



Comprehensive Annual Financial Report

For the year ended June 30, 2010

Prepared by:

Finance Department

Introductory Section

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TOWN OF WARREN, RHODE ISLAND

YEAR ENDED JUNE 30, 2010

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YEAR ENDED JUNE 30, 2010

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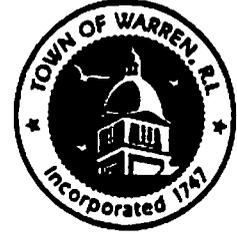
TOWN OF WARREN

TREASURER / TAX COLLECTOR'S OFFICE

514 Main Street • Warren, RI 02885

401-245-7341

Fax 401-245-0543



Cheryl L. Silva
Treasurer / Tax Collector

December 22, 2010

To the Honorable Members of the Town Council
Town of Warren, Rhode Island

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the Town of Warren for the fiscal year ended June 30, 2010.

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

The Town of Warren's financial statements have been audited by Braver, PC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Warren for the fiscal year ended June 30, 2010, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Town of Warren's financial statements for the fiscal year ended June 30, 2010, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

Profile of the Government

The Town of Warren was founded in 1746 and incorporated in 1747. The town is located in the eastern part of the state. The Town of Warren currently occupies a land area of 8.656 square miles and serves a population of 11,360. The Town of Warren is empowered to levy a property tax on both real and personal properties located within its boundaries.

The Town of Warren has operated under the council-manager form of government since 1995. Policy-making and legislative authority are vested in a governing council consisting of five members. The governing council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring both the government's manager and attorney. The government's manager is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments. The council is elected on a partisan basis and members serve two-year terms.

The Town of Warren provides a full range of services, including police and fire protection; the construction and maintenance of streets and other infrastructure; and recreational activities and cultural events.

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

Factors Affecting Financial Condition

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

Local economy. The Town of Warren is the twenty-sixth largest municipality in the State of Rhode Island. The Town, situated on beautiful Mount Hope Bay, was once a colonial-era industrial center built on privateering and shipbuilding. Today the community offers a wide variety of employment choices, particularly in the manufacturing, retail trade and services sectors.

Approximately 28% of the Town's land area is comprised of residential development, primarily single family dwellings. About 58% of the 1,138 acres of residential development are of medium-high density (between 4 to 7.9 dwellings per acre). Most of the remaining acreage is either high density (greater than 8 dwellings per acre) or medium density (1 to 3.9) dwelling units per acre), with a very small percentage of low and medium-low density developments in outlying areas.

Commercial development makes up approximately four percent of the land in Warren. This falls into three basic types: traditional Main Street retail stores, related commercial uses found on Market Street and Child Street, and strip commercial plazas on Metacom Avenue. Because of its linear location, this relatively minor land use disproportionately dominates one's image of Warren.

Industrial activity occurs in three main conditions: mill and related multi-level manufacturing, assembling or warehousing, with single story service uses, assembly plants and marine activities.

Long-term financial planning. The Town Council has continued its approval for funding of capital investments, and for the maintenance of existing Town facilities. The fiscal year 2009 - 2010 budget includes appropriations for the following projects: Firefighter equipment and gear; new police vehicles and recording equipment; new air compressor for Government Center; a trammel screen and dump truck for Public Works; a new track for Veteran's Field, sewer upgrades, and digital equipment for the Clerk's Office.

Cash management policies and practices. Cash temporarily idle during the year was invested in money market funds. The average yield on these short-term investments was approximately 1.25 percent for the fiscal year. Investment income includes appreciation in the fair value of investments. Increases in fair value during the current year, however, do not necessarily represent trends that will continue; nor is it always possible to realize such amounts, especially in the case of temporary changes in the fair value of investments that the government intends to hold to maturity.

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

Pension and other postemployment benefits. All full-time employees of the Town are provided pension benefits through the Town's participation in the State of Rhode Island Municipal Employees Retirement System (MERS), which is an agent multiple-employer Public Employee Retirement System. Each year, an independent actuary is engaged to calculate the annual contribution that the Town must make to the MERS to ensure that the plan will be able to fully meet its obligations to retired employees. As a matter of policy, the Town fully funds each year's annual required contribution as determined by the actuary. As a result of the funding policy, the Town has succeeded as of June 30, 2010 in funding 100% of the total current-year actuarially determined contribution requirements for all employers covered by the pension plan.

The Town of Warren also provides postretirement health and dental care benefits for certain retirees and their dependents. As of the end of the current fiscal year, there were four retired employees receiving these benefits, which are financed on a pay-as-you-go basis. GAAP does not currently require governments to report a liability in the financial statements in connection with an employer's obligation to provide these benefits.

Additional information on the Town of Warren's pension arrangements and postemployment benefits can be found in Notes 5 and 11 to the financial statements.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Warren for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2009. This was the twelfth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Cheryl L. Silva". The signature is written in a cursive, flowing style.

Cheryl L Silva
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Warren
Rhode Island

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

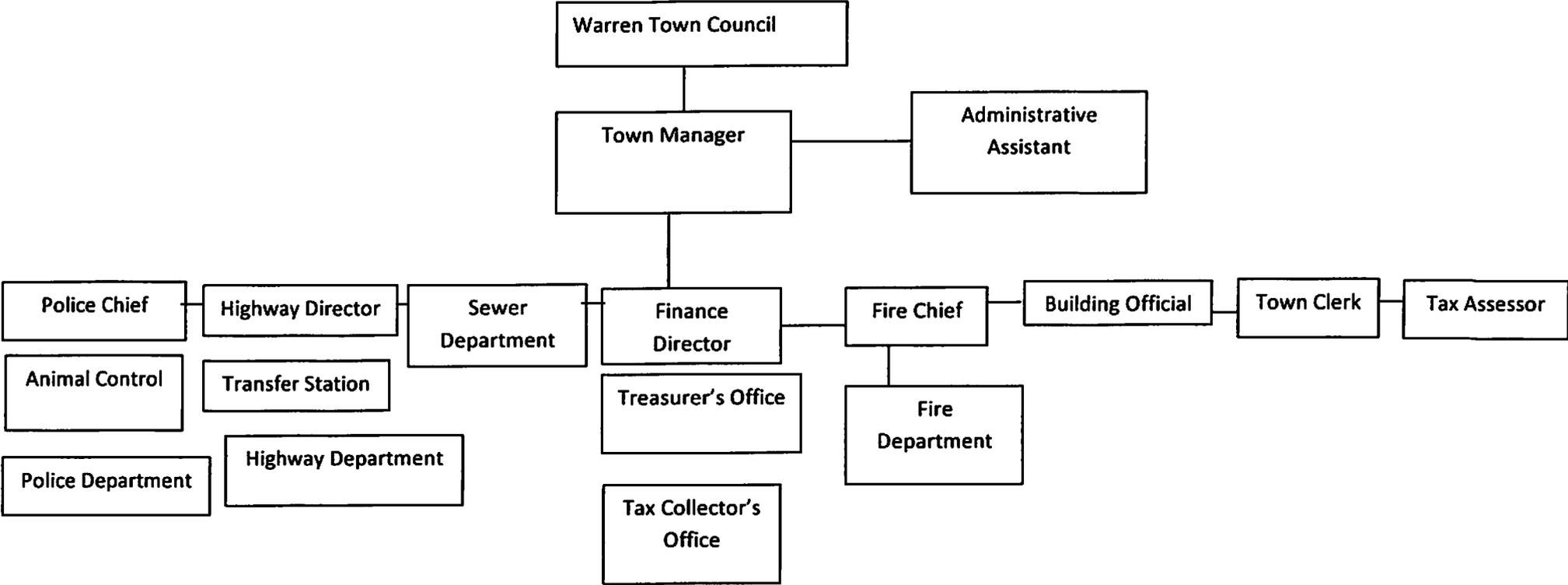
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

Organizational Chart – Town of Warren, RI | 2010



TOWN OF WARREN, RHODE ISLAND

JUNE 30, 2010

TOWN COUNCIL

Frank Alfano
Joseph DePasquale
David Frerichs
Cathie Tattrie
Christopher Stanley

| | |
|--------------------------|---------------------|
| TOWN MANAGER... | C Richard Paduch |
| TOWN SOLICITOR... | Anthony DeSisto |
| TOWN CLERK... | Julie Coelho |
| TAX ASSESSOR... | Cathy Maisano |
| FINANCE DIRECTOR... | Cheryl L Silva |
| PUBLIC WORKS DIRECTOR... | John Massed |
| POLICE CHIEF... | Peter T Achilli |
| FIRE CHIEF... | Alexander Galinelli |
| BUILDING INSPECTOR... | William Nash |
| HARBOR MASTER... | Matthew Calouro |
| TOWN PLANNER... | Caroline Wells |

Financial Section

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



INDEPENDENT AUDITORS' REPORT

To the Honorable Town Council
Town of Warren, Rhode Island

We have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the Town of Warren, Rhode Island as of and for the year ended June 30, 2010, which collectively comprise the Town's basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the Town of Warren, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the Town of Warren, Rhode Island as of June 30, 2010, 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 December 22, 2010 on our consideration of the Town of Warren, Rhode Island's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Boston

Newton

Taunton

Concord

The Management's Discussion and Analysis on Pages 3 through 9 and the Required Supplementary Information on pages 47 thru 49 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Blair, PC

Providence, Rhode Island
December 22, 2010

Management's Discussion and Analysis

As management of the Town of Warren, we offer readers of the Town of Warren's financial statements this narrative overview and analysis of the financial activities of the Town of Warren for the fiscal year ended June 30, 2010. We encourage readers to consider the information presented here in conjunction with additional information furnished in our letter of transmittal, which can be found on pages i - iv of this report.

Financial Highlights

- The assets of the Town of Warren exceeded its liabilities as of June 30, 2010, by \$21,234,387 (*net assets*). Of this amount, \$2,684,965 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Town of Warren's total net assets increased by \$257,175 for the current fiscal year.
- As of June 30, 2010, the Town of Warren's governmental funds reported combined ending fund balances of \$5,200,892, an increase of \$386,258 in comparison with the prior year.
- As of June 30, 2010, the unreserved fund balance for the general fund was \$5,211,279, or approximately 21 percent of total general fund expenditures. However, \$1,875,327 of this unreserved fund balance was appropriated to meet 2010-11 general fund capital expenditures.
- The Town of Warren's total debt of its governmental activities increased to \$11,822,646, a 5.5% increase during 2010. The Town sold a \$1,985,000 capital bond and paid down principle of \$1,366,046 on existing bond issues.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town of Warren's basic financial statements. These basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Town of Warren's finances, in a manner similar to a private-sector business.

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

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as 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 future fiscal periods (e.g., uncollected taxes and earned but unused vacation and sick leave).

Both of the Government-wide financial statements distinguish functions of the Town of Warren that are principally 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 governmental activities of the Town of Warren include general government, public safety, public works, parks and recreation. The business type activities of the Town of Warren include the jointly-managed transfer station operation.

The Government-wide financial statements include only the activities of the Town of Warren.

The Government-wide financial statements can be found on pages 10 and 11 of this report.

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

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

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

The Town of Warren maintains 52 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund which is considered a major fund. Data from the remaining 51 governmental 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* later in this report.

The basic governmental fund financial statements can be found on pages 12, 13 and 14 of this report.

Proprietary funds. *Enterprise funds* are used to report the same functions presented as *business type activities* in the Government-wide financial statements. The Town of Warren uses an enterprise fund to account for its transfer station operations.

The basic proprietary fund financial statements can be found on pages 15, 16 and 17 of this report.

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 the resources of those funds are not available to support the Town of Warren's programs. The fiduciary funds maintained by the Town of Warren include several private-purpose trusts and agency funds.

The basic fiduciary fund financial statements can be found on pages 18 and 19 of this report.

Notes to the 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 can be found beginning on page 20 of this report.

Other information. In addition to the basic financial statements and accompanying notes, *required supplementary information* presents a budgetary comparison schedule for the General Fund to demonstrate compliance with the budget.

The combining statements referred to earlier in connection with non-major governmental funds and other information related to the individual funds is presented immediately following the required supplementary information.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town of Warren, assets exceeded liabilities by \$21,239,659 at the close of Fiscal Year ended June 30, 2010.

| | Governmental Activities | | Business-type Activities | | Total | | Percentage Change 2010-2009 |
|----------------------------|-------------------------|----------------------|--------------------------|-------------------|----------------------|----------------------|-----------------------------|
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 | |
| Current and other assets | \$ 7,056,592 | \$ 5,797,394 | \$ 38,209 | \$ (46,516) | \$ 7,094,801 | \$ 5,750,878 | 23.37% |
| Capital assets | 29,645,478 | 28,664,159 | 48,430 | 179,788 | 29,693,908 | 28,843,947 | 2.95% |
| Total assets | <u>36,702,070</u> | <u>34,461,553</u> | <u>86,639</u> | <u>133,272</u> | <u>36,788,709</u> | <u>34,594,825</u> | 6.34% |
| Long-term debt | 12,246,558 | 11,188,290 | 6,064 | 6,859 | 12,252,622 | 11,195,149 | 9.45% |
| Other liabilities | 3,153,050 | 2,353,322 | 148,650 | 16,995 | 3,301,700 | 2,370,317 | 39.29% |
| Total liabilities | <u>15,399,608</u> | <u>13,541,612</u> | <u>154,714</u> | <u>23,854</u> | <u>15,554,322</u> | <u>13,565,466</u> | 14.66% |
| Net Assets | | | | | | | |
| Invested in capital assets | 18,441,786 | 17,460,467 | 48,430 | 109,418 | 18,490,216 | 17,569,885 | 5.24% |
| Restricted | 59,206 | 72,822 | - | - | 59,206 | 72,822 | -18.70% |
| Unrestricted | 2,801,470 | 3,386,652 | (116,505) | - | 2,684,965 | 3,386,652 | -20.72% |
| Total net assets | <u>\$ 21,302,462</u> | <u>\$ 20,919,941</u> | <u>\$ (68,075)</u> | <u>\$ 109,418</u> | <u>\$ 21,234,387</u> | <u>\$ 21,029,359</u> | 0.97% |

The general capital assets (e.g., land, buildings, machinery, and equipment) of the governmental activities of the Town of Warren less outstanding debt equal \$18,441,786. A portion of the outstanding debt of the governmental activities was incurred for the installation of infrastructure.

With the historical infrastructure costs included, the governmental activities have total net assets of \$21,302,462. Included within the total net assets are capital assets of \$18,441,786 and restricted net assets of \$59,206 as of June 30, 2010, leaving an unrestricted balance of \$2,689,237. In comparison, governmental activity net assets as of June 30, 2009 totaled \$20,919,941.

Even though these net assets are available for future spending, the investment in capital assets is reported net of related debt. