204	25,076	48,161	24,268
TOTAL ASSETS	<u>\$ 4,775</u>	<u>\$ -</u>	<u>\$ 14,204</u>	<u>\$ 25,076</u>	<u>\$ 48,161</u>	<u>\$ 24,268</u>
 LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,080
Internal balances	4,775	-	-	-	-	-
Total liabilities	<u>4,775</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,080</u>
 Fund balances						
Unreserved	-	-	14,204	25,076	48,161	23,188
Total fund balances (deficits)	<u>-</u>	<u>-</u>	<u>14,204</u>	<u>25,076</u>	<u>48,161</u>	<u>23,188</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 4,775</u>	<u>\$ -</u>	<u>\$ 14,204</u>	<u>\$ 25,076</u>	<u>\$ 48,161</u>	<u>\$ 24,268</u>

(Continued)

SUPPLEMENTARY INFORMATION
TOWN OF EAST GREENWICH, RHODE ISLAND
Combining Balance Sheet - Non-Major Governmental Funds
Special Revenue Project Funds - Town
June 30, 2009
(Continued)

	<u>Holiday Basket</u>	<u>Juvenile Hearing Board</u>	<u>Main Street Stroll</u>	<u>Affordable Housing</u>	<u>Totals</u>
ASSETS					
Due from other governments	\$ -	\$ -	\$ -	\$ -	\$ 5,335
Internal balances	15,828	3,761	13,439	65,199	219,835
TOTAL ASSETS	<u>\$ 15,828</u>	<u>\$ 3,761</u>	<u>\$ 13,439</u>	<u>\$ 65,199</u>	<u>\$ 225,170</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable and accrued expenses	\$ -	\$ -	\$ 780	\$ -	\$ 1,860
Internal balances	-	-	-	-	5,335
Total liabilities	<u>-</u>	<u>-</u>	<u>780</u>	<u>-</u>	<u>7,195</u>
Fund balances					
Unreserved	15,828	3,761	12,659	65,199	217,975
Total fund balances (deficits)	<u>15,828</u>	<u>3,761</u>	<u>12,659</u>	<u>65,199</u>	<u>217,975</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 15,828</u>	<u>\$ 3,761</u>	<u>\$ 13,439</u>	<u>\$ 65,199</u>	<u>\$ 225,170</u>

(Concluded)

SUPPLEMENTARY INFORMATION
TOWN OF EAST GREENWICH, RHODE ISLAND
Town Special Revenue Projects Fund
Coming Statement of Revenues, Expenditures and
Changes in Fund Balance - Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2009

	<u>EMA Fund</u>	<u>Police Seizures</u>	<u>Cops That Care</u>	<u>Tobacco Grant</u>	<u>Alcohol Grant</u>	<u>Car Seat</u>
Revenues						
Intergovernmental revenue	\$ -	\$ 499	\$ -	\$ 205	\$ 1,155	\$ -
Other revenue	-	-	-	-	-	-
Total revenues	<u>-</u>	<u>499</u>	<u>-</u>	<u>205</u>	<u>1,155</u>	<u>-</u>
Expenditures						
Public safety	-	340	-	30	1,020	-
Public health and welfare	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>340</u>	<u>-</u>	<u>30</u>	<u>1,020</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	-	159	-	175	135	-
Other financing sources (uses)						
Transfers from other funds	-	-	-	-	-	-
Transfers to other funds	(35,788)	-	(689)	(535)	(5,056)	(1,995)
Total other financing sources (uses)	<u>(35,788)</u>	<u>-</u>	<u>(689)</u>	<u>(535)</u>	<u>(5,056)</u>	<u>(1,995)</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	<u>(35,788)</u>	<u>159</u>	<u>(689)</u>	<u>(360)</u>	<u>(4,921)</u>	<u>(1,995)</u>
Fund balances - beginning	<u>35,788</u>	<u>9,740</u>	<u>689</u>	<u>360</u>	<u>4,921</u>	<u>1,995</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ 9,899</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

SUPPLEMENTARY INFORMATION
TOWN OF EAST GREENWICH, RHODE ISLAND
Town Special Revenue Projects Fund
Comining Statement of Revenues, Expenditures and
Changes in Fund Balance - Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2009
 (Continued)

	<u>Byrne Grant</u>	<u>LLEBG</u>	<u>Animal Enforcement</u>	<u>Senior Services</u>	<u>Document Preservation & Technology</u>	<u>Historic Trust Fund</u>
Revenues						
Intergovernmental revenue	\$ 4,775	\$ -	\$ -	\$ -	\$ -	\$ -
Other revenue	-	-	2,188	12,256	17,162	2,830
Total revenues	<u>4,775</u>	<u>-</u>	<u>2,188</u>	<u>12,256</u>	<u>17,162</u>	<u>2,830</u>
Expenditures						
Public safety	4,842	-	-	-	-	-
Public health and welfare	-	-	-	1,692	5,545	464
Total expenditures	<u>4,842</u>	<u>-</u>	<u>-</u>	<u>1,692</u>	<u>5,545</u>	<u>464</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	(67)	-	2,188	10,564	11,617	2,366
Other financing sources (uses)						
Transfers from other funds	67	-	-	-	-	-
Transfers to other funds	-	(14,071)	-	-	-	-
Total other financing sources (uses)	<u>67</u>	<u>(14,071)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	-	(14,071)	2,188	10,564	11,617	2,366
Fund balances - beginning	-	14,071	12,016	14,512	36,544	20,822
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,204</u>	<u>\$ 25,076</u>	<u>\$ 48,161</u>	<u>\$ 23,188</u>

(Continued)

SUPPLEMENTARY INFORMATION
TOWN OF EAST GREENWICH, RHODE ISLAND
Town Special Revenue Projects Fund
Comining Statement of Revenues, Expenditures and
Changes in Fund Balance - Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2009
(Continued)

	Holiday Basket	Juvenile Hearing Board	Main Street Stroll	Affordable Housing	Totals
Revenues					
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ 6,634
Other revenue	12,942	-	8,655	30,000	86,033
Total revenues	<u>12,942</u>	<u>-</u>	<u>8,655</u>	<u>30,000</u>	<u>92,667</u>
Expenditures					
Public safety	-	-	-	-	6,232
Public health and welfare	8,181	-	6,653	-	22,535
Total expenditures	<u>8,181</u>	<u>-</u>	<u>6,653</u>	<u>-</u>	<u>28,767</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	4,761	-	2,002	30,000	63,900
Other financing sources (uses)					
Transfers from other funds	-	-	-	-	67
Transfers to other funds	-	-	-	-	(58,134)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(58,067)</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	4,761	-	2,002	30,000	5,833
Fund balances - beginning	11,067	3,761	10,657	35,199	212,142
Fund balances - ending	<u>\$ 15,828</u>	<u>\$ 3,761</u>	<u>\$ 12,659</u>	<u>\$ 65,199</u>	<u>\$ 217,975</u>

(Concluded)

SUPPLEMENTARY INFORMATION
TOWN OF EAST GREENWICH, RHODE ISLAND
School Special Revenue Restricted Funds
Combining Balance Sheet - Non-Major Governmental Funds
June 30, 2009

	<u>Title I</u>	<u>RI Learn & Serve</u>	<u>School Support Plan</u>	<u>Computer Fund</u>	<u>IDEA Preschool</u>	<u>Frenchtown Computer Fund</u>
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Internal balances	-	-	-	8,615	-	570
Due from other governments	18,269	13,351	9,138	-	-	-
Inventory	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 18,269</u>	<u>\$ 13,351</u>	<u>\$ 9,138</u>	<u>\$ 8,615</u>	<u>\$ -</u>	<u>\$ 570</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable and accrued expenses	\$ 633	\$ -	\$ 4,000	\$ -	\$ -	\$ -
Internal balances	17,636	13,351	5,138	-	-	-
Due to other governments	-	-	-	-	-	-
Total liabilities	<u>18,269</u>	<u>13,351</u>	<u>9,138</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances						
Reserved	-	-	-	-	-	-
Unreserved	-	-	-	8,615	-	570
Total fund balances (deficit)	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,615</u>	<u>-</u>	<u>570</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 18,269</u>	<u>\$ 13,351</u>	<u>\$ 9,138</u>	<u>\$ 8,615</u>	<u>\$ -</u>	<u>\$ 570</u>

(Continued)

SUPPLEMENTARY INFORMATION
TOWN OF EAST GREENWICH, RHODE ISLAND
School Special Revenue Restricted Funds
Combining Balance Sheet - Non-Major Governmental Funds
June 30, 2009
(Continued)

