

CITY OF WOONSOCKET,  
RHODE ISLAND

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

FOR THE YEAR ENDED  
JUNE 30, 2009

PREPARED BY: CITY'S FINANCE DEPARTMENT

# **CITY OF WOONSOCKET**

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  - LIST OF CITY OFFICIALS
-

**CITY OF WOONSOCKET, RHODE ISLAND**

**YEAR ENDED JUNE 30, 2009**

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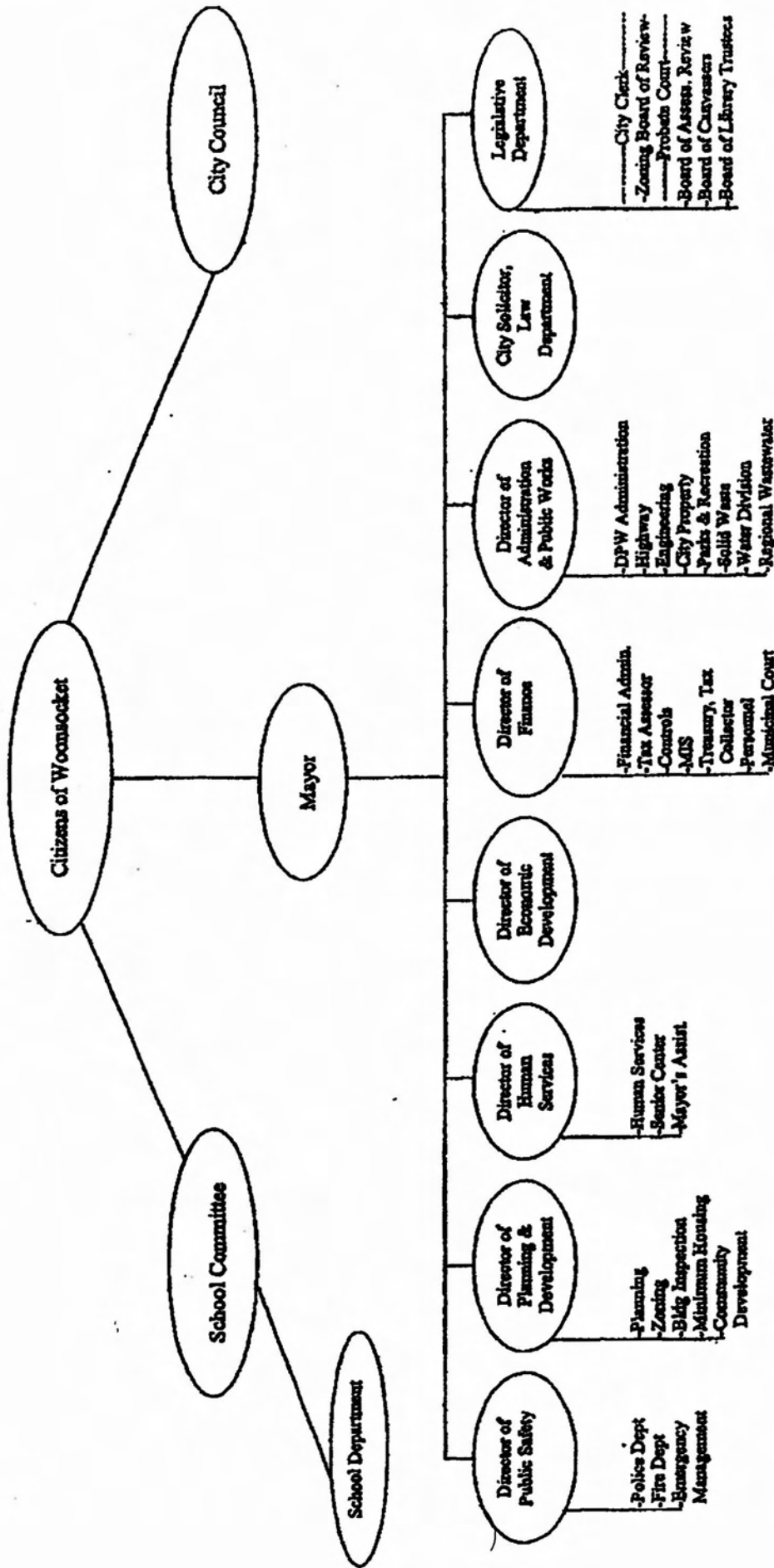
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(CONCLUDED)

THE CITY OF WOONSOCKET, RHODE ISLAND  
GOVERNMENT ORGANIZATIONAL CHART



# THE CITY OF WOONSOCKET, RHODE ISLAND

## List of City Officials JUNE 30, 2009

Mayor	Susan D. Menard
Director of Administrations	Michael Annarummo
Tax Assessor	Arthur E. Bouchard, Jr.
Finance Director	Theodore J. Przybyla
Controller	Christine Chamberland
Fire Chief	Kenneth Finlay
Planning & Developing	Joel D. Mathews
Police Chief	Thomas Carey
School Superintendent	Dr. Robert Girardi
Solicitor	Robert Iuliano

### City Council

President	Leo T. Fontaine
Vice President	William D. Schneck, Jr.
Councilor	Suzanne J. Vadenais
Councilor	John F. Ward
Councilor	Roger Jalette
Councilor	Stella G. Brien
Councilor	Christopher Beauchamp

# **CITY OF WOONSOCKET**

## **FINANCIAL SECTION**

- INDEPENDENT AUDITORS' REPORT
  - MANAGEMENT'S DISCUSSION AND ANALYSIS
  - BASIC FINANCIAL STATEMENTS
  - SUPPLEMENTARY INFORMATION
-

## **INDEPENDENT AUDITORS' REPORT**

To the Honorable Mayor and Members of the City Council  
City of Woonsocket, Rhode Island

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Woonsocket, Rhode Island as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Woonsocket, Rhode Island's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

Management does not have a policy or procedure for maintaining and updating capital asset records, primarily infrastructure assets, of the City's governmental activities and, accordingly, we were not able to perform adequate audit procedures on the capital assets of the governmental activities. Accounting principles generally accepted in the United States of America require that the capital assets, including general infrastructure assets be capitalized and depreciated, which would increase the assets, net assets, and expenses of the governmental activities. The amount by which this departure would affect the assets, net assets, and expenses of the governmental activities is not reasonably determinable.

The City has not implemented GASB Statement #45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*, effective for the fiscal year ended June 30, 2009 and, accordingly, we were not able to determine the amount of the unfunded OPEB commitment to be disclosed in the notes and required supplementary information in the government-wide financial statements or the Net OPEB Obligation which is required to be recorded as a long-term liability in the Statement of Net Assets for the governmental and business-type activities. In addition, the change in the Net OPEB Obligation would be recorded as an expense in the applicable Statement of Activities and Statement of Revenues, Expenses, and Changes in Fund Net Assets. The amount by which this departure would affect the liabilities, net assets, and expenses of the governmental and business-type activities is not reasonably determinable.

In our opinion, because of the effects of the matters discussed in the preceding paragraphs, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the governmental activities of the City of Woonsocket, Rhode Island, as of June 30, 2009, or the changes in financial position thereof for the year then ended.

Boston

Newton

Taunton

Concord



In addition, in our opinion, except for the effects of not implementing and adopting the requirements of GASB Statement #45 as described above, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the City of Woonsocket, Rhode Island as of June 30, 2009, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated March 1, 2010 on our consideration of the City of Woonsocket, Rhode Island's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis, Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund – Budgetary Basis, School Unrestricted Fund – Budgetary Basis, and the Schedule of Funding Progress for Pension Plans on pages 3 through 11, pages 67 through 68, page 69, and page 70, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Woonsocket, Rhode Island's basic financial statements. The Combining Fund Financial Statements and Other Exhibits 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 U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the City of Woonsocket, Rhode Island. The Combining Fund Financial Statements, Other Exhibits, 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 stated in all material respects in relation to the basic financial statements taken as a whole.



Providence, Rhode Island  
March 1, 2010

**CITY OF WOONSOCKET, RHODE ISLAND**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2009**

As management of the City of Woonsocket, we offer readers of the City's Financial Statements this narrative overview and analysis of financial activities of the City for the fiscal year ended June 30, 2009.

**Financial Highlights**

The assets of the City of Woonsocket exceeded its liabilities \$23,100,662 and \$28,169,187 at June 30, 2009 and 2008 respectively. Of the amount at June 30, 2009, (\$103,233,062) is the total unrestricted deficit as the balance \$126,333,724 is invested in capital assets.

- ❖ The City's total net assets decreased by \$5,068,525 and \$2,248,614 in fiscal years 2009 and 2008 respectively. The decrease of \$5,068,525 in fiscal year 2009 was due to decreases in net assets in the Governmental activities of \$6,705,497 and an increase of \$1,636,972 in the business type activities.
- ❖ As of the close of the fiscal years 2009 and 2008, the City's governmental funds reported combined ending fund balances (deficits) of (\$55,477,526) and (\$2,257,956) respectively. The unreserved portion of the fund balance deficit at June 30, 2009 was (\$57,963,957) while the fund balance reserved was \$2,486,431. The largest portion of the unreserved deficit, (\$52,214,052), is related to the City Capital Project Fund. This deficit will be covered through future issuance of permanent bond obligations to finance capital improvement projects, namely the construction of new schools. The City's General Fund had an unreserved fund balance deficit of (\$3,312,356) which represents approximately 3% of the General Fund budget for fiscal 2009.
- ❖ At the end of the current fiscal year, the general fund unreserved fund balance was (\$3,312,356) or 5% of the total General Fund actual GAAP basis expenditures and other financing uses for the fiscal year ended June 30, 2009. The current fiscal year's expenditures exceeded revenues by \$3,488,798 (General Fund deficit).
- ❖ The Independent Auditors' Report on pages 1 and 2 expressed an adverse opinion on the Statement of Net Assets and the Statement of Activities of the Governmental Activities of the Government-wide Statements. The adverse opinion is the result of the City's failure to maintain and update capital asset records (including infrastructure assets) for the City's governmental activities. In addition the Auditors' Report also presents a qualified opinion on the business-type activities, each major fund, and the aggregate remaining fund information. The qualified opinion is the result of the City's failure to obtain an actuarial valuation of the Other Post Employment Benefit Obligation (OPEB) liability as of June 30, 2009. Generally accepted accounting principles require that the City disclose the actuarially determined unfunded accrued liability and that the applicable net OPEB obligation be reported in the business-type funds and the government-wide statements as applicable.

**Overview of the Financial Statements**

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

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

## **Overview of the Financial Statements (Continued)**

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

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

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

The *Statement of Net Assets* presents information on all of the City'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 City is improving or deteriorating.

The *Statement of Activities* presents information which shows how the City'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, EMS Rescue fees, revolving loan funds, and earned but unused compensated absences.

Both of the government-wide financial statements distinguish functions of the City 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 City's governmental activities include general government and administration, public safety, development services, cultural and recreational services. The City's business activities include the Regional Wastewater, User Charge, the Water Supply, Hydro, and the School Lunch program.

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 City, 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 City can be divided into two categories: a) governmental funds and b) proprietary funds (business-type funds). The fund statements are presented on pages 14-23.

**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. The governmental fund statements are presented on pages 14-17.

## Overview of the Financial Statements (Continued)

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 City's governmental fund information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, the City Capital Project Fund, and the School Unrestricted Special Revenue Fund, all of 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 supplementary information pages 71-80 of this report.

**Proprietary Funds** - The City's proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City has five enterprise funds. A brief description follows:

Water Fund – the City has a municipally owned water system. Its three reservoirs give the City adequate water supply for all industrial, commercial and residential consumption.

Regional Wastewater Disposal Fund – The wastewater treatment plant serving the City is the Woonsocket Regional Wastewater Facility, a regional facility, fed by storm sewers and ninety-five miles of sanitary sewers, capable of handling a wastewater flow of sixteen million gallons per day for Woonsocket. The fund assets are presently leased to an outside management company that pays the city a semi-annual lease payment which the city used to offset related sewer debt service.

User charge Collection Fund – The City contracts with an outside third party for the operation of a solid waste transfer station.

Thundermist Hydro-Electric Project- In August 2008 the City reached a long-term lease agreement of this facility to a private company. The lease agreement calls for annual payments of \$150,000 for the first five years. The remaining fifteen years of the agreement require the annual payments of \$150,000 to be adjusted for the Consumer Price Index. The funds from this lease will be utilized as reimbursement to the General Fund for the cumulative loss incurred over the non-productive life of the asset.

School Proprietary Fund – includes a School Lunch Program which serves the needs of the entire school system for both breakfast and lunch food service. In addition the School Department has a Vocational Tech Program reported as a proprietary fund.

Proprietary funds provide the same type of information as the government-wide Business Type financial statements, only in more detail. The proprietary fund financial statements provide separate information for all the proprietary funds since they are considered to be major funds of the City. The basic proprietary fund financial statements are presented on pages 18 through 21.

**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 City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 22-23. Combining information for the Agency Funds is presented in supplementary information pages 81-82, and for the Private Purpose Trust Funds pages 83-84.

## Overview of the Financial Statements (Continued)

**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 24 through 66.

**Other Information** - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information pertinent to the City's operations. Required Supplementary Information includes budget vs. actual comparisons for the City's General Fund and School Unrestricted Fund as well as the Schedule of Funding Progress for Pension Plans. This required supplementary information is presented on pages 67-70.

The combining statements referred to earlier in connection with non-major governmental funds, agency funds, and private purpose trust funds is presented as other supplementary information and is not a required part of the audited financial statements. This information is located on pages 71-84.

### Government-wide Financial Analysis

#### Analysis of the City of Woonsocket's Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Woonsocket, assets exceeded liabilities by \$23,100,662 and \$28,169,187 as of June 30, 2009 and 2008 respectively.

The largest portion of the City's net assets (100%) 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 City uses these capital assets to provide services to its citizens. Consequently, these assets are not available for future spending. Although the City'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 highly unlikely to be used to liquidate these liabilities.

### CITY OF WOONSOCKET'S NET ASSETS At June 30,

	Governmental Activities 2009	Business-Type Activities 2009	2009 Total	Governmental Activities 2008	Business-Type Activities 2008	2008 Total
Current assets	\$ 48,220,565	\$ 9,898,058	\$ 58,118,623	\$ 29,925,695	\$ 8,332,209	\$ 38,257,904
Capital assets	176,246,682	53,952,340	230,199,022	131,297,713	56,045,094	187,342,807
Other assets	84,175	1,464,216	1,548,391	87,455	1,480,609	1,568,064
Total assets	<u>224,551,422</u>	<u>65,314,614</u>	<u>289,866,036</u>	<u>161,310,863</u>	<u>65,857,912</u>	<u>227,168,775</u>
Current liabilities	106,923,048	3,973,341	110,896,389	34,502,143	3,650,831	38,152,974
Long-term liabilities	127,444,801	28,424,184	155,868,985	129,919,650	30,926,964	160,846,614
Total liabilities	<u>234,367,849</u>	<u>32,397,525</u>	<u>266,765,374</u>	<u>164,421,793</u>	<u>34,577,795</u>	<u>198,999,588</u>
Net assets:						
Invested in capital assets	101,536,700	24,797,024	126,333,724	96,694,726	24,557,529	121,252,255
Unrestricted	(111,353,127)	8,120,065	(103,233,062)	(99,805,656)	6,722,588	(93,083,068)
Total net assets	<u>(\$9,816,427)</u>	<u>\$32,917,089</u>	<u>\$ 23,100,662</u>	<u>(\$3,110,930)</u>	<u>\$31,280,117</u>	<u>\$ 28,169,187</u>

## Analysis of the City of Woonsocket's Operations

The following analysis provides a summary of the City's operations for the year ended June 30, 2009 and 2008. The City presents its Basic Financial Statements, Required Supplementary Information and Managements Discussion and Analysis – for State and Local Governments in the GASB Statement 34 format. Because of this, comparative data has been presented.

In the fiscal years ended June 30, 2009 and 2008 the Net Assets of the Governmental activities decreased by \$6,705,497 and \$5,090,511 respectively. For fiscal 2009 and 2008, total net assets in the Government-wide statements decreased by \$5,068,525 and \$2,248,614, respectively.

The 2009 fiscal year activity decreased the net assets of the governmental activities by \$6,705,497, key elements of this decrease are as follows:

- 1) Program revenues decreased by approximately \$3.56 million (4.7% decrease)
- 2) Function/program expense decreased by \$2.7 million (2.0% decrease).
- 3) Property tax revenue increased by \$1.14 million (2.6%).

### CITY OF WOONSOCKET'S CHANGES IN NET ASSETS For The Fiscal Years Ended June 30,

	Governmental Activities <u>2009</u>	Business -Type Activities <u>2009</u>	<u>2009</u> Total	Governmental Activities <u>2008</u>	Business -Type Activities <u>2008</u>	<u>2008</u> Total
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 7,784,641	\$ 19,513,051	\$ 27,297,692	\$ 8,558,576	\$ 20,015,965	\$ 28,574,541
Operating Grants and Contributions	62,732,110	2,078,140	64,810,250	67,578,563	2,049,806	69,628,369
Capital Grants and Contributions	2,227,181	0	2,227,181	167,000	0	167,000
General Revenues:						
Property taxes	44,670,491	-	44,670,491	43,526,292	-	43,526,292
Investment Earnings	26,215	283,492	309,707	258,413	265,041	523,454
Motor Veh. Phase-out	5,451,446		5,451,446	5,393,158		5,393,158
Telephone, meals etc	950,359		950,359	881,231		881,231
Gain(Loss)Disposition		(821,997)	(821,997)	15,200		15,200
Unrestricted grants/aid	2,517,708	-	2,517,708	4,329,495	-	4,329,495
<b>Total revenues</b>	<u>126,360,151</u>	<u>21,052,686</u>	<u>147,412,837</u>	<u>130,707,928</u>	<u>22,330,812</u>	<u>153,038,740</u>

**CITY OF WOONSOCKET'S CHANGES IN NET ASSETS (Continued)**  
**For The Fiscal Years Ended June 30,**

	Governmental Activities <u>2009</u>	Business -Type Activities <u>2009</u>	2009 Total	Governmental Activities <u>2008</u>	Business -Type Activities <u>2008</u>	2008 Total
<b>Expenditures:</b>						
Legislative	1,434,284		1,434,284	1,645,928		1,645,928
Executive	210,076		210,076	153,651		153,651
Finance	2,006,066		2,006,066	1,710,406		1,710,406
Planning & Dev.	775,314		775,314	794,841		794,841
Law	382,216		382,216	226,052		226,052
Public Safety	24,310,365		24,310,365	21,894,317		21,894,317
Public Works	8,070,942		8,070,942	8,576,164		8,576,164
Human Services	380,099		380,099	323,987		323,987
Economic Develop.	1,966,042		1,966,042	4,065,480		4,065,480
Other Fixed and General Charges	7,428,058		7,428,058	7,954,591		7,954,591
Education	78,998,410		78,998,410	81,124,700		81,124,700
Interest on Long-term Debt	7,103,776		7,103,776	7,328,322		7,328,322
Water		5,821,402	5,821,402		5,342,511	5,342,511
Reg. Wastewater		5,146,717	5,146,717		5,499,245	5,499,245
User charge		5,702,595	5,702,595		5,790,891	5,790,891
Hydro		8,506	8,506		14,226	14,226
School Proprietary		2,736,494	2,736,494		2,842,042	2,842,042
<b>Total Expenditures:</b>	<b>133,065,648</b>	<b>19,415,714</b>	<b>152,481,362</b>	<b>135,798,439</b>	<b>19,488,915</b>	<b>155,287,354</b>
<b>Change in Net Assets</b>	<b>(6,705,497)</b>	<b>1,636,972</b>	<b>(5,068,525)</b>	<b>(5,090,511)</b>	<b>2,841,897</b>	<b>(2,248,614)</b>
Net Assets-beginning	(3,110,930)	31,280,117	28,169,187	1,979,581	28,438,220	30,417,801
<b>Net assets-ending</b>	<b>(\$9,816,427)</b>	<b>\$32,917,089</b>	<b>\$23,100,662</b>	<b>(\$3,110,930)</b>	<b>\$31,280,117</b>	<b>\$28,169,187</b>

**Financial Analysis of the City of Woonsocket's Funds**

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

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances (deficit) of (\$55,477,526). The General Fund reported an unreserved fund balance deficit of (\$3,312,356) and a total fund balance deficit of (\$862,067). The City Capital Projects Fund had at a deficit fund balance of (\$52,214,052) at June 30, 2009. This deficit is the result of project expenditures being incurred but the City not yet obtaining permanent financing (bond obligations) for these projects. The School Unrestricted Fund had at year-end an unreserved fund balance deficit of (\$3,597,843).

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

## **Financial Analysis of the City of Woonsocket's Funds (Continued)**

Total net assets of the respective proprietary funds are the Woonsocket Regional Wastewater Fund \$16,067,590, User Collection Charge Fund deficit (\$8,876), Water Fund \$18,474,341, Hydro Fund - deficit (\$2,206,693) and School Proprietary funds \$590,827.

### **General Fund Budgetary Highlights - The City**

Budgetary basis statements can be found in the financial statements as required supplementary information exhibits RSI-1 and RSI-2 on pages 67- 68 and 69, respectively. At the end of the fiscal year ended June 30, 2009 the net change in fund balance was a deficit of (\$6,515,774) on a budgetary basis. The decrease was comprised of a net deficiency in the City's General Fund of (\$3,479,912) and a deficit in the School Unrestricted Fund of (\$3,035,862). The decrease in the General Fund was due primarily to shortfalls in revenues collected versus expected revenues (\$4,170,496). Most of the revenue shortfalls occurred in state aid categories such as general aid, motor vehicle phase-out, and housing aid. In addition due to the slumping economy the City also realized revenue short falls in business licenses and fees.

### **Wal-Mart Land Sale**

On April 9, 2004, the City of Woonsocket and Wal-Mart first entered into a Purchase & Sales Agreement for the sale of a 6-acre parcel to Wal-Mart to facilitate their expansion. In July 2006, the Planning Board granted approval to Wal-Mart's Master Plan that was required as part of the subdivision process. This action was eventually appealed. Due to wetland permitting issues, the scope of the project was substantially modified and an amended Purchase & Sales Agreement was executed on July 31, 2007 and amended plans were submitted to the Planning Board at that time.

As a condition of the amended Purchase & Sales Agreement, Wal-Mart was required to secure the purchase by providing a letter of credit in the amount of \$485,141.70, deposited with the Chicago Title Insurance Company in advance of the anticipated closing that would be held upon the receipt of the Planning Board approval of the amended subdivision plan.

In December 2007, the Planning Board granted final approval; however, this approval was appealed before the Zoning Board of Review. At their meeting of February 11, 2008, the Woonsocket Zoning Board upheld the Planning Board's decision.

As of June 30, 2009 the actual sale was still pending. In accordance with Generally Accepted Accounting Principles, the revenue resulting from this transaction has not been reported as of June 30, 2009. However, as of the date of this financial statement the sale has been finalized and as such transaction revenue was collected and will be reported in the 2009-2010 fiscal year.

### **The City of Woonsocket's Capital Assets**

The City of Woonsocket's investment in capital assets for its governmental and business-type activities amounts to \$230,199,022 net of accumulated depreciation at June 30, 2009. Included are land, building and improvements, construction in progress, motor vehicles, furniture and equipment and infrastructure.

The City has several capital projects in process at June 30, 2009. In fiscal 2008, the City began work to transform a former landfill site to a public recreation area. This project was completed in fiscal year 2009. In addition, in fiscal 2008 the City began construction on two new schools. The construction of these schools was still in progress at June 30, 2009 and as such is reported as construction in progress in the governmental activities. The school construction was completed subsequent to June 30, 2009 and the project was bonded in November 2009.



**CITY OF WOONSOCKET'S CAPITAL ASSETS AT YEAR END  
NET OF ACCUMULATED DEPRECIATION  
At June 30,**

	Governmental Activities 2009	Business-type Activities 2009	<u>Total</u> 2009	Governmental Activities 2008	Business-type Activities 2008	(Restated) <u>Total</u> 2008
Land	\$ 22,307,537	\$ 570,321	\$ 22,877,858	\$ 22,307,537	\$ 570,321	\$ 22,877,858
Buildings and Improvements	129,709,838	53,712,682	183,422,520	129,671,963	55,278,282	184,950,245
Construction in Progress	51,439,880	2,080,102	53,519,982	6,809,955	1,759,496	8,569,451
Motor Vehicles	8,545,606	867,148	9,412,754	8,241,330	791,936	9,033,266
Furniture and Equipment	7,688,627	7,815,172	15,503,799	7,292,498	7,725,676	15,018,174
Infrastructure	86,217,126	34,150,126	120,367,252	83,003,148	34,795,009	117,798,157
Less: Accumulated Depreciation	(129,661,932)	(45,243,211)	(174,905,143)	(126,028,718)	(44,875,625)	(170,904,343)
<b>Totals</b>	<b>\$176,246,682</b>	<b>\$53,952,340</b>	<b>\$230,199,022</b>	<b>\$131,297,713</b>	<b>\$56,045,095</b>	<b>\$187,342,808</b>

**Note:** The Independent Auditors' Report (pages 1-2 of the Comprehensive Annual Financial Report) expresses an adverse opinion on the Governmental Activities as a result of the lack of documentation and procedures for maintaining capital asset records, mainly infrastructure assets.

Additional information on the City of Woonsocket's capital assets is located in Note 5, pages 41-42 of the financial statements.

**The City of Woonsocket's Debt Administration**

The City of Woonsocket had a total bonded debt of \$133,191,495 and \$134,723,260 at June 30, 2009 and 2008 respectively. Of this amount \$14,549,878 and \$15,783,228 at June 30, 2009 and 2008, respectively, comprised the bonded debt for the Enterprise Funds. In addition, the Business Type Activities also had lease purchase obligations outstanding at June 30, 2009 and 2008 totaling \$15,854,654 and \$17,184,946, respectively. The Governmental Activities also had lease purchase obligations outstanding at June 30, 2009 totaling \$1,171,817.

**CITY OF WOONSOCKET'S OUTSTANDING DEBT AT YEAR END  
BONDS, NOTES AND CAPITALIZED LEASES PAYABLE  
At June 30,**

	Governmental Activities 2009	Business-type Activities 2009	<u>Total</u> 2009	Governmental Activities 2008	Business-type Activities 2008	<u>Total</u> 2008
General obligation & bonds payable	\$118,641,617	\$14,549,878	\$133,191,495	\$118,940,032	\$15,783,228	\$134,723,260
Leases payable	1,171,817	16,069,654	17,241,471	1,219,099	17,184,946	18,404,045
<b>Totals</b>	<b>\$119,813,434</b>	<b>\$30,619,532</b>	<b>\$150,432,966</b>	<b>\$120,159,131</b>	<b>\$32,968,174</b>	<b>\$153,127,305</b>

General obligations and bonds payable include \$122,307 and \$127,072 of bond premium at June 30, 2009 and 2008, respectively.

## **The City of Woonsocket's Debt Administration (Continued)**

The City's general obligation bond rating as assigned by Moody's Investors Service is Baa1 and the rating by Fitch Rating Service is A- with a negative outlook (August 29, 2008). This rating has not changed since the cities last report.

The State of Rhode Island imposes a limit of three (3) percent of the fair value of all taxable city property on the general obligation debt that a municipality can issue. The City of Woonsocket's limit is approximately \$50,353,362 at June 30, 2009. The City's outstanding general obligation debt is \$133,069,000 at year-end, of which \$44,044,000 may be subject to the legal debt limits. The debt limit calculation does not include the \$89,025,000 of pension obligation bonds as they are exempt from the legal debt limit calculation under RI Public Law.

Additional information on the long-term debt obligations of the City of Woonsocket can be found in Note 7 on pages 44-46.

See Note 17 on page 66 for information relating to additional debt issued subsequent to June 30, 2009.

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

The City of Woonsocket's total general fund budget for fiscal year 2010 is \$113,680,421, which reflects a decrease of \$154,296 from the fiscal 2009 budget. In the City's 2010 budget, \$12,586,560 of tax revenue, or 11.8% is allocated for educational purposes and \$50,737,397 or 44.6% is budgeted for other purposes. Total Education Department budget included in the City's General Fund budget is \$62,943,024 which represents approximately 55.4% of the City's total budget.

The School Department budget for the fiscal year 2010 is \$62,943,024. The primary funding source is state aid for education. As noted above, the city's contribution to the Education Department is \$12,586,560.

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

The State of Rhode Island budgeted for fiscal year 2010 to contribute \$50,356,464 to the City's education department. The amount is based on the City being considered a depressed community. The total population of the School District and the average level of wages earned by its citizens are the determining factors for this designation.

The City's tax rates for fiscal 2010 are \$23.34 per thousand for residential real estate, \$35.01 per thousand for commercial and industrial real estate, \$35.01 per thousand for personal property, and \$46.58 per thousand for motor vehicles. Of the total taxes billed, 27.26% was allocated for education and 72.74% allocated for general government. The last City-wide property re-valuation occurred in 2008.

### **Request for Information**

The financial report is designed to provide our citizens, taxpayers and creditors with a general overview of the City's finances and to show the City's accountability for the tax dollars received. If you have questions about this report or need additional financial information, contact the Finance Director's Office, Woonsocket City Hall, 169 Main Street, Woonsocket, RI 02895.

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**CITY OF WOONSOCKET**

**BASIC FINANCIAL STATEMENTS**



**CITY OF WOONSOCKET, RHODE ISLAND****Statement of Net Assets  
June 30, 2009**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS:</b>			
<b>Current Assets:</b>			
Cash and cash equivalents	\$ 26,475,879	\$ 8,003,911	\$ 34,479,790
Accounts receivable, net	5,871,664	4,634,138	10,505,802
Internal balances	3,143,048	(3,143,048)	-
Due from federal and state governments	12,446,655	403,057	12,849,712
Prepays	283,319	-	283,319
<b>Total Current Assets</b>	<b>48,220,565</b>	<b>9,898,058</b>	<b>58,118,623</b>
<b>Noncurrent Assets:</b>			
Restricted cash		1,231,154	1,231,154
Deferred charges - bond issuance	84,175	233,062	317,237
Capital assets not being depreciated	73,747,417	2,650,423	76,397,840
Capital assets, net of accumulated depreciation	102,499,265	51,301,917	153,801,182
<b>Total Noncurrent Assets</b>	<b>176,330,857</b>	<b>55,416,556</b>	<b>231,747,413</b>
<b>TOTAL ASSETS</b>	<b>224,551,422</b>	<b>65,314,614</b>	<b>289,866,036</b>
<b>LIABILITIES:</b>			
<b>Current Liabilities:</b>			
Cash overdraft	155,303		155,303
Tax Anticipation Note	3,000,000		3,000,000
Bond Anticipation Note	70,000,000		70,000,000
Accounts payable	11,670,142	942,880	12,613,022
Accrued liabilities	14,334,418	182,536	14,516,954
Due to federal and state governments	83,531	71,382	154,913
Unearned revenue	3,505,391	15,053	3,520,444
Current portion of notes & leases payable	188,671	1,605,611	1,794,282
Current portion of bonds payable	3,985,592	1,155,879	5,141,471
<b>Total Current Liabilities</b>	<b>106,923,048</b>	<b>3,973,341</b>	<b>110,896,389</b>
<b>Noncurrent Liabilities:</b>			
Bonds payable long term portion	114,656,025	13,393,999	128,050,024
Net Pension Obligation	1,492,700		1,492,700
Notes and leases payable long term portion	983,146	14,464,043	15,447,189
Accrued deferred compensation - contractual	349,594		349,594
Accrued compensated absences	9,963,336	566,142	10,529,478
<b>Total Noncurrent Liabilities</b>	<b>127,444,801</b>	<b>28,424,184</b>	<b>155,868,985</b>
<b>TOTAL LIABILITIES</b>	<b>234,367,849</b>	<b>32,397,525</b>	<b>266,765,374</b>
<b>NET ASSETS:</b>			
Invested in capital assets net of related debt	101,536,700	24,797,024	126,333,724
Unrestricted	(111,353,127)	8,120,065	(103,233,062)
<b>TOTAL NET ASSETS</b>	<b>\$ (9,816,427)</b>	<b>\$ 32,917,089</b>	<b>\$ 23,100,662</b>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

## CITY OF WOONSOCKET, RHODE ISLAND

Statement of Activities  
For the Year Ended June 30, 2009

Functions/Programs:	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services, Fees & Licenses	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental activities:</b>							
Executive	\$ 210,076				\$ (210,076)		\$ (210,076)
Legislative	1,434,284	\$ 1,307,113			(127,171)		(127,171)
Planning & Development	775,314	136,186			(639,128)		(639,128)
Finance	2,006,066	54,000			(1,952,066)		(1,952,066)
Law	382,216	-			(382,216)		(382,216)
Public safety	24,310,365	1,188,112	\$ 1,422,422		(21,699,831)		(21,699,831)
Public works	8,070,942	836,048			(7,234,894)		(7,234,894)
Human services	380,099	82,862	183,387	\$ 166,280	52,430		52,430
Economic development	1,966,042	1,083,586	2,195,820		1,313,364		1,313,364
Education	78,998,410	2,676,933	57,473,924	2,060,901	(16,786,652)		(16,786,652)
Other fixed and general charges	7,428,058	419,801	214,271		(6,793,986)		(6,793,986)
Interest on long-term debt	7,103,776	-	1,242,286		(5,861,490)		(5,861,490)
<b>Total governmental activities</b>	<b>133,065,648</b>	<b>7,784,641</b>	<b>62,732,110</b>	<b>2,227,181</b>	<b>(60,321,716)</b>		<b>(60,321,716)</b>
<b>Business-type activities:</b>							
Water	5,821,402	7,418,711			\$ 1,597,309		1,597,309
Regional Wastewater	5,146,717	6,015,124			868,407		868,407
User Charge	5,702,595	5,503,431			(199,164)		(199,164)
Hydro	8,506	-			(8,506)		(8,506)
School Proprietary	2,736,494	575,785	2,078,140		(82,569)		(82,569)
<b>Total business-type activities</b>	<b>19,415,714</b>	<b>19,513,051</b>	<b>2,078,140</b>	<b>-</b>	<b>-</b>	<b>2,175,477</b>	<b>2,175,477</b>
<b>Total</b>	<b>\$ 152,481,362</b>	<b>\$ 27,297,692</b>	<b>\$ 64,810,250</b>	<b>\$ 2,227,181</b>	<b>(60,321,716)</b>	<b>2,175,477</b>	<b>(58,146,239)</b>
<b>General revenues:</b>							
Property taxes					44,670,491		44,670,491
Motor vehicle phase-out taxes					5,451,446		5,451,446
Telephone and hotel taxes					459,296		459,296
Meals & beverage tax					491,063		491,063
Grants and aid not restricted for a specific program					2,517,708		2,517,708
Loss on disposition of capital assets					-	(821,997)	(821,997)
Unrestricted investment earnings					26,215	283,492	309,707
<b>Total general revenues</b>					<b>53,616,219</b>	<b>(538,505)</b>	<b>53,077,714</b>
<b>Change in Net assets</b>					<b>(6,705,497)</b>	<b>1,636,972</b>	<b>(5,068,525)</b>
<b>Net assets - beginning of year</b>					<b>(3,110,930)</b>	<b>31,280,117</b>	<b>28,169,187</b>
<b>Net assets - ending of year</b>					<b>\$ (9,816,427)</b>	<b>\$ 32,917,089</b>	<b>\$ 23,100,662</b>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

## CITY OF WOONSOCKET, RHODE ISLAND

**Balance Sheet**  
**Governmental Funds**  
**June 30, 2009**

	General Fund	City Capital Projects	School Unrestricted Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>					
Cash and cash equivalents	\$ 980,159	\$ 23,544,277	\$ 547,750	\$ 1,403,693	\$ 26,475,879
Accounts receivable, net	1,612,254		704,598	614,652	2,931,504
Due from other governments	5,141,800		300,423	7,004,432	12,446,655
Other receivables, net	562,052			2,378,108	2,940,160
Prepaid expenditures	243,342		36,142	-	279,484
Due from other funds	4,398,837		8,545,147	389,635	13,333,619
Inventory at cost	3,835			-	3,835
<b>TOTAL ASSETS</b>	<b>\$ 12,942,279</b>	<b>\$ 23,544,277</b>	<b>\$ 10,134,060</b>	<b>\$ 11,790,520</b>	<b>\$ 58,411,136</b>
<b>LIABILITIES AND FUND BALANCES:</b>					
<b>LIABILITIES:</b>					
Cash overdraft				\$ 155,303	\$ 155,303
Tax Anticipation Note	\$ 3,000,000				3,000,000
Bond Anticipation Note		\$ 70,000,000			70,000,000
Accounts payable	2,605,850	4,796,067	\$ 3,758,134	510,091	11,670,142
Accrued expenses	1,319,167		9,780,736	-	11,099,903
Due to other funds	5,626,293	962,262	156,891	3,445,125	10,190,571
Deferred revenue	1,230,888			6,458,324	7,689,212
Due to other governments	22,148			61,383	83,531
<b>TOTAL LIABILITIES</b>	<b>13,804,346</b>	<b>75,758,329</b>	<b>13,695,761</b>	<b>10,630,226</b>	<b>113,888,662</b>
<b>FUND BALANCES:</b>					
Reserved for inventory	3,835	-	-	-	3,835
Reserved for prepaid expenditures	243,342	-	36,142	-	279,484
Reserve for amounts due from other funds	2,203,112				2,203,112
Unreserved:					
General Fund	(3,312,356)				(3,312,356)
Special Revenue Funds			(3,597,843)	1,160,294	(2,437,549)
Capital Project Funds		(52,214,052)		-	(52,214,052)
<b>TOTAL FUND BALANCES</b>	<b>(862,067)</b>	<b>(52,214,052)</b>	<b>(3,561,701)</b>	<b>1,160,294</b>	<b>(55,477,526)</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 12,942,279</b>	<b>\$ 23,544,277</b>	<b>\$ 10,134,060</b>	<b>\$ 11,790,520</b>	<b>\$ 58,411,136</b>

(CONTINUED)

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

CITY OF WOONSOCKET, RHODE ISLAND

**Balance Sheet**  
**Governmental Funds**  
**June 30, 2009**

**Amounts reported for governmental activities in the Statement of Net Assets are different because of the following:**

<b>Total Fund Balance reported in Exhibit B-1</b>	\$ (55,477,526)
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the Gov't Fund balance sheet	176,246,682
Deferred bond issuance costs and other debt charges resulting from issuance of bond obligations. These charges have been included in the governmental activities in the Statement of Net Assets.	84,175
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. These liabilities are reported in the Statement of Net Assets.	(131,619,064)
Deferred revenues (net of allowances for uncollectibles) are recorded in the funds, but are not deferred under the measurement focus employed in the Statement of Net Assets.	4,183,821
Accrued interest on long-term debt obligations is reported in the Government-wide Statements but not presented on the funds as it is not expected to be paid with current available resources.	(3,234,515)
<b>Total Net Assets reported in Exhibit A-1</b>	<u><u>\$ (9,816,427)</u></u>

(CONCLUDED)

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.



## CITY OF WOONSOCKET, RHODE ISLAND

**Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year the Ended June 30, 2009**

	General Fund	City Capital Project	School Unrestricted Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>					
General property taxes	\$ 44,539,240				\$ 44,539,240
Revenue in lieu of taxes	47,295				47,295
Intergovernmental grants and contracts	10,328,079	\$ 889,314	\$ 44,524,977	\$ 14,186,088	69,928,458
Departmental revenues	1,420,574				1,420,574
Licenses, fines and fees	1,562,350				1,562,350
Interest on investments	22,043			4,172	26,215
Intergovernmental pension contribution			2,778,759		2,778,759
Contributions		1,171,587			1,171,587
Tuition			705,220		705,220
Medicaid			958,196		958,196
Other	352,933		921,765	1,407,676	2,682,374
<b>TOTAL REVENUES</b>	<b>58,272,514</b>	<b>\$ 2,060,901</b>	<b>49,888,917</b>	<b>15,597,936</b>	<b>125,820,268</b>
<b>EXPENDITURES:</b>					
Executive	127,662			79,576	207,238
Legislative - General Government	1,340,463				1,340,463
Planning & Development	836,433				836,433
Finance	2,117,945				2,117,945
Law	382,526				382,526
Public safety	18,378,482			1,588,955	19,967,437
Public works	6,497,020				6,497,020
Human services	118,780			219,339	338,119
Economic development	18,863			1,985,460	2,004,323
Education			67,925,651	10,265,900	78,191,551
Pension expense	2,458,939				2,458,939
Other fixed and general charges	8,201,611			200,019	8,401,630
<b>Debt Service:</b>					
Principal	2,790,775			140,335	2,931,110
Interest and other costs	6,888,691			44,055	6,932,746
<b>Capital:</b>					
Capital expenditures		48,986,848		35,688	49,022,536
<b>TOTAL EXPENDITURES</b>	<b>50,158,190</b>	<b>48,986,848</b>	<b>67,925,651</b>	<b>14,559,327</b>	<b>181,630,016</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)</b>					
	8,114,324	(46,925,947)	(18,036,734)	1,038,609	(55,809,748)
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from bond issuance & lease purchases	2,450,000	140,178			2,590,178
Transfers in	1,055,678	900,000	15,036,560	141,906	17,134,144
Transfers out	(15,108,800)	(2,092)	(35,688)	(1,987,564)	(17,134,144)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(11,603,122)</b>	<b>1,038,086</b>	<b>15,000,872</b>	<b>(1,845,658)</b>	<b>2,590,178</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(3,488,798)</b>	<b>(45,887,861)</b>	<b>(3,035,862)</b>	<b>(807,049)</b>	<b>(53,219,570)</b>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<b>2,626,731</b>	<b>(6,326,191)</b>	<b>(525,839)</b>	<b>1,967,343</b>	<b>(2,257,956)</b>
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ (862,067)</b>	<b>\$ (52,214,052)</b>	<b>\$ (3,561,701)</b>	<b>\$ 1,160,294</b>	<b>\$ (55,477,526)</b>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

CITY OF WOONSOCKET, RHODE ISLAND

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds (Exhibit B-2) to the Statement of Activities (Exhibit A-2)  
Year Ended June 30, 2009**

<b>Net Change in Fund Balances - Total Governmental Funds (Exhibit B-2):</b>	<b>\$ (53,219,570)</b>
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation and gain on disposals in the current period.	44,948,969
Governmental funds report claims and judgements as expenditures when they will be paid with measurable and available resources. These claims are recorded as expenses in the government wide statements when they are reasonably estimated. This is the amount of the decrease in claims and judgements from fiscal 2008.	2,450,000
Governmental funds report proceeds from financing as other financing revenue. These borrowings are not recognized as revenue in the government wide statements but instead are reported as as long-term debt obligations. This is the amount of proceeds received in fiscal 2009.	(2,590,178)
Governmental funds report principal repayments on debt obligations as an expenditure. However, the repayment of principal has no effect on the statement of activities	2,931,110
Governmental funds report liabilities when they are to be paid with current measurable and available resources. Accrued deferred compensation - contractual, represents amounts due to employees in future years based on negotiated revisions to certain contracts. The is the increase in the liability during the year ended June 30, 2009.	(349,594)
Governmental funds report debt issuance costs and premiums on debt financing when they occur. The Government-wide statements amortize these costs over the life of the bond. This is the net amount of the amortization of bond premium and issuance costs reported on the Government-wide statements but not reported in the Fund financial statements	1,485
Tax and EMS Rescue revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds. These revenues are reported as deferred revenue in the fund statements but get recognized as revenue in the Statement of Activities. This represents the increase in the deferred revenue reported on these receivables in the Fund statements from 2008.	626,940
Governmental funds report deferred revenue for various Special Revenue Funds as a result of the revenue not being available at year end. The Government-wide Statements report these items as revenue as it is deemed to be earned at year end. Accordingly, this is the amount in which the items reported as deferred revenue in the Fund statements at June 30, 2009 increased from the amounts reported at June 30, 2008.	409,793
Allowance for doubtful accounts on tax and EMS receivables is not reported in the governmental fund statement of revenue, expenditures and changes in fund balances. The change in the allowance is included in the fund balance sheet as a contra to tax & EMS receivables and deferred tax and EMS revenue. The increase in the allowance provision is recorded against revenue in the Statement of Activities.	(496,850)
Interest accrued on long-term debt obligations is reported in the Statement of Activitied but not reported in the Fund Statements until paid. This represents the Increase in accrued interest from 2008.	(172,515)
Increase in Net Pension Obligation. The governmental fund reflects this activity when it will be paid with measurable and available resources. The change from prior year balances is reflected in the statement of activities and changes in net assets.	(1,492,700)
Decrease in compensated absences. The governmental fund reflects this activity when it will be paid with measurable and available resources. The change from prior year balances is reflected in the statement of activities and changes in net assets.	247,613
<b>Change in Net Assets of Governmental Activities in the Statement of Activities (Exhibit A-2)</b>	<b>\$ (6,705,497)</b>

## CITY OF WOONSOCKET, RHODE ISLAND

Statement of Net Assets  
Proprietary Funds  
June 30, 2009

	Business-type Activities-Enterprise Funds					Totals
	Water Fund	Regional Wastewater Fund	User Charge Fund	Hydro Fund	School Proprietary Funds	
<b>ASSETS:</b>						
<b>Current Assets:</b>						
Cash and cash equivalents	\$ 4,936,966	\$ 744,457	\$ 1,786,481	\$ 3	\$ 536,004	\$ 8,003,911
Accounts and other receivables, net	2,285,363	466,421	1,882,354			4,634,138
Due from federal and state governments					403,057	403,057
Due from other funds	694,447	3,896,866	100,228		34,714	4,726,255
Prepaid expenses						-
<b>Total Current Assets</b>	<b>7,916,776</b>	<b>5,107,744</b>	<b>3,769,063</b>	<b>3</b>	<b>973,775</b>	<b>17,767,361</b>
<b>Noncurrent Assets:</b>						
Restricted cash	1,159,965	-	71,189			1,231,154
Deferred charges, bond issuance costs		198,862	34,200			233,062
Property, plant and equipment, net	25,724,713	27,386,285	536,159	-	305,183	53,952,340
<b>Total Noncurrent Assets</b>	<b>26,884,678</b>	<b>27,585,147</b>	<b>641,548</b>	<b>-</b>	<b>305,183</b>	<b>55,416,556</b>
<b>TOTAL ASSETS</b>	<b>34,801,454</b>	<b>32,692,891</b>	<b>4,410,611</b>	<b>3</b>	<b>1,278,958</b>	<b>73,183,917</b>
<b>LIABILITIES:</b>						
<b>Current Liabilities:</b>						
Accounts payable	202,778	315,925	21,114	3,584	399,479	942,880
Accrued liabilities	166,318	11,628	4,590			182,536
Due to federal and state governments	71,382					71,382
Due to other funds	866,557	184,371	4,326,611	2,203,112	288,652	7,869,303
Deferred revenue	15,053					15,053
Current portion of notes & leases payable		1,605,611				1,605,611
Current portion of bonds payable	1,101,690	-	54,189			1,155,879
<b>Total Current Liabilities</b>	<b>2,423,778</b>	<b>2,117,535</b>	<b>4,406,504</b>	<b>2,206,696</b>	<b>688,131</b>	<b>11,842,644</b>
<b>Noncurrent Liabilities:</b>						
Bonds payable long term portion	13,393,999					13,393,999
Notes and leases payable long term portion		14,464,043				14,464,043
Accrued compensated absences	509,336	43,723	13,083			566,142
<b>Total Noncurrent Liabilities</b>	<b>13,903,335</b>	<b>14,507,766</b>	<b>13,083</b>	<b>-</b>	<b>-</b>	<b>28,424,184</b>
<b>TOTAL LIABILITIES</b>	<b>16,327,113</b>	<b>16,625,301</b>	<b>4,419,587</b>	<b>2,206,696</b>	<b>688,131</b>	<b>40,266,828</b>
<b>NET ASSETS:</b>						
Invested in capital assets, net of related debt	12,388,989	11,515,493	587,359	-	305,183	24,797,024
Unrestricted	6,085,352	4,552,097	(596,335)	(2,206,693)	285,644	8,120,065
<b>TOTAL NET ASSETS</b>	<b>\$ 18,474,341</b>	<b>\$ 16,067,590</b>	<b>\$ (8,976)</b>	<b>\$ (2,206,693)</b>	<b>\$ 590,827</b>	<b>\$ 32,917,089</b>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**CITY OF WOONSOCKET, RHODE ISLAND**

**Statement of Revenues, Expenses, and Changes in Fund Net Assets  
Proprietary Funds  
For the Year Ended June 30, 2009**

	Business-type Activities-Enterprise Funds					Totals
	Water Fund	Regional Wastewater Fund	User Charge Fund	Hydro Fund	School Proprietary Funds	
<b>OPERATING REVENUES:</b>						
Usage sales and fees	\$ 7,418,711	\$ 6,015,124	\$ 5,503,431		\$ 575,785	\$ 19,513,051
<b>Total Operating Revenues</b>	<b>7,418,711</b>	<b>6,015,124</b>	<b>5,503,431</b>	<b>\$ -</b>	<b>575,785</b>	<b>19,513,051</b>
<b>OPERATING EXPENSES:</b>						
Salaries and benefits	1,514,830	134,763	220,220			1,869,813
Purchase services	926,623	2,840,841	71,656	8,506	2,659,982	6,507,608
Operating supplies	302,251	82,265	531,367			915,883
Fixed and general charges	1,694,907	268,629	4,794,823			6,758,359
Increase in provision for doubtful accounts	200,000	300				200,300
Depreciation	647,699	978,639	60,535		76,512	1,763,385
<b>Total Operating Expenses</b>	<b>5,286,310</b>	<b>4,305,437</b>	<b>5,678,601</b>	<b>8,506</b>	<b>2,736,494</b>	<b>18,015,348</b>
<b>OPERATING INCOME (LOSS)</b>	<b>2,132,401</b>	<b>1,709,687</b>	<b>(175,170)</b>	<b>(8,506)</b>	<b>(2,160,709)</b>	<b>1,497,703</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>						
Investment income	154,738	2,332	124,615		1,807	283,492
Intergovernmental grants					2,078,140	2,078,140
Interest expense	(535,092)	(822,983)	(20,194)			(1,378,269)
Amortization		(18,297)	(3,800)			(22,097)
Loss on sale of asset				(821,997)		(821,997)
<b>Net Nonoperating Revenues (Expenses)</b>	<b>(380,354)</b>	<b>(838,948)</b>	<b>100,621</b>	<b>(821,997)</b>	<b>2,079,947</b>	<b>139,269</b>
<b>CHANGE IN NET ASSETS</b>	<b>1,752,047</b>	<b>870,739</b>	<b>(74,549)</b>	<b>(830,503)</b>	<b>(80,762)</b>	<b>1,636,972</b>
<b>TOTAL NET ASSETS - BEGINNING</b>	<b>16,722,294</b>	<b>15,196,851</b>	<b>65,573</b>	<b>(1,376,190)</b>	<b>671,589</b>	<b>31,280,117</b>
<b>TOTAL NET ASSETS - ENDING</b>	<b>\$ 18,474,341</b>	<b>\$ 16,067,590</b>	<b>\$ (8,976)</b>	<b>\$ (2,206,693)</b>	<b>\$ 590,827</b>	<b>\$ 32,917,089</b>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

## CITY OF WOONSOCKET, RHODE ISLAND

**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2009**

	Business-type Activities- Enterprise Funds					Totals
	Water Fund	Regional Wastewater Fund	User Charge Fund	Hydro Fund	School Proprietary Funds	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Cash received from customers	\$ 7,424,034	\$ 5,872,175	\$ 5,470,111		\$ 575,785	\$ 19,342,105
Cash received from providing services						-
Cash paid to suppliers for goods and services and other operating payments	(3,350,424)	(2,992,017)	(5,340,724)	\$ (2,201)	(2,690,989)	(14,376,355)
Cash paid to employees	(1,478,514)	(138,656)	(259,522)	-		(1,876,692)
Cash paid for claims						-
Cash paid for other operating expenses						-
<b>Net cash provided (used) by operating activities</b>	<b>2,595,096</b>	<b>2,741,502</b>	<b>(130,135)</b>	<b>(2,201)</b>	<b>(2,115,204)</b>	<b>3,089,058</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>						
Transfers from other funds			71,189			71,189
Transfers to other funds		(71,189)				(71,189)
Nonoperating grants received					2,037,883	2,037,883
Increase in due to (from) other funds	(5,402)	(212,690)	387			(217,705)
<b>Net cash provided (used) by noncapital financing activities</b>	<b>(5,402)</b>	<b>(283,879)</b>	<b>71,576</b>	<b>-</b>	<b>2,037,883</b>	<b>1,820,178</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>						
Acquisition of capital assets	(478,039)		(12,000)	-	(2,588)	(492,627)
Amortization of deferred debt - issuance costs		(18,297)	(3,800)			(22,097)
Principal paid on bonds	(1,178,350)	(1,115,292)	(55,000)			(2,348,642)
Interest paid on bonds, notes and loans	(544,425)	(822,983)	(20,194)	-		(1,387,602)
<b>Net cash used for capital and related financing activities</b>	<b>(2,200,814)</b>	<b>(1,956,572)</b>	<b>(90,994)</b>	<b>-</b>	<b>(2,588)</b>	<b>(4,250,968)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Investment income	154,738	2,332	124,615	-	1,807	283,492
<b>Net cash provided by investing activities</b>	<b>154,738</b>	<b>2,332</b>	<b>124,615</b>	<b>-</b>	<b>1,807</b>	<b>283,492</b>

CITY OF WOONSOCKET, RHODE ISLAND

**Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2009**

	Business-type Activities- Enterprise Funds					Totals
	Water Fund	Regional Wastewater Fund	User Charge Fund	Hydro Fund	School Proprietary Funds	
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	543,618	503,383	(24,938)	(2,201)	(78,102)	941,760
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	5,553,313	241,074	1,882,608	2,204	614,106	8,293,305
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 6,096,931</u>	<u>\$ 744,457</u>	<u>\$ 1,857,670</u>	<u>\$ 3</u>	<u>\$ 536,004</u>	<u>\$ 9,235,065</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>						
Operating income (loss)	\$ 2,132,401	\$ 1,709,687	\$ (175,170)	\$ (8,506)	\$ (2,160,709)	\$ 1,497,703
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation and amortization expense	647,699	996,936	64,335	-	76,512	1,785,482
Increase (decrease) in provision for doubtful accounts	200,000	300	(816,642)	-	-	(616,342)
Increase (decrease) in compensated absences	61,278	12,078	(29,646)	-	-	43,710
(Increase) decrease in accounts receivable	5,295	(142,950)	783,322	-	-	645,667
Increase (decrease) in accounts payable	92,832	207,502	(21,845)	3,450	(56,869)	225,070
Increase (decrease) in accrued liabilities	(24,962)	(15,971)	(9,656)	-	-	(50,589)
Increase (decrease) in due to other funds	(478,961)	(26,080)	75,167	2,855	25,862	(401,157)
Increase in due to federal and state governments	(40,514)	-	-	-	-	(40,514)
Increase in deferred revenue	28	-	-	-	-	28
<b>Net cash provided (used) by operating activities</b>	<u>\$ 2,595,096</u>	<u>\$ 2,741,502</u>	<u>\$ (130,135)</u>	<u>\$ (2,201)</u>	<u>\$ (2,115,204)</u>	<u>\$ 3,089,058</u>

**Non-cash transactions:**

During the fiscal year ended June 30, 2009 there were no non-cash investing or financing activities of the Proprietary Funds.

(CONCLUDED)

THE NOTES TO THE FINANCIAL STATEMENT ARE AN INTEGRAL PART OF THIS STATEMENT

CITY OF WOONSOCKET, RHODE ISLAND

**Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2009**

	Employee Retirement Plan	Private Purpose Trusts	Agency Funds
<b>ASSETS</b>			
Cash and cash equivalents		\$ 169,988	\$ 459,312
Accrued interest	\$ 142,101		
Investments, at fair value:			
Certificates of Deposit		122,950	-
U.S. Government obligations	9,392,354		
Money market funds	1,374,439		
Equity securities	14,557,599		
Corporate and foreign bonds	7,751,016		
Municipal obligations	-		
Domestic mutual funds	23,682,795		
Total investments	<u>56,758,203</u>	<u>122,950</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u>56,900,304</u>	<u>292,938</u>	<u>459,312</u>
<b>LIABILITIES</b>			
Cash overdraft	532,740		
Accounts payable and accrued expenses	253,654		
Deposits held in custody for others			459,312
<b>TOTAL LIABILITIES</b>	<u>786,394</u>	<u>-</u>	<u>459,312</u>
<b>NET ASSETS</b>			
Held in trust for pension benefits and other purposes	<u>\$ 56,113,910</u>	<u>\$ 292,938</u>	<u>\$ -</u>

\* Accounts payable and accrued expenses of the Employee Retirement Plan includes \$214,110 due to the City General Fund for reimbursement of pension payments made to retirees in June 2009.

CITY OF WOONSOCKET, RHODE ISLAND

**Statement of Changes in Fiduciary Net Assets  
Fiduciary Funds  
For the year ended June 30, 2009**

	Employee Retirement Plan	Private Purpose Trusts
<b>ADDITIONS:</b>		
Contributions - employer	\$ 26,247	
Contributions - employee	84,090	
<b>Total contributions</b>	<u>110,337</u>	\$ -
<b>Investment earnings:</b>		
Net unrealized depreciation in fair value of investments	(17,165,559)	
Interest and dividends	1,279,860	4,698
Realized gains (loss) from investments	2,267,755	
<b>Total investment earnings</b>	<u>(13,617,944)</u>	<u>4,698</u>
Less investment management expenses	785,899	
<b>Net investment earnings (losses)</b>	<u>(14,403,843)</u>	<u>4,698</u>
<b>TOTAL ADDITIONS (DECREASES)</b>	<u>(14,293,506)</u>	<u>4,698</u>
<b>DEDUCTIONS:</b>		
Benefits paid	6,807,876	
Operating expenses		2,868
<b>TOTAL DEDUCTIONS</b>	<u>6,807,876</u>	<u>2,868</u>
<b>CHANGE IN NET ASSETS</b>	(21,101,382)	1,830
<b>NET ASSETS - BEGINNING OF YEAR</b>	77,215,292	291,108
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 56,113,910</u>	<u>\$ 292,938</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT



**CITY OF WOONSOCKET, RHODE ISLAND**

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

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City operates under a Council – Mayor form of government and provides the following services as authorized by its charter: public safety (police and fire), highway and streets, sanitation, health and social services, culture, recreation, education, public improvements, planning and zoning and general administrative services.

The City complies with generally accepted accounting principles (GAAP) except for the infrastructure reporting requirements under GASB Statement #34 and the OPEB requirements under GASB Statement #45. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The City has elected not to follow subsequent private-sector guidance. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

***Reporting Entity***

The City of Woonsocket, Rhode Island, was incorporated on June 13, 1888 under the provisions of Chapter 728 of the Public Laws of the State of Rhode Island. The City operates under a Home Rule Charter, adopted in 1952, and amended from time to time, providing for a strong mayoral form of government; a Mayor and a seven-member City Council govern the City. All legislative powers of the City are vested in the City Council, subject to the constitution of the State and the provisions of the Home Rule Charter. The Home Rule Charter grants the City Council the authority to enact, amend or repeal ordinances relating to all local governmental matters.

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

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

The following entities were considered for classification as component unit for fiscal year 2009.

- Woonsocket Education Department
- Woonsocket Employee Retirement Plan

Although these entities meet certain criteria of the tests listed above, neither entity is deemed to have a separate legal status apart from the City. As a result, the financial data of the Woonsocket Education Department has been included in the Special Revenue Funds and the Employee Retirement Plan has been included as a Fiduciary Fund within the City's financial statements.

(CONTINUED)

**CITY OF WOONSOCKET, RHODE ISLAND**

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

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Reporting Entity***

Other governmental type entities not meeting the established criteria for inclusion in the reporting entity include:

- Woonsocket Housing Authority
- Woonsocket Redevelopment Agency
- Woonsocket Industrial Development Corporation
- Woonsocket Housing Development Corporation
- Main Street 2000 Development Corporation

The operations of these organizations are administered solely by the autonomous management of each entity. In addition, each entity has the ability to issue debt, set revenue generation mechanisms, and establish operational and capital budgets.

***Basis of Presentation***

***Government-Wide Financial Statements***

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

***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 expenditure/expenses. Funds are organized into three major categories: governmental, proprietary and fiduciary. Major individual governmental funds and enterprise funds are reported as separate columns in the fund financial statements. A fund is considered a major fund if it is the primary operating fund of the City or meets the following criteria:

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

***Governmental Funds***

The funds of the financial reporting entity are described below:

(CONTINUED)

**CITY OF WOONSOCKET, RHODE ISLAND**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**General Fund**

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

**Special Revenue Funds**

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

**Capital Project Funds**

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

**Permanent Funds**

The Permanent Funds account for assets held by the City pursuant to trust agreements. The principal portion of this fund type must remain intact, but the earnings may be used to achieve the objectives of the fund. The City of Woonsocket did not maintain any funds meeting the definitions of Permanent Funds at June 30, 2009.

**Proprietary Funds**

Proprietary funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The Proprietary Funds include both Enterprise and Internal Service Funds. The City of Woonsocket had six Enterprise Funds (including two held at the School Department) at June 30, 2009. The City does not currently maintain any Internal Service Funds.

**Fiduciary Funds (Not included in government wide statements)**

**Agency Funds**

Agency funds account for assets held by the City in a purely custodial capacity. The reporting entity includes ten agency funds at June 30, 2009. Since agency funds are custodial in nature (i.e. assets equal liabilities), they do not involve the measurement of results of operations. The agency funds are as follows:

- |                               |                                  |
|-------------------------------|----------------------------------|
| - Sidewalk Deposit Fund       | - Curbing Deposit Fund           |
| - Construction Escrow Account | - Deduction Services Fund        |
| - Fire Dental Plan            | - Fire Dental Level II           |
| - Commercial Exterior Rehab   | - Thundermist Hydro/Putnam Hydro |
| - Vica Fund (School)          | - Senior Awards Banquet (School) |
| - Middle School Fund (School) | - High School Fund (School)      |

(CONTINUED)

**CITY OF WOONSOCKET, RHODE ISLAND**

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

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**Fiduciary Funds (Not Included In government wide statements) (Continued)**

**Private-purpose Trust Funds**

Private-purpose trust funds are used to account for resources legally held in trust for use by parties outside of the City, and cannot be used at the City's discretion or to support the City's general operations. The following Private-purpose Trust Funds were held by the City at June 30, 2009:

- John Bellows Trust Fund
- EMS Public Fund
- Valois Animal Trust Fund
- Stella M. Gould Memorial Scholarship (School Fund)
- Sandra H. Whipple Memorial Scholarship (School Fund)
- Arthur J. Cournoyer Memorial Scholarship (School Fund)
- ADA Memorial Scholarship (School Fund)

**Employee Retirement Plan**

The Employee Retirement Plan accounts for funding and payment of pension benefits provided to police officers and firefighters that are part of the City's self funded pension system.

***Major and Non-Major Funds***

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

<u>Fund</u>	<u>Brief Description</u>
<b>Major:</b>	
General Fund:	See above for description.
<b>Special Revenue Funds:</b>	
School Unrestricted Fund	This fund is used to report all financial transactions of the Woonsocket Education Department, which are not legally required to be accounted for separately.
<b>Capital Projects Funds:</b>	
City Capital Projects	This fund is used to account for the Capital Projects – Bond Fund of the City. This fund reports various activity related to the acquisition or construction of major capital facilities of the City.
<b>Proprietary Fund:</b>	
Regional Wastewater	This fund is used to account for fees and expenses associated with providing sewer service to the City's residents.
Water Fund	This fund is used to account for water user fees and the expenses associated with providing water services to City residents.

(CONTINUED)

**CITY OF WOONSOCKET, RHODE ISLAND**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Major and Non-Major Funds (Continued)**

**Major (Continued):**

<u>Fund</u>	<u>Brief Description</u>
User Charge	Accounts for the operations of a solid waste transfer station.
Hydro Fund	Accounts for the City of Woonsocket's Thundermist Hydro-Electric Plant. <b>This fund did not meet the criteria for reporting as a major fund however, management has elected to present the fund as a major fund.</b>
School Proprietary Funds	Consists of the School Food Service Fund and the School Vocational Education Fund. <b>These funds did not meet the criteria for reporting as a major fund however, management has elected to present the fund as a major fund.</b>

**Non-major:**

**Special Revenue Funds:**

Land and Outdoor Recreation Trust Fund, Emergency Shelter Fund, Hamlet Ave Enhancement, Juvenile Fire Setters' Education, Planning Board Fund, Business Revolving Loan, Community Development Housing Preservation Grant Fund, Rhode Island Home Fund, Library Services Fund, Harris Library Grant, Woonsocket Senior Citizens Fund, Neighborhood Crime Watch, UDAG Loan Repayment Fund, Hamlet Heights Phase II Fund, Comprehensive Planning Grant, Rivers Edge Recreation Grant, Fed & State Drug Forfeiture/Police Special Squad Fund, Neighborhood Crime Prevention Act 2001, Task Force on Drugs and Alcohol Abuse Fund, Bramley Bill Fund, LLEBG Grant 2004/2006, Combined Community Development Block Grant, Building Inspection Services Fund, Hazardous Material Grant, Fire P.P.E. Grant, Special Squad Holding, Lead Hazard Control, LLEBG Grant 2002-2004, Junior Police Outing, EMS Public Fund, LLEBG Grant 2003/2005, Electric Energy Settlement, Byrne Grant 2004, Champlin Grant, Library Fines and Fees, Hamlet Ave. Economic Program, Homeland Security Grant 04/05, Justice Assistance Grant 05, Recycling Coordinator Fund, Recycling Containers Fund, Lead Hazard Demo Grant, Justice Assistance Grant 06,

(CONTINUED)

**CITY OF WOONSOCKET, RHODE ISLAND**

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

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Major and Non-Major Funds (Continued)**

**Non-major (Continued):**

**Special Revenue Funds (Continued):**

2008 Cops Tech Grant, City Clerk Records Restoration Fund, Justice Assistance Grant 07, and School Restricted Funds. School Restricted Fund includes the following individual Funds: Title I, Title III, Title V, Advanced Placement Tests, Title II, Title IV, Homeless Education, Get Ready, District Negotiated Agreement, Special Ed Part B, Preschool Sec 619, E2T2, UCOA, Family Literacy Even Start, Perkins, Perkins Long-Term, Evenstart, Title I School Improvement, Math & Science Partnership Coordination, WIA ABE Family Literacy, FLA, Math & Science Partnership, Math & Science PRIMES, PRIMES, 21<sup>st</sup> Century Learning Community, 21<sup>st</sup> Century Middle School, PS&I Grant, Harris Playground, COZI, Leadership, Feinstein Foundation, CVS Grant, Legislative Grant, Jr. Air Force ROTC, ING Unsung Heros, Technology for All, RI Parent Info Network, RI Improvement, Even Start Literacy, Smile Program, Lowe's Skill USA, RIF Citizens, and SCHS America Target.

**Capital Projects Funds:**

School capital projects fund.

**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 and the accrual basis of accounting.

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 City considers property taxes as available if they are collected within 60 days after year end. Substantially all other revenue of the governmental funds is recognized utilizing the modified accrual method of accounting and as such it is recognized as it is earned and available. Items for reimbursement of costs incurred are recorded and recognized when billed unless they are not expected to be collected within one year. Certain funding received from the State of Rhode Island (i.e. telephone tax, meals and beverage tax) is reported as revenue for the fiscal year ended June 30, 2009 due to collection within 60 days after the end of the fiscal year.

(CONTINUED)

**CITY OF WOONSOCKET, RHODE ISLAND**

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

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Measurement Focus (Continued)**

- (b) The proprietary funds and private purpose trust funds utilize "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of net income, financial position and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Fund equity is classified as net assets.
- (c) Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

**Basis of Accounting**

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

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

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

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

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

**Assets, Liabilities, and Fund Equity**

**Cash**

Cash and cash equivalents are carried at cost. Cash equivalents include all highly liquid investments with an original maturity of three months or less when purchased. Substantially, all of the City's cash and cash equivalents are held in public deposit institutions. Pursuant to Section 35-10-1 of the Rhode Island General Laws, as of October 1, 1991, public deposit institutions are required to insure accounts which hold public funds in excess of the amount which is guaranteed by FDIC.

(CONTINUED)

**CITY OF WOONSOCKET, RHODE ISLAND**

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

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Cash (Continued)**

State statutes and the City charter authorize the City to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, and repurchase agreements.

**Investments**

The City invests in various types of investments, which are stated at fair value.

The City treasurer shall have custody of all investments and invested funds of the City or which are in the possession of the City in a fiduciary capacity.

The City treasurer shall invest the monies and funds of the City in the manner provided by ordinance and shall have the safekeeping of the bonds and notes of the City and the receipt and delivery of bonds and notes of transfer, registration, and exchange.

The council, by ordinance, shall provide for an investment board of five (5) members to advise and direct the City treasurer in the investment of the City's funds. Such investment board shall include three (3) members who are qualified electors of the City.

**Accounts Receivable**

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. The allowance for uncollectible accounts receivable amounted to approximately \$7,312,400 at June 30, 2009. This allowance for uncollectible accounts includes approximately \$4,845,000 for property taxes, \$498,000 for EMS rescue runs, \$10,000 for police detail billings, \$200,000 for issued loans in revolving loan funds, \$1,030,000 for the Water Fund, \$643,400 for the User Charge Fund, and \$86,000 for the Regional Wastewater Fund.

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

**Inventories**

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method.

**Property Taxes**

Real and personal property taxes are based on values assessed as of each December 31 (lien date) and attach as an enforceable lien on property as of July 1 (levy date). Taxes are due in equal quarterly installments on July 15, October 15, January 15, and April 15 following the levy date. The taxpayer may elect to pay the taxes in full by September 1, annually. Taxes due and unpaid after the respective due dates are subject to interest at a rate of 12% per annum calculated on the unpaid portion of the total tax. An automatic lien is placed on the taxpayer's property if payment has not been received by the tax due date. Property taxes levied are recorded as receivables in the fiscal year of the levy. Property tax revenues are recorded in accordance with the modified accrual basis of accounting in the fund financial statements.

(CONTINUED)



**CITY OF WOONSOCKET, RHODE ISLAND**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Bond Premium**

In the Government-wide financial statements and Proprietary Fund Statements, premiums on general obligation bonds are capitalized and amortized over the life of the bond, using the straight-line method. The premiums are included in long-term debt obligations.

**Prepays**

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

**Property, Plant and Equipment**

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

**Government-Wide Statements**

In the government-wide financial statements, long-lived assets are accounted for as capital assets. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets, which are recorded at their estimated fair value at the date of donation.

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

As of June 30, 2009, the City did not have established policies or procedures in place for maintaining and valuing the capital asset records (including infrastructure assets) of the governmental activities. Accordingly, the auditors' report expresses an adverse opinion related to the governmental activities of the government wide financial statements as of and for the year ended June 30, 2009.

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

Buildings	25 - 65 years
Land improvements	10 - 65 years
Building improvements	15 - 30 years
Equipment	6 - 30 years
Vehicles	6 years
Infrastructure	65 years

**Fund Financial Statements**

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

(CONTINUED)

**CITY OF WOONSOCKET, RHODE ISLAND**

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

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Assets, Liabilities, and Fund Equity (Continued)***

**Deferred Revenues**

In the government-wide financial statements, deferred revenues represent funds received in advance of being earned/owed or receivables which will be collected and included in revenues of future fiscal years. In the General Fund, (of the fund financial statements), deferred revenues include property tax receivables which are assessed on December 31, 2007 and prior and are not collected within 60 days of June 30, 2009. Net deferred taxes included in the fund financial statements (City's General Fund) were approximately \$1,231,000 at June 30, 2009.

**Interfund Transactions**

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

Reciprocal interfund activities:

- Interfund loans are reported as interfund receivables in the lending fund and interfund payables in borrower funds.
- Interfund services are reported as revenues in the seller fund and as expenditures or expenses in the purchasing fund.

Non-reciprocal interfund activities:

- Interfund transfers are reported in governmental funds as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers. In proprietary funds transfers are reported after nonoperating revenues and expenses.
- Interfund reimbursements are repayments from the fund responsible for particular expenditures or expenses to other funds that initially paid for them. Reimbursements are not displayed separately within the financial statements.

***Equity Classifications***

**Government-Wide Statements**

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

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

(CONTINUED)

**CITY OF WOONSOCKET, RHODE ISLAND**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Equity Classifications***

**Fund Financial 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.

**Compensated Absences**

Employees are granted vacation and sick leave in varying amounts. Upon retirement, termination or death, certain employees are compensated for unused vacation and sick leave (subject to certain limitations) at their current rates of pay. The amount recorded is the unused days earned at the current rate of pay. For governmental activities the general fund is used to satisfy this liability as it becomes due, while each enterprise fund accounts for all its settlement of business-type liabilities for compensated absences. Compensated absences are accrued at varying amounts based on the collective bargaining unit contracts of the various unions.

**Long Term Obligations**

Long-term debt is recognized as a liability of the governmental funds when are due. For other long-term obligations, only that portion expected to be financed from expandable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in long-term liabilities on the government activities.

**Fund Equity**

Reserves represent those portions of fund equity portions of fund equity not available for current expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

**Bond Discount/Issuance Costs**

In governmental fund types, bond discounts and issuance costs are recognized in the current period. Bond discounts and issuance costs for proprietary fund types as well as the government wide financial statements are deferred and amortized over the term of the bonds using straight-line method. Bond discounts are presented as a reduction of the face amount of bonds whereas issuance costs are recorded as deferred charges.

**Reconciliation of Government-wide and Fund Financial Statements**

The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities are not due and payable in the current period and therefore are not reported in the funds." The details of this \$131,619,064 are as follows:

Bond and lease obligations payable .....	\$119,813,434
Net Pension Obligations .....	1,492,700
Accrued deferred compensation.....	349,594
Compensated absences .....	<u>9,963,336</u>
<b>Total .....</b>	<b><u>\$131,619,064</u></b>

(CONTINUED)

**CITY OF WOONSOCKET, RHODE ISLAND**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense." The details of this \$44,948,969 difference are as follows:

Capital outlays .....	\$48,814,519
Depreciation expense .....	(3,865,550)
<b>Net adjustment</b> .....	<b><u>\$44,948,969</u></b>

Another element of the reconciliation states that "Tax and EMS Rescue revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds." The details of the (\$626,940) are as follows:

Deferred taxes, gross, beginning of year.....	(\$5,499,531)
Deferred taxes, gross, end of year .....	6,042,592
Deferred EMS, gross, beginning of year.....	(1,022,306)
Deferred EMS, gross, end of year .....	<u>1,106,185</u>
<b>Net adjustment</b> .....	<b><u>\$ 626,940</u></b>

Another element of that reconciliation states that, "Governmental funds report deferred revenues for various Special Revenue Funds as a result of revenues not being available at year end. The Government-wide Statements report these items as revenue....." The details of this \$409,793 difference are as follows:

Deferred revenue - ending .....	\$2,378,108
Deferred revenue – beginning .....	(1,968,315)
<b>Net adjustment</b> .....	<b><u>\$ 409,793</u></b>

**Recently Issued Accounting Standards**

The following are recently issued governmental accounting standards which will be implemented by the City in future years. The impact of these pronouncements has not been determined.

- ✓ GASB Statement No. 45 – Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions, effective for the City's fiscal year ending June 30, 2009. As noted in the Independent Auditors' Report, the City is not in compliance with the GASB requirements of this standard.
- ✓ GASB Statement No. 51 – Accounting and Financial Reporting for Intangible Assets, effective for the City's fiscal year ending June 30, 2010.
- ✓ GASB Statement No. 53 – Accounting and Financial Reporting for Derivative Instruments, effective for the City's fiscal year ending June 30, 2010.
- ✓ GASB Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions, effective for the City's fiscal year ending June 30, 2011.

(CONTINUED)

**CITY OF WOONSOCKET, RHODE ISLAND**

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

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Recently Issued Accounting Standards (Continued)**

During the fiscal year ended June 30, 2009 the City implemented the following governmental accounting standards:

- ✓ GASB Statement No. 49 – Accounting for Financial Reporting for Pollution Remediation Obligations.
- ✓ GASB Statement No. 52 – Land and Other Real Estate Held as Investments by Endowments.

**2. BUDGETARY PROCESS**

**(a) Adoption**

The City Charter provides that the Mayor must file with the City Clerk at least sixty (60) days prior to the beginning of each fiscal year, a proposed operating budget, capital budget, and message containing an explanation of proposed financial policies and the important features of the budget plan. The Mayor must file at the same time proposed appropriation ordinances providing for the support of the City for the ensuing fiscal year. The budget must reflect all anticipated revenues and proposed expenditures. By State law the proposed expenditures cannot exceed anticipated revenues. The City Council may revise the proposed budget; however, the Council must provide for increasing anticipated revenues equal to an increase in expenditures. The Charter provides that "no revenue shall be inserted by the Council in the budget unless the Director of Finance determines that the facts clearly demonstrate that such amount will be realized in cash during the budget year." The Charter also provides that the City Council will hold a public hearing on the budget not later than June 15<sup>th</sup> of each year.

The City Council shall hold a public hearing on the budgets not later than June first of each year, at which interested persons shall have an opportunity to be heard; legal notice shall be published at least ten (10) days in advance thereof.

**(b) General Fund**

Actual General Fund expenditures on the Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budgetary Basis) (Exhibit RSI-1) are adjusted to reflect the budgetary basis of accounting which differs from actual expenditures recognized for the General Fund in the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds (Exhibit B-2) in that encumbrances are considered to be expenditures for budgetary purposes but not for GAAP purposes and transfers are considered other financing uses for GAAP but expenditures for budgetary purposes.

A reconciliation of the General Fund revenues and expenditures and other financing sources (uses), as reported on Exhibits B-2 and RSI - 1 is presented below:

(CONTINUED)

**CITY OF WOONSOCKET, RHODE ISLAND**

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

**2. BUDGETARY PROCESS (Continued)**

**(b) General Fund (Continued)**

**REVENUES**

<b>Total General Fund revenues, from Exhibit B-2</b> .....	\$ 58,272,514
<b>Adjustments:</b>	
Restricted receipts for education department reported in General Fund for budget ..	49,600,535
Reimbursement for debt service reported as revenue for budget purposes.....	735,494
Transfers from other funds reported as revenue for budget purposes .....	1,055,678
<b>Total budgetary basis revenues, from Exhibit RSI - 1</b> .....	<b><u>\$ 109,664,221</u></b>

**EXPENDITURES**

<b>Total General Fund expenditures, from Exhibit B-2</b> .....	\$ 50,158,190
<b>Adjustments:</b>	
Reimbursement of debt service reported as revenue for budget purposes.....	735,494
Transfer to other funds reported as expenditure for budget purposes .....	72,240
Encumbrances at beginning of year.....	(8,886)
Encumbrances at end of year .....	0
Education department expenditures reported in General Fund for budget.....	52,636,397
<b>Total budgetary basis expenditures, from Exhibit RSI - 1</b> .....	<b><u>\$ 103,593,435</u></b>

**(c) Special Revenue Funds**

The actual revenues and expenditures of Special Revenue Funds included in the Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – School Unrestricted Fund – (Exhibit RSI - 2) are presented on the budgetary basis of accounting which differs from actual revenues and expenditures recognized for the School Unrestricted Fund in the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds (Exhibit B-2) in that encumbrances are considered to be expenditures for budgetary purposes but not for GAAP purposes, on behalf pension contributions by the State of Rhode Island are reported as both revenue and expenditures in the funds statements, and transfers to other funds are considered other financing uses for GAAP and an expenditure for budgetary purposes. In addition effective with fiscal 2009 the School Department received State Fiscal Stabilization Funds which are required by the State of Rhode Island Department of Education to be shown as a restricted fund but for budget purposes the activity is reported as part of the unrestricted fund.

Only the revenues and expenditures of special revenue funds which have legally adopted annual budgeted appropriations are included in Exhibit RSI - 2. The School Unrestricted Fund is the only Special revenue Fund which legally adopts an annual budget. A reconciliation of the School Unrestricted Fund revenues and expenditures and other financing sources (uses), as reported on Exhibits B-2 and RSI-2, is presented below:

**REVENUES**

<b>Total School Unrestricted revenues, from Exhibit B-2</b> .....	\$ 49,888,917
<b>Adjustments:</b>	
State Fiscal Stabilization Funds reported as a Restricted Fund for GAAP.....	2,490,377
State on behalf pension contribution not budgeted.....	(2,778,759)
<b>Total budgetary basis revenues, from Exhibit RSI - 2</b> .....	<b><u>\$ 49,600,535</u></b>

(CONTINUED)

**CITY OF WOONSOCKET, RHODE ISLAND**

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

**2. BUDGETARY PROCESS (Continued)**

**(c) Special Revenue Funds**

**EXPENDITURES**

<b>Total School Unrestricted expenditures, from Exhibit B-2</b> .....	\$67,925,651
<b>Adjustments:</b>	
State Fiscal Stabilization Fund expenditures in restricted fund for GAAP .....	2,490,377
Claims and judgment expenditure paid for through bond proceeds transferred from the City. Expenditure and transfer in reported for GAAP not budget.....	(2,450,000)
State on behalf pension contribution not budgeted.....	(2,778,759)
Add transfer to School Capital Projects Fund .....	35,688
<b>Total budgetary basis expenditures from Exhibit RSI-2</b> .....	<b><u>\$65,222,957</u></b>

**3. CASH AND INVESTMENTS**

The State of Rhode Island requires that certain uninsured deposits be collateralized. Section 35-10.1-7 of the General Laws of the State of Rhode Island, dealing with the collateralization of public deposits, requires that all time deposits with maturities of greater than 60 days and all deposits in institutions that do not meet the minimum capital requirements of its Federal regulator must be collateralized.

**Deposits**

The carrying amount of the City's cash and cash equivalents at June 30, 2009 was \$36,184,941 (including Private Purpose Trust Funds and Agency Funds) while the bank balance was \$36,821,168. The carrying amount is presented as follows – cash and cash equivalents of \$35,109,090, restricted cash \$1,231,154, and cash overdrafts of (\$155,303). The School Department maintains a pooled cash account for its restricted grant funds. Accordingly, some of the funds are presented with positive cash balances while others are presented with an overdraft at June 30, 2009. Of the bank balance of \$36,821,168, the amount covered by federal depository insurance was \$13,178,298 and the uninsured balance was \$23,642,870. Management ensures that the uninsured balance is covered under collateralization agreements with various financial institutions.

Restricted cash at June 30, 2009 totaled \$1,231,154 and represented the balance of bond proceeds which were held by the financial institution for debt service reserves.

The City 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. The City's policy is to maintain a diversified portfolio to minimize the risk of loss resulting from over concentration of assets in a specific investment and maturity.

At June 30, 2009 the City held investments with a fair value of \$56,881,153 all of which were reported in the Fiduciary Funds of the City (see Exhibit D-1).

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. The respective fund manager values other securities and investments, which are not traded on a national security exchange. Short-term investments are stated at cost, which approximates fair value.

(CONTINUED)

**CITY OF WOONSOCKET, RHODE ISLAND**

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

**3. CASH AND INVESTMENTS (Continued)**

**Interest Rate Risk** – Approximately 19% and 12% of investments are in long-term Corporate and Government Bonds, and mortgage backed securities, respectively, which have interest rates that are fixed for long-term periods and are subject to more variability in their fair value as a result of future changes in interest rates. Certificates of deposit at year end represent time deposits with an original maturity of six to twelve months. The remaining 70% of the investments are held in common stock and mutual funds. These investments do not specify an interest rate rather the rate of return is dependent on operating results and economic conditions.

**Concentration of Credit Risks** – At June 30, 2009 the City had a diversified portfolio and was not deemed to be concentrated in any one investment category. Although 70% of the investments are held in common stock and mutual funds these investments were in a wide range of companies and various industries enabling the City to minimize its risk.

**Custodial Credit Risk** – Custodial credit risk is the risk that in the event of financial institution failure, the City's deposits and/or investments may not be returned. The City does not believe that it has a significant custodial credit risk as substantially all investments securities are registered and held in the name of the City. Additionally, the City's deposit policy requires that deposits be placed in financial institutions that are FDIC insured up to \$250,000, rated "well capitalized" on its most recent audited financial statement/SEC filings if deposits exceed \$250,000, and if the capital ratios are currently acceptable but appear to be in jeopardy, the City will engage an outside rating agency to determine status of the institution. The City also ensures that all deposits greater than \$250,000 are collateralized.

Investments at June 30, 2009 consisted of the following (including Fiduciary Fund Investments):

	<u>Fair</u> <u>Value</u>	<u>Interest</u> <u>Rate</u>	<u>Maturity</u>	<u>Rating</u>
Certificates of Deposit .....	\$ 122,950	1.4% - 3.05%	1/2010 – 4/2010	not rated
Money Market Funds .....	1,404,751	2.581%	n/a	n/a
Common Stock & Mutual Funds....	38,630,960	n/a	n/a	not rated
United State Securities .....	3,611,683	0.875%-5.31%	1/2010-5/2039	Aaa
Corporate and Foreign Bonds .....	68,516	2.95%-4.95%	6/2014-6/2019	Aaa
Corporate and Foreign Bonds .....	256,463	3.625%-6.375%	3/2014-11/2067	Aa3
Corporate and Foreign Bonds .....	525,211	3.2%-6.95%	4/2013-4/2038	Aa2
Corporate and Foreign Bonds .....	257,683	4.95%-6.5	1/2012-12/2038	Aa1
Corporate and Foreign Bonds .....	954,817	4.15%-8.5%	3/2011-2/2082	A3
Corporate and Foreign Bonds .....	547,928	4.2%-8.125%	5/2013-5/2039	A2
Corporate and Foreign Bonds .....	967,295	5.0%-8.125%	4/2010-6/2057	A1
Corporate and Foreign Bonds .....	995,799	4.875%-9.0%	1/2011-2/2037	Baa1
Corporate and Foreign Bonds .....	1,237,346	4.75%-9.375%	4/2010-12/2066	Baa2
Corporate and Foreign Bonds .....	637,616	5.45%-9.0%	2/2011- 6/2038	Baa3
Corporate and Foreign Bonds .....	134,285	5.8%-7.7%	3/2042- 12/2049	Ba3
Mortgage Backed Securities.....	5,193,747	4.0%-7.0%	4/2015-4/2039	Aaa
Asset Backed Securities .....	301,138	4.33%-5.24%	7/2012-1/2018	Aaa
Asset Backed Securities .....	73,723	6.265%	6/2037	Aa2
Asset Backed Securities .....	12,307	5.863%	4/2037	B3
Commercial Mtge. Backed Sec. ....	912,614	4.53%-5.94%	1/2036-2/2049	Aaa
Commercial Mtge. Backed Sec. ....	14,506	5.557%	12/2043	A-
Emerging Markets.....	19,815	5.75%	1/2017	A1
<b>Total Investments</b> .....	<b><u>\$56,881,153</u></b>			

(CONTINUED)



**CITY OF WOONSOCKET, RHODE ISLAND**

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

**4. PROPERTY TAXES AND OTHER RECEIVABLES**

Property taxes are the principal source of revenue of the City. Property taxes represent an enforceable lien on property as of December 31, 2007. Taxes are levied on the assessed value of property on December 31. Taxes are billed on or about July 1 annually and are due in quarterly installments on July 15<sup>th</sup>, October 15<sup>th</sup>, January 15<sup>th</sup>, and April 15<sup>th</sup>. The assessed value of motor vehicles is determined annually by the state vehicle value commission. An automatic lien is placed on the taxpayer's property if payment has not been received by the due date. Interest is charged on past due accounts at a rate of 12% per annum calculated on the unpaid portion of the total tax.

The 2008 tax roll certification prepared by the City's tax assessor as of December 31, 2007 presents the taxes assessed on approximately July 1, 2008 for the fiscal year ended June 30, 2009. The net assessed value of the property was \$2,260,453,963 and the net tax levy was approximately \$42,128,200. In addition, there were additional taxes levied of approximately \$2,989,000 representing tax revenue due under various P.I.L.O.T. agreements. As a result the grand net total levy for the fiscal year ended June 30, 2009 was approximately \$45,117,200. Net abatements during the year were approximately \$448,000 resulting in a final net levy to be collected of approximately \$44,700,000. As of June 30, 2009 total collections were approximately \$43,140,000 (excludes 60 day rule receipts) or 96.5% of the grand total net levy. The following tax rates were assessed on each \$1,000 of the assessed valuation for the fiscal year ended June 30, 2009; residential property \$13.23, commercial property \$32.16, fixtures and equipment \$46.58, and motor vehicles \$46.58.

In addition to the assessment of taxes the City also received \$5,451,446 from the State of Rhode Island as payment in accordance with legislation regarding the phase-out of motor vehicle tax during the fiscal year ended June 30, 2009. Under the law, excise tax on motor vehicles and trailers were originally supposed to be phased out entirely over a seven-year period commencing with the 1999-2000 fiscal year. Based on fiscal problems with the State budget over the last few years the program has been reduced to a maximum exemption of \$6,000 as of June 30, 2007 in accordance with legislation passed as part of the State's budget for the fiscal year ended June 30, 2007. The phase-out program freezes the tax rate at \$46.58 which was the rate in fiscal year 1997-1998. The exemption remained at \$6,000 per vehicle for the 2007-2008 and 2008-2009 fiscal years.

The State of Rhode Island has also passed legislation to phase-out wholesale and retail inventory tax over a ten-year period effective July 1, 1999. The phase-out of this tax was supposed to be supplemented through an increase in General Revenue Sharing (GRS). The GRS was supposed to be increased from the effective rate of 1% on June 30, 1998 to 4.7% on June 30, 2009. Based on fiscal problems with the State budget over the last few years the program did not increase as scheduled in the 2006, 2007, 2008, or 2009 fiscal years. In fiscal 2004, 2.7% of total State tax revenues were earmarked for GRS to cities and towns. In fiscal 2005 an additional \$1 million was added to the total GRS to cities and towns rather than the planned increase to 3% of the State tax revenues. In fiscal 2006 GRS was increased to 3% of the State tax revenues. In fiscal 2007 GRS was increased by another \$137,875 and then cut by \$10,000,000 in fiscal 2008. During fiscal 2009 GRS was cut by another \$25,111,876 through the final adopted supplemental State budget. For fiscal 2010 the Governor's budget has eliminated all GRS to Cities and Towns resulting in a loss of \$25,000,000 to all Cities and Towns.

The City recognizes property tax revenues in accordance with Section P70, "Property Taxes" of the Codification of Governmental Accounting and Financial Reporting Standards on the Fund statements. Unpaid property taxes as of June 30, 2009 were approximately \$6,458,000 and are recorded as a receivable, net of an allowance for uncollectible property taxes of approximately \$4,845,000 (net property taxes receivable recorded on the Balance Sheet, Exhibit B-1, on June 30, 2009 was \$1,612,300). Those net property taxes receivable which were not collected within the 60 days immediately following June 30, 2009 are recorded as deferred revenue and amounted to approximately \$1,197,300 at June 30, 2009. Accordingly, property taxes recognized as revenue on the Fund statements for the fiscal year ended June 30, 2009 (due to their collection within the 60 days immediately following June 30, 2009) amounted to approximately \$415,000.

(CONTINUED)

**CITY OF WOONSOCKET, RHODE ISLAND**

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

**4. PROPERTY TAXES AND OTHER RECEIVABLES**

Accounts receivable at June 30, 2009 consisted of the following:

**Governmental Activities:**

	<b>General Fund</b>	<b>School Unrestricted Fund</b>	<b>Other Non-Major Funds</b>	<b>Total</b>
Tax receivables.....	\$6,457,535			\$6,457,535
Medicaid and tuition reimbursements.....		\$704,598		704,598
Revolving loan programs.....			\$2,578,108	2,578,108
Other receivables.....	572,052		6,250	578,302
EMS rescue billings.....			1,106,185	1,106,185
<b>Total receivables</b> .....	<u>7,029,587</u>	<u>704,598</u>	<u>3,690,543</u>	<u>11,424,728</u>
Less allowance provision loans & other...	(10,000)	0	(200,000)	(210,000)
Less allowance provision taxes and EMS	<u>(4,845,281)</u>	<u>0</u>	<u>(497,783)</u>	<u>(5,343,064)</u>
<b>Net receivables</b> .....	<u>\$2,174,306</u>	<u>\$704,598</u>	<u>\$2,992,760</u>	<u>\$5,871,664</u>

Other receivables of the General Fund include \$214,110 due from the City of Woonsocket Employee Retirement Plan (a Fiduciary Fund).

**Business Activities:**

	<b>Water Fund</b>	<b>Regional Wastewater Fund</b>	<b>User Charge Fund</b>	<b>Total</b>
Accounts receivable.....	\$3,315,363	\$552,482	\$2,525,712	\$6,393,557
Less allowance provision.....	<u>(1,030,000)</u>	<u>(86,061)</u>	<u>(643,358)</u>	<u>(1,759,419)</u>
<b>Net receivables</b> .....	<u>\$2,285,363</u>	<u>\$466,421</u>	<u>\$1,882,354</u>	<u>\$4,634,138</u>

**5. CAPITAL ASSETS**

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

	<b>Balance 6/30/08</b>	<b>Additions</b>	<b>Retirements &amp; Disposals</b>	<b>Balance 6/30/09</b>
<b>Governmental Activity:</b>				
<b>Nondepreciable Assets</b>				
Land.....	\$ 22,307,537			\$ 22,307,537
Construction in progress.....	6,809,955	\$47,475,152	\$2,845,227	51,439,880
<b>Depreciable Assets:</b>				
Buildings and improvements.....	129,671,963	37,875		129,709,838
Equipment.....	7,292,498	396,129		7,688,627
Vehicles.....	8,241,330	536,612	232,336	8,545,606
Infrastructure.....	83,003,148	3,213,978		86,217,126
<b>Total cost</b> .....	<u>257,326,431</u>	<u>51,659,746</u>	<u>3,077,563</u>	<u>305,908,614</u>
<b>Accumulated Depreciation:</b>				
Buildings and improvements.....	(54,869,580)	(1,996,677)		(56,866,257)
Equipment.....	(6,905,283)	(116,972)		(7,022,255)
Vehicles.....	(7,466,409)	(301,425)	232,336	(7,535,498)
Infrastructure.....	<u>(56,787,446)</u>	<u>(1,450,476)</u>		<u>(58,237,922)</u>
<b>Total accumulated depreciation</b> .....	<u>(126,028,718)</u>	<u>(3,865,550)</u>	<u>232,336</u>	<u>(129,661,932)</u>
<b>Net capital assets</b> .....	<u>\$ 131,297,713</u>	<u>\$47,794,196</u>	<u>\$2,845,227</u>	<u>\$176,246,682</u>

(CONTINUED)

**CITY OF WOONSOCKET, RHODE ISLAND**

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

**5. CAPITAL ASSETS (Continued)**

	Balance <u>7/1/08</u>	<u>Additions</u>	Retirements & <u>Disposals</u>	Balance <u>6/30/09</u>
<b>Business-type Activities:</b>				
<b>Nondepreciable Assets:</b>				
Land .....	\$ 570,321			\$ 570,321
Construction in progress .....	1,759,496	\$ 320,606		2,080,102
<b>Depreciable Assets</b>				
Buildings & improvements .....	55,278,282		\$(1,565,600)	53,712,682
Equipment.....	7,725,676	89,496		7,815,172
Vehicles .....	791,936	75,212		867,148
Infrastructure .....	34,795,009	7,313	(652,196)	34,150,126
<b>Total cost</b> .....	<u>100,920,720</u>	<u>492,627</u>	<u>(2,217,796)</u>	<u>99,195,551</u>
<b>Accumulated Depreciation:</b>				
Buildings and improvements.....	(27,073,641)	(978,639)	1,155,562	(26,896,718)
Equipment.....	(6,054,125)	(136,317)		(6,190,442)
Vehicles .....	(671,418)	(87,282)		(758,700)
Infrastructure.....	(11,076,441)	(561,147)	240,237	(11,397,351)
<b>Total accumulated depreciation</b> .....	<u>(44,875,625)</u>	<u>(1,763,385)</u>	<u>1,395,799</u>	<u>(45,243,211)</u>
<b>Net capital assets</b> .....	<u>\$ 56,045,095</u>	<u>\$ (1,270,758)</u>	<u>\$ (821,997)</u>	<u>\$ 53,952,340</u>

Depreciation expense for the year ended June 30, 2009 was charged to the following functions/programs of the City:

<b>Governmental Activities:</b>	
Legislative .....	\$ 102,290
Education .....	1,847,407
Public safety.....	343,395
Public works.....	1,545,636
Recreation.....	23,522
Planning .....	3,300
<b>Total</b> .....	<u>\$3,865,550</u>
<b>Business-type Activities:</b>	
Water Fund .....	\$ 647,699
Regional Wastewater Fund.....	978,639
User Fund .....	60,535
School Cafeteria Fund .....	76,512
<b>Total</b> .....	<u>\$1,763,385</u>

The following is a summary of Construction in Progress for the Governmental Activities at June 30, 2009:

School Department ..... \$51,439,880

The following is a summary of Construction in Progress for the Business-Type Activities at June 30, 2009:

Water..... \$ 2,080,102

(CONTINUED)

**CITY OF WOONSOCKET, RHODE ISLAND**

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

**6. DUE FROM FEDERAL AND STATE GOVERNMENTS**

Due from/to federal and state governments represent balances on contracts and grants as well as for services provided and consisted of the following at June 30, 2009:

	<u>Due From</u>	<u>Due To</u>
<b>General Fund:</b>		
State of Rhode Island .....	\$ 5,141,800	\$ 22,148
<b>Other Governmental Funds:</b>		
Federal Government & State of Rhode Island (pass through)	7,004,432	61,383
<b>Water Fund:</b>		
State of Rhode Island .....	0	71,382
<b>School Unrestricted Fund:</b>		
Federal Government.....	300,423	0
<b>School Proprietary Funds:</b>		
State of Rhode Island (pass through).....	<u>403,057</u>	<u>0</u>
<b>Total all fund types .....</b>	<b><u>\$12,849,712</u></b>	<b><u>\$ 154,913</u></b>

**7. TAX & BOND ANTICIPATION NOTES**

At June 30, 2009 the City had a bond anticipation note (BAN) payable dated April 15, 2009 in the amount of \$70,000,000. The note is due on November 16, 2009 with interest at an annual rate of 3.0%-3.10%. The accrued interest on this obligation is included in accrued liabilities in the government-wide Statement of Net Assets and as an expense in the government-wide Statement of Activities. Interest is not accrued or expensed in the governmental funds until it is paid with current measurable and available resources. Interest for this BAN is accrued on the government-wide statements and totaled approximately \$455,000 at June 30, 2009.

<u>Balance 7/1/2008</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 6/30/2009</u>
<u>\$11,000,000</u>	<u>\$125,000,000</u>	<u>\$66,000,000</u>	<u>\$70,000,000</u>

At June 30, 2009 the City had a tax anticipation note (TAN) payable dated March 6, 2009 in the amount of \$3,000,000. The note is due in July 29, 2009 with interest at an annual rate of 2.92%.

<u>Balance 7/1/2008</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 6/30/2009</u>
<u>\$-0-</u>	<u>\$3,000,000</u>	<u>\$-0-</u>	<u>\$3,000,000</u>

(CONTINUED)

**CITY OF WOONSOCKET, RHODE ISLAND**

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

**8. LONG-TERM DEBT**

(a) At June 30, 2009, the City's long-term debt outstanding and activity consisted of the following:

<u>Description</u>	<u>Date Issued</u>	<u>Original Principal</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Outstanding June 30, 2008</u>	<u>Additions</u>	<u>Retirements</u>	<u>Outstanding June 30, 2009</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>									
<b>General obligation bonds:</b>									
High School.....	11/15/94	\$ 1,880,000	11/15/09	6.048%	\$ 250,000		\$ 125,000	\$ 125,000	\$ 125,000
Revaluation settlement .....	07/15/96	3,650,000	06/30/12	5.415%	1,200,000		300,000	900,000	300,000
Road and utilities .....	(*) 09/01/98	2,072,490	09/01/09	3.9% - 5.0%	337,960		223,650	114,310	114,310
GO Highway and road improvements..	06/30/99	12,000,000	06/30/20	4.0% - 6.5%	8,565,000		535,000	8,030,000	560,000
GO Library and school .....	10/01/00	17,940,000	10/01/20	5.0% - 6.0%	13,830,000		755,000	13,075,000	800,000
Davidson Avenue Landfill.....	05/26/05	5,000,000	03/01/35	4.07% - 4.42%	4,900,000		100,000	4,800,000	105,000
Pension Obligation Bonds.....	01/15/03	90,000,000	06/30/33	2.3% - 5.71%	89,730,000		705,000	89,025,000	1,730,000
GO Promac Settlement.....	03/06/09	2,450,000	06/03/19	4.25%	0	\$2,450,000	0	2,450,000	251,282
Premium on Bond Issuance.....					127,072		4,765	122,307	
<b>Total general obligations bonds....</b>		<b>\$134,992,490</b>			<b>118,940,032</b>	<b>2,450,000</b>	<b>2,748,415</b>	<b>118,641,617</b>	<b>3,985,592</b>
<b>Lease Purchase obligations:</b>									
Recycling Container lease .....	10/15/07	\$ 1,300,000	10/15/14	3.92%	1,107,646	0	140,335	967,311	145,917
John Deere Equipment lease.....	04/15/08	132,260	4/15/14	4.75%	111,453	0	16,445	95,008	17,244
Elgin Sweeper Equipment lease .....	03/17/09	140,178	3/17/14	4.72%	0	140,178	30,680	109,498	25,510
<b>Total lease purchase obligations ..</b>		<b>\$1,572,438</b>			<b>1,219,099</b>	<b>140,178</b>	<b>187,460</b>	<b>1,171,817</b>	<b>188,671</b>
Claims and judgments .....					2,450,000	0	2,450,000	0	
Net Pension Obligation .....					0	1,492,700	0	1,492,700	
Compensated absences - City .....					8,344,229		125,883	8,218,346	
Accrued Deferred Compensation .....					0	349,594	0	349,594	
Compensated absences - School .....					1,866,720	2,734,848	2,856,578	1,744,990	
<b>Governmental activities long-term Liabilities .....</b>					<b>\$132,820,080</b>	<b>\$7,167,320</b>	<b>\$8,368,336</b>	<b>\$131,619,064</b>	<b>\$4,174,263</b>

(\*) The total bond issued on 09/01/98 was for \$4,170,000 and is being allocated between governmental activities 49.7% (\$2,072,490) and business-type activities 50.3% (\$2,097,510). The allocation is based on the use of the bond proceeds. The debt service is paid by the General Fund and then reimbursed by the Water Fund.

(CONTINUED)

**CITY OF WOONSOCKET, RHODE ISLAND**

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

**8. LONG-TERM DEBT (Continued)**

**(a) Long-Term Debt Outstanding and Activity (Continued):**

<u>Description</u>	<u>Date Issued</u>	<u>Original Principal</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Outstanding June 30, 2008</u>	<u>Additions</u>	<u>Retirements</u>	<u>Outstanding June 30, 2009</u>	<u>Due Within One Year</u>
<b>Business Type Activities:</b>									
<b>General obligation bonds:</b>									
Water fund .....	(*)09/01/98	\$ 2,097,510	09/01/09	3.9% - 5.0%	\$ 342,040		\$ 226,350	\$ 115,690	\$ 115,690
Water fund .....	05/26/05	3,755,000	03/01/14	3.25%-5.0%	2,620,000		395,000	2,225,000	415,000
RI Clean Water – Water Fund.....	05/13/03	10,165,250	09/01/24	3.49%	9,015,000		400,000	8,615,000	410,000
RI Clean Water – Water Fund.....	03/23/05	4,000,000	09/01/25	2.704%	3,696,999		157,000	3,539,999	161,000
RI Clean Water – User Fund..... (**)	12/12/07	1,100,000	09/01/27	1.538%	109,189		55,000	54,189	54,189
<b>Total bonds.....</b>		<b>\$21,117,760</b>			<b>15,783,228</b>	<b>\$ 0</b>	<b>1,233,350</b>	<b>14,549,878</b>	<b>1,155,879</b>
<b>Lease purchase obligations payable:</b>									
Wastewater lease .....	06/18/03	\$ 1,400,000	6/15/10	5.35% - 6.9%	435,000			435,000	435,000
Wastewater lease .....	07/29/03	21,151,452	7/29/19	5.0% - 5.7%	16,749,946		1,115,292	15,634,654	1,170,611
<b>Total lease purchase obligations ..</b>		<b>\$22,551,452</b>			<b>17,184,946</b>	<b>0</b>	<b>1,115,292</b>	<b>16,069,654</b>	<b>1,605,611</b>
Compensated absences .....					522,432	43,710	0	566,142	
<b>Business-type activities, long-term liabilities.....</b>					<b>\$33,490,606</b>	<b>\$43,710</b>	<b>\$2,348,642</b>	<b>\$31,185,674</b>	<b>\$2,761,490</b>

(\*) The total bond issued on 09/01/98 was for \$4,170,000 and is being allocated between governmental activities 49.7% (\$2,072,490) and business-type activities 50.3% (\$2,097,510). The allocation is based on the use of the bond proceeds. The debt service is paid by the General Fund and then reimbursed by the Water Fund.

(\*\*) At June 30, 2009 the City has \$990,811 of funds available under this loan obligation. The balance available has not been included in the outstanding debt obligation at June 30, 2009 and has been subtracted from the final principal payment due under the bond amortization schedule.

(CONTINUED)

**CITY OF WOONSOCKET, RHODE ISLAND**

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

**8. LONG-TERM DEBT (Continued)**

**(b) Additional Debt Information**

Of the City's \$133,069,188 total bonds payable (including bonds payable of the water fund and Clean Water obligations), approximately \$44,044,000 may be subject to its legal debt limits. The pension obligation bonds of \$89,025,000 are exempt from the legal debt limit under Rhode Island Public Law. The \$44,044,000 outstanding does not exceed the City's legal debt limit of approximately \$67,814,000, which is 3% of the assessed value (\$2,260,454,000) of taxable property of the City. The total long-term debt bonds (excluding the pension bond) and Clean Water note obligations of the City represent approximately 1.9% of the assessed value of the taxable property of the City at June 30, 2009.

At June 30, 2009 the City has remaining authorized but unissued bond authority totaling \$74,000,000. The unissued bond authority was authorized pursuant to Chapter 148/254 of the Public Laws of 2007, a referendum approved by the city electorate in a city-wide election held August 14, 2007, and a resolution passed by the City Council on October 1, 2006 for the purpose of financing the acquisition of land for school facilities, including the demolition of existing buildings and site preparation, and the construction, furnishing and equipping of two new middle schools and related school facilities and the rehabilitation of appurtenant historic buildings. In November 2007 the City received \$11,000,000 of this bond in the form of a general obligation bond anticipation (BAN) note due July 15, 2008. The \$11 million was paid off in July 2008 and replaced with a \$55,000,000 BAN due April 15, 2009. In April 2009 the City repaid the \$55,000,000 BAN and replaced it with a \$70,000,000 BAN which is due in November 2009. The \$70,000,000 BAN liability is reported as a current liability in the City Capital Projects Fund (a major governmental fund) at June 30, 2009.

**(c) Debt Service Requirements**

The City's future debt service requirements relating to outstanding bond and lease obligations consist of the following and are planned to be raised through future property tax levies, fee assessments, and state aid for school housing and library improvements:

Year ending June 30:	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2010 .....	\$ 4,174,263	\$ 6,925,009	\$ 2,761,490	\$ 1,300,275	\$ 15,161,037
2011 .....	4,107,798	6,698,985	2,238,673	1,169,347	14,214,803
2012 .....	4,295,971	6,483,215	2,339,616	1,076,075	14,194,877
2013 .....	4,204,487	6,266,939	2,437,581	977,664	13,886,671
2014 .....	4,377,681	6,044,609	2,545,719	869,366	13,837,375
2015 - 2019 .....	24,730,927	26,313,008	11,811,172	2,749,422	65,604,529
2020 - 2024 .....	22,015,000	19,224,408	5,244,281	680,566	47,164,255
2025 - 2029 .....	24,885,000	12,451,462	1,241,000	32,188	38,609,650
2030 - 2034 .....	26,590,000	3,586,277	0	0	30,176,277
2035 - 2035 .....	310,000	15,500	0	0	325,500
Total .....	<u>\$119,691,127</u>	<u>\$94,009,412</u>	<u>\$30,619,532</u>	<u>\$8,854,903</u>	<u>\$253,174,974</u>

(CONTINUED)

**CITY OF WOONSOCKET, RHODE ISLAND**

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

**9. INFORMATION FOR BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS**

**Financial Information**

The following summarized financial information is not required as each of these enterprise funds are stated separately in the statements of net assets and revenues, expenses and changes in fund net assets. All funds have been presented as major funds in the basic financial statements. The Hydro and School Proprietary Funds did not meet the definition of a major fund however management has elected to classify all of the proprietary funds as major funds. This summarized information as of and for the year ending June 30, 2009 is presented for the reader's informational purposes only:

	<b><u>Water Fund</u></b>	<b><u>Regional Wastewater Fund</u></b>	<b><u>User Fund</u></b>	<b><u>Hydro Fund</u></b>	<b><u>School Proprietary Funds</u></b>	<b><u>Total</u></b>
Operating revenues .....	\$7,418,711	\$6,015,124	\$5,503,431	\$ 0	\$575,785	\$19,513,051
Depreciation and amortization . expense .....	647,699	996,936	64,335	0	76,512	1,785,482
Operating income (loss).....	2,132,401	1,709,687	(175,170)	(8,506)	(2,160,709)	1,497,703
Change in net assets .....	1,752,047	870,739	(74,549)	(830,503)	(80,762)	1,636,972
Fixed asset additions .....	478,039	0	12,000	0	2,588	492,627
Net working capital.....	5,492,998	2,990,209	(637,441)	(2,206,693)	285,644	5,924,717
Total assets.....	34,801,454	32,692,891	4,410,611	3	1,278,958	73,183,917
Bonds payable .....	14,495,689	0	54,189	0	0	14,549,878
Notes and leases payable.....	0	16,069,654	0	0	0	16,069,654
Total net assets (deficiency) ....	18,474,352	16,067,590	(8,976)	(2,206,693)	590,827	32,917,089

**10. FUND EQUITY BALANCES (DEFICITS)**

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

**(a) Fund Balance Reservations**

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

**MAJOR GOVERNMENTAL FUNDS:**

**General Fund:**

Reserve for amounts due from other funds .....	\$ 2,203,112
Reserved for prepaid expenditures.....	243,342
Reserved for inventory.....	<u>3,835</u>
<b>Total reservations of General Fund balances.....</b>	<b><u>\$ 2,450,289</u></b>

**School Unrestricted Fund:**

Reserved for prepaid expenditures.....	<u>\$ 36,142</u>
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(CONTINUED)



**CITY OF WOONSOCKET, RHODE ISLAND**

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

**10. FUND EQUITY BALANCES (DEFICITS) (Continued)**

**(b) Fund Deficits**

The following funds had deficit fund equity balances at June 30, 2009:

<b>Major Governmental Fund:</b>	
General Fund .....	\$ 862,067
City Capital Projects .....	52,214,052
School Unrestricted Fund .....	<u>3,561,701</u>
<b>Total major governmental funds .....</b>	<b><u>\$56,637,820</u></b>
<b>Non-major Governmental Funds:</b>	
Hamlet Ave Enhancement .....	\$ 1,087
Business Revolving Loan Fund .....	142,370
Woonsocket Senior Citizens Fund .....	7,069
Task Force on Drug & Alcohol .....	1,985
Homeland Security Grants 04/05 .....	<u>4,366</u>
<b>Total non-major governmental funds .....</b>	<b><u>\$ 156,877</u></b>
<b>Business-Type Funds:</b>	
User Charge .....	\$ 8,976
Hydro Fund .....	<u>2,206,693</u>
<b>Total deficits Business-Type Activities .....</b>	<b><u>\$ 2,215,669</u></b>

The deficit fund equity in the City Capital Projects Fund will be eliminated through future issuance of bond obligations to fund major capital projects (i.e. construction of new schools). The cumulative fund equity deficit in the Hydro Fund has been reserved for in the City's General Fund as the amounts due to the General Fund are not expected to be repaid within one year. The City has entered into a lease agreement with a third party for the use of the Hydro facility. City officials hope to eliminate the cumulative deficit through revenue generated under this lease agreement.

The following individual funds had deficits for the year ending June 30, 2009:

<b>Major Governmental Activities:</b>	
General Fund .....	\$ 3,488,798
School Unrestricted Fund .....	3,035,862
City Capital Project Fund .....	<u>45,887,861</u>
<b>Total deficits Major Governmental Activities .....</b>	<b><u>\$52,412,521</u></b>
<b>Business-Type Activities:</b>	
User Charge .....	\$ 74,549
Hydro Fund .....	830,503
School Proprietary Funds .....	<u>80,762</u>
<b>Total deficits Business-Type Activities .....</b>	<b><u>\$ 985,814</u></b>

- The deficit noted for School Proprietary Funds represents a fiscal 2009 deficit of \$104,700 in the School Food Service Program netted against the surplus of the Vocational Educational Fund.

(CONTINUED)

**CITY OF WOONSOCKET, RHODE ISLAND**

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

**10. FUND EQUITY BALANCES (DEFICITS) (Continued)**

**(b) Fund Deficits (Continued)**

**Non-major Governmental Activities:**

**Special Revenue Funds:**

Land and Outdoor Recreation Trust Fund.....	\$ 1,552
Planning Board Fund.....	11,647
Library Services Fund.....	14,900
Woonsocket Senior Citizens Fund.....	7,635
Neighborhood Crime Watch.....	226
Hamlet Heights Phase II Fund.....	64,624
Comprehensive Planning Grant.....	32
River's Edge Recreation Complex.....	167,894
Drug Forfeiture Police Special Squad.....	272,955
Neighborhood Crime Prevention Act 2001.....	89
Task Force on Drug & Alcohol Abuse.....	27,375
CDBG.....	69,018
Hazard Material Grant.....	3,543
Junior Police Outing.....	71
EMS Public Fund.....	74
LLEBG Grant 2003/2005.....	8,191
Byrne Grant 2004.....	42
Homeland Security Grant 04/05.....	4,366
Justice Assistance Grant 05.....	4,875
Recycling Containers Fund.....	184,018
Lead Hazard Demo Grant.....	4,578
Justice Assistance Grant 06.....	4,435
City Clerk Records Restoration Fund.....	52,168
School Restricted Funds.....	3,960
Justice Assistance Grant 07.....	1,187
<b>Total deficits non-major governmental activities</b>	<b><u>\$ 909,455</u></b>

(CONTINUED)

**CITY OF WOONSOCKET, RHODE ISLAND**

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

**11. INTERFUND BALANCES AND TRANSFERS**

Interfund balances represent short-term advances from one fund (primarily the General Fund) to another fund. The advances may represent balances resulting from operating advances or reimbursement for expenditures paid by one fund on behalf of another fund. The composition of interfund balances at June 30, 2009 is as follows:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
<b>Governmental Funds:</b>		
<b>Major Governmental Funds:</b>		
General Fund .....	\$ 4,398,837	\$ 5,626,293
School Unrestricted Fund .....	8,545,147	156,891
Capital Projects Funds .....	0	962,262
<b>Non-major Governmental Funds:</b>		
School Restricted Funds .....	156,890	2,758,770
Homeland Security Grant 04/05 .....	0	20,000
Rhode Island Home Fund .....	0	15,800
Business Revolving Loan Fund .....	0	158,191
Task Force on Drugs/Alcohol .....	6,368	9,552
River's Edge Recreation Complex .....	34,775	18,312
Police Department Special Squad Fund .....	8,419	0
Lead Hazard Reduction Demo Grant .....	0	14,152
Community Development Block Grant .....	158,191	148,886
EMS Public Fund .....	0	297,175
Fire P.P.E. Grant .....	12,240	0
Bramley Bill .....	12,752	0
Hamlet Avenue Enhancement .....	0	1,087
Woonsocket Senior Center .....	0	3,200
<b>Total governmental funds</b> .....	<b>13,333,619</b>	<b>10,190,571</b>
<b>Proprietary Funds:</b>		
Water Fund .....	694,447	866,557
Wastewater Fund .....	3,896,866	184,371
User Charge Fund .....	100,228	4,326,611
Hydro Fund .....	0	2,203,112
School Proprietary Fund .....	34,714	288,652
<b>Total proprietary funds</b> .....	<b>4,726,255</b>	<b>7,869,303</b>
 <b>TOTAL ALL FUNDS</b> .....	 <b>\$ 18,059,874</b>	 <b>\$ 18,059,874</b>

(CONTINUED)

**CITY OF WOONSOCKET, RHODE ISLAND**

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

**11. INTERFUND BALANCES AND TRANSFERS (Continued)**

The principal purpose of interfund transfers is to provide a financing source to various funds that may not have the ability to cover all operating costs with revenue generated by the fund. The composition of interfund transfers for the year ended June 30, 2009 is as follows:

<u>Transfer Out</u>	<u>General Fund</u>	<u>School Unrestricted Fund</u>	<u>Non-major Governmental Funds</u>	<u>Capital Projects Funds</u>	<u>Total Transfer Out</u>
General Fund .....		\$15,036,560	\$ 72,240		\$ 15,108,800
School Unrestricted Fund.....			35,688		35,688
Capital Projects Fund .....	\$ 2,092				2,092
Non-major Governmental Funds.	1,053,586		33,978	\$900,000	1,987,564
<b>Total transfer in .....</b>	<b>\$1,055,678</b>	<b>\$15,036,560</b>	<b>\$141,906</b>	<b>\$900,000</b>	<b>\$ 17,134,144</b>

**12. DEFINED BENEFIT PENSION PLANS**

**(a) General Municipal Employees' Pension Plan**

The City of Woonsocket participates in the Municipal Employees' Retirement System, an agent multiple employer defined benefit pension plan administered by the State of Rhode Island ("System"). The plan provides retirement and disability benefits, annual cost-of-living adjustments, death and disability benefits to plan members and beneficiaries. MERS is an agent multiple employer defined benefit plan that acts as a common investment agent for participants.

The payroll for employees covered by the System for the year ended June 30, 2009 was approximately \$12,328,400 and the City wide payroll (including School Department) was approximately \$68,663,000.

**Plan Description**

The following eligibility and benefit provisions are established by State Statute. 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 nonservice-connected disability benefits after 5 years of service, service-connected disability benefits with no minimum service requirement, survivors' benefits, and certain lump sum death benefits. Employees are vested in their retirement benefits after 10 years of service. Benefits are established by State Statute.

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**CITY OF WOONSOCKET, RHODE ISLAND**

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

**12. DEFINED BENEFIT PENSION PLANS (Continued)**

**a) General Municipal Employees' Pension Plan (Continued)**

**Contributions Required and Contributions Made**

General employees are required by State Statute to contribute 7 percent of their annual earnings until the maximum benefit (75 percent of final average salary) is accrued. The City is required to contribute based on an actuarially computed amount and as provided by State Statute for each participating municipality. The actuarial method used is the entry age normal cost with part of each municipality's unfunded actuarial liability funded over a fixed amortization period and the balance funded over the projected future payroll of active members. Due to large fluctuations in the contribution rates of certain municipalities, the plan has adopted a procedure which would allow a unit the option of paying a smoothed contribution rate. The smoothed contribution rate equals the previous fiscal year's contribution rate plus the greater of 2 percent or one eighth of the increase in contribution rate plus the cost of any benefit improvements. The actuarially determined contribution amount for the City was determined as described above and was based on an actuarial valuation as of June 30, 2006.

The annual required contribution for the City which equals the annual pension cost for the year ended June 30, 2009 was approximately \$405,000 for general employees. This contribution represents 3.29% of covered payroll. General municipal employees were required to contribute approximately \$863,000. This contribution represents 7% of covered payroll for the period July 1, 2008 to June 30, 2009.

There were no current year changes in actuarial assumptions, benefit provisions, or actuarial funding method that would significantly affect the contribution requirement. Significant actuarial assumptions and other actuarial information are presented in the following required supplemental information.

**Trend Information**

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2007	\$8,703	100%	\$0
2008	\$198,126	100%	\$0
2009	\$405,000	100%	\$0

Trend information showing the System's progress (See RSI - 3) in accumulating sufficient assets to pay benefits when due is presented in the State of Rhode Island's Employee Retirement System's June 30, 2008 annual financial report, which may be obtained from the administrative offices of the State of Rhode Island Retirement Board, 40 Fountain Street, Providence, Rhode Island. This report is the most recent report available from the State, who administers the Plan.

(CONTINUED)

**CITY OF WOONSOCKET, RHODE ISLAND**

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

**12. DEFINED BENEFIT PENSION PLANS (Continued)**

**(a) General Municipal Employees' Pension Plan (Continued)**

**Funded Status of Plan**

The required supplementary information which follows the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Listed below are the details of the funding progress of the General Municipal Employees' Pension Plan with a valuation date of June 30, 2008 which is the most recent report available from the State who administers this plan.

- Actuarial value of assets - \$65,679,230
- Actuarial accrued liability - \$56,198,983
- Funded Excess (Deficit) - \$9,480,246
- Funded Ratio - 116.9%
- Annual covered payroll - \$12,930,655
- Funding Excess (Deficit) as percentage of payroll - 73.4%

**(b) Municipal Police Pension Plan**

All members of the permanent police force of the City of Woonsocket who were hired after July 1, 1980 participate 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 and firemen. All full-time police hired after July 1, 1980 participate in the System.

The payroll for employees covered by the System for the year ended June 30, 2009 was approximately \$5,492,630, and the City wide payroll (including School Department) was approximately \$68,663,000.

**Plan Description**

The following eligibility and benefit provisions are established by State Statute. The System provides the following retirement benefits to employees at or after age 55 with 10 years of service or after 25 years of service with no restriction on age. Members may retire receive reduced benefit if they are at least age 50 and have at least 20 years of service. Police personnel may elect for an optional cost-of-living provision accordingly an additional 1% contribution is required by participating employees. The City of Woonsocket has adopted the COLA Plan C provision under MERS. The City of Woonsocket has also elected the optional 20-year retirement provision for its police officers and accordingly an additional 1% contribution is required by all participating employees (normal employee contribution rate 7% plus optional provisions 2% - total employee contribution 9%).

Monthly retirement benefits are equal to 2.5% of the member's monthly final average compensation for each year of service, up to 30 years (75% of final average compensation maximum). Final average compensation is the three highest consecutive years of earned salary exclusive of overtime, bonuses or severance pay. 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. Retirees' benefits are adjusted annually by 3 percent, not compounded, to allow for increases in the cost of living.

(CONTINUED)

**CITY OF WOONSOCKET, RHODE ISLAND**

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

**12. DEFINED BENEFIT PENSION PLANS (Continued)**

**(b) Municipal Police Pension Plan (Continued)**

**Contributions Required and Contributions Made**

Police personnel are required by State Statute to contribute 9 percent until the maximum benefit (75 percent of final average salary) is accrued. The City is required to contribute based on an actuarially computed amount and as provided by State Statute for each participating municipality. The actuarial method used is the entry age normal cost with part of each municipality's unfunded actuarial liability funded over a fixed amortization period and the balance funded over the projected future payroll of active members. Due to large fluctuations in the contribution rates of certain municipalities, the plan has adopted a procedure which would allow a unit the option of paying a smoothed contribution rate. The smoothed contribution rate equals the previous fiscal year's contribution rate plus the greater of 2 percent or one eighth of the increase in contribution rate plus the cost of any benefit improvements. The actuarially determined contribution amount for the City was determined as described above and was based on an actuarial valuation as of June 30, 2006.

The annual required contribution for the City which equals the annual pension cost for the year ended June 30, 2009 was approximately \$788,440. This contribution represents 14.23% of covered payroll for the fiscal year ended June 30, 2009. Employees were required to contribute approximately \$493,762 or 9% of the covered payroll for the fiscal year ended June 30, 2009.

There were no current year changes in actuarial assumptions, benefit provisions, or actuarial funding method that would significantly affect the contribution requirements. Significant actuarial assumptions and other actuarial information are presented in the following required supplemental information.

**Trend Information**

**Municipal Police Pension Plan:**

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2007	\$782,702	100%	\$0
2008	\$926,601	100%	\$0
2009	\$788,440	100%	\$0

Trend information showing the System's progress (see RSI - 3) in accumulating sufficient assets to pay benefits when due is presented in the State of Rhode Island's Employee Retirement System's June 30, 2008 annual financial report, which may be obtained from the administrative offices of the State of Rhode Island Retirement Board, 40 Fountain Street, Providence, Rhode Island. This report is the most recent report available from the State, who administers the Plan.

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**CITY OF WOONSOCKET, RHODE ISLAND**

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

**12. DEFINED BENEFIT PENSION PLANS (Continued)**

**(b) Municipal Police Pension Plan (Continued)**

**Funded Status of Plan**

The required supplementary information which follows the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Listed below are the details of the funding progress of the Municipal Police Employees' Pension Plan with a valuation date of June 30, 2008 which is the most recent report available from the State who administers this plan.

- Actuarial value of assets - \$29,010,871
- Actuarial accrued liability - \$30,776,550
- Funded Excess (Deficit) - (\$1,765,679)
- Funded Ratio - 94.3%
- Annual covered payroll - \$4,847,955
- Funded Excess (Deficit) as percentage of payroll - (36.5%)

**(c) Municipal Fire Pension Plan**

All members of the permanent fire department of the City of Woonsocket who were hired after July 1, 1985 participate 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 and firemen. All full-time fire employees hired after July 1, 1985 participate in the System.

The payroll for employees covered by the System for the year ended June 30, 2009 was approximately \$6,525,340, and the City wide payroll (including School Department) was approximately \$68,663,000.

**Plan Description**

The following eligibility and benefit provisions are established by State Statute. The System provides the following retirement benefits to employees at or after age 55 with 10 years of service or after 25 years of service with no restriction on age. Members may retire receive reduced benefit if they are at least age 50 and have at least 20 years of service. Fire personnel may elect for an optional cost-of-living provision and accordingly an additional 1% contribution is required by participating employees. The City of Woonsocket has opted the COLA Plan C provision under MERS. The City of Woonsocket has elected the optional 20-year retirement provision for its firefighters and accordingly an additional 1% contribution is required by all participating employees (normal employee contribution rate 7% plus optional provisions 2% - total employee contribution 9%).

Monthly retirement benefits are equal to 2.5% of the member's monthly final average compensation for each year of service, up to 30 years (75% of final average compensation maximum). Final average compensation is the three highest consecutive years of earned salary exclusive of overtime, bonuses or severance pay. 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. Retirees' benefits are adjusted annually by 3 percent, not compounded, to allow for increases in the cost of living.

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**CITY OF WOONSOCKET, RHODE ISLAND**

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

**12. DEFINED BENEFIT PENSION PLANS (Continued)**

**(c) Municipal Fire Pension Plan (Continued)**

**Contributions Required and Contributions Made**

Fire personnel are required by State Statute to contribute 9 percent until the maximum benefit (75 percent of final average salary) is accrued. The City is required to contribute based on an actuarially computed amount and as provided by State Statute for each participating municipality. The actuarial method used is the entry age normal cost with part of each municipality's unfunded actuarial liability funded over a fixed amortization period and the balance funded over the projected future payroll of active members. Due to large fluctuations in the contribution rates of certain municipalities, the plan has adopted a procedure which would allow a unit the option of paying a smoothed contribution rate. The smoothed contribution rate equals the previous fiscal year's contribution rate plus the greater of 2 percent or one eighth of the increase in contribution rate plus the cost of any benefit improvements. The actuarially determined contribution amount for the City was determined as described above and was based on an actuarial valuation as of June 30, 2006.

The annual required contribution for the City which equals the annual pension cost for the year ended June 30, 2009 was approximately \$841,633. This contribution represents 12.88% of covered payroll for the fiscal year ended June 30, 2008. Employees were required to contribute approximately \$586,102 or 9% of the covered payroll for the fiscal year ended June 30, 2009.

There were no current year changes in actuarial assumptions, benefit provisions, or actuarial funding method that would significantly affect the contribution requirements. Significant actuarial assumptions and other actuarial information are presented in the following required supplemental information.

**Trend Information**

**Municipal Fire Pension Plan:**

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2007	\$871,100	100%	\$0
2008	\$1,016,365	100%	\$0
2009	\$841,633	100%	\$0

Trend information showing the System's progress (see RSI - 3) in accumulating sufficient assets to pay benefits when due is presented in the State of Rhode Island's Employee Retirement System's June 30, 2008 annual financial report, which may be obtained from the administrative offices of the State of Rhode Island Retirement Board, 40 Fountain Street, Providence, Rhode Island. This report is the most recent report available from the State, who administers the Plan.

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**CITY OF WOONSOCKET, RHODE ISLAND**

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

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**12. DEFINED BENEFIT PENSION PLANS (Continued)**

**(c) Municipal Fire Pension Plan (Continued)**

**Funded Status of Plan**

The required supplementary information which follows the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Listed below are the details of the funding progress of the Municipal Fire Employees' Pension Plan with a valuation date of June 30, 2008 which is the most recent report available from the State who administers this plan.

- Actuarial value of assets - \$25,287,421
- Actuarial accrued liability - \$24,373,728
- Funded Excess (Deficit) - \$913,693
- Funded Ratio - 103.7%
- Annual covered payroll - \$6,362,891
- Funded Excess (Deficit) as percentage of payroll - 14.4%

(CONTINUED)

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**CITY OF WOONSOCKET, RHODE ISLAND**

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

**12. DEFINED BENEFIT PENSION PLANS (Continued)**

The information which is presented in the required supplementary schedules was determined as part of the annual actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

	General Municipal Employees <u>Pension Plan</u>	Municipal Fire & Police <u>Pension Plan</u>
Valuation Date .....	6/30/07	6/30/07
Actuarial Cost Method.....	Entry Age Normal Cost	Entry Age Normal Cost
Amortization Method .....	Level Percent Closed – 30 year from June 30, 1999	Level Percent Closed –30 year from 6/30/99
Remaining Amortization Period .....	22 years	22 years
Asset Valuation Method.....	5-year Smoothed Market Value	5-Year Smoothed Market Value
Actuarial assumptions:		
Investment rate of return.....	8.25%, compounded annually	8.25%, compounded annually
Projected Salary Increases.....	4.5% to 8.5%, compounded annually	4.75% to 14.75%, compounded annually
Inflation Adjustment .....	3%	3%
Cost-of-living Adjustments .....	3%, not compounded, beginning on the January 1 following participant's retirement	3%, not compounded, beginning on the January 1 following participant's retirement
Participant Information ( <b>June 30, 2008</b> )	Active Employees	399
	Retirees and beneficiaries	<u>303</u>
		<u>702</u>
		<b>Police:</b>
	Active Employees	93
	Retirees and beneficiaries	<u>31</u>
		<u>124</u>
		<b>Fire:</b>
	Active Employees	113
	Retirees and beneficiaries	<u>5</u>
		<u>118</u>

Note: The City of Woonsocket has adopted the 20-year optional Plan and the COLA Plan C for the Police and Fire pension plans and the COLA Plan B for the General Municipal Employees Plan.

(CONTINUED)

**CITY OF WOONSOCKET, RHODE ISLAND**

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

**12. DEFINED BENEFIT PENSION PLANS (Continued)**

**(d) Teacher's Pension Plan**

All City of Woonsocket School Department certified school personnel participate in the Employees' Retirement System (ERS) of the State of Rhode Island ("System"), a cost-sharing multiple-employer defined benefit plan. The payroll for employees covered by the System for the year ended June 30, 2009 was approximately \$35,469,484. The School Department's total payroll was approximately \$44,197,000. The City wide payroll for the year ended June 30, 2007 was approximately \$68,663,000.

**Plan Description**

The ERS was established under section two of chapter 2334 of the Rhode Island Public Laws of 1951 and placed under the management of the Retirement Board for the purpose of providing retirement allowances for employees of the State of Rhode Island under the provisions of chapters 8 to 10, inclusive, or title 36, and public school teachers under the provisions of chapters 15 to 17, inclusive, of title 16 of the Rhode Island General Laws. The plan provides a two tier benefit structure referred to as schedules A and B as follows:

**Schedule A Benefits:** Schedule A benefits are available to members who possess 10 years or more of contributory service on or before July 1, 2005. Schedule A provides unreduced benefits of 1.7% of earnings for each of the first ten years of service; 1.9% for each of the next ten years of service; 3.0% per year for each of the next fourteen years; and 2% for the 35<sup>th</sup> year. Joint and survivor options are available as well as the Service Retirement Allowance (SRA) Plus option that provides for the payment of a larger benefit before the attainment of age 62 and a reduced amount thereafter. The reduced amount is equal to the benefit before age 62, including cost-of-living increases, minus the member's estimated social security benefit payable at age 62. The maximum benefit is 80% of "final average" (FAC) earnings after 35 years of service. Final average earnings are the three highest consecutive years of earned salary excluding overtime, bonuses, or severance pays. Such benefits are available to members at least age 60 with 10 years of service, or after 28 years at any age. On the third January after retirement, a cost-of-living increase of 3% (compounded annually) is provided independent of actual changes in the consumer price index. The plan also provides nonservice-connected disability benefits after five years of service; service connected disability pensions with no minimum service requirements; vested benefits after ten years of service; survivor's benefits for service connected death; and certain lump sum death benefits. For Schedule A members who are not grandfathered, i.e., members who had at least 10 years of creditable service at June 30, 2005 but who were not eligible to retire on September 30, 2009, benefits are based on Schedule A for services through September 30, 2009 and on Schedule B for services after September 30, 2009. Maximum benefit is 80% of FAC.

**Schedule B Benefits:** Schedule B benefits are provided to members who have less than 10 years of contributory service on or before July 1, 2005. For Schedule B members, the plan provides unreduced benefits of 1.6% of earnings for each of the first ten years of service; 1.8% for each of the next ten years; 2.0% per year for years 21 through 25 inclusive; 2.25% per year for years 26 through 30 inclusive; 2.5% per year for years 31 through 37 inclusive and 2.25% for the 38<sup>th</sup> year. Only single life, and joint and survivor options are available. The maximum benefit is 75% of his or her average highest three years of compensation after 38 years of service. Such benefits are available to members at least age 65 with 10 years of service, or after 29 years of service and age 59. Actuarially reduced retirement is available at age 55 and 20 years of service, the benefit is reduced actuarially for each month that the age of the member is less than sixty-five years. On the month following the third anniversary date of the retirement, and on the month following the anniversary date of each succeeding year, a cost of living increase of 3% (compounded annually) or the percentage of increase in the Consumer Price Index for all Urban Consumers (CPI-U) as published by the United States Department of Labor Statistics, determined as of September 30 of the prior calendar year, whichever is less is provided for Schedule B members.

(CONTINUED)

**CITY OF WOONSOCKET, RHODE ISLAND**

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

**12. DEFINED BENEFIT PENSION PLANS (Continued)**

**(d) Teacher's Pension Plan (Continued)**

The ERS plan also provides a survivor benefit to public school teachers via a "Teachers Survivor Benefits Fund" in lieu of Social Security. The details of the survivor death benefits and other death benefits are provided in the financial section of the Annual Financial Report of the Employees' Retirement System of Rhode Island for the fiscal year ending June 30, 2008 which can be found at [www.ersri.org](http://www.ersri.org).

**Funding Policy**

Rhode Island general laws set the contribution rates for participating plan 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 a percentage of participants' payroll. The School Department 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 required contributions include (a) normal costs; (b) payments to amortize the unfunded frozen actuarial accrued liability as of June 30, 1999 over 30 years; and (c) interest on the unfunded frozen actuarial liability. Normal cost is determined using the entry age normal cost method with frozen initial liability. A variety of significant actuarial assumptions are used for the actuarial valuation date of June 30, 2008 and these assumptions are summarized below:

- (a) **Mortality** – 1994 Group Annuity Mortality Tables
- (b) **Investment return** – 8.25 percent, compounded annually.
- (c) **Salary increase** - Salaries will increase at a rate of 4.5 – 13.25 percent, compounded annually.
- (d) **Retirement age** – 75% of Schedule B members who reach the age of 59 with 29 years of service before age 65 are assumed to retire when eligible. 75% of other members are expected to retire when first eligible, at age 65 with 10 years of service. Because of enactment of Article 7 in 2009, the retirement assumption was modified for members not eligible for retirement by October 1, 2009. Members who would have assumed to retire prior to age 62 under the rules in effect before the enactment of Article 7 are assumed to retire when first eligible for an unreduced benefit under Article 7.
- (e) **Cost of living adjustments** – Schedule A Members – 3% compounded annually.  
Schedule B Members – 2.5%.

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. For fiscal year 2009, actuarial required contributions were 20.07% of the participant's salary. This resulted in contribution rates paid by the State on behalf of the School Department of 8.18% of non-federally reimbursable payrolls totaling \$2,778,759 for the fiscal year ended June 30, 2009. The School Department contributed the remaining 11.89% of the required 20.07%. The City's contribution for certified employees paid under federal grants was 20.07%.

The amounts contributed to the plan were as follows:

<u>Years Ending June 30,</u>	<u>Employee (approximate)</u>	<u>City's Portion of Annual Required Contributions</u>	<u>Percentage Contributed</u>
2009	\$3,369,276	\$4,456,455	100%
2008	\$3,269,899	\$4,769,389	100%
2007	\$3,151,693	\$4,080,329	100%

(CONTINUED)

**CITY OF WOONSOCKET, RHODE ISLAND**

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

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**12. DEFINED BENEFIT PENSION PLANS (Continued)**

**(d) Teacher's Pension Plan (Continued)**

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

Trend information showing the System's progress in accumulating sufficient assets to pay benefits when due is presented in the State of Rhode Island's Employee Retirement System's June 30, 2008 annual financial report, which may be obtained from the administrative offices of the State of Rhode Island Retirement Board, 40 Fountain Street, Providence, Rhode Island. This report is the most recent report available from the State, who administers the Plan. The report can also be found at [www.ersri.org](http://www.ersri.org).

**(e) City Police and Fire Employee Pension Plan (a Fiduciary Fund)**

Woonsocket Police Employees hired before July 1, 1980 and Fire Employees hired before July 1, 1985 participate in single-employer retirement plans which were established in accordance with the Woonsocket City Charter. The plans are considered part of the City's financial reporting entity and are included as a pension trust fund (Fiduciary Fund) in the annual financial report for the fiscal year ended June 30, 2009. The payroll for employees covered by the plan for the year ended June 30, 2009 was approximately \$1,051,000 while the City-wide payroll for the year ended June 30, 2009 was approximately \$68,863,000.

Historically, the City funded these Plans on a "pay as you go" basis. Under this basis, the City would record as an expenditure the amount paid on behalf of the plan, and no accrual was made for the benefits owed and unpaid to beneficiaries. In fiscal 2003, the City 1) recorded the actuarially determined pension liability and 2) issued non-exempt pension bonds to fund the determined liability. Therefore, as of July 1, 2003, there was no longer a Net Pension Obligation or an unfunded actuarial accrued liability for either of the plans. However, due to recent declines in the market value of the investments and rate of return on the plan assets the most recent actuarial valuation (July 1, 2008) of the plan has identified an unfunded actuarial accrued liability and established an Annual Required Contribution effective with the fiscal year ended June 30, 2009.

The Police and Firemen's Combined Retirement Fund of the City of Woonsocket, Rhode Island, acts as a common investment and administrative agent for pension benefits to be provided for two defined benefit retirement plans: Woonsocket Police Retirement Plan and Woonsocket Fireman's Retirement Plan – both Single employer defined benefit plans.

Although the assets of the plans are co-mingled for investment purposes, each plan's assets are accounted for separately and may be used only for the payment of benefits to the members of that plan, and in accordance with the terms of that plan.

The System's financial statements are included as a Pension Trust Fund within the Fiduciary Funds of the City's comprehensive annual financial report.

The System is administered by the Woonsocket Pension Financial Advisory Board which consists of five members, the City's Finance Director, and the City Treasurer. Each of the Board members serve for a term of three years, or until a successor is appointed.

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**CITY OF WOONSOCKET, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2009**

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**12. DEFINED BENEFIT PENSION PLANS (Continued)**

**(e) City Police and Fire Employee Pension Plan (a Fiduciary Fund) (Continued)**

**Summary of Plan Benefits**

**Police Pension Plan**

All members of the permanent police department who were hired prior to July 1, 1980 were eligible to join the plan. The Plan provides retirement, death, and disability benefits. Participants in the Plan are eligible to retire at the later of attainment of age 65 or the completion of 20 years of service. Normal retirement benefits are equal to 60% of current annual salary plus 2% of salary for each year worked in excess of 20 years up to a maximum of 70% of their annual salary. Participants were required to contribute 7% of their annual salary. During the fiscal year ended June 30, 2009 there were no current active police officers contributing to this plan.

Retirement benefits are payable in the form of a joint and 66.7% survivor annuity if the participant is married at the retirement date or a life annuity if single.

Work related death benefits are provided for the participant's beneficiary at 50% of salary plus an additional 10% of salary for each minor child up to a maximum of 66.7%. For non-work related deaths, the participant's beneficiary is entitled to a monthly pension in the amount of 66.7% of current salary for a work related disablement and 50% for a non-work related disablement.

**Fire Pension Plan**

All members of the permanent fire department who were hired prior to July 1, 1985 were eligible to join the plan. The Plan provides retirement, death, and disability benefits. Participants in the Plan are eligible to retire at the later of attainment of age 65 or the completion of 20 years of service. Normal retirement benefits are equal to 50% of current annual salary plus 2.5% of salary for each year worked in excess of 20 years up to a maximum of 75% of their annual salary. Participants contribute 8% of their annual salary to the Plan. Payroll for Fire employees covered by the plan for the fiscal year ended June 30, 2009 was approximately \$1,051,000. Contributions to the plan were approximately \$110,300 for the fiscal year ended June 30, 2009. These contributions were comprised of employer contributions of \$26,200 and employee contributions of \$84,100.

Retirement benefits are payable in the form of a joint and 66.7% survivor annuity if the participant is married at the retirement date or a life annuity if single.

Work related death benefits are provided for the participant's beneficiary at 50% of salary plus an additional 10% of salary for each minor child up to a maximum of 66.7%. For non-work related deaths, the participant's beneficiary is entitled to receive a benefit of 30% of salary plus an additional 10% for each minor child up to a maximum of 50% of pay.

The Annual Required Contribution to the Police and Fire Employee Pension Plan for the fiscal year ended June 30, 2009 was estimated to be \$1,518,900 and assumes a 10 year amortization of the unfunded accrued liability.

Market value of assets as a percentage of the present value of accumulated benefits (calculated at an assumed rate of 8.25%) decreased from 107.6% as of July 1, 2007 to 81.7% as of July 1, 2008.

(CONTINUED)

**CITY OF WOONSOCKET, RHODE ISLAND**

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

**12. DEFINED BENEFIT PENSION PLANS (Continued)**

**(e) City Police and Fire Employee Pension Plan (a Fiduciary Fund) (Continued)**

**Contribution Required and Contributions Made**

The plan actuarial valuation dated July 1, 2008 was used to determine the City's annual required contribution for the fiscal year ended June 30, 2009. The City's annual required contribution for the fiscal year ended June 30, 2009 was \$1,518,900 while the actual contributions made were \$26,200. This employer required contribution represents 144.5 % of the covered payroll.

The City's Annual Pension Cost (APC) and net pension benefit obligation (NPO) for the Police & Fire Pension Fund as of and for the fiscal year ended June 30, 2009 was as follows:

Annual required contribution (ARC) & APC .....	\$1,518,900
City contributions made .....	<u>26,200</u>
Increase in net pension obligation .....	1,492,700
Net pension benefit obligation, June 30, 2008 .....	<u>0</u>
<b>Net pension benefit obligation, June 30, 2009.....</b>	<b><u>\$1,492,700</u></b>

**Trend Information**

<u>Fiscal Year Ending</u>	<u>City Contribution</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2009	\$26,200	\$1,518,900	1.7%	\$1,492,700
6/30/2008	\$32,100	\$ 0	N/A	\$ 0
6/30/2007	\$ 0	\$ 0	N/A	\$ 0

Trend information showing the City's progress (see RSI – 3) in accumulating sufficient assets to pay benefits when due is presented in the City's Actuarial Report dated July 1, 2008, which may be obtained from the City's Finance office. This report is the most recent report available.

**Funded Status of Plan**

The required supplementary information which follows the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Listed below are the details of the funding progress of the Police and Fire Pension Plan, administered by the City of Woonsocket, with a valuation date of July 1, 2008 which is the most recent report available from the City who administers this plan.

- Actuarial value of assets - \$87,968,606
- Actuarial accrued liability - \$97,355,537
- Funded Excess (Deficit) – (\$9,386,931)
- Funded Ratio – 90.4%
- Annual covered payroll - \$1,228,245
- Funded Excess (Deficit) as percentage of payroll – (764.3%)

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**CITY OF WOONSOCKET, RHODE ISLAND**

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

**13. RISK MANAGEMENT AND HEALTH CARE MANAGEMENT PLAN**

The City of Woonsocket is exposed to various risks related to torts; theft of, damage to and destruction of assets; errors and omissions; workers' compensation claims; and natural disasters for which the City carries commercial insurance. Premiums are charged as expenditures as incurred. Settled claims resulting from these risks have not created additional premiums to the City in any of the past four fiscal years and it is not anticipated that additional premiums will result from current year activity. There have been no significant reductions in insurance coverage from prior years.

The City of Woonsocket uses a combination of the following finance plans to pay for its medical and dental programs for all eligible employees of the City and their dependents. These plans consist of the following:

- *Cost Plus Basis* – under which the City pays for the actual cost of covered health care services plus a fee to the provider for the administration of the program, and
- *Prospective Premium Basis* – this is a fully insured plan.

During the fiscal year ended June 30, 2008 the City of Woonsocket used predominately a cost plus basis financing plan to finance the cost of its health insurance benefits provided to City employees.

The City's Finance Department oversees the self-insured program and "claims payment services" are provided by Blue Cross Blue Shield of Rhode Island (Plan Administrator). "Incurred but not reported claims" as of June 30, 2009 were estimated to be \$278,000 and are included as a liability in the General Fund of the fund financial statements. This estimate was based on actual claims billed and paid subsequent to year end but related to claims incurred prior to June 30, 2009. The City purchases specific "stop loss" insurance in order to avoid catastrophic losses. Under the specific stop loss insurance, the first component is a specific stop loss related solely to hospital and surgical/medical claims with attachment points of \$175,000 aggregate per individual contract during the contract period ending June 30, 2009. The City oversees the self-insured program and Blue Cross Blue Shield of Rhode Island provides claims payment services. The following is a schedule of health and dental claims processed under the self insured program of the City during the fiscal year ended June 30, 2009. This program does not include the School Department who have coverage through a not-for-profit collaborative and pay monthly premiums.

IBNR at beginning of year.....	\$ 148,000
Claims incurred year ended June 30, 2009.....	8,633,000
Claims paid year ended June 30, 2009.....	<u>(8,503,000)</u>
<b>IBNR at June 30, 2009 .....</b>	<b><u>\$ 278,000</u></b>

The City is self insured for unemployment benefits. There were eleven incurred but not reported claims related to unemployment as of June 30, 2009.

(CONTINUED)

**CITY OF WOONSOCKET, RHODE ISLAND**

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

**14. OPERATING LEASES**

The Woonsocket School Department has entered into several lease agreements for office equipment. The terms of these agreements are for 36 months and require monthly lease payments of \$1,892. In accordance with the terms of these agreements, the leases have been classified as operating leases. During the year ended June 30, 2009, the expenditure incurred under the terms of this operating lease was approximately \$21,000.

In September 2008 the City entered into a lease agreement for copier equipment. The lease is for 60 months and requires monthly payment of approximately \$500. The lease contains a bargain purchase option of \$1 at the termination of the lease and therefore meets the conditions of a capital lease. However, due to the immaterial amount of the lease and the likelihood that the equipment will be fully depreciated at the end of the lease term, management has elected to treat the lease as an operating lease. Total expenditures incurred under this lease agreement was approximately \$4,400 for the year ended June 30, 2009

The following is a schedule of future minimum lease payments due under the terms of the above-noted lease agreements.

Year Ended June 30	
2010 .....	\$15,960
2011 .....	7,660
2012 .....	6,000
2013 .....	6,000
2014 .....	<u>1,500</u>
<b>Total</b> .....	<b><u>\$37,120</u></b>

**15. OTHER POST EMPLOYMENT BENEFITS**

In addition to the pension benefits described in Note 12, the City of Woonsocket provides post employment benefits (health and dental insurance) in accordance with various union contracts. These benefits are paid on a pay-as-you-go basis.

The Woonsocket Education Department offers health insurance for all bargaining unit members who retire with at least 28 years of credited service until the retiree attains the age of 65. Thereafter, if the retiree has 35 years of service, 25 in Woonsocket, the retiree is eligible for Plan 65 with a 15% employee contribution. The Woonsocket Education Department allows continuation of benefits to retirees with less than 28 years of service subject to the group rates. During the fiscal year ended June 30, 2009 approximately 220 retirees were eligible for these post employment benefits. Total other post employment benefits expenditures incurred during the fiscal year ended June 30, 2009 for School Department employees was approximately \$1,552,000.

The City of Woonsocket paid post employment benefits totaling approximately \$2,870,400 in accordance with terms of the various union contracts. These benefits were comprised of the following: approximately \$522,000 for 111 municipal employees; approximately \$670,400 for 86 fire department retirees; and approximately \$1,678,000 for 215 police department retirees.

As noted in the Independent Auditors' Report, the City of Woonsocket has not implemented GASB Statement #45 and as such the financial statements omit the disclosures and required supplementary information which are required under generally accepted accounting principles.

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**CITY OF WOONSOCKET, RHODE ISLAND**

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

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**16. COMMITMENTS AND CONTINGENCIES**

Liabilities for legal cases and other claims against governmental funds are recorded in the governmental funds when the ultimate liability can be estimated and such cases are expected to be settled with available expendable financial resources. Those cases not expected to be settled with current available expendable financial resources are considered long-term obligations and as such are recorded in the Government-wide financial statements only.

The City, including the School Department has received grants from various federal and state agencies for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to request for reimbursement to the grantor agencies for expenditures disallowed under the terms of the grant. City and School officials are of the opinion that such disallowances, if any, would 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 taken against the City will not result in a material loss to the City. However, at June 30, 2009 there are several claims against the City for which the City's legal counsel is unable to determine the likelihood of unfavorable outcome or the amount or range of potential loss. These claims are listed below:

There are several claims against the City relating to employment arbitration agreements, violation of Rhode Island Water Pollution Act, DEM's Water Quality Regulations, RI General Laws Section 46-12-5b, DEM's RIPDES Regulations, a private *qui tam* or whistle blower case initiated by a real estate developer and owner of rental apartments, claim by the Rhode Island Builders Association, and claims against the Woonsocket Police Department. Due to the status of many of these claims at June 30, 2009 and the fact that some of the claims may be covered by the City's insurance carrier, the City's legal counsel and management are unable to determine the likelihood of an unfavorable outcome or the potential loss that may be incurred. Accordingly, no liability has been recorded in the financial statements of the City as of June 30, 2009.

**17. SUBSEQUENT EVENTS**

On November 12, 2009, the City entered into a \$74,000,000 Revenue Bond agreement with Rhode Island Health and Education Building Corporation for the construction of new schools. The proceeds from the Bond were utilized to repay \$55,000,000 in Bond Anticipation Note Obligations which matured on November 16, 2009 with the remaining proceeds being used to complete the construction of new schools. The Bond is comprised of Serial Bonds totaling \$31,645,000 and term bonds maturing as follows: 2029 totaling \$18,320,000; 2034 for institutional totaling \$19,770,000; and 2034 for retail totaling \$4,265,000. The bonds bear interest rates ranging from 2.0% to 6.0%. Payments of interest are required on November 15<sup>th</sup> and May 15<sup>th</sup> annually commencing on November 15, 2010. Principal payments commence on May 15, 2012 and continue each year thereafter through May 15, 2034.

In July 2009 the City entered into a \$5,550,000 Tax Anticipation Note due July 1, 2010 with an interest rate of 2.71%.

In January 2010 the City entered into a \$3,450,000 Tax Anticipation Note due July 1, 2010 with an interest rate of 1.95%.

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# **CITY OF WOONSOCKET**

## **REQUIRED SUPPLEMENTARY INFORMATION**

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## CITY OF WOONSOCKET, RHODE ISLAND

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
General Fund - Budgetary Basis

For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
<b>Property taxes:</b>				
Current taxes	\$ 44,156,885	\$ 44,156,885	\$ 43,555,368	\$ (601,517)
Prior taxes	550,000	550,000	492,065	(57,935)
<b>Total taxes current and prior</b>	<b>44,706,885</b>	<b>44,706,885</b>	<b>44,047,433</b>	<b>(659,452)</b>
Interest on taxes	400,000	400,000	491,807	91,807
Payment in lieu of taxes	50,000	50,000	47,295	(2,705)
<b>Total property taxes</b>	<b>45,156,885</b>	<b>45,156,885</b>	<b>44,586,535</b>	<b>(570,350)</b>
<b>State aid - City:</b>				
General state aid	3,270,235	3,270,235	1,483,453	(1,786,782)
Telephone tax	420,766	420,766	420,333	(433)
Meals and beverage tax	486,144	486,144	491,063	4,919
Distressed communities	830,661	830,661	832,285	1,624
Chapter 26 - school housing	1,314,152	1,314,152	1,242,286	(71,866)
State library construction	166,280	166,280	166,280	-
Private hospital & colleges	163,852	163,852	157,271	(6,581)
Civil defense	50,000	50,000	44,699	(5,301)
State motor vehicle phase-out	5,565,739	5,565,739	5,451,446	(114,293)
Hotel tax	50,000	50,000	38,963	(11,037)
<b>Total state aid - City</b>	<b>12,317,829</b>	<b>12,317,829</b>	<b>10,328,079</b>	<b>(1,989,750)</b>
<b>Licenses, fees and rents:</b>				
Business licenses and fees	1,594,900	1,594,900	1,279,775	(315,125)
Trash collection fee	-	-	215,891	215,891
Rental of city properties	39,955	39,955	66,684	26,729
<b>Total licenses, fees and rents</b>	<b>1,634,855</b>	<b>1,634,855</b>	<b>1,562,350</b>	<b>(72,505)</b>
<b>Investment income - short term</b>				
	70,000	70,000	22,043	(47,957)
<b>Departmental revenues:</b>				
Community Development	262,853	262,853	305,461	42,608
Lead Hazard Control	81,953	81,953	81,950	(3)
Home Reimbursemt - Staff	54,110	54,110	54,000	(110)
W.H.A. Reimbursement - Police	44,000	44,000	40,858	(3,142)
Federal Reimbursement - Police	48,000	48,000	-	(48,000)
Special Assessments	6,000	6,000	-	(6,000)
Host Community	500,000	500,000	181,962	(318,038)
Wastewater department	146,000	146,000	146,000	-
Water department	1,055,945	1,055,945	1,055,946	1
Solid waste program	153,704	153,704	153,704	-
Federal Housing	150,000	150,000	136,186	(13,814)
<b>Total departmental revenues</b>	<b>2,502,565</b>	<b>2,502,565</b>	<b>2,156,067</b>	<b>(346,498)</b>
<b>Restricted receipts:</b>				
Education department - General Fund	50,356,464	50,356,464	49,600,535	(755,929)
<b>Miscellaneous revenues:</b>				
City Pension Administration	128,974	128,974	69,704	(59,270)
Miscellaneous - City	1,667,145	1,667,145	1,338,908	(328,237)
<b>Total miscellaneous</b>	<b>1,796,119</b>	<b>1,796,119</b>	<b>1,408,612</b>	<b>(387,507)</b>
<b>Total revenues</b>	<b>113,834,717</b>	<b>113,834,717</b>	<b>109,664,221</b>	<b>(4,170,496)</b>

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## CITY OF WOONSOCKET, RHODE ISLAND

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
General Fund - Budgetary Basis

For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Expenditures:</b>				
<b>General government:</b>				
Office of the Mayor	131,089	131,367	127,662	3,705
City Council	110,433	110,433	130,952	(20,519)
City Clerk	155,855	162,239	152,574	9,665
Probate Court	9,675	9,675	8,811	864
Board of Assessment Review	1,050	1,050	1,050	-
Board of Canvassers	149,613	157,715	146,426	11,289
Zoning Board of Review	20,080	20,080	17,425	2,655
Board of Library Trustees	943,490	935,388	883,226	52,162
Personnel administration	179,931	179,931	178,780	1,151
City Solicitor	217,012	217,012	382,526	(165,514)
Finance department	1,886,838	1,893,444	2,117,905	(224,461)
Economic Development	30,400	30,400	18,863	11,537
Planning Department	805,364	805,364	836,393	(31,029)
<b>Total general government</b>	<b>4,640,830</b>	<b>4,654,098</b>	<b>5,002,593</b>	<b>(348,495)</b>
<b>Public safety:</b>				
Police Division	7,989,985	7,997,617	8,389,005	(391,388)
Fire Division	10,044,773	10,047,014	9,954,971	92,043
Emergency Mgmt Division	50,134	51,160	46,746	4,414
<b>Total public safety</b>	<b>18,084,892</b>	<b>18,095,791</b>	<b>18,390,722</b>	<b>(294,931)</b>
<b>Public works:</b>				
Office of the Director	827,663	719,328	637,994	81,334
Engineering Division	483,343	390,527	300,034	90,493
Highway Division	2,902,783	3,103,742	2,671,387	432,355
City Property Division	358,401	364,092	307,068	57,024
Parks and Recreation Division	371,900	372,467	285,266	87,201
Solid Waste Disposal Division	2,437,729	2,438,313	2,302,910	135,403
<b>Total public works</b>	<b>7,381,819</b>	<b>7,388,469</b>	<b>6,504,659</b>	<b>883,810</b>
<b>Education Department Expenditures</b>	<b>50,356,464</b>	<b>50,356,464</b>	<b>52,636,397</b>	<b>(2,279,933)</b>
<b>Miscellaneous:</b>				
Insurance	524,262	524,262	484,374	39,888
Claims & Judgements	20,000	20,000	28,359	(8,359)
Contingency	336,884	306,067	-	306,067
Veterans Holiday	19,225	19,225	15,202	4,023
Contribution to City Funds	6,821,931	6,821,931	7,609,840	(787,909)
Pension	2,593,250	2,593,250	2,458,939	134,311
Miscellaneous	75,000	75,000	63,836	11,164
<b>Total miscellaneous</b>	<b>10,390,552</b>	<b>10,359,735</b>	<b>10,660,550</b>	<b>(300,815)</b>
<b>Debt Service</b>	<b>10,393,600</b>	<b>10,393,600</b>	<b>10,398,514</b>	<b>(4,914)</b>
<b>Total expenditures</b>	<b>101,248,157</b>	<b>101,248,157</b>	<b>103,593,435</b>	<b>(2,345,278)</b>
<b>Excess of revenues over expenditures before other financing sources (uses)</b>	<b>12,586,560</b>	<b>12,586,560</b>	<b>6,070,786</b>	<b>(6,515,774)</b>
<b>Other financing sources (uses):</b>				
<b>Operating transfers:</b>				
Transfers to school department	(12,586,560)	(12,586,560)	(12,586,560)	-
<b>Total other financing uses</b>	<b>(12,586,560)</b>	<b>(12,586,560)</b>	<b>(12,586,560)</b>	<b>-</b>
<b>Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (6,515,774)</b>	<b>\$ (6,515,774)</b>
<b>Budgetary basis deficiency is comprised of the following:</b>				
City General Fund			\$ (3,479,912)	
School Department Unrestricted Fund			(3,035,862)	
<b>Total budgetary basis deficiency of revenues under expenditures</b>			<b>\$ (6,515,774)</b>	

(CONCLUDED)

## CITY OF WOONSOCKET, RHODE ISLAND

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
School Unrestricted Fund - Budgetary Basis

For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
State aid	\$ 47,421,612	\$ 47,421,612	\$ 43,506,927	\$ (3,914,685)
State Fiscal Stabilization Funds	-	-	2,490,377	2,490,377
Tuition other	55,000	55,000	167,332	112,332
Tuition career center	540,000	540,000	537,888	(2,112)
RF Harris Fund	15,000	15,000	30,784	15,784
Evening and Summer School	26,000	26,000	785	(25,215)
Athletic Receipts	11,000	11,000	12,200	1,200
Facility Rentals			44,162	44,162
Miscellaneous	167,000	167,000	660,746	493,746
SAFFA	50,000	50,000	93,721	43,721
Indirect cost	70,000	70,000	68,367	(1,633)
Medicaid	900,000	900,000	958,196	58,196
Reading recovery	12,000	12,000	11,000	(1,000)
Housing aid	1,088,851	1,088,851	1,018,050	(70,801)
<b>Total revenues</b>	<b>50,356,463</b>	<b>50,356,463</b>	<b>49,600,535</b>	<b>(755,928)</b>
<b>Expenditures:</b>				
Salaries	36,600,850	36,600,850	39,589,811	(2,988,961)
Fringe and fixed charges	16,750,422	16,750,422	15,935,185	815,237
Purchased services	6,301,534	6,301,534	7,350,263	(1,048,729)
Supplies and materials	2,558,760	2,558,760	2,202,013	356,747
Equipment/Capital outlay	731,457	731,457	145,685	585,772
<b>Total expenditures</b>	<b>62,943,023</b>	<b>62,943,023</b>	<b>65,222,957</b>	<b>(2,279,934)</b>
<b>Excess of revenues over (under) expenditures before other financing sources (uses)</b>	<b>(12,586,560)</b>	<b>(12,586,560)</b>	<b>(15,622,422)</b>	<b>(3,035,862)</b>
<b>Other financing sources (uses):</b>				
Operating transfer from City of Woonsocket				
General Fund	12,586,560	12,586,560	12,586,560	-
<b>Total other financing sources (uses)</b>	<b>12,586,560</b>	<b>12,586,560</b>	<b>12,586,560</b>	<b>-</b>
<b>Deficiency of revenues and other financing sources under expenditures and other financing uses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (3,035,862)</b>	<b>\$ (3,035,862)</b>



**CITY OF WOONSOCKET, RHODE ISLAND**

**Required Supplementary Information  
Schedule of Funding Progress  
June 30, 2009  
UNAUDITED**

		Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Funding Excess (Deficit)	Funded Ratio	Covered Payroll	Funding Excess (Deficit) as A percentage of Covered Payroll
<b>General municipal employees</b>								
<b>pension plan.....</b>								
A	6/30/2006	\$ 55,682,105	\$ 49,243,543	\$ 6,438,562	113.1%	\$ 12,637,500	50.9%	
	6/30/2007	\$ 61,019,862	\$ 53,392,281	\$ 7,627,581	114.3%	\$ 13,026,953	58.6%	
	6/30/2008	\$ 65,679,230	\$ 56,198,983	\$ 9,480,247	116.9%	\$ 12,930,655	73.3%	
<b>Municipal police</b>								
<b>pension plan.....</b>								
A	6/30/2006	\$ 22,049,249	\$ 24,289,235	\$ (2,239,986)	90.8%	\$ 5,207,362	-43.0%	
	6/30/2007	\$ 25,626,820	\$ 27,041,050	\$ (1,414,230)	94.8%	\$ 5,302,042	-26.7%	
	6/30/2008	\$ 29,010,871	\$ 30,776,550	\$ (1,765,679)	94.3%	\$ 4,847,955	-36.4%	
<b>Municipal fire</b>								
<b>pension plan.....</b>								
A	6/30/2006	\$ 17,925,418	\$ 18,960,903	\$ (1,035,485)	94.5%	\$ 5,699,470	-18.2%	
	6/30/2007	\$ 21,626,894	\$ 21,811,906	\$ (185,012)	99.2%	\$ 5,992,040	-3.1%	
	6/30/2008	\$ 25,287,421	\$ 24,373,728	\$ 913,693	103.7%	\$ 6,362,891	14.4%	
<b>City Administered police &amp; fire</b>								
<b>pension plan.....</b>								
	6/30/2006	\$ 87,976,576	\$ 87,180,329	\$ 796,247	100.9%	\$ 1,193,429	66.7%	
	7/1/2007	\$ 90,034,746	\$ 89,010,115	\$ 1,024,631	101.2%	\$ 1,117,844	91.7%	
	7/1/2008	\$ 87,968,606	\$ 97,355,537	\$ (9,386,931)	90.4%	\$ 1,228,245	-764.3%	

**A - The information included in this schedule of funding progress was obtained from the annual actuarial valuation report of the State of Rhode Island's Employee Retirement System for each of the dates indicated. The June 30, 2008 report is the most recent report available as of the date of the audited financial statements. The State of Rhode Island's Employee Retirement System is currently in the process of compiling the information to complete the June 30, 2009 report.**

# **CITY OF WOONSOCKET**

## **OTHER SUPPLEMENTARY INFORMATION**

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# CITY OF WOONSOCKET

## NONMAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are restricted to expenditure for particular purposes. The following special revenue funds are reported as nonmajor governmental funds.

Land and Outdoor Recreation Trust	Emergency Shelter Fund
Hamlet Ave Enhancement	Juvenile Fire Setters' Education
Planning Board Fund	Business Revolving Loan Fund
Community Development Housing Preservation Grant Fund	Rhode Island Home Fund
Library Services Fund	Harris Library Grant
Woonsocket Senior Citizens Fund	Neighborhood Crime Watch
UDAG Loan Repayment Fund	Hamlet Heights Phase II Fund
Comprehensive Planning Grant	Rivers Edge Recreation Grant
Fed & State Drug Forfeiture	Neighborhood Crime Prevention
Task Force on Drug & Alcohol Abuse	Bramley Bill Fund
LLEBG Grant 2004/2006	Community Development Block Grant
Building Inspection Services Fund	Hazardous Material Grant
Fire Dept. P.P.E. Grant	Special Squad Holding
Lead Hazard Control	LLEBG Grant 2002-2004
Junior Police Outing	EMS Public Fund
LLEBG Grant 2003/2005	Electric Energy Settlement
Byrne Grant 2004	Library Fines and Fees
Hamlet Ave Economic Program	Homeland Security Grant 04/05
Justice Assistance Grant 05	Recycling Coordinator Fund
Recycling Containers Fund	Lead Hazard Demo Grant
Justice Assistance Grant 06	2008 Cops Technology Grant
City Clerk Restoration Fund	Justice Assistance Grant 07
School Restricted Funds	

(CONTINUED)

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# CITY OF WOONSOCKET

## NONMAJOR GOVERNMENTAL FUNDS (Continued)

### CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds. Funding sources include debt proceeds, intergovernmental sources, third party contributions and General Fund operating transfers. The following capital project funds are reported as nonmajor governmental funds.

**School Capital Projects** - This fund is used to account for the capital project activity maintained by the Woonsocket Education Department.

(CONCLUDED)

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**CITY OF WOONSOCKET, RHODE ISLAND**

**Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2009**

	<b>SPECIAL REVENUE FUNDS</b>									
	Land and Outdoor Recreation Trust Fund	Emergency Shelter Fund	Hamlet Ave Enhancement	Juvenile Fire Setters' Education	Planning Board Fund	Business Revolving Loan Fund	Community Development Housing Preservation Grant Fund	Rhode Island Home Fund	Library Services Fund	Harris Library Grant
<b>ASSETS</b>										
Cash and cash equivalents	\$ 126,488			\$ 1,211	\$ 36,152	\$ 15,821	\$ 1,507	\$ 39,300	\$ 30,850	\$ 88,702
Accounts receivable										
Due from other governmental units		\$ 11,986						522,289		
Due from issued loans						19,359	74,905	2,283,844		
Due from other funds										
<b>TOTAL ASSETS</b>	<b>\$ 126,488</b>	<b>\$ 11,986</b>	<b>\$ -</b>	<b>\$ 1,211</b>	<b>\$ 36,152</b>	<b>\$ 35,180</b>	<b>\$ 76,412</b>	<b>\$ 2,845,433</b>	<b>\$ 30,850</b>	<b>\$ 88,702</b>
<b>LIABILITIES</b>										
Cash overdraft										
Accounts payable		\$ 11,986			\$ 610				\$ 1,604	\$ 18,675
Retainage payable										
Accrued liabilities										
Due to federal and state governments										
Due to other funds			\$ 1,087			\$ 158,191		\$ 15,800		
Deferred revenue						19,359	\$ 74,905	2,283,844		
<b>TOTAL LIABILITIES</b>	<b>\$ -</b>	<b>11,986</b>	<b>1,087</b>	<b>\$ -</b>	<b>610</b>	<b>177,550</b>	<b>74,905</b>	<b>2,299,644</b>	<b>1,604</b>	<b>18,675</b>
<b>FUND BALANCES</b>										
Unreserved	126,488	-	(1,087)	1,211	35,542	(142,370)	1,507	545,789	29,246	70,027
<b>TOTAL FUND BALANCES</b>	<b>126,488</b>	<b>-</b>	<b>(1,087)</b>	<b>1,211</b>	<b>35,542</b>	<b>(142,370)</b>	<b>1,507</b>	<b>545,789</b>	<b>29,246</b>	<b>70,027</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 126,488</b>	<b>\$ 11,986</b>	<b>\$ -</b>	<b>\$ 1,211</b>	<b>\$ 36,152</b>	<b>\$ 35,180</b>	<b>\$ 76,412</b>	<b>\$ 2,845,433</b>	<b>\$ 30,850</b>	<b>\$ 88,702</b>

(CONTINUED)

**CITY OF WOONSOCKET, RHODE ISLAND**

**Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2009**

	<b>SPECIAL REVENUE FUNDS</b>									
	Woonsocket Senior Citizens Fund	Neighborhood Crime Watch	UDAG Loan Repayment Fund	Hamlet Heights Phase II Fund	Comprehensive Planning Grant	Rivers Edge Recreation Grant	Fed & State Drug Forfeiture/ Police Special Squad Fund	Neighborhood Crime Prevention Act 2001	Task Force on Drug and Alcohol Abuse Fund	
<b>ASSETS</b>										
Cash and cash equivalents	\$ 14,574	\$ 11	\$ 127	\$ -	\$ 2,885	\$ 1,080	\$ 143,156	\$ -	\$ 20,202	
Accounts receivable										
Due from other governmental units										
Due from issued loans										
Due from other funds						34,775	8,419		6,368	
<b>TOTAL ASSETS</b>	<b>\$ 14,574</b>	<b>\$ 11</b>	<b>\$ 127</b>	<b>\$ -</b>	<b>\$ 2,885</b>	<b>\$ 35,855</b>	<b>\$ 151,575</b>	<b>\$ -</b>	<b>\$ 26,570</b>	
<b>LIABILITIES</b>										
Cash overdraft										
Accounts payable	\$ 18,443						\$ 15,977		\$ 19,003	
Retainage payable										
Accrued liabilities										
Due to federal and state governments										
Due to other funds	3,200					\$ 18,312			9,552	
Deferred revenue										
<b>TOTAL LIABILITIES</b>	<b>21,643</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>18,312</b>	<b>15,977</b>	<b>\$ -</b>	<b>28,555</b>	
<b>FUND BALANCES</b>										
Unreserved	(7,069)	11	127	-	2,885	17,543	135,598	-	(1,985)	
<b>TOTAL FUND BALANCES</b>	<b>(7,069)</b>	<b>11</b>	<b>127</b>	<b>-</b>	<b>2,885</b>	<b>17,543</b>	<b>135,598</b>	<b>-</b>	<b>(1,985)</b>	
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 14,574</b>	<b>\$ 11</b>	<b>\$ 127</b>	<b>\$ -</b>	<b>\$ 2,885</b>	<b>\$ 35,855</b>	<b>\$ 151,575</b>	<b>\$ -</b>	<b>\$ 26,570</b>	

(CONTINUED)

**CITY OF WOONSOCKET, RHODE ISLAND**

**Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2009**

	<b>SPECIAL REVENUE FUNDS</b>									
	Bramley Bill Fund	LLEBG Grant 2004/2006	Combined Community Development Block Grant	Building Inspection Services Fund	Hazardous Material Grant	Fire Dept P.P.E. Grant	Special Squad Holding	Lead Hazard Control	LLEBG Grant 2002-2004	EMS Public Fund
<b>ASSETS</b>										
Cash and cash equivalents	\$ 8,446	\$ 10,363	\$ 31,484	\$ 10,889	\$ 3,730		\$ 6,027	\$ 2,810	\$ 3,103	\$ 309,337
Accounts receivable										608,402
Due from other governmental units	3,184		1,268,703			\$ 110,155				
Due from issued loans										
Due from other funds	12,752		158,191			12,240				
<b>TOTAL ASSETS</b>	<b>\$ 24,382</b>	<b>\$ 10,363</b>	<b>\$ 1,458,378</b>	<b>\$ 10,889</b>	<b>\$ 3,730</b>	<b>\$ 122,395</b>	<b>\$ 6,027</b>	<b>\$ 2,810</b>	<b>\$ 3,103</b>	<b>\$ 917,739</b>
<b>LIABILITIES</b>										
Cash overdraft										
Accounts payable	\$ 3,912		\$ 23,279		\$ 1,795	\$ 122,395	\$ 332			\$ 12,162
Retainage payable										
Accrued liabilities										
Due to federal and state governments										
Due to other funds			148,886							297,175
Deferred revenue			1,268,703							608,402
<b>TOTAL LIABILITIES</b>	<b>3,912</b>	<b>\$ -</b>	<b>1,440,868</b>	<b>\$ -</b>	<b>1,795</b>	<b>122,395</b>	<b>332</b>	<b>\$ -</b>	<b>\$ -</b>	<b>917,739</b>
<b>FUND BALANCES</b>										
Unreserved	20,470	10,363	17,510	10,889	1,935	-	5,695	2,810	3,103	-
<b>TOTAL FUND BALANCES</b>	<b>20,470</b>	<b>10,363</b>	<b>17,510</b>	<b>10,889</b>	<b>1,935</b>	<b>-</b>	<b>5,695</b>	<b>2,810</b>	<b>3,103</b>	<b>-</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 24,382</b>	<b>\$ 10,363</b>	<b>\$ 1,458,378</b>	<b>\$ 10,889</b>	<b>\$ 3,730</b>	<b>\$ 122,395</b>	<b>\$ 6,027</b>	<b>\$ 2,810</b>	<b>\$ 3,103</b>	<b>\$ 917,739</b>

(CONTINUED)

## CITY OF WOONSOCKET, RHODE ISLAND

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2009

	SPECIAL REVENUE FUNDS									
	LLEBG Grant 2003/2005	Electric Energy Settlement	Byrne Grant 2004	Library Fines and Fees	Hamlet Ave. Economic Program	Homeland Security Grant 04/05	Justice Assistance Grant 05	Recycling Coordinator Fund	Recycling Containers Fund	Lead Hazard Demo Grant
<b>ASSETS</b>										
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 50,719	\$ 774	\$ 19,855	\$ -	\$ 11,748	\$ 18,115	\$ 4,347
Accounts receivable										
Due from other governmental units										2,149,574
Due from issued loans										
Due from other funds										
<b>TOTAL ASSETS</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 50,719</b>	<b>\$ 774</b>	<b>\$ 19,855</b>	<b>\$ -</b>	<b>\$ 11,748</b>	<b>\$ 18,115</b>	<b>\$ 2,153,921</b>
<b>LIABILITIES</b>										
Cash overdraft										
Accounts payable				\$ 4,360		\$ 4,221				
Retainage payable										
Accrued liabilities										
Due to federal and state governments										
Due to other funds						20,000				\$ 14,152
Deferred revenue										2,135,422
<b>TOTAL LIABILITIES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>4,360</b>	<b>\$ -</b>	<b>24,221</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>2,149,574</b>
<b>FUND BALANCES</b>										
Unreserved	-	-	-	46,359	774	(4,366)	-	11,748	18,115	4,347
<b>TOTAL FUND BALANCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>46,359</b>	<b>774</b>	<b>(4,366)</b>	<b>-</b>	<b>11,748</b>	<b>18,115</b>	<b>4,347</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 50,719</b>	<b>\$ 774</b>	<b>\$ 19,855</b>	<b>\$ -</b>	<b>\$ 11,748</b>	<b>\$ 18,115</b>	<b>\$ 2,153,921</b>

(CONTINUED)



CITY OF WOONSOCKET, RHODE ISLAND

**Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2009**

	<b>SPECIAL REVENUE FUNDS</b>							
	Justice Assistance Grant 06	2008 Cops Technology Grant	City Clerk Records Restoration Fund	Justice Assistance Grant 07	School Restricted Funds	Total Special Revenue Funds	School Capital Projects Fund	Total Non-Major Funds
<b>ASSETS</b>								
Cash and cash equivalents	\$ 9,778	\$ 69,993	\$ 119,520	\$ 5,748	\$ 184,841	\$ 1,403,693		\$ 1,403,693
Accounts receivable					6,250	614,652		614,652
Due from other governmental units					2,938,541	7,004,432		7,004,432
Due from issued loans						2,378,108		2,378,108
Due from other funds					156,890	389,635		389,635
<b>TOTAL ASSETS</b>	<b>\$ 9,778</b>	<b>\$ 69,993</b>	<b>\$ 119,520</b>	<b>\$ 5,748</b>	<b>\$ 3,286,522</b>	<b>\$ 11,790,520</b>	<b>\$ -</b>	<b>\$ 11,790,520</b>
<b>LIABILITIES</b>								
Cash overdraft					\$ 155,303	\$ 155,303		\$ 155,303
Accounts payable		\$ 60,178		\$ 4,604	186,555	510,091		510,091
Retainage payable						-		-
Accrued liabilities						-		-
Due to federal and state governments					61,383	61,383		61,383
Due to other funds					2,758,770	3,445,125		3,445,125
Deferred revenue		9,815			57,874	6,458,324		6,458,324
<b>TOTAL LIABILITIES</b>	<b>\$ -</b>	<b>\$ 69,993</b>	<b>\$ -</b>	<b>\$ 4,604</b>	<b>\$ 3,219,885</b>	<b>\$ 10,630,226</b>	<b>\$ -</b>	<b>\$ 10,630,226</b>
<b>FUND BALANCES</b>								
Unreserved	9,778	-	119,520	1,144	66,637	1,160,294	-	1,160,294
<b>TOTAL FUND BALANCES</b>	<b>9,778</b>	<b>-</b>	<b>119,520</b>	<b>1,144</b>	<b>66,637</b>	<b>1,160,294</b>	<b>-</b>	<b>1,160,294</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 9,778</b>	<b>\$ 69,993</b>	<b>\$ 119,520</b>	<b>\$ 5,748</b>	<b>\$ 3,286,522</b>	<b>\$ 11,790,520</b>	<b>\$ -</b>	<b>\$ 11,790,520</b>

(CONCLUDED)

**CITY OF WOONSOCKET, RHODE ISLAND**

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2009**

	<b>SPECIAL REVENUE FUNDS</b>									
	Land and Outdoor Recreation Trust Fund	Emergency Shelter Fund	Hamlet Ave Enhancement	Juvenile Fire Setters' Education	Planning Board Fund	Business Revolving Loan Fund	Community Development Housing Preservation Grant Fund	Rhode Island Home Fund	Library Services Fund	Harris Library Grant
<b>REVENUES:</b>										
Intergovernmental revenue		\$ 65,893			\$ 2,445			\$ 436,774	\$ 996	\$ 214,271
State Fiscal Stabilization Funds										
Interest income	\$ 654				346	\$ 891	\$ -		205	
Other revenue						9,235		95,186		
<b>Total revenues</b>	<b>654</b>	<b>65,893</b>	<b>\$ -</b>	<b>\$ -</b>	<b>2,791</b>	<b>10,126</b>	<b>-</b>	<b>531,960</b>	<b>1,201</b>	<b>214,271</b>
<b>EXPENDITURES:</b>										
<b>Current:</b>										
Legislative - general government										
Public safety		65,893								
Human resources									16,101	
Economic development	2,206				14,438			490,787		
Education										
Other fixed and general charges						9,134				190,627
<b>Debt Service:</b>										
Principal										
Interest and other costs										
<b>Capital expenditures</b>										
<b>Total expenditures</b>	<b>2,206</b>	<b>65,893</b>	<b>-</b>	<b>-</b>	<b>14,438</b>	<b>9,134</b>	<b>-</b>	<b>490,787</b>	<b>16,101</b>	<b>190,627</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(1,552)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(11,647)</b>	<b>992</b>	<b>-</b>	<b>41,173</b>	<b>(14,900)</b>	<b>23,644</b>
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers in										
Transfers out										
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(1,552)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(11,647)</b>	<b>992</b>	<b>-</b>	<b>41,173</b>	<b>(14,900)</b>	<b>23,644</b>
<b>Fund balances - beginning of year</b>	<b>128,040</b>	<b>-</b>	<b>(1,087)</b>	<b>1,211</b>	<b>47,189</b>	<b>(143,362)</b>	<b>1,507</b>	<b>504,616</b>	<b>44,146</b>	<b>46,383</b>
<b>Fund balances - end of year</b>	<b>\$ 126,488</b>	<b>\$ -</b>	<b>\$ (1,087)</b>	<b>\$ 1,211</b>	<b>\$ 35,542</b>	<b>\$ (142,370)</b>	<b>\$ 1,507</b>	<b>\$ 545,789</b>	<b>\$ 29,246</b>	<b>\$ 70,027</b>

(CONTINUED)

## CITY OF WOONSOCKET, RHODE ISLAND

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 For the Year Ended June 30, 2009

	SPECIAL REVENUE FUNDS								
	Woonsocket Senior Citizens Fund	Neighborhood Crime Watch	UDAG Loan Repayment Fund	Hamlet Heights Phase II Fund	Comprehensive Planning Grant	River's Edge Recreation Complex	Fed & State Drug Forfeiture/ Police Special Squad Fund	Neighborhood Crime Prevention Act 2001	Task Force on Drug and Alcohol Abuse Fund
<b>REVENUES:</b>									
Intergovernmental revenue	\$ 13,965					\$ 282,528	\$ 85,524		\$ 330,788
State Fiscal Stabilization Funds									
Interest income				\$ 112		190	1,163		
Other revenue	82,862								
<b>Total revenues</b>	<b>96,827</b>	<b>\$ -</b>	<b>\$ -</b>	<b>112</b>	<b>\$ -</b>	<b>282,718</b>	<b>86,687</b>	<b>\$ -</b>	<b>330,788</b>
<b>EXPENDITURES:</b>									
<b>Current:</b>									
Legislative - general government									
Public safety							335,487	70	358,163
Human resources	164,462								
Economic development				64,736		450,612			
Education									
Other fixed and general charges		226	-		32				
<b>Debt Service:</b>									
Principal									
Interest and other costs									
<b>Capital expenditures</b>									
<b>Total expenditures</b>	<b>164,462</b>	<b>226</b>	<b>-</b>	<b>64,736</b>	<b>32</b>	<b>450,612</b>	<b>335,487</b>	<b>70</b>	<b>358,163</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(67,635)</b>	<b>(226)</b>	<b>-</b>	<b>(64,624)</b>	<b>(32)</b>	<b>(167,894)</b>	<b>(248,800)</b>	<b>(70)</b>	<b>(27,375)</b>
<b>OTHER FINANCING SOURCES (USES)</b>									
Transfers in	60,000								
Transfers out							(24,155)	(19)	
<b>Total other financing sources (uses)</b>	<b>60,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(24,155)</b>	<b>(19)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(7,635)</b>	<b>(226)</b>	<b>-</b>	<b>(64,624)</b>	<b>(32)</b>	<b>(167,894)</b>	<b>(272,955)</b>	<b>(89)</b>	<b>(27,375)</b>
<b>Fund balances - beginning of year</b>	<b>566</b>	<b>237</b>	<b>127</b>	<b>64,624</b>	<b>2,917</b>	<b>185,437</b>	<b>408,553</b>	<b>89</b>	<b>25,390</b>
<b>Fund balances - end of year</b>	<b>\$ (7,069)</b>	<b>\$ 11</b>	<b>\$ 127</b>	<b>\$ -</b>	<b>\$ 2,885</b>	<b>\$ 17,543</b>	<b>\$ 135,598</b>	<b>\$ -</b>	<b>\$ (1,985)</b>

(CONTINUED)

CITY OF WOONSCKET, RHODE ISLAND

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 For the Year Ended June 30, 2009

	SPECIAL REVENUE FUNDS										
	Bramley Bill Fund	LLEBG Grant 2004/2006	Community Development Block Grant	Building Inspection Services Fund	Hazardous Material Grant	Fire Dept P.P.E. Grant	Special Squad Holding	Lead Hazard Control Grant	LLEBG Grant 2002-2004	Junior Police Outing	EMS Public Fund
<b>REVENUES:</b>											
Intergovernmental revenue	\$ 38,208		\$ 1,474,073		\$ 5,835	\$ 110,155	\$ 26,125				
State Fiscal Stabilization Funds											
Interest income											
Other revenue											\$ 1,101,120
<b>Total revenues</b>	<b>38,208</b>	<b>\$ -</b>	<b>1,474,073</b>	<b>\$ -</b>	<b>5,835</b>	<b>110,155</b>	<b>26,125</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>1,101,120</b>
<b>EXPENDITURES:</b>											
<b>Current:</b>											
Legislative - general government											
Public safety	29,888	-			9,378	122,395	45,967				47,608
Human resources											
Economic development			643,091								
Education											
Other fixed and general charges											
<b>Debt Service:</b>											
Principal											
Interest and other costs											
<b>Capital expenditures</b>											
<b>Total expenditures</b>	<b>29,888</b>	<b>-</b>	<b>643,091</b>	<b>-</b>	<b>9,378</b>	<b>122,395</b>	<b>45,967</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>47,608</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>8,320</b>	<b>-</b>	<b>830,982</b>	<b>-</b>	<b>(3,543)</b>	<b>(12,240)</b>	<b>(19,842)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,053,512</b>
<b>OTHER FINANCING SOURCES (USES)</b>											
Transfers in		8,323				12,240	19,949				
Transfers out			(900,000)							(71)	(1,053,586)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>8,323</b>	<b>(900,000)</b>	<b>-</b>	<b>-</b>	<b>12,240</b>	<b>19,949</b>	<b>-</b>	<b>-</b>	<b>(71)</b>	<b>(1,053,586)</b>
<b>Net change in fund balances</b>	<b>8,320</b>	<b>8,323</b>	<b>(69,018)</b>	<b>-</b>	<b>(3,543)</b>	<b>-</b>	<b>107</b>	<b>-</b>	<b>-</b>	<b>(71)</b>	<b>(74)</b>
<b>Fund balances - beginning of year</b>	<b>12,150</b>	<b>2,040</b>	<b>86,528</b>	<b>10,889</b>	<b>5,478</b>	<b>-</b>	<b>5,588</b>	<b>2,810</b>	<b>3,103</b>	<b>71</b>	<b>74</b>
<b>Fund balances - end of year</b>	<b>\$ 20,470</b>	<b>\$ 10,363</b>	<b>\$ 17,510</b>	<b>\$ 10,889</b>	<b>\$ 1,935</b>	<b>\$ -</b>	<b>\$ 5,695</b>	<b>\$ 2,810</b>	<b>\$ 3,103</b>	<b>\$ -</b>	<b>\$ -</b>

(CONTINUED)

## CITY OF WOONSOCKET, RHODE ISLAND

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 For the Year Ended June 30, 2009

	SPECIAL REVENUE FUNDS									
	LLEBG Grant 2003/2005	Electric Energy Settlement	Byrne Grant 2004	Library Fines and Fees	Hamlet Ave. Economic Program	Homeland Security Grant 04/05	Justice Assistance Grant 05	Recycling Coordinator Fund	Recycling Containers Fund	Lead Hazard Demo Grant
<b>REVENUES:</b>										
Intergovernmental revenue				\$ 58,271		\$ 413,179	\$ 23,173			\$ 315,012
State Fiscal Stabilization Funds										
Interest income				169					\$ 372	
Other revenue		\$ 183								
<b>Total revenues</b>	\$ -	\$ 183	\$ -	\$ 58,440	\$ -	\$ 413,179	\$ 23,173	\$ -	\$ 372	\$ 315,012
<b>EXPENDITURES:</b>										
<b>Current:</b>										
Legislative - general government										
Public safety						417,545	28,048			
Human resources				38,776						
Economic development										319,590
Education										
Other fixed and general charges										-
<b>Debt Service:</b>										
Principal									140,335	
Interest and other costs									44,055	
<b>Capital expenditures</b>										
<b>Total expenditures</b>	-	-	-	38,776	-	417,545	28,048	-	184,390	319,590
<b>Excess (deficiency) of revenues over (under) expenditures</b>	-	183	-	19,664	-	(4,366)	(4,875)	-	(184,018)	(4,578)
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers in										
Transfers out	(8,191)	-	(42)							
<b>Total other financing sources (uses)</b>	(8,191)	-	(42)	-	-	-	-	-	-	-
<b>Net change in fund balances</b>	(8,191)	183	(42)	19,664	-	(4,366)	(4,875)	-	(184,018)	(4,578)
<b>Fund balances - beginning of year</b>	8,191	(183)	42	26,695	774	-	4,875	11,748	202,133	8,925
<b>Fund balances - end of year</b>	\$ -	\$ -	\$ -	\$ 46,359	\$ 774	\$ (4,366)	\$ -	\$ 11,748	\$ 18,115	\$ 4,347

(CONTINUED)

## CITY OF WOONSOCKET, RHODE ISLAND

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2009**

	SPECIAL REVENUE FUNDS							
	Justice Assistance Grant 06	2008 Cops Technology Grant	City Clerk Records Restoration Fund	Justice Assistance Grant 07	School Restricted Funds	Total Special Revenue Funds	School Capital Projects Fund	Total Non-Major Funds
<b>REVENUES:</b>								
Intergovernmental revenue		\$ 90,185		\$ 28,500	\$ 7,679,811	\$ 11,695,711		\$ 11,695,711
State Fiscal Stabilization Funds					2,490,377	2,490,377		2,490,377
Interest income			\$ 70			4,172		4,172
Other revenue			27,338		91,752	1,407,676		1,407,676
<b>Total revenues</b>	<b>\$ -</b>	<b>90,185</b>	<b>27,408</b>	<b>28,500</b>	<b>10,261,940</b>	<b>15,597,936</b>	<b>\$ -</b>	<b>15,597,936</b>
<b>EXPENDITURES:</b>								
<b>Current:</b>								
Legislative - general government			79,576			79,576		79,576
Public safety	2,935	90,185		35,393		1,588,955		1,588,955
Human resources						219,339		219,339
Economic development						1,985,460		1,985,460
Education					10,265,900	10,265,900		10,265,900
Other fixed and general charges						200,019		200,019
<b>Debt Service:</b>								
Principal						140,335		140,335
Interest and other costs						44,055		44,055
<b>Capital expenditures</b>						-	35,688	35,688
<b>Total expenditures</b>	<b>2,935</b>	<b>90,185</b>	<b>79,576</b>	<b>35,393</b>	<b>10,265,900</b>	<b>14,523,639</b>	<b>35,688</b>	<b>14,559,327</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(2,935)</b>	<b>-</b>	<b>(52,168)</b>	<b>(6,893)</b>	<b>(3,960)</b>	<b>1,074,297</b>	<b>(35,688)</b>	<b>1,038,609</b>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in				5,706		106,218	35,688	141,906
Transfers out	(1,500)					(1,987,564)		(1,987,564)
<b>Total other financing sources (uses)</b>	<b>(1,500)</b>	<b>-</b>	<b>-</b>	<b>5,706</b>	<b>-</b>	<b>(1,881,346)</b>	<b>35,688</b>	<b>(1,845,658)</b>
<b>Net change in fund balances</b>	<b>(4,435)</b>	<b>-</b>	<b>(52,168)</b>	<b>(1,187)</b>	<b>(3,960)</b>	<b>(807,049)</b>	<b>-</b>	<b>(807,049)</b>
<b>Fund balances - beginning of year</b>	<b>14,213</b>	<b>-</b>	<b>171,688</b>	<b>2,331</b>	<b>70,597</b>	<b>1,967,343</b>	<b>-</b>	<b>1,967,343</b>
<b>Fund balances - end of year</b>	<b>\$ 9,778</b>	<b>\$ -</b>	<b>\$ 119,520</b>	<b>\$ 1,144</b>	<b>\$ 66,637</b>	<b>\$ 1,160,294</b>	<b>\$ -</b>	<b>\$ 1,160,294</b>

(CONCLUDED)

# CITY OF WOONSOCKET

## AGENCY FUNDS

Agency funds are used to account for assets held by the government as an agent for individuals, private organizations, and other governments. The following funds are reported in this section:

- Sidewalk Deposit Fund
  - Curbing Deposit Fund
  - Construction Escrow Account
  - Deduction Services Fund
  - Commercial Exterior Rehab Fund
  - Fire Dental Plan
  - Fire Dental Level II
  - Thundermist/Putnam Hyrdo
  - Woonsocket School Department Agency Funds:
    - Vica Fund
    - Senior Awards Banquet
    - Middle School Fund
    - High School Fund
-

**CITY OF WOONSOCKET, RHODE ISLAND**Statement of Changes in Assets and Liabilities  
Agency Funds  
Year ended June 30, 2009

	Beginning Balance	Additions	Deductions	Ending Balance
<b><u>Sidewalk Deposit Fund</u></b>				
ASSETS:				
Cash	\$ 4,376	\$ 6,145	\$ 6,291	\$ 4,230
TOTAL ASSETS	<u>\$ 4,376</u>	<u>\$ 6,145</u>	<u>\$ 6,291</u>	<u>\$ 4,230</u>
LIABILITIES:				
Deposits held in custody for others	\$ 4,376	\$ 6,145	\$ 6,291	\$ 4,230
TOTAL LIABILITIES	<u>\$ 4,376</u>	<u>\$ 6,145</u>	<u>\$ 6,291</u>	<u>\$ 4,230</u>
<b><u>Curbing Deposit Fund</u></b>				
ASSETS:				
Cash	\$ 3,644	\$ 5,180	\$ 1,521	\$ 7,303
TOTAL ASSETS	<u>\$ 3,644</u>	<u>\$ 5,180</u>	<u>\$ 1,521</u>	<u>\$ 7,303</u>
LIABILITIES:				
Deposits held in custody for others	\$ 3,644	\$ 5,180	\$ 1,521	\$ 7,303
TOTAL LIABILITIES	<u>\$ 3,644</u>	<u>\$ 5,180</u>	<u>\$ 1,521</u>	<u>\$ 7,303</u>
<b><u>Construction Escrow Account</u></b>				
ASSETS:				
Cash	\$ 5,446	\$ 7,215	\$ 5,447	\$ 7,214
TOTAL ASSETS	<u>\$ 5,446</u>	<u>\$ 7,215</u>	<u>\$ 5,447</u>	<u>\$ 7,214</u>
LIABILITIES:				
Deposits held in custody for others	\$ 5,446	\$ 7,215	\$ 5,447	\$ 7,214
TOTAL LIABILITIES	<u>\$ 5,446</u>	<u>\$ 7,215</u>	<u>\$ 5,447</u>	<u>\$ 7,214</u>
<b><u>Deduction Services Fund</u></b>				
ASSETS:				
Cash	\$ 16,765	\$ 6,686,866	\$ 6,706,450	\$ (2,819)
TOTAL ASSETS	<u>\$ 16,765</u>	<u>\$ 6,686,866</u>	<u>\$ 6,706,450</u>	<u>\$ (2,819)</u>
LIABILITIES:				
Deposits held in custody for others	\$ 16,765	\$ 6,686,866	\$ 6,706,450	\$ (2,819)
TOTAL LIABILITIES	<u>\$ 16,765</u>	<u>\$ 6,686,866</u>	<u>\$ 6,706,450</u>	<u>\$ (2,819)</u>
<b><u>Commercial Exterior Rehab Fund</u></b>				
ASSETS:				
Cash	\$ 1,400	\$ -	\$ 1,400	\$ -
TOTAL ASSETS	<u>\$ 1,400</u>	<u>\$ -</u>	<u>\$ 1,400</u>	<u>\$ -</u>
LIABILITIES:				
Deposits held in custody for others	\$ 1,400	\$ -	\$ 1,400	\$ -
TOTAL LIABILITIES	<u>\$ 1,400</u>	<u>\$ -</u>	<u>\$ 1,400</u>	<u>\$ -</u>

(CONTINUED)



**CITY OF WOONSOCKET, RHODE ISLAND**Statement of Changes in Assets and Liabilities  
Agency Funds  
Year ended June 30, 2009

	Beginning Balance	Additions	Deductions	Ending Balance
<b><u>Fire Dental Plan</u></b>				
ASSETS:				
Cash	\$ 304,355	\$ 107,777	\$ 98,231	\$ 313,901
TOTAL ASSETS	<u>\$ 304,355</u>	<u>\$ 107,777</u>	<u>\$ 98,231</u>	<u>\$ 313,901</u>
LIABILITIES:				
Deposits held in custody for others	\$ 304,355	\$ 107,777	\$ 98,231	\$ 313,901
TOTAL LIABILITIES	<u>\$ 304,355</u>	<u>\$ 107,777</u>	<u>\$ 98,231</u>	<u>\$ 313,901</u>
<b><u>Fire Dental Level II</u></b>				
ASSETS:				
Cash	\$ 32,724	\$ 131,194	\$ 130,777	\$ 33,141
TOTAL ASSETS	<u>\$ 32,724</u>	<u>\$ 131,194</u>	<u>\$ 130,777</u>	<u>\$ 33,141</u>
LIABILITIES:				
Deposits held in custody for others	\$ 32,724	\$ 131,194	\$ 130,777	\$ 33,141
TOTAL LIABILITIES	<u>\$ 32,724</u>	<u>\$ 131,194</u>	<u>\$ 130,777</u>	<u>\$ 33,141</u>
<b><u>Woonsocket School Dept. Agency Funds</u></b>				
ASSETS:				
Cash	\$ 71,171	\$ 319,931	\$ 294,797	\$ 96,305
Investments	\$ 63,419	\$ -	\$ 63,419	-
TOTAL ASSETS	<u>\$ 134,590</u>	<u>\$ 319,931</u>	<u>\$ 358,216</u>	<u>\$ 96,305</u>
LIABILITIES:				
Deposits held in custody for others	\$ 134,590	\$ 319,931	\$ 358,216	\$ 96,305
TOTAL LIABILITIES	<u>\$ 134,590</u>	<u>\$ 319,931</u>	<u>\$ 358,216</u>	<u>\$ 96,305</u>
<b><u>Thundermist/Putnam Hydro</u></b>				
ASSETS:				
Cash	\$ 50,042	\$ 96	\$ 50,101	\$ 37
TOTAL ASSETS	<u>\$ 50,042</u>	<u>\$ 96</u>	<u>\$ 50,101</u>	<u>\$ 37</u>
LIABILITIES:				
Deposits held in custody for others	\$ 50,042	\$ 96	\$ 50,101	\$ 37
TOTAL LIABILITIES	<u>\$ 50,042</u>	<u>\$ 96</u>	<u>\$ 50,101</u>	<u>\$ 37</u>
<b><u>Total - All Agency Funds</u></b>				
ASSETS:				
Cash	\$ 489,923	\$ 7,264,404	\$ 7,295,015	\$ 459,312
Investments	63,419	-	63,419	-
TOTAL ASSETS	<u>\$ 553,342</u>	<u>\$ 7,264,404</u>	<u>\$ 7,358,434</u>	<u>\$ 459,312</u>
LIABILITIES:				
Deposits held in custody for others	\$ 503,300	\$ 7,264,404	\$ 7,308,333	\$ 459,312
TOTAL LIABILITIES	<u>\$ 503,300</u>	<u>\$ 7,264,404</u>	<u>\$ 7,308,333</u>	<u>\$ 459,312</u>

(CONCLUDED)

# CITY OF WOONSOCKET

## PRIVATE PURPOSE TRUST FUNDS

Private purpose trust funds are used to account for resources legally held in trust for use by parties outside of the City, and cannot be used at the City's discretion or to support the City's general operations. The following funds have been classified as private purpose trust funds in the City's financial statements:

- John S. Bellows Trust
  - EMS Public Fund
  - Valois Animal Trust
  - Education Department Private Purpose Trust Funds:
    - Stella M. Gould Memorial Scholarship
    - Sandra H. Whipple Memorial Scholarship
    - Arthur J. Cournoyer Memorial Scholarship
    - ADA Memorial Scholarship
-

**CITY OF WOONSOCKET, RHODE ISLAND**

**Combining Statement of Fiduciary Net Assets  
Private Purpose Trust Funds  
June 30, 2009**

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	John S. Bellows <u>Trust</u>	EMS Public <u>Fund</u>	Valois Animal <u>Trust</u>	Education Dept. Private Purpose <u>Trust Funds</u>	Total Private Purpose <u>Trust Funds</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 19,516	\$ 304	\$ 22,351	\$ 127,817	\$ 169,988
Investments				122,950	122,950
<b>Total Assets</b>	<u>19,516</u>	<u>304</u>	<u>22,351</u>	<u>250,767</u>	<u>292,938</u>
<b>LIABILITIES</b>	-	-	-	-	-
<b>NET ASSETS</b>					
Held in trust for other purposes	<u>\$ 19,516</u>	<u>\$ 304</u>	<u>\$ 22,351</u>	<u>\$ 250,767</u>	<u>\$ 292,938</u>

CITY OF WOONSOCKET, RHODE ISLAND

**Combining Statement of Changes in Fiduciary Net Assets  
Private Purpose Trust Funds  
For The Year Ended June 30, 2009**

	John S. Bellows Trust	EMS Public Fund	Valois Animal Trust	Education Dept. Private Purpose Trust Funds	Total Private Purpose Trust Funds
<b>ADDITIONS:</b>					
Investment Income	\$ 104	\$ -	\$ 116	\$ 4,478	\$ 4,698
<b>Total Additions</b>	<u>104</u>	<u>-</u>	<u>116</u>	<u>4,478</u>	<u>4,698</u>
<b>DEDUCTIONS:</b>					
Operating expenses			-	2,868	2,868
<b>Total Deductions</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,868</u>	<u>2,868</u>
<b>Change in Net Assets</b>	104	-	116	1,610	1,830
Net assets at beginning of year	19,412	304	22,235	249,157	291,108
<b>Net assets at end of year</b>	<u>\$ 19,516</u>	<u>\$ 304</u>	<u>\$ 22,351</u>	<u>\$ 250,767</u>	<u>\$ 292,938</u>

**CITY OF WOONSOCKET**

**OTHER EXHIBITS**



## CITY OF WOONSOCKET, RHODE ISLAND

SCHEDULE OF PROPERTY TAXES RECEIVABLE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Year	Mill Rate	Property Taxes Receivable July 1, 2008	Current Year Assessment	Transfers Addendums (Net)	Abatements and Adjustments	Amount to be Collected	Collections Net of Refunds	Property Taxes Receivable June 30, 2009
2008	\$13.23		\$ 45,117,172	\$ (99,760)	\$ 247,812	\$ 44,769,600	\$ 43,140,424	\$ 1,629,176
2007	12.88	\$ 1,351,553		19,121	197,475	1,173,199	596,809	576,390
2006	12.40	506,160		2,059	1,280	506,939	65,858	441,081
2005	23.85	362,996		308	1,464	361,840	9,962	351,878
2004	23.85	326,169			226	325,943	4,775	321,168
2003	23.30	311,001			(127)	311,128	5,322	305,806
2002	29.00	290,947			1	290,946	4,179	286,767
2001	29.00	297,237			3	297,234	3,354	293,880
2000	29.00	242,568			1	242,567	4,623	237,944
1999	24.10	271,673			306	271,367	3,657	267,710
1998	24.10	308,067				308,067	3,779	304,288
1997	24.10	279,843				279,843	2,959	276,884
1996	24.10	238,913				238,913	2,360	236,553
1995	24.10	221,430				221,430	2,222	219,208
1986-1994	21.96	715,135			(33)	715,168	6,366	708,802
Subtotal		5,723,692	\$ 45,117,172	\$ (78,272)	\$ 448,408	\$ 50,314,184	\$ 43,856,649	6,457,535
Less: estimated allowance for uncollectable accounts		4,386,176						4,845,281
<b>Net property taxes receivable</b>		<u>\$ 1,337,516</u>						<u>\$ 1,612,254</u>

(CONTINUED)

**CITY OF WOONSOCKET, RHODE ISLAND**  
**SCHEDULE OF PROPERTY TAXES RECEIVABLE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

<u>Schedule of Net Assessed Property Value by Category</u>			<u>Reconciliation of Current Year Property Tax Revenue</u>	
<u>Description of Property</u>	<u>Assessed December 31, 2007</u>			
	<u>Valuations</u>	<u>Levy</u>		
Real property	\$ 2,097,488,771	\$ 34,282,427	Current year collections	\$ 43,856,649
Motor vehicles	87,299,330	4,066,403	Revenue received 60 days subsequent to fiscal year ending June 30, 2009	414,943
Tangible property	84,604,634	3,940,884	Subtotal	<u>44,271,592</u>
Wholesale and retail inventory	-	-	Prior year revenue received in current year (2008 60 day rule)	(224,159)
Total	2,269,392,735	42,289,714	<b>Current year property tax revenue</b>	<b><u><u>\$ 44,047,433</u></u></b>
Exemptions and adjustments	(8,938,772)	(161,530)		
Additional Revenue due to pilot		2,988,988		
<b>Net assessed value</b>	<b><u><u>\$ 2,260,453,963</u></u></b>	<b><u><u>\$ 45,117,172</u></u></b>		

(CONCLUDED)

# **CITY OF WOONSOCKET**

## **SINGLE AUDIT SECTION**

This section contains information regarding federal grant activity for the year ended June 30, 2009, which was audited in accordance with generally accepted auditing standards and "Government Auditing Standards" issued by the Comptroller General of the United States and under the guidelines of the Single Audit Act of 1984 as amended by the Single Audit Act Amendments of 1996 and the United States Office of Management and Budget's Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations."

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**CITY OF WOONSOCKET, RHODE ISLAND**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2009**

<b>Federal Grantor</b>	Federal	
<b>Pass-Through Grantor</b>	CFDA	
<u>Program title</u>	<u>Number</u>	<u>Expenditures</u>
<b>U.S. Department of Housing and Urban Development</b>		
Community Development Block Grant/Entitlement Grant	14.218	\$ 1,543,091
Emergency Shelter Grant Program	14.231	65,893
Lead Hazard Reduction Demonstration Grant Program	14.905	319,590
HOME Investment Partnership Program	14.239	490,787
<b>Total U.S. Department of Housing and Urban Development</b>		<u>2,419,361</u>
<b>U.S. Department of Transportation</b>		
<b>Rhode Island Department of Environmental Management</b>		
Interagency Hazardous Materials Public Sector Training & Planning Grants	20.703	<u>9,378</u>
<b>U.S. Environmental Protection Agency</b>		
Brownsfield Assessment and Cleanup Cooperative Agreements	66.818	<u>600,000</u>
<b>U.S. Department of Homeland Security</b>		
Homeland Security Grant Program	97.067	417,545
Assistance to Firefighters Grant	97.044	110,158
<b>Total U.S. Department of Homeland Security</b>		<u>527,703</u>
<b>U.S. Department of Education</b>		
<b>RI Department of Education</b>		
Title I	84.010	3,477,174
Title III	84.365	55,723
Title V	84.298	2,386
Title II	84.367	745,529
Title IV	84.186	66,765
Homeless Resource Plan	84.196	14,972
E2T2 MCI	84.XXX	80,498
IDEA Part B	84.027	1,780,020
Early Learning (89-313) PreSchool	84.173	63,347
Perkins	84.048	371,385
Even Start	84.213	66,542
WIA Adult Education	84.002	102,000
21st Century Grant	84.287	226,057
District Negotiated Agreement	84.XXX	208,896
Math & Science Partnerships	84.366	164,921
Title I School Improvements	84.XXX	66,824
State Fiscal Stabilization Funds	84.394	2,490,377
<b>Total U.S. Department Education</b>		<u>9,983,416</u>
<b>U.S. Department of Agriculture</b>		
<b>Rhode Island Department of Education</b>		
National School Lunch Program	10.555	** <u>2,245,640</u>
<b>Total U.S. Department of Agriculture</b>		<u>2,245,640</u>
<b>Total Federal Expenditures</b>		<u>\$ 15,785,498</u>

\*\* - Includes commodities valued at approximately \$167,500

**CITY OF WOONSOCKET, RHODE ISLAND**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2009**

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**1. General**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the City of Woonsocket, Rhode Island. All federal awards received from federal agencies are included on the Schedule of Expenditures of Federal Awards. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. An example is the National School Lunch Program where the schedule of federal expenditures includes approximately \$167,500 for the value of food commodities received. These commodities are not recorded in the basic financial statements.

**2. Basis of Accounting**

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting.

**3. Determination of Major Programs**

The determination of major federal financial assistance programs was based upon the overall level of expenditures for all federal programs for the City of Woonsocket, Rhode Island. As such, the threshold for determining Type A and Type B programs is defined as those with program expenditures greater than \$300,000 or 3 percent of total expenditures when the total expenditures are over \$10,000,000. For the fiscal year ended June 30, 2009, the following programs were considered a major program:

Community Development Block Grant....	CFDA #14.218
Brownsfield Assessment & Cleanup Co- operative Agreements.....	CFDA #66.818
National School Lunch Program.....	CFDA #10.555
Title I .....	CFDA #84.010
State Fiscal Stabilization Funds.....	CFDA #84.394

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

To the Honorable Mayor and  
Members of the City Council  
City of Woonsocket  
Woonsocket, Rhode Island

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Woonsocket, Rhode Island as of and for the year ended June 30, 2009, which collectively comprise the City of Woonsocket, Rhode Island's basic financial statements and have issued our report thereon dated March 1, 2010. 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 City of Woonsocket, Rhode Island's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Woonsocket's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Woonsocket's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses, and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City of Woonsocket's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs (noted as items 2009-1 through 2009-5) to be material weaknesses.

A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies. The significant deficiencies noted are identified as 2009-6 through 2009-11 in the accompanying schedule of findings and questioned costs.

Newton  
Taunton  
Concord

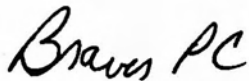
## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Woonsocket, Rhode Island's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2009-9 and 2009-11.

We noted certain matters that we reported to management of the City of Woonsocket, Rhode Island in a separate letter titled *Communication of Matters Prescribed by Statement on Auditing Standards #115* dated March 1, 2010.

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

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



Providence, Rhode Island  
March 1, 2010

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

To the Honorable Mayor and  
Members of the City Council  
City of Woonsocket  
Woonsocket, Rhode Island

**Compliance**

We have audited the compliance of the City of Woonsocket, 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 City of Woonsocket, Rhode Island's major federal programs are identified in the summary of auditors' 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 City of Woonsocket, Rhode Island's management. Our responsibility is to express an opinion on the City of Woonsocket, Rhode Island'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 City of Woonsocket, Rhode Island'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 City of Woonsocket, Rhode Island's compliance with those requirements.

As described in items 2009-12 and 2009-13 in the accompanying schedule of findings and questioned costs, the City of Woonsocket did not comply with the requirements regarding allowable costs and cash management that are applicable to its Community Development Block Grant Program. Compliance with such requirements is necessary, in our opinion, for the City of Woonsocket to comply with the requirements applicable to those programs.

In our opinion, except for the noncompliance described in the preceding paragraph, the City of Woonsocket 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.

Boston  
Newton  
Taunton  
Concord

## Internal Control Over Compliance

The management of the City of Woonsocket, Rhode Island 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 City of Woonsocket, Rhode Island'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 City of Woonsocket, Rhode Island'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 the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily disclose 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 City Council, School Committee, audit committee, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Providence, Rhode Island  
March 1, 2010

**CITY OF WOONSOCKET, RHODE ISLAND**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2009**

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**A. SUMMARY OF AUDITORS' RESULTS**

1. The auditors' report expressed an adverse opinion on the governmental activities and a qualified opinion on the business-type activities, each major fund, and the aggregate remaining fund information of the City of Woonsocket, Rhode Island.
2. Eleven significant deficiencies in internal control over financial reporting have been identified and are described in Part B below as items 2009-1 through 2009-11. Items 2009-1 through 2009-5 are significant deficiencies which are considered to be material weaknesses.
3. Two instances of noncompliance material to the financial statements of the City of Woonsocket, Rhode Island were disclosed during the audit.
4. No instances of significant deficiencies in internal control over compliance with requirements applicable to major federal programs were identified.
5. The auditors' report on compliance for the major federal award programs for the City of Woonsocket, Rhode Island expresses a qualified opinion.
6. Audit findings relative to the major federal award programs for the City of Woonsocket are reported in Part C of this schedule.
7. The programs tested as major programs were:
 

Community Development Block Grant ...	CFDA #14.218
Brownsfield Assessment & Cleanup	
Cooperative Agreements .....	CFDA #66.818
National School Lunch Program .....	CFDA #10.555
Title I .....	CFDA #84.010
State Fiscal Stabilization Funds.....	CFDA #84.394
8. The threshold for distinguishing Type A and B programs is described in Note 3 to the Schedule of Expenditures of Federal Awards.
9. The City of Woonsocket, Rhode Island was not determined to be a low-risk auditee

**B. FINDINGS – RELATED TO AUDIT OF FINANCIAL STATEMENTS**

***Current Year Findings:***

**2009-1:** The auditors' report for the fiscal year ended June 30, 2009 presented an adverse opinion on the governmental activities of the City of Woonsocket and a qualified opinion on the business-type activities. The adverse opinion was rendered as a result of the City's failure to maintain adequate capital asset records to support the value of capital assets, primarily infrastructure assets, and the failure to comply with GASB Statement #45 relating to OPEB. The qualified opinion on the business-type activities was also related to the City's lack of compliance with the requirements of GASB Statement #45.

(CONTINUED)

**CITY OF WOONSOCKET, RHODE ISLAND**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2009**

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**B. FINDINGS – RELATED TO AUDIT OF FINANCIAL STATEMENTS (Continued)**

***Current Year Findings (Continued):***

- 2009-2:** The general ledger accounting records maintained by the City should include all accounts and funds maintained by the City. During our audit process we noted that the general ledger accounting records did not include the balances or financial activity of an account maintained by the Clerk's office for maintenance and restoration of records, and the City's Employee Retirement Plan for police and fire department personnel. In addition, the City does not maintain a general ledger for reporting long-term debt obligation balances and the activity of these debt obligations during the fiscal year.
- 2009-3:** The City's Finance Department and the School's Business Office currently do not have formal policies or procedures in place for reviewing and approving account reconciliations, journal entries, and trial balances prepared by finance personnel. We noted that the City Controller and the School Accounting Supervisor are responsible for maintaining the general ledger accounting records and completing many of the account reconciliations. However, we also noted that there are no policies or procedures in place for approving the reconciliation's or journal entries prepared by these individuals.
- 2009-4:** Recently issued auditing standards require the independent audit firm to assess the City's and School Department's capability to prepare financial statements in accordance with generally accepted accounting principles applicable to governmental entities. These standards require City and School personnel to be responsible for the selection and implementation of appropriate accounting polices and internal controls, and possess the ability to complete the financial statements and required disclosures. Based on our audit procedures we believe that the City of Woonsocket and the Woonsocket Education Department do not have adequate policies or procedures in place for maintaining financial records that would enable management to complete annual financial statements in accordance with generally accepted accounting principles.
- 2009-5:** During our review of the School Department's internal controls over payroll transactions and the payroll processing cycle/system we noted that the Department does not have policies or procedures in place for monitoring the payroll activity and approving payroll registers. The Department does not require authorization or documentation to be maintained to support changes to employee payroll rather the human resource department maintains a spreadsheet which notes the changes made and the date the changes were made. However, this spreadsheet is not signed nor does it contain any evidence of approval. In addition we noted that the Department does not require that someone independent of the payroll processing function periodically review and approve payroll registers.
- 2009-6:** The City's current procedure for recording activity related to police details is as follows; the officers payroll for time spent on details is recorded as an asset on the City's General Fund, the City then prepares an invoice to the vendor responsible for reimbursing the City for the officers pay as well as an administrative fee. This invoice is recorded as receivables and deferred revenue in the City's General Fund. As a result of this recording process the City is overstating the assets of the General Fund. In addition, the net assets in the government-wide financial statements would also be overstated due to the fact that the deferred revenue is not presented as a liability on the government-wide statements but is instead recognized as revenue.
- 2009-7:** As part of our audit process we randomly interview employees of the City and School Department to inquire of their knowledge of fraud or irregularities that may have occurred. During this process we noted instances where newly hired School Department employees were not assigned unique login passwords to access the Department's general ledger accounting system rather they were instructed to use the login password of another employee. While we are not aware of the processing of any fraudulent transactions, it is our opinion that sharing of login passwords hinders the Department's ability to adequately trace the source of any inappropriate transactions.

(CONTINUED)



CITY OF WOONSOCKET, RHODE ISLAND

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2009**

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**B. FINDINGS – RELATED TO AUDIT OF FINANCIAL STATEMENTS (Continued)**

***Current Year Findings (Continued):***

**2009-8:** The Woonsocket Education Department's general ledger accounting system currently maintains one fund (Fund 20) to account for all of the activity of the various restricted special revenue/grant funds (approximately 40 funds). Management takes the activity from Fund 20 and prepares computerized spreadsheets allocating the activity to the respective individual funds. During our audit we noted that the activity in the spreadsheets is not reconciled to the activity in Fund 20 on an ongoing basis. We also noted that the various interfund balances and the cash account was not reconciled in a timely manner. It is our understanding that the maintenance of these accounting records has historically been the responsibility of primarily one individual, the Accounting Supervisor. We believe that this individual is solely responsible for maintaining the general ledger, and reconciling all applicable accounts.

**2009-9:** The City and School Department receive a number of grants from various federal and state agencies. Many of these grants are considered to be expenditure reimbursement grants. As the name implies, funding of these grants is generally reimbursed to the City and School Department once the expenditure has been incurred and or paid by the City or School Department. During our audit we noted instances where we believe the Town and School Department may have immaterial instances of non compliance with the cash management requirements of these federal and state grants. Lack of compliance could result in loss of grant revenue.

**2009-10:** The City receives federal grants directly from the federal government and also passed through various state agencies. These federal grants may be subject to an audit in accordance with OMB Circular A-133. The audit requirements applicable to federal grants are often documented in the federal compliance supplement which is determined by the applicable Catalogue of Federal Domestic Assistance (CFDA) number. During our audit we noted that the City does not have a formal policy or procedure for maintaining a central record of federal grants and expenditures and the CFDA# applicable to each grant. Failure to properly maintain these records in a central location (Finance Department) could result in the misstatement of the City's Schedule of Expenditures of Federal Awards which in turn could result in lack of compliance with the federal regulations for reporting federal expenditures.

**2009-11:** During our testing of contract compliance requirements we noted that the School Department does not have a formal document retention policy or procedure. As a result, management was unable to easily obtain and provide records to substantiate that the Department had complied with the contract requirements for determining eligibility. Although management was able to produce evidence to support compliance with the requirements, implementation of a formal record retention policy will ensure that the records are maintained and readily available in the event that the contract is selected for review by the grantor agency.

***Prior Year Findings:***

**2008-1:** The auditor's report for the fiscal year ended June 30, 2008 presented an adverse opinion on the governmental activities of the City of Woonsocket. The adverse opinion was rendered as a result of the City's failure to maintain adequate capital asset records to support the value of capital assets, primarily infrastructure assets. **Status: See current year finding 2009-1.**

(CONTINUED)

CITY OF WOONSOCKET, RHODE ISLAND

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2009**

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**B. FINDINGS – RELATED TO AUDIT OF FINANCIAL STATEMENTS (Continued)**

***Prior Year Findings (Continued):***

- 2008-2:** The City of Woonsocket has a lack of controls over the recording and maintenance of capital asset records related to the City's Proprietary Funds. We noted a number of instances where capital assets were not properly recorded as assets rather they were recorded as expenses in a manner consistent with the accounting principles utilized for governmental funds. In addition we noted that the City lacks formal policies and procedures for updating the capital asset records to properly report dispositions or to reclassify assets from construction in progress. **Status: This finding was cleared in fiscal 2009.**
- 2008-3:** The general ledger accounting records maintained by the City should include all accounts and funds maintained by the City. During our audit process we noted that the general ledger accounting records did not include the balances or financial activity of an account maintained by the Clerk's office for maintenance and restoration of records, a restricted cash account held by the Water Fund, and the City's Employee Retirement Plan for police and fire department personnel. In addition, the City does not maintain a general ledger for reporting long-term debt obligation balances and the activity of these debt obligations during the fiscal year. **Status: See current year finding 2009-2.**
- 2008-4:** The City's Finance Department and the School's Business Office currently do not have formal policies or procedures in place for reviewing and approving account reconciliations, journal entries, and trial balances prepared by finance personnel. We noted that the City Controller and the School Accounting Supervisor are responsible for maintaining the general ledger accounting records and completing many of the account reconciliations. However, we also noted that there are no policies or procedures in place for approving the reconciliation's or journal entries prepared by these individuals. **Status: See current year finding 2009-3.**
- 2008-5:** Recently issued auditing standards require the independent audit firm to assess the City's and School Department's capability to prepare financial statements in accordance with generally accepted accounting principles applicable to governmental entities. These standards require City and School personnel to be responsible for the selection and implementation of appropriate accounting polices and internal controls, and possess the ability to complete the financial statements and required disclosures. Based on our audit procedures we believe that the City of Woonsocket and the Woonsocket Education Department do not have adequate policies or procedures in place for maintaining financial records that would enable management to complete annual financial statements in accordance with generally accepted accounting principles. **Status: See current year finding 2009-4.**
- 2008-6:** The Woonsocket Education Department currently has a procedure whereby they record accrued payroll (summer time deferral) as if it were paid as of the end of the fiscal year. The School Department currently produces all of the checks at year end and processes the checks with a date in June. The checks are then held for distribution in the appropriate payroll period (July and August). As a result of this procedure the internal financial records maintained by the Woonsocket School Department understated cash and accrued expenses (liabilities) by approximately \$3.8 million at June 30, 2008. In addition, we noted that the Woonsocket Education Department does not have adequate policies or procedures for recording accounts receivable related to Medicaid billings and grant contracts. Lastly, we also noted that the School Department did not have adequate procedures in place to ensure that interfund transfers were properly reported at the end of the fiscal year. Specifically we noted that the School Unrestricted Fund failed to include a transfer to the School Capital Projects Fund in the amount of approximately \$273,000. **Status: This finding was cleared in fiscal 2009. The school department properly recorded all Interfund activity and transactions related to summer time payroll accrual.**

(CONTINUED)

**CITY OF WOONSOCKET, RHODE ISLAND**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2009**

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**B. FINDINGS – RELATED TO AUDIT OF FINANCIAL STATEMENTS (Continued)**

***Prior Year Findings (Continued):***

**2008-7:** The City's current procedure for recording activity related to police details is as follows; the officers payroll for time spent on details is recorded as an asset on the City's General Fund, the City then prepares an invoice to the vendor responsible for reimbursing the City for the officers pay as well as an administrative fee. This invoice is recorded as receivables and deferred revenue in the City's General Fund. As a result of this recording process the City is overstating the assets of the General Fund. In addition, the net assets in the government-wide financial statements would also be overstated due to the fact that the deferred revenue is not presented as a liability on the government-wide statements but is instead recognized as revenue. **Status: See current year finding 2009-6.**

**2008-8:** The Woonsocket Education Department's general ledger accounting system currently maintains one fund (Fund 20) to account for all of the activity of the various restricted special revenue/grant funds (approximately 40 funds). Management takes the activity from Fund 20 and prepares computerized spreadsheets allocating the activity to the respective individual funds. During our audit we noted that the activity in the spreadsheets is not reconciled to the activity in Fund 20 on an ongoing basis. We also noted that the various interfund balances and the cash account was not reconciled in a timely manner and that some grant reports did not agree to the activity reported in the spreadsheets of fund analysis. It is our belief that the maintenance of these accounting records is the responsibility of primarily one individual, the Accounting Supervisor. We believe that this individual is solely responsible for maintaining the general ledger, completing grant reports, and reconciling all applicable accounts. Due to the amount of responsibilities placed on this individual the year end trial balances related to these grant funds were not finalized and provided for audit until November 2008 (more than 4 months after year end). **Status: See current year finding 2009-8.**

**C. FINDINGS AND QUESTIONED COSTS RELATING TO FEDERAL AWARDS**

***Current Year Findings:***

**2009-12: Community Development Block Grant CFDA – #14.218**

**Criteria:** The City of Woonsocket may receive direct federal funding as well as federal funding passed through the State of Rhode Island. During our audit we noted instances where payroll records supporting cost allocations to federal programs were not being maintained in accordance with the requirements of OMB Circular A-87. The circular requires that payroll costs charged to federally funded programs be supported as follows:

- Salaries and wages for employees working 100% of their time on a single Federal award or cost objective must be supported by periodic certifications. These certifications must be prepared at least semi-annually and must be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee.
- Salaries and wages for employees working on multiple activities or cost objectives must be supported by (a) personnel activity reports that reflect an after-the-fact distribution of the actual activity of the employee, (b) they must account for the total activity for which an employee is compensated, (c) they must be prepared at least monthly and must coincide with one or more pay periods, and (d) they must be signed by the employee.

(CONTINUED)

CITY OF WOONSOCKET, RHODE ISLAND

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2009**

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**C. FINDINGS AND QUESTIONED COSTS RELATING TO FEDERAL AWARDS (Continued)**

**Current Year Findings (Continued):**

**2009-12: Community Development Block Grant CFDA – #14.218 (Continued)**

**Condition:** The City of Woonsocket does not maintain time records or employee time certifications in accordance with the requirements of OMB Circular A-87. The City was unable to provide employee time records to support the allocation of payroll which was being charged to federal programs. Rather the compensation was allocated to federal programs based on budgeted amounts.

**Recommendation:** We recommend that the management of the City develop a policy and enforce the policy requiring detail time records to be completed and maintained in accordance with the requirements of OMB Circular A-87. In addition we recommend that the City request more frequent salary reimbursements from HUD. If reimbursements are calculated based on the time records every pay period or every month, the City should be able to know the exact expense that is to be requested from HUD. Also, the policy should include an internal audit function requiring someone independent of the federal program to review time records and salary reimbursements on a periodic basis for compliance.

**Corrective Action - Management response:** The City's Finance Director will enforce the use of weekly timesheets by all personnel whose time is charged to federally funded programs. In the event that department personnel fail to comply with time reporting requirements, the Finance Department will prohibit the department from submitting requisitions for drawdown of federal funds.

**2009-13: Community Development Block Grant – CFDA #14.218**

**Criteria:** Federal regulations governing cash management require that entities receiving Federal funds in advance of making cash disbursements must have procedures in place to limit the time that elapses between the cash receipt and the subsequent payment. The maximum amount of time that funds should be held is defined as three days.

**Condition:** The City of Woonsocket does not have adequate controls in place to ensure compliance with the Cash Management requirement over federal funds.

**Recommendation:** We recommend the City develop a policy and implement procedures to ensure compliance with the cash management requirements of the federal program. In addition we recommend that the City's policy include an internal audit function whereby finance department personnel or others independent of the federal program conduct a review of the bank activity to ensure compliance with the federal requirements.

**Corrective Action - Management Response:** In the disbursement of cash following federal electronic drawdowns, the City follows 24 CFR 85.21 (b) Basic Standard. Methods and procedures for payment shall minimize the time elapsing between the transfers of funds and disbursement by the grantee or subgrantee, in accordance with Treasury regulations at 31 CFR Part 205. Except in cases where extenuating circumstances preclude a prompt disbursement, the City policy is to adhere to the federal proposal of a 2-3 day time period between fund draw and disbursement.

(CONCLUDED)

CITY OF WOONSOCKET, RHODE ISLAND

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2009**

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**C. FINDINGS AND QUESTIONED COSTS RELATING TO FEDERAL AWARDS (Continued)**

***Prior Year Findings:***

**2008-9: Community Development Block Grant CFDA – #14.218, and HOME Fund – CFDA #14.239**

**Criteria:** The City of Woonsocket may receive direct federal funding as well as federal funding passed through the State of Rhode Island. During our audit we noted instances where payroll records supporting cost allocations to federal programs were not being maintained in accordance with the requirements of OMB Circular A-87. The circular requires that payroll costs charged to federally funded programs be supported as follows:

- Salaries and wages for employees working 100% of their time on a single Federal award or cost objective must be supported by periodic certifications. These certifications must be prepared at least semi-annually and must be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee.
- Salaries and wages for employees working on multiple activities or cost objectives must be supported by (a) personnel activity reports that reflect an after-the-fact distribution of the actual activity of the employee, (b) they must account for the total activity for which an employee is compensated, (c) they must be prepared at least monthly and must coincide with one or more pay periods, and (d) they must be signed by the employee.

**Condition:** The City of Woonsocket was not able to implement a policy or procedure requiring employees charged to federally funded programs to maintain time records or complete certifications in accordance with the requirements of OMB Circular A-87 until April of 2008. Due to the fact that the City is reimbursed for salaries on a semi-annual basis, they were not able to provide sufficient time records to support the related cost.

**Recommendation:** We recommend that the management of the City develop a policy requiring more frequent salary reimbursements from HUD. If reimbursements are calculated based on the time records every pay period or every month, the City should be able to exact expense that is to be requested from HUD. Also, the policy should include an internal audit function requiring someone independent of the federal program to review time records and salary reimbursements on a periodic basis for compliance.

**Management response:** On approximately January 29, 2008 the U.S. Department of Housing and Urban Development approved a sample employee time sheet which was implemented by the City of Woonsocket during that last quarter of the fiscal year ended June 30, 2008.

**Status:** See current year finding 2009-12.

(CONTINUED)

**CITY OF WOONSOCKET, RHODE ISLAND**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2009**

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**C. FINDINGS AND QUESTIONED COSTS RELATING TO FEDERAL AWARDS (Continued)**

***Prior Year Findings (Continued):***

**2008-10: Community Development Block Grant – CFDA #14.218, and HOME Fund – CFDA #14.239**

**Criteria:** Federal regulations governing cash management require that entities receiving Federal funds in advance of making cash disbursements must have procedures in place to limit the time that elapses between the cash receipt and the subsequent payment. The maximum amount of time that funds should be held is defined as three days.

**Condition:** The City of Woonsocket does not have adequate controls in place to ensure compliance with the Cash Management requirement over federal funds.

**Recommendation:** We recommend the City develop a policy and implement procedures to ensure compliance with the cash management requirements of the federal program. In addition we recommend that the City's policy include an internal audit function whereby finance department personnel or others independent of the federal program conduct a review of the bank activity to ensure compliance with the federal requirements.

**Management Response:** In the disbursement of cash following federal electronic drawdowns, the City follows 24 CFR 85.21 (b) Basic Standard. Methods and procedures for payment shall minimize the time elapsing between the transfers of funds and disbursement by the grantee or subgrantee, in accordance with Treasury regulations at 31 CFR Part 205. Except in cases where extenuating circumstances preclude a prompt disbursement, the City policy is to adhere to the federal proposal of a 2-3 day time period between fund draw and disbursement.

**Status:** See current year finding 2009-13.

(CONCLUDED)

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