	<u>School Lunch</u>	<u>Title II</u>	<u>Title IV</u>	<u>IDEA Part B</u>	<u>Title V</u>	<u>Strategic Support</u>
ASSETS						
Cash and cash equivalents	\$ 34,221	\$ -	\$ -	\$ -	\$ -	\$ -
Internal balances	59,378	-	-	-	-	38,267
Due from other governments	6,550	47,712	2,400	117,146	1,000	-
Inventory	11,201	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 111,350</u>	<u>\$ 47,712</u>	<u>\$ 2,400</u>	<u>\$ 117,146</u>	<u>\$ 1,000</u>	<u>\$ 38,267</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable and accrued expenses	\$ 298,881	\$ 18,041	\$ -	\$ 1,305	\$ -	\$ -
Internal balances	-	29,671	2,400	106,472	1,000	-
Due to other governments	-	-	-	9,369	-	-
Total liabilities	<u>298,881</u>	<u>47,712</u>	<u>2,400</u>	<u>117,146</u>	<u>1,000</u>	<u>-</u>
Fund balances						
Reserved	11,201	-	-	-	-	-
Unreserved	(198,732)	-	-	-	-	38,267
Total fund balances (deficit)	<u>(187,531)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,267</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 111,350</u>	<u>\$ 47,712</u>	<u>\$ 2,400</u>	<u>\$ 117,146</u>	<u>\$ 1,000</u>	<u>\$ 38,267</u>

(Continued)

SUPPLEMENTARY INFORMATION
TOWN OF EAST GREENWICH, RHODE ISLAND
School Special Revenue Restricted Funds
Combining Balance Sheet - Non-Major Governmental Funds
June 30, 2009
(Continued)

	E-Rate	Perkins	Legislative Tech	Totals
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 34,221
Internal balances	17,753	-	4,202	128,785
Due from other governments	-	34,573	-	250,139
Inventory	-	-	-	11,201
Prepaid expenses	5,847	-	-	5,847
TOTAL ASSETS	\$ 23,600	\$ 34,573	\$ 4,202	\$ 430,193
 LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ 322,860
Internal balances	-	34,573	-	210,241
Due to other governments	-	-	-	9,369
Total liabilities	-	34,573	-	542,470
 Fund balances				
Reserved	5,847	-	-	17,048
Unreserved	17,753	-	4,202	(129,325)
Total fund balances (deficit)	23,600	-	4,202	(112,277)
TOTAL LIABILITIES AND FUND BALANCES	\$ 23,600	\$ 34,573	\$ 4,202	\$ 430,193

(Concluded)

SUPPLEMENTARY INFORMATION
TOWN OF EAST GREENWICH, RHODE ISLAND
School Special Revenue Restricted Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2009

	<u>Title I</u>	<u>RI Learn & Serve</u>	<u>School Support Plan</u>	<u>Computer Fund</u>	<u>IDEA Preschool</u>	<u>Frenchtown Computer Fund</u>
Revenues						
Intergovernmental revenue	\$ 112,666	\$ 13,351	\$ 9,138	\$ -	\$ 16,414	\$ -
Other	-	-	-	-	-	-
Total revenues	<u>112,666</u>	<u>13,351</u>	<u>9,138</u>	<u>-</u>	<u>16,414</u>	<u>-</u>
Expenditures						
Education	112,666	13,351	9,138	-	16,414	-
Total expenditures	<u>112,666</u>	<u>13,351</u>	<u>9,138</u>	<u>-</u>	<u>16,414</u>	<u>-</u>
Excess revenues over (under) expenditures	-	-	-	-	-	-
Other financing sources (uses)						
Transfers from other funds	-	-	-	-	-	-
Transfers to other funds	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - beginning	-	-	-	8,615	-	570
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,615</u>	<u>\$ -</u>	<u>\$ 570</u>

(Continued)

SUPPLEMENTARY INFORMATION
TOWN OF EAST GREENWICH, RHODE ISLAND
School Special Revenue Restricted Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2009
(Continued)

	<u>School Lunch</u>	<u>Title II</u>	<u>Title IV</u>	<u>IDEA Part B</u>	<u>Title V</u>	<u>Strategic Support</u>
Revenues						
Intergovernmental revenue	\$ 84,698	\$ 118,439	\$ 7,861	\$ 407,603	\$ 1,000	\$ 500
Other	424,327	-	-	-	-	-
Total revenues	<u>509,025</u>	<u>118,439</u>	<u>7,861</u>	<u>407,603</u>	<u>1,000</u>	<u>500</u>
Expenditures						
Education	646,656	114,057	7,861	406,020	1,000	1,032
Total expenditures	<u>646,656</u>	<u>114,057</u>	<u>7,861</u>	<u>406,020</u>	<u>1,000</u>	<u>1,032</u>
Excess revenues over (under) expenditures	(137,631)	4,382	-	1,583	-	(532)
Other financing sources (uses)						
Transfers from other funds	30,000	-	-	-	-	-
Transfers to other funds	-	(4,382)	-	(1,583)	-	-
Total other financing sources (uses)	<u>30,000</u>	<u>(4,382)</u>	<u>-</u>	<u>(1,583)</u>	<u>-</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures	<u>(107,631)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(532)</u>
Fund balances - beginning	<u>(79,900)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,799</u>
Fund balances - ending	<u>\$ (187,531)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,267</u>

(Continued)

SUPPLEMENTARY INFORMATION
TOWN OF EAST GREENWICH, RHODE ISLAND
School Special Revenue Restricted Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2009
(Continued)

	<u>E-Rate</u>	<u>Perkins</u>	<u>Legislative Tech</u>	<u>Totals</u>
Revenues				
Intergovernmental revenue	\$ 24,978	\$ 34,573	\$ -	\$ 831,221
Other	-	-	-	424,327
Total revenues	<u>24,978</u>	<u>34,573</u>	<u>-</u>	<u>1,255,548</u>
Expenditures				
Education	17,238	34,573	-	1,380,006
Total expenditures	<u>17,238</u>	<u>34,573</u>	<u>-</u>	<u>1,380,006</u>
Excess revenues over (under) expenditures	7,740	-	-	(124,458)
Other financing sources (uses)				
Transfers from other funds	-	-	-	30,000
Transfers to other funds	-	-	-	(5,965)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,035</u>
Excess of revenues and other sources over (under) expenditures	<u>7,740</u>	<u>-</u>	<u>-</u>	<u>(100,423)</u>
Fund balances - beginning	15,860	-	4,202	(11,854)
Fund balances - ending	<u>\$ 23,600</u>	<u>\$ -</u>	<u>\$ 4,202</u>	<u>\$ (112,277)</u>

(Concluded)

SUPPLEMENTARY INFORMATION
TOWN OF EAST GREENWICH, RHODE ISLAND
Capital Projects Funds
Combining Balance Sheet - Non-Major Governmental Funds
June 30, 2009

	<u>School Renovations Fund</u>	<u>Police Station Fund</u>	<u>King Street Project Fund</u>	<u>Swift Comm Center/DPW Renovations</u>	<u>Landfill Project Fund</u>	<u>School Fields Fund</u>	<u>Totals</u>
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$3,860,013	\$ 3,860,013
Internal balances	247,988	81,203	-	2,928,021	-	-	3,257,212
TOTAL ASSETS	<u>\$ 247,988</u>	<u>\$ 81,203</u>	<u>\$ -</u>	<u>\$ 2,928,021</u>	<u>\$ -</u>	<u>\$3,860,013</u>	<u>\$ 7,117,225</u>
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable	\$ -	\$ 15,000	\$ -	\$ 81,704	\$ -	\$ -	\$ 96,704
Internal balances	-	-	40,575	-	111,183	23,779	175,537
Total liabilities	<u>-</u>	<u>15,000</u>	<u>40,575</u>	<u>81,704</u>	<u>111,183</u>	<u>23,779</u>	<u>272,241</u>
Fund balances							
Unreserved	247,988	66,203	(40,575)	2,846,317	(111,183)	3,836,234	6,844,984
Total fund balances (deficit)	<u>247,988</u>	<u>66,203</u>	<u>(40,575)</u>	<u>2,846,317</u>	<u>(111,183)</u>	<u>3,836,234</u>	<u>6,844,984</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 247,988</u>	<u>\$ 81,203</u>	<u>\$ -</u>	<u>\$ 2,928,021</u>	<u>\$ -</u>	<u>\$3,860,013</u>	<u>\$ 7,117,225</u>

SUPPLEMENTARY INFORMATION
TOWN OF EAST GREENWICH, RHODE ISLAND
Capital Project Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2009

	<u>School Renovations Fund</u>	<u>Police Station 2006</u>	<u>King Street Project</u>	<u>Swift Comm. Center/DPW Renovations</u>	<u>Landfill Project Fund</u>	<u>School Fields Fund</u>	<u>Totals</u>
Revenues							
Intergovernmental Revenue	\$ -	\$ -	\$ 383,336	\$ -	\$ 25,441	\$ -	\$ 408,777
Total revenues	<u>-</u>	<u>-</u>	<u>383,336</u>	<u>-</u>	<u>25,441</u>	<u>-</u>	<u>408,777</u>
Expenditures							
Capital	504,117	3,757,695	75,112	390,987	1,599,185	2,163,766	8,490,862
Total expenditures	<u>504,117</u>	<u>3,757,695</u>	<u>75,112</u>	<u>390,987</u>	<u>1,599,185</u>	<u>2,163,766</u>	<u>8,490,862</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources	(504,117)	(3,757,695)	308,224	(390,987)	(1,573,744)	(2,163,766)	(8,082,085)
Other financing sources (uses)							
Proceeds from debt	-	-	-	3,240,000	-	6,000,000	9,240,000
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,240,000</u>	<u>-</u>	<u>6,000,000</u>	<u>9,240,000</u>
Excess of revenues and other sources over (under) expenditures	(504,117)	(3,757,695)	308,224	2,849,013	(1,573,744)	3,836,234	1,157,915
Fund balances - beginning	752,105	3,823,898	(348,799)	(2,696)	1,462,561	-	5,687,069
Fund balances - ending	<u>\$ 247,988</u>	<u>\$ 66,203</u>	<u>\$ (40,575)</u>	<u>\$ 2,846,317</u>	<u>\$ (111,183)</u>	<u>\$3,836,234</u>	<u>\$ 6,844,984</u>

SUPPLEMENTARY INFORMATION
TOWN OF EAST GREENWICH, RHODE ISLAND
Town Permanent Funds
Combining Balance Sheet - Non-Major Governmental Funds
June 30, 2009

	<u>Briggs Fund</u>	<u>Spencer Maxwell Fund</u>	<u>Tillinghast Fund</u>	<u>Casey Fund</u>	<u>Darius Allen Fund</u>	<u>Estate of Thomas Johnson Fund</u>	<u>F. Robert E. Bergsten Fund</u>	<u>Howland Family Trust Fund</u>	<u>Totals</u>
ASSETS									
Cash and cash equivalents	\$ 4,831	\$ 60,300	\$ 2,973	\$ 84,857	\$ 1,367	\$ 11,320	\$ 5,267	\$ 11,320	\$ 182,235
Investments	-	-	-	33,053	-	-	-	-	33,053
TOTAL ASSETS	<u>\$ 4,831</u>	<u>\$ 60,300</u>	<u>\$ 2,973</u>	<u>\$ 117,910</u>	<u>\$ 1,367</u>	<u>\$ 11,320</u>	<u>\$ 5,267</u>	<u>\$ 11,320</u>	<u>\$ 215,288</u>
LIABILITIES AND FUND BALANCES									
Liabilities									
Other liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances									
Reserved by trust agreements	4,831	60,300	2,973	117,910	1,367	11,320	5,267	11,320	215,288
Total fund balances (deficit)	<u>4,831</u>	<u>60,300</u>	<u>2,973</u>	<u>117,910</u>	<u>1,367</u>	<u>11,320</u>	<u>5,267</u>	<u>11,320</u>	<u>215,288</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 4,831</u>	<u>\$ 60,300</u>	<u>\$ 2,973</u>	<u>\$ 117,910</u>	<u>\$ 1,367</u>	<u>\$ 11,320</u>	<u>\$ 5,267</u>	<u>\$ 11,320</u>	<u>\$ 215,288</u>

SUPPLEMENTARY INFORMATION
TOWN OF EAST GREENWICH, RHODE ISLAND
Town Permanent Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2009

	<u>Briggs Fund</u>	<u>Spencer Maxwell Fund</u>	<u>Tillinghast Fund</u>	<u>Casey Fund</u>	<u>Darius Allen Fund</u>	<u>Estate of Thomas Johnson Fund</u>	<u>F. Robert E. Bergsten Fund</u>	<u>Howland Family Trust Fund</u>	<u>Totals</u>
Revenues									
Earnings on investments	\$ 45	\$ 543	\$ 30	\$ 619	\$ 15	\$ 107	\$ 45	\$ 106	\$ 1,510
Total revenues	<u>45</u>	<u>543</u>	<u>30</u>	<u>619</u>	<u>15</u>	<u>107</u>	<u>45</u>	<u>106</u>	<u>1,510</u>
Expenditures									
Unrealized (gain) loss	-	-	-	26,717	-	-	-	-	26,717
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,717</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,717</u>
Excess (deficiency) of revenues over (under)									
expenditures before other financing sources	45	543	30	(26,098)	15	107	45	106	(25,207)
Fund balances - beginning	<u>4,786</u>	<u>59,757</u>	<u>2,943</u>	<u>144,008</u>	<u>1,352</u>	<u>11,213</u>	<u>5,222</u>	<u>11,214</u>	<u>240,495</u>
Fund balances - ending	<u>\$ 4,831</u>	<u>\$ 60,300</u>	<u>\$ 2,973</u>	<u>\$117,910</u>	<u>\$ 1,367</u>	<u>\$ 11,320</u>	<u>\$ 5,267</u>	<u>\$ 11,320</u>	<u>\$215,288</u>

SUPPLEMENTARY INFORMATION
TOWN OF EAST GREENWICH, RHODE ISLAND
Fiduciary Funds
Combining Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended June 30, 2009

	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2009</u>
PERFORMANCE BOND FUND				
ASSETS				
Cash and cash equivalents	\$ 102,193	\$ -	\$ -	\$ 102,193
Internal balances	97,600	21,000	29,000	89,600
TOTAL ASSETS	<u>\$ 199,793</u>	<u>\$ 21,000</u>	<u>\$ 29,000</u>	<u>\$ 191,793</u>
LIABILITIES				
Deposits held in custody for others	\$ 199,793	\$ 21,000	\$ 29,000	\$ 191,793
TOTAL LIABILITIES	<u>\$ 199,793</u>	<u>\$ 21,000</u>	<u>\$ 29,000</u>	<u>\$ 191,793</u>
PUPIL ACTIVITY FUNDS				
ASSETS				
Cash and cash equivalents	\$ 186,751	\$ 714,422	\$ 647,961	\$ 253,212
TOTAL ASSETS	<u>\$ 186,751</u>	<u>\$ 714,422</u>	<u>\$ 647,961</u>	<u>\$ 253,212</u>
LIABILITIES				
Deposits held in custody for others	\$ 186,751	\$ 714,422	\$ 647,961	\$ 253,212
TOTAL LIABILITIES	<u>\$ 186,751</u>	<u>\$ 714,422</u>	<u>\$ 647,961</u>	<u>\$ 253,212</u>
TOTAL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	\$ 288,944	\$ 714,422	\$ 647,961	\$ 355,405
Internal balances	97,600	21,000	29,000	89,600
TOTAL ASSETS	<u>\$ 386,544</u>	<u>\$ 735,422</u>	<u>\$ 676,961</u>	<u>\$ 445,005</u>
LIABILITIES				
Deposits held in custody for others	\$ 386,544	\$ 735,422	\$ 676,961	\$ 445,005
TOTAL LIABILITIES	<u>\$ 386,544</u>	<u>\$ 735,422</u>	<u>\$ 676,961</u>	<u>\$ 445,005</u>

SUPPLEMENTARY INFORMATION
TOWN OF EAST GREENWICH, RHODE ISLAND
Fiduciary Funds - Pupil Activity Funds
Combining Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended June 30, 2009

	<u>Cash Balance July 1, 2008</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Cash Balance June 30, 2009</u>
PUPIL ACTIVITY FUNDS				
East Greenwich High School:				
Checking	\$ 36,620	\$ 397,085	\$ 348,647	\$ 85,058
Savings	41,077	193	20,000	21,270
CD	44,000	-	-	44,000
Athletic Officials Fund	4,428	40,981	39,225	6,184
Athletic Camp Fund	-	40,168	27,097	13,071
EGHS Football Club	-	10,432	8,483	1,949
Cole Middle School:				
Checking	46,523	144,395	150,135	40,783
Money Market	3,952	6	-	3,958
Eldridge	2,566	41,364	17,545	26,385
Eldridge Student Council	1,154	1,237	539	1,852
Frenchtown School	2,514	5,006	3,783	3,737
Meadowbrook	519	6,098	5,162	1,455
Meadowbrook Library	932	365	1,221	76
Hanaford	2,063	27,032	26,034	3,061
Hanaford Music Fund	403	60	90	373
TOTALS	<u>\$ 186,751</u>	<u>\$ 714,422</u>	<u>\$ 647,961</u>	<u>\$ 253,212</u>

STATISTICAL SECTION

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

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

**TOWN OF EAST GREENWICH, RHODE ISLAND
TAX COLLECTOR'S ANNUAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

REAL ESTATE AND PERSONAL PROPERTY TAXES

Tax Roll Year	Balance July 1, 2008	Current Year Assessment	Additions and Adjustments	Abatements and Adjustments	Amount to be Collected	Collections	Balance June 30, 2009
2008	\$ -	\$ 39,575,719	\$ 136,970	\$ 35,368	39,677,321	\$ 38,591,913	\$ 1,085,408
2007	1,231,173	-	6,235	4,741	1,232,667	1,098,698	133,969
2006	130,796	-	4	6,456	124,344	26,555	97,789
2005	61,713	-	-	49	61,664	12,269	49,395
2004	64,083	-	-	141	63,942	12,394	51,548
2003	75,074	-	-	11	75,063	10,363	64,700
2002	76,961	-	-	815	76,146	4,930	71,216
2001	63,534	-	-	-	63,534	-	63,534
2000	78,421	-	-	5	78,416	426	77,990
1999	82,438	-	-	2	82,436	-	82,436
1998 and prior	6,802	-	2	-	6,804	-	6,804
Subtotal	<u>1,870,995</u>	<u>\$ 39,575,719</u>	<u>\$ 143,211</u>	<u>\$ 47,588</u>	<u>\$ 41,542,337</u>	<u>\$ 39,757,548</u>	<u>1,784,789</u>
Allowance for uncollectible taxes	<u>57,000</u>						<u>57,000</u>
	<u>\$ 1,813,995</u>						<u>\$ 1,727,789</u>

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

Description of Property	Valuations	Levy
Real property	\$ 2,680,989,950	\$ 37,533,859
Specially adapted housing	1,192,250	16,692
Real property - Frozen	22,127,390	309,783
Motor vehicles	153,359,443	3,508,864
Tangible personal	61,285,252	857,994
Tangible personal - Frozen	1,168,375	16,357
<i>Total</i>	<u>2,920,122,660</u>	<u>42,243,549</u>
Exemptions:		
Real property	63,740,478	892,367
Specially adapted housing	1,192,250	16,692
Real property - Frozen	19,472,103	272,609
Motor vehicles	63,844,564	1,461,453
Tangible personal	738,049	10,333
Tangible personal - Frozen	<u>1,026,845</u>	<u>14,376</u>
<i>Net assessed value</i>	<u>\$ 2,770,108,371</u>	<u>39,575,719</u>
Current year assessment		<u>\$ 39,575,719</u>

**TOWN OF EAST GREENWICH
NET ASSETS BY COMPONENT
LAST FIVE FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

Exhibit 1

	Fiscal Year					
	2009	2008	2007	2006	2005	2004
Governmental Activities						
Invested in capital assets, net of related debt	\$ 20,744,380	\$ 14,653,361	\$ 19,342,095	\$ 4,476,275	\$ 517,034	\$ (2,446,108)
Restricted	-	-	3,603,644	2,463,577	2,414,680	1,414,386
Unrestricted	8,392,337	13,641,861	5,539,243	9,843,336	12,063,925	13,638,119
Total governmental activities net assets	<u>\$ 29,136,717</u>	<u>\$ 28,295,222</u>	<u>\$ 28,484,982</u>	<u>\$ 16,783,188</u>	<u>\$ 14,995,639</u>	<u>\$ 12,606,397</u>
Business-type activities						
Invested in capital assets, net of related debt	\$ 11,732,800	\$ 15,346,522	\$ 13,343,742	\$ 11,612,669	\$ 11,631,418	\$ 11,528,174
Unrestricted	9,919,947	2,005,368	4,389,133	5,539,988	6,203,596	4,938,852
Total business-type activities net assets	<u>\$ 21,652,747</u>	<u>\$ 17,351,890</u>	<u>\$ 17,732,875</u>	<u>\$ 17,152,657</u>	<u>\$ 17,835,014</u>	<u>\$ 16,467,026</u>
Primary government						
Invested in capital assets, net of related debt	\$ 32,477,180	\$ 29,999,883	\$ 32,685,837	\$ 16,088,944	\$ 12,148,452	\$ 9,082,066
Restricted	-	-	3,603,644	2,463,577	2,414,680	1,414,386
Unrestricted	18,312,284	15,647,229	9,928,376	15,383,324	18,267,521	18,576,971
Total primary government net assets	<u>\$ 50,789,464</u>	<u>\$ 45,647,112</u>	<u>\$ 46,217,857</u>	<u>\$ 33,935,845</u>	<u>\$ 32,830,653</u>	<u>\$ 29,073,423</u>
Component Unit - Land Trust						
Invested in capital assets, net of related debt	\$ 5,018,500	\$ 5,018,500	\$ 5,018,500	\$ 5,018,500	\$ 4,998,500	\$ 4,978,500
Unrestricted	137,565	133,344	143,631	116,244	105,255	143,251
Total component unit - land trust	<u>\$ 5,156,065</u>	<u>\$ 5,151,844</u>	<u>\$ 5,162,131</u>	<u>\$ 5,134,744</u>	<u>\$ 5,103,755</u>	<u>\$ 5,121,751</u>

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

**TOWN OF EAST GREENWICH
CHANGES IN NET ASSETS
LAST FIVE FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

Exhibit 2

	Fiscal Year					
	2008	2008	2007	2006	2005	2004
Expenses						
Governmental activities:						
Legislative, judicial and general administrative	\$ 4,185,051	\$ 3,132,955	\$ 3,306,789	\$ 2,849,524	\$ 2,915,661	\$ 2,913,521
Financial administration	498,266	486,637	453,747	434,951	418,003	-
Information technology	347,956	279,149	258,937	246,951	-	-
Public safety	3,719,021	3,775,116	3,643,029	3,344,962	2,985,733	3,399,364
Public works	4,264,987	3,884,001	3,772,241	2,599,762	2,591,029	3,163,207
Public Health and Welfare	474,880	715,504	809,787	725,611	806,418	842,411
Parks and recreation	598,106	176,116	188,772	174,782	178,363	402,388
Town planner	190,516	185,712	182,181	168,074	282,993	-
Senior and Human services	245,204	228,993	193,227	190,719	183,352	-
Education	35,045,679	33,162,664	31,663,741	29,999,180	28,800,766	27,512,563
Library	467,175	455,775	434,071	417,376	396,399	-
Capital	-	1,698,602	504,915	-	-	-
Other	28,342	129,581	141,339	122,212	158,323	-
Interest	679,380	597,214	333,085	394,589	328,915	196,922
Total governmental activities expenses	<u>50,744,563</u>	<u>48,908,019</u>	<u>45,885,861</u>	<u>41,668,693</u>	<u>40,045,955</u>	<u>38,430,376</u>
Business-type activities:						
Sewer fund	<u>2,077,958</u>	<u>2,234,066</u>	<u>2,136,408</u>	<u>2,057,618</u>	<u>2,101,181</u>	<u>1,912,411</u>
Total business-type activities expenses	<u>2,077,958</u>	<u>2,234,066</u>	<u>2,136,408</u>	<u>2,057,618</u>	<u>2,101,181</u>	<u>1,912,411</u>
Total primary government expenses	<u>\$ 52,822,521</u>	<u>\$ 51,142,085</u>	<u>\$ 48,022,269</u>	<u>\$ 43,726,311</u>	<u>\$ 42,147,136</u>	<u>\$ 40,342,787</u>
Component unit - Land Trust						
Public Health and Welfare	<u>\$ 37,652</u>	<u>\$ 57,970</u>	<u>\$ 14,623</u>	<u>\$ 2,391</u>	<u>\$ 17,996</u>	<u>\$ 977,522</u>
Total component unit expenses	<u>\$ 37,652</u>	<u>\$ 57,970</u>	<u>\$ 14,623</u>	<u>\$ 2,391</u>	<u>\$ 17,996</u>	<u>\$ 977,522</u>

(Continued)

TOWN OF EAST GREENWICH
CHANGES IN NET ASSETS
LAST FIVE FISCAL YEARS
 (ACCRUAL BASIS OF ACCOUNTING)
 (Continued)

Exhibit 2

	Fiscal Year					
	2009	2008	2007	2006	2005	2004
Program revenues						
Governmental activities:						
<i>Charges for services:</i>						
Legislative, judicial and general administrative	\$ 639,690	\$ 691,384	\$ 675,892	\$ 770,393	\$ 800,947	\$ 1,347,575
Public safety	618,109	195,899	178,486	231,606	158,890	520,556
Public works	254,332	267,875	374,505	473,275	327,663	-
Public health and welfare	55,045					
Parks and recreation	126,491	31,806	14,532	21,627	14,326	130,508
Town planner	296,856					
Education	961,299	37,197	180,452	105,648	85,762	2,520,853
<i>Operating and grants contributions</i>						
Legislative, judicial and general administrative	-	-	-	-	-	284
Public safety	27,283	-	-	-	-	118,517
Public works	-	-	-	-	-	323,911
Parks and recreation	3,408	-	-	-	-	150,000
Public health and welfare	295,974	-	-	-	-	382,623
Education	2,549,745	370,018	230,462	215,410	412,272	2,081,732
Other	-	2,033,706	2,058,336	1,952,930	1,812,264	-
<i>Operating and grants contributions</i>						
Legislative, judicial and general administrative	408,777	-	-	-	-	-
Public safety	57,541	-	-	-	-	-
Public health and welfare	50,000	-	-	-	-	-
Total governmental activities program revenues	<u>6,344,550</u>	<u>3,627,885</u>	<u>3,712,665</u>	<u>3,770,889</u>	<u>3,612,124</u>	<u>7,597,657</u>
Business-type activities:						
<i>Charges for services:</i>						
Sewer fund	6,170,324	1,485,497	2,366,389	1,407,347	2,823,752	841,501
Total business-type activities program revenues	<u>6,170,324</u>	<u>1,485,497</u>	<u>2,366,389</u>	<u>1,407,347</u>	<u>2,823,752</u>	<u>841,501</u>
Total primary government program revenues	<u>\$ 12,514,874</u>	<u>\$ 5,113,382</u>	<u>\$ 6,079,054</u>	<u>\$ 5,178,236</u>	<u>\$ 6,435,876</u>	<u>\$ 8,439,158</u>
Net (Expense)/Revenue						
Governmental activities	\$ (44,400,013)	\$ (45,280,134)	\$ (42,173,196)	\$ (37,897,804)	\$ (36,433,831)	\$ (30,832,719)
Business-type activities	4,092,366	(748,569)	229,981	(650,271)	722,571	(1,070,910)
Total primary government net expenses	<u>\$ (40,307,647)</u>	<u>\$ (46,028,703)</u>	<u>\$ (41,943,215)</u>	<u>\$ (38,548,075)</u>	<u>\$ (35,711,260)</u>	<u>\$ (31,903,629)</u>
Total component unit net expenses	<u>\$ 37,652</u>	<u>\$ 57,970</u>	<u>\$ 14,623</u>	<u>\$ 2,391</u>	<u>\$ 17,996</u>	<u>\$ 977,522</u>
General Revenues and Other Changes in Net Assets						
Governmental activities:						
Property taxes, levied for general purposes	\$ 39,648,780	\$ 37,851,734	\$ 35,134,479	\$ 34,339,914	\$ 33,215,904	\$ 32,391,223
Unrestricted investment earnings	94,635	204,322	353,610	269,296	194,009	108,367
Miscellaneous	3,847,486	6,289,962	5,610,041	5,399,351	5,446,902	136,790
Transfers	-	-	25,041	-	-	(957,838)
<i>Special item - Loss on disposal of equipment</i>	(64,575)	-	(32,012)	(427,421)	-	-
Total general revenues	<u>43,526,326</u>	<u>44,346,018</u>	<u>41,091,159</u>	<u>39,581,140</u>	<u>38,856,815</u>	<u>31,678,542</u>
Business-type activities:						
Unrestricted investment earnings	472,065	367,584	315,278	796,754	-	182,009
Transfers	-	-	(25,041)	-	645,417	(12,591)
Total business-type activities	<u>472,065</u>	<u>367,584</u>	<u>290,237</u>	<u>796,754</u>	<u>645,417</u>	<u>169,418</u>
Total primary government	<u>\$ 43,998,391</u>	<u>\$ 44,713,602</u>	<u>\$ 41,381,396</u>	<u>\$ 40,377,894</u>	<u>\$ 39,502,232</u>	<u>\$ 31,847,960</u>
Change in Net Assets						
Governmental activities	\$ (873,687)	\$ (934,116)	\$ (1,082,037)	\$ 1,683,336	\$ 2,422,984	\$ 845,823
Business-type activities	4,564,431	(380,985)	520,218	146,483	1,367,988	(901,492)
Total primary governmental	<u>\$ 3,690,744</u>	<u>\$ (1,315,101)</u>	<u>\$ (561,819)</u>	<u>\$ 1,829,819</u>	<u>\$ 3,790,972</u>	<u>\$ (55,669)</u>
Component Unit - Land Trust						
Miscellaneous	\$ 41,873	\$ 47,683	\$ 42,010	\$ 33,380	\$ -	\$ -
Total general revenues	<u>\$ 41,873</u>	<u>\$ 47,683</u>	<u>\$ 42,010</u>	<u>\$ 33,380</u>	<u>\$ -</u>	<u>\$ -</u>
Change in Net Assets - component unit	<u>\$ 4,221</u>	<u>\$ (10,287)</u>	<u>\$ 56,633</u>	<u>\$ 35,771</u>	<u>\$ 17,996</u>	<u>\$ 977,522</u>

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

(Concluded)

**TOWN OF EAST GREENWICH
FUND BALANCES, GOVERNMENTAL FUNDS
LAST FIVE FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

Exhibit 3

	Fiscal Year					
	2009	2008	2007	2006	2005	2004
General Fund						
Reserved						
Reserved for contingency	\$ 210,000	\$ 210,000	\$ 210,000	\$ 400,000	\$ -	-
Reserved for prepaid expenses	288,675	101,868	-	104,394	-	45,683
Reserved for encumbrances	-	-	-	-	-	160,999
Unreserved:						
Designated for capital reserve vehicles	595,145	963,410	1,324,100	1,529,949	1,695,339	-
Designated for other improvements	444,327	1,082,424	648,529	345,611	245,420	-
Unreserved	<u>2,622,685</u>	<u>1,988,024</u>	<u>2,937,042</u>	<u>3,237,463</u>	<u>3,168,705</u>	<u>5,129,192</u>
Total general fund	<u>\$ 4,160,832</u>	<u>\$ 4,345,726</u>	<u>\$ 5,119,671</u>	<u>\$ 5,617,417</u>	<u>\$ 5,109,464</u>	<u>\$ 5,335,874</u>
School Unrestricted Fund						
Reserved						
Reserved for healthcare	\$ 259,900	\$ 221,172	\$ -	\$ -	\$ -	\$ -
Reserved for settlements	-	-	-	-	40,000	-
Reserved for capital projects	-	-	-	-	300,024	-
Reserved for prepaid expenses	-	438,265	373,926	83,623	77,873	77,053
Reserved for inventory	-	-	-	-	-	7,345
Reserved for encumbrances	-	-	-	-	-	179,174
Unreserved:						
Designated for other improvements	100,000	100,000	-	-	-	-
Unreserved	<u>360,374</u>	<u>83,893</u>	<u>2,070</u>	<u>416,823</u>	<u>309,077</u>	<u>629,402</u>
Total school unrestricted fund	<u>\$ 720,274</u>	<u>\$ 843,330</u>	<u>\$ 375,996</u>	<u>\$ 500,446</u>	<u>\$ 726,974</u>	<u>\$ 892,974</u>
School Bond 52m Capital Fund						
Unreserved	<u>7,939,707</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total School Bond 52m Capital Fund	<u>\$ 7,939,707</u>	<u>\$ -</u>				
School Renovations Fund						
Reserved						
Reserved for capital projects	\$ -	\$ -	\$ -	\$ -	\$ 56,024	-
Reserved for encumbrances	-	-	-	-	-	554,948
Unreserved	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,768,232</u>	<u>6,400,607</u>
Total School Renovations Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,824,256</u>	<u>\$ 6,955,555</u>
Capital Projects Fund						
Unreserved	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,667,115</u>	<u>-</u>	<u>-</u>
Total Capital Projects Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,667,115</u>	<u>\$ -</u>	<u>\$ -</u>
Non-Major Governmental Funds						
Reserved						
Reserved by trust agreements	\$ 215,288	\$ 240,495	\$ 297,548	\$ -	\$ -	-
Reserved for inventory	11,201	9,313	15,601	17,559	-	-
Reserved for prepaid expenses	5,847	-	-	-	-	-
Reserved for encumbrances	-	-	-	-	-	35,767
Unreserved, reported in:						
Capital Projects Funds	6,844,984	5,931,848	1,274,643	227,961	201,399	164,421
Permanent Funds	-	-	-	288,272	276,626	265,062
Special Revenue Funds	<u>1,617,191</u>	<u>1,467,074</u>	<u>1,429,856</u>	<u>1,267,518</u>	<u>1,380,104</u>	<u>837,315</u>
Total non-major governmental funds	<u>\$ 8,694,511</u>	<u>\$ 7,648,730</u>	<u>\$ 3,017,648</u>	<u>\$ 1,801,310</u>	<u>\$ 1,858,129</u>	<u>\$ 1,302,565</u>

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

TOWN OF EAST GREENWICH
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST FIVE FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

Exhibit 4

	Fiscal Year					
	2009	2008	2007	2006	2005	2004
Revenues						
General property tax	\$ 39,757,548	\$ 37,755,081	\$ 34,936,384	\$ 34,525,136	\$ 32,873,170	\$ 31,150,423
Intergovernmental and departmental revenues	6,957,190	6,375,848	5,572,917	6,010,198	6,259,685	6,326,886
License and permits	1,064,372	1,155,158	1,228,883	1,475,274	1,287,500	1,187,697
Fines and interest on late payments	234,271	186,159	143,619	138,690	171,336	-
Interest on investments	94,635	204,322	353,610	269,296	194,009	83,578
Other revenues	1,999,295	2,187,885	2,364,183	1,538,050	1,332,477	1,822,049
Total revenues	<u>50,107,311</u>	<u>47,864,453</u>	<u>44,599,596</u>	<u>43,956,644</u>	<u>42,118,177</u>	<u>40,570,633</u>
Expenditures						
Current:						
Legislative, judicial and general administrative	3,153,800	3,147,094	\$ 3,006,065	2,810,819	3,019,306	2,365,797
Financial administration	498,266	486,637	453,747	434,951	418,003	367,226
Information technology	347,956	279,149	258,937	246,951	-	-
Public safety	3,458,574	3,684,137	3,513,905	3,244,210	2,911,557	3,084,875
Public works	2,903,501	2,537,042	2,428,387	2,352,814	2,361,295	2,509,608
Public Health and Welfare	474,880	715,504	809,787	725,611	806,418	157,651
Parks and recreation	542,383	121,236	138,963	128,370	134,445	577,570
Town planner	190,516	185,712	182,181	168,074	282,993	168,139
Senior and human services	245,204	228,993	193,227	190,719	183,352	-
Education	34,417,055	32,604,632	31,097,374	29,642,890	28,535,002	27,641,219
Library	467,175	455,775	434,071	417,376	396,399	372,676
Land trust	-	30,828	14,532	1,627	13,826	-
Other	28,342	96,603	124,707	116,804	122,397	534,955
Capital	10,314,538	6,924,789	3,747,244	4,151,237	2,170,962	2,297,927
Debt service:						
Principal	1,940,000	1,840,000	970,000	995,000	1,275,000	1,299,186
Interest	604,260	587,889	322,383	362,159	399,525	169,312
Other expenditures	-	2,150	2,100	3,781	22,100	11,156
Total expenditures	<u>59,586,450</u>	<u>53,928,170</u>	<u>47,697,610</u>	<u>45,993,393</u>	<u>43,052,580</u>	<u>41,557,297</u>
Excess of revenues over (under) expenditures before other financing sources (uses)	<u>(9,479,139)</u>	<u>(6,063,717)</u>	<u>(3,098,014)</u>	<u>(2,036,749)</u>	<u>(934,403)</u>	<u>(986,664)</u>
Other financing sources (uses)						
Issuance of debt	18,240,000	9,600,000	-	-	9,600,000	9,774,400
Transfers from other funds	31,291,902	28,582,517	27,433,721	26,345,824	25,446,196	26,405,317
Transfers to other funds	(31,291,902)	(28,582,517)	(27,408,680)	(26,345,824)	(25,446,196)	(27,363,155)
Total other financing sources (uses)	<u>18,240,000</u>	<u>9,600,000</u>	<u>25,041</u>	<u>-</u>	<u>9,600,000</u>	<u>(957,838)</u>
Net change in fund balances	8,760,861	3,536,283	(3,072,973)	(2,036,749)	8,665,597	(1,944,502)
Fund balances - beginning	12,837,786	8,513,315	11,586,288	13,518,823	14,486,968	6,657,070
Prior period adjustments	(83,323)	788,188	-	104,214	(33,742)	-
Fund balances - ending	<u>\$ 21,515,324</u>	<u>\$ 12,837,786</u>	<u>\$ 8,513,315</u>	<u>\$ 11,586,288</u>	<u>\$ 23,118,823</u>	<u>\$ 4,712,568</u>
Debt service as a percentage of noncapital expenditures	<u>5.44%</u>	<u>5.45%</u>	<u>3.03%</u>	<u>3.35%</u>	<u>4.27%</u>	<u>3.89%</u>

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

**TOWN OF EAST GREENWICH
 ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS
 UNAUDITED**

Exhibit 5

Fiscal Year	REAL PROPERTY		PERSONAL PROPERTY		TOTAL		Ratio of Total Assessed Value to Total Estimated Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
2000	905,128,200	944,011,890	103,077,095	104,626,318	1,008,205,295	1,048,638,208	96.14%
2001	907,221,877	926,783,150	125,647,292	155,507,975	1,032,869,169	1,082,291,125	95.43%
2002	926,948,502	946,025,670	123,505,096	161,761,740	1,050,453,598	1,107,787,410	94.82%
2003	952,035,031	971,164,940	119,773,257	166,330,031	1,071,808,288	1,137,494,971	94.23%
2004	1,656,109,702	1,698,166,135	129,547,903	177,504,167	1,785,657,605	1,875,670,302	95.20%
2005	1,682,891,427	1,726,858,715	126,633,488	174,791,008	1,809,524,915	1,901,649,723	95.16%
2006	1,732,551,743	1,773,579,875	138,876,212	192,611,780	1,871,427,955	1,966,191,655	95.18%
2007	2,539,740,260	2,619,166,280	147,873,277	210,263,290	2,687,613,537	2,829,429,570	94.99%
2008	2,586,013,339	2,669,036,190	151,455,900	215,802,125	2,737,469,239	2,884,838,315	94.89%
2009	2,619,904,759	2,704,309,590	150,203,612	215,813,070	2,770,108,371	2,920,122,660	94.86%

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

Exhibit 6

Fiscal Year		General Fund	Fiscal Year		General Fund
2000	Real Estate Residential	24.84	2005	Real Estate Residential	17.91
	Motor Vehicles	22.88		Motor Vehicles	22.88
	Tangible	24.84		Tangible	17.91
	Inventory	21.33		Inventory	9.48
2001	Real Estate Residential	26.79	2006	Real Estate Residential	18.33
	Motor Vehicles	22.88		Motor Vehicles	22.88
	Tangible	26.79		Tangible	18.33
	Inventory	18.96		Inventory	7.11
2002	Real Estate Residential	27.59	2007	Real Estate Residential	12.86
	Motor Vehicles	22.88		Motor Vehicles	22.88
	Tangible	27.59		Tangible	12.86
	Inventory	16.59		Inventory	4.74
2003	Real Estate Residential	27.58	2008	Real Estate Residential	13.54
	Motor Vehicles	22.88		Motor Vehicles	22.88
	Tangible	27.58		Tangible	13.54
	Inventory	14.22		Inventory	2.37
2004	Real Estate Residential	17.14	2009	Real Estate Residential	16.64
	Motor Vehicles	22.88		Motor Vehicles	22.88
	Tangible	17.14		Tangible	16.64
	Inventory	11.85			

Note: Taken from annual certified tax role

**TOWN OF EAST GREENWICH
PRINCIPAL TAXPAYERS
JUNE 30, 2009
UNAUDITED**

Exhibit 7

<u>Taxpayer</u>	<u>Type of Business</u>	<u>(1) Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
PJC Realty Co.	Office	\$ 22,244,160	0.76%
Edens & Avant Financing Ltd.	Real Estate	22,551,020	0.77%
Stanley-Bostich Inc.	Manufacturer	14,655,640	0.50%
Valley Place Office Park	Medical Offices	11,255,640	0.39%
CNL Retirement LP	Real Estate	8,694,890	0.30%
Esmond Realty Corp	Shopping Center	7,542,170	0.26%
Valley Place Office Park	Medical Offices	6,896,030	0.24%
Greenwich-Main LLC	Shopping Center	6,560,430	0.22%
Cove Homes	Elderly Housing	6,458,580	0.22%
K-Realty Company	Real Estate	3,851,240	0.13%
		<u>\$ 110,709,800</u>	<u>3.79%</u>
Total assessed valuation (gross)		<u><u>\$ 2,920,122,660</u></u>	

(1) Source tax assessors office

Note: Information for prior nine years was not available

**TOWN OF EAST GREENWICH
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Exhibit 8

Fiscal Year	Taxes Levied for the Tax Year	Current Year Tax Collections	Percent of Levy Collected	Collections in Subsequent Years	Total Collections to Date	
					Amount	Percentage of Levy
2000	25,142,906	23,814,925	94.72%	1,245,401	25,060,326	99.67%
2001	27,377,100	25,989,130	94.93%	1,308,739	27,297,869	99.71%
2002	28,667,338	27,523,820	96.01%	1,078,016	28,601,836	99.77%
2003	29,338,936	28,301,902	96.47%	956,816	29,258,718	99.73%
2004	31,085,500	30,034,280	96.62%	972,470	31,006,750	99.75%
2005	32,902,972	31,978,115	97.19%	852,319	32,830,434	99.78%
2006	34,571,313	33,649,074	97.33%	830,539	34,479,613	99.73%
2007	35,290,852	34,074,641	96.55%	1,070,681	35,145,322	99.59%
2008	37,726,180	36,636,049	97.11%	1,098,698	37,734,747	100.02%
2009	39,575,719	38,591,813	97.51%	-	38,591,813	97.51%

Note: This information is taken from the tax collectors report.

**TOWN OF EAST GREENWICH
RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE
AND NET BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS**

Exhibit 9

Fiscal Year	Governmental Activities			Business-Type Activities		Total Primary Government	Population	Personal Income	Per Capita ¹	Total Debt per Personal Income
	General Obligation Bonds	Bond Anticipation Notes	Capital Leases	General Obligation Bonds	Notes Payable					
2000	\$ 7,875,000	\$ -	\$ -	\$ -	\$ 8,500,000	\$ 16,375,000	12,948	*	\$ 1,264.67	*
2001	6,330,000	-	165,176	-	8,500,000	14,995,176	*	*	*	*
2002	5,790,000	-	117,071	-	8,052,632	13,959,703	*	*	*	*
2003	4,155,000	-	15,929	-	18,705,264	22,876,193	*	*	*	*
2004	12,679,033	-	-	-	18,252,896	30,931,929	*	*	*	*
2005	11,396,005	-	118,113	-	17,345,707	28,859,825	*	*	*	*
2006	10,392,977	-	59,981	-	16,422,031	26,874,989	*	*	*	*
2007	9,429,873	-	293,832	-	23,086,586	32,810,291	*	*	*	*
2008	17,080,000	3,900,000	216,583	-	22,139,078	43,335,661	11,865	582,192	3,652.39	74.44
2009	24,380,000	9,000,000	33,333	6,000,000	20,857,215	60,270,548	13,293	652,261	4,534.01	92.40

* Information unavailable as of date of report

Note: Details regarding the Town's outstanding debt can be found in the notes to the financial statements

¹ See the Schedule of Demographics and Economic Statistics for population data

**TOWN OF EAST GREENWICH
COMPUTATION OF LEGAL DEBT MARGIN
LAST FIVE FISCAL YEARS**

Exhibit 10

Legal Debt Margin Calculation for the Fiscal Year 2009

Assessed Value (net)	\$ 2,770,108,371
Debt Limit 3% of Assessed Value	83,103,251
<i>Debt Applicable to Limit:</i>	
Total Bonded Debt	30,380,000
Legal Debt Margin	\$ 52,723,251

	2009	2008	2007	2006	2005
Debt Limit	\$ 83,103,251	\$ 82,124,077	\$ 81,206,687	\$ 56,142,839	\$ 54,290,260
Total net debt applicable to limit	30,380,000	17,080,000	9,320,000	10,270,000	11,265,000
Legal debt margin	\$ 52,723,251	\$ 65,044,077	\$ 71,886,687	\$ 45,872,839	\$ 43,025,260
Total net debt applicable to the limit as a percentage of the debt limit	36.56%	20.80%	11.48%	18.29%	20.75%

Note: Information for prior five years was not available

**TOWN OF EAST GREENWICH
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES
LAST TEN FISCAL YEARS**

Exhibit 11

Fiscal Year	Principal	Interest	Total Debt Service	Total General Expenditures (1)	Ratio of Annual Ratio of Annual Debt Service to Total General Estimated
2000	1,370,000	369,668	1,739,668	31,338,913	5.55%
2001	1,545,000	343,815	1,888,815	32,750,271	5.77%
2002	1,540,000	318,995	1,858,995	35,418,533	5.25%
2003	1,736,142	136,283	1,872,425	37,261,519	5.03%
2004	1,299,186	169,312	1,468,498	41,557,297	3.53%
2005	1,275,000	399,525	1,674,525	43,052,580	3.89%
2006	995,000	362,159	1,357,159	45,993,393	2.95%
2007	970,000	322,383	1,292,383	47,697,610	2.71%
2008	1,840,000	587,889	2,427,889	53,928,170	4.50%
2009	1,940,000	604,260	2,544,260	59,586,450	4.27%

(1) Includes General, School Unrestricted, and all Non-Major Funds

**TOWN OF EAST GREENWICH
PRINCIPAL EMPLOYERS
JUNE 30, 2009
UNAUDITED**

Exhibit 12

<u>Name</u>	<u>Type of Business</u>	<u>Number of Employees</u>	<u>Percentage of Total Town Employment</u>
Stanley Bostich, Inc	Manufacturing	550	9.44%
Town of East Greenwich	Government	488	8.38%
Infor Distribution Essentials	Commerce Management	225	3.86%
Berkshire Construction Services, Inc	Construction	200	3.43%
Saint Elizabeth Home	Nursing Home	200	3.43%
On Semiconductor Corp.	Manufacturing	110	1.89%

**EAST GREENWICH PUBLIC SCHOOLS
MISCELLANEOUS STATISTICS
JUNE 30, 2009
UNAUDITED**

Exhibit 13

BUILDINGS

Administration	1
Maintenance	0
Elementary Schools	4
Middle School	1
High School	1
Total	<u>7</u>

STUDENTS

	K-6	Middle	High	Total
2009	1187	405	784	2376
2008	1180	417	789	2386
2007	1185	422	778	2385
2006	1243	433	793	2469
2005	1270	450	711	2431
2004	1320	464	666	2450
2003	1348	415	674	2437
2002	1372	397	662	2431
2001	1302	421	680	2403
2000	1310	396	665	2371
1999	1223	378	638	2239
Administrative				
Certified Staff:				
Instructional		145		
School Management		14		
ESL		1		
Special Education		49		
Other (Librarians, Counselors, Nurses, etc.)		25		
Total Certified Staff		<u>234</u>		
Non- Certified Staff				
Secretary and Clerical		25		
Building and Maintenance		23		
Teacher Assistants		50		
Supervisory Aides		0		
Technicians		2		
Bus Monitors		0		
Attendance Officer		1		
		<u>101</u>		
Total FTE's		<u><u>335</u></u>		

Data collected from School Department

**TOWN OF EAST GREENWICH
MISCELLANEOUS STATISTICS
JUNE 30, 2009
UNAUDITED**

Exhibit 14

Founded	1644	Police Protection	
Town Incorporation	1677	Buildings	1
		Employees:	
		Law Enforcement	29
Type of Government	Council / Town Manager	Civilian	8
		Community Service Officers	51
Fiscal Year begins	July 1		
		Recreation	
Population	Official US Census	Natural Parks	4
	1950 4,923	Playgrounds	12
	1960 6,100	Ball Diamonds	
	1970 9,577	Hard Ball	3
	1980 10,211	Soft Ball	2
	1990 11,865	Multi-purpose fields	15
	2000 12,948	Soccer Fields	2
Area of Town	16.7 square miles	Inline Rink	1
Land Area	16.6 square miles	Skating Arenas	1
		Basketball Courts	6
		Walking Paths	1
		Running Tracks	1
Miles of Streets		Tennis Courts	12
Local Paved	80		
State Paved	11	Historical Cemeteries	85
Elections - March 2008		Municipal Buildings	
Registered Voters	10,210	Town Hall	1
Number of Votes Cast	7,671	Public Works Garage	1
Percentage Voting	75%	Parks & Recreation	3
Fire Protection			
# Fire Stations	2	Other Municipal Employees:	
Employees : Uniformed	38	Directors and admin	11
		Other municipal full-time	54
Library		Part time	93
Full Time Employees	5		
Part Time Employees	12		
Town Unemployment Rate:	10.06%		

Note: Data collected from various Town departments

**TOWN OF EAST GREENWICH
 FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION
 LAST TEN FISCAL YEARS**

Exhibit 15

Function	Full-time Equivalent Employees as of June 30,									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Government	*	*	*	*	*	*	*	*	22	22
Public Safety										
Police										
Officers	*	*	*	*	*	*	*	*	30	29
Civilians	*	*	*	*	*	*	*	*	8	8
Parks	*	*	*	*	*	*	*	*	11	11
Public Works	*	*	*	*	*	*	*	*	23	23
Senior Services	*	*	*	*	*	*	*	*	5	5
Sewer	*	*	*	*	*	*	*	*	1	1
Total	*	*	*	*	*	*	*	*	100	99

* Information unavailable as of date of report
 Source: Finance Department

**TOWN OF EAST GREENWICH
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS**

Exhibit 16

Function	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Public Safety										
Police:										
Stations	*	*	*	*	*	*	*	*	1	1
Patrol units	*	*	*	*	*	*	*	*	30	29
Fire Stations	*	*	*	*	*	*	*	*	2	2
Highways and Streets										
Streets (miles)	*	*	*	*	*	*	*	*	80	80
Culture and recreation										
Parks	*	*	*	*	*	*	*	*	4	4
Skating Arenas	*	*	*	*	*	*	*	*	1	1
Tennis Courts	*	*	*	*	*	*	*	*	12	12
Ball Diamonds	*	*	*	*	*	*	*	*	5	5
Playgrounds	*	*	*	*	*	*	*	*	12	12
Basketball Courts	*	*	*	*	*	*	*	*	6	6
Running Tracks	*	*	*	*	*	*	*	*	1	1

* Information unavailable as of date of report
Sources: Various government departments

**TOWN OF EAST GREENWICH
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

Exhibit 17

Function	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Police										
Physical Arrests	*	*	*	*	*	*	*	*	380	331
Parking Violations	*	*	*	*	*	*	*	*	971	1,112
Traffic Violations	*	*	*	*	*	*	*	*	1,620	1,126
Highway and Street										
Street Resurfacing (miles)	*	*	*	*	*	*	*	*	4.50	3.00
Sanitation										
Refuse Collected (tons/day)	*	*	*	*	*	*	*	*	13.44	11.83
Paper Recyclables Collected (tons/day)	*	*	*	*	*	*	*	*	1.77	1.79
Mixed Recyclables Collected (tons/day)	*	*	*	*	*	*	*	*	3.09	3.03
Wastewater										
Average Daily Sewage Treatment (thousands of gallons)	*	*	*	*	*	*	*	*	974	1,080

* Information unavailable as of date of report
Sources: Various government departments

**TOWN OF EAST GREENWICH
DEMOGRAPHIC AND ECONOMIC STATISTICS
UNAUDITED
LAST TEN FISCAL YEARS**

Exhibit 18

Fiscal Year Ended June 30	Population¹	Median Family Income¹	Median Home Price¹	Personal Income² (amounts expressed in thousands)	Per Capita Personal Income²	Median Age²	School Enrollment³	Unemployment Rate⁴
2000	12,948	*	*	*	*	*	2,371	*
2001	*	*	*	*	*	*	2,403	*
2002	*	*	*	*	*	*	2,431	*
2003	*	*	*	*	*	*	2,437	*
2004	*	*	*	*	*	*	2,450	*
2005	*	*	*	*	*	*	2,431	*
2006	*	*	*	*	*	*	2,469	*
2007	*	*	*	*	*	*	2,385	*
2008	11,865	85,620	475,000	582,192	49,068	40.5	2,386	7.10%
2009	13,293	79,691	463,750	652,261	49,068	41.30	2,376	10.06%

* Information unavailable as of date of report

Data sources

¹ Rhode Department of Economic Development

² City-Data.com

³ East Greenwich School Department

⁴ Rhode Department of Labor and Training

TOWN OF EAST GREENWICH, RHODE ISLAND

SINGLE AUDIT SECTION

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

The Honorable President
and Members of the Town Council
Town of East Greenwich, Rhode Island

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of East Greenwich, Rhode Island as of and for the year fiscal ended June 30, 2009, which collectively comprise the Town of East Greenwich, Rhode Island's basic financial statements and have issued our report thereon dated December 15, 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 East Greenwich'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 East Greenwich's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of East Greenwich'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 East Greenwich'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 East Greenwich's financial statements that is more than inconsequential will not be prevented or detected by the Town of East Greenwich's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting. See comment numbers **2009-1, 2009-2**.

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 East Greenwich'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 Matter

As part of obtaining reasonable assurance about whether Town of East Greenwich'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 the management of the Town of East Greenwich, in a separate letter dated December 15, 2009.

The Town of East Greenwich's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Town of East Greenwich's response and, accordingly, we express no opinion on it.

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


Parmelee, Poirier & Associates, LLP
December 15, 2009

**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

The Honorable President
and Members of the Town Council
Town of East Greenwich, Rhode Island

Compliance

We have audited the compliance of Town of East Greenwich, Rhode Island, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The Town of East Greenwich's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Town of East Greenwich's management. Our responsibility is to express an opinion on the Town of East Greenwich's compliance based on our audit.

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

In our opinion, the Town of East Greenwich, Rhode Island, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the Town of East Greenwich is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Town of East Greenwich's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of East Greenwich's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance 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 compliance that we consider to be material weaknesses, as defined above.

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


Parmelee, Poirier & Associates, LLP
December 15, 2009

TOWN OF EAST GREENWICH, RHODE ISLAND
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2009

	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
U.S. Department of Agriculture			
Passed through the State of Rhode Island Department of Education			
<i>Child Nutrition Cluster:</i>			
National School Breakfast Program	10.553	N/A	\$ 8,830
National School Lunch Program	10.555	N/A	75,868
Food Donation (Note 4)	10.550	N/A	13,548
Total Passed through State of RI Department of Education			<u>98,246</u>
Passed through the State of Rhode Island Department of Environmental Management			
Wildlife Habitat Incentive Program	10.914	WHIP	25,441
Total U.S. Department of Agriculture			<u>\$ 123,687</u>
U.S. Department of Housing and Urban Development			
Passed through the State of Rhode Island Office of Housing and Community Development			
Community Development Block Grant/States Program	14.228	Various	\$ 155,644
Total U.S. Department of Housing and Urban Development			<u>\$ 155,644</u>
U.S. Department of Justice			
Passed through the State of Rhode Island Department of Justice			
<i>Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program</i>			
Enforcing Underage Drinking Laws Program	16.580	2008-DJ-BX-0585	\$ 4,775
	16.727	N/A	1,020
Total U.S. Department of Justice			<u>\$ 5,795</u>
U.S. Department of Transportation			
Passed-through the State of Rhode Island Department of Transportation			
Highway Planning & Construction	20.205	Various	\$ 60,090
Total U.S. Department of Transportation			<u>\$ 60,090</u>
U.S. Department of Education			
Passed-through the State of Rhode Island Department of Education			
Title I Grants to Local Education Agencies	84.010A	1420-51600-901	\$ 112,666
<i>Special Education Cluster:</i>			
Special Education - Grants to States	84.027A	1430-50500-901	415,158
Special Education - Preschool Grants	84.173A	1430-50800-901	16,414
Safe and Drug Free Schools and Communities State Grants	84.186A	1420-52900-901	7,861
State Grants for Innovative Programs	84.298A	1420-51000-901	1,000
Improving Teacher Quality State Grants	84.367A	1420-54000-901	114,057
ARRA -State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	4572-10502-901	181,326
Passed-through the State of Rhode Island Department of Education and the Warwick School Department			
Career and Technical Education - Basic Grants to States	84.048A	09-1440-53200-35-2	34,573
Total U.S. Department of Education			<u>\$ 883,055</u>
Corporation for National and Community Service			
Passed-through the State of Rhode Island Department of Education			
Learn & Serve America - School and Community Based Programs	94.004	1420-50700-901	\$ 13,351
Total Corporation for National and Community Service			<u>\$ 13,351</u>
U.S. Department of Homeland Security			
Passed-through the State of Rhode Island Emergency Management Agency			
Interoperable Communications Equipment	97.055	9-86-FY07 PSIC	\$ 52,700
Total U.S. Department of Homeland Security			<u>\$ 52,700</u>
Total Federal Expenditures			<u>\$ 1,294,322</u>

TOWN OF EAST GREENWICH, RHODE ISLAND
Schedule of Findings and Questioned Costs
For The Fiscal Year Ended June 30, 2009

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness (es) identified? yes X no

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

Non-compliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

Material weakness (es) identified? yes X no

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

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

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

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.027	Special Education – Grants to States
84.173	Special Education – Preschool Grants
84.394	State Fiscal Stabilization Fund – Education State Grants, Recovery Act

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

Auditee qualified as low risk auditee? X yes no

SECTION II – FINANCIAL STATEMENT FINDINGS yes X none

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS yes X none

TOWN OF EAST GREENWICH, RHODE ISLAND
Schedule of Findings and Questioned Costs
For The Fiscal Year Ended June 30, 2009
(Continued)

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

A. Significant Deficiency in Internal Control

2009-1

Criteria

Accounting systems are designed and dependent upon compliance with established policies and procedures for authorizing and recording transactions properly and consistently. Recording of accounts payable, prepaid deposits and related revenues and expenses is an essential part of financial reporting.

Condition

Prepaid deposits and related expense adjustments for West Bay Community Health (WBCH), which were on hand at Blue Cross, were not properly stated as of the balance sheet date.

Cause

As of June 30, 2008, the auditors determined that the financial activity for WBCH should be recorded in the School's Unrestricted Fund. In several previous years, such activity was disclosed in a footnote rather than on the School's Unrestricted Fund. Fiscal Year 2009 was the first full year that all activity for WBCH was recorded on the School's Unrestricted Fund.

Effect

The government-wide and fund financial statements could be materially misstated.

Recommendation

We recommend that a review of accrual policies and procedures be performed, which highlights actions taken for the accrual process, and that a subsequent to year-end review of all accrual items be performed in relation to WBCH activity.

Response

The WBCH monthly statement will be forwarded to the Town's Finance Director. The School's Director of Administration will review the School's financial statements on a monthly basis to ensure all accounts payable, prepaid deposits and related revenue and expenses are recorded in compliance with established policies and procedures.

2009-2

Criteria

Accounting systems are designed and dependent upon compliance with established policies and procedures for authorizing and recording transactions properly and consistently. Capitalization of fixed assets is an essential part of financial reporting.

Condition

The internal control process for identifying fixed asset additions is not capturing all fixed assets to be capitalized.

Cause

Capital expenses that were charged to the 'prior year encumbrance' account were not identified in the capital asset addition schedule.

TOWN OF EAST GREENWICH, RHODE ISLAND
Schedule of Findings and Questioned Costs
For The Fiscal Year Ended June 30, 2009
(Continued)

2009-2 (Continued)

Effect

The government-wide financial statements could be materially misstated.

Recommendation

We recommend that a review of the fixed asset identification process be performed, which would include identifying fixed assets as they are recorded through the Town's Purchase Order and expenditure process. This will minimize opportunities that fixed assets will not be recorded properly.

Response

The Town identifies fixed assets prior to the Town's Purchase Order process. The Town recognizes fixed assets at the requisition approval stage, which is prior to a Purchase Order being generated. A schedule of all prior year encumbrances is also prepared by the Town and provided to the auditors for all expenses incurred in the current fiscal year relating to prior year purchase orders. The prior year encumbrance amount on the Sewer schedule was clearly marked CIP (Construction in Process) for proper fixed asset allocation. The first Sewer fixed asset schedule given to the auditors unintentionally omitted the CIP amount for prior year encumbrances. The asset schedule was adjusted and correctly provided to the auditors.

B. Compliance

None Reported.

SECTION III – FINDINGS AND QUESTIONED COST FOR FEDERAL AWARDS

A. Findings

None Reported

B. Questioned Costs

None Reported

TOWN OF EAST GREENWICH, RHODE ISLAND
Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2009

PRIOR YEAR FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

A. Findings

None Reported

B. Questioned Costs

None Reported

TOWN OF EAST GREENWICH, RHODE ISLAND
Notes to Schedule of Expenditures of Federal Awards
June 30, 2009

1. **General** - The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal programs of the Town of East Greenwich, Rhode Island.
2. **Basis of Accounting** - The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting.
3. **Determination of Type A, Type B and Major Programs** - The determination of Type A and Type B federal programs was based upon the expenditures for all federal programs for the Town of East Greenwich, Rhode Island. As such, the threshold for determining Type A vs. Type B programs is determined at the entity level. For the fiscal year-ended June 30, 2009, grants with expenditures exceeding \$300,000 were determined to be Type A programs and all other grants were considered Type B programs. The following programs were considered major programs:

<u>CFDA #</u>	<u>Program Name</u>
84.027	Special Education - Grants to States
84.173	Special Education – Preschool Grants
84.394	State Fiscal Stabilization Fund – Education State Grants, Recovery Act

4. **Non-Cash Assistance**

U.S.D.A. Contributions: The United States Department of Agriculture makes available commodities for donations to schools. The amount of \$13,548 represents the market value of such commodities used during the period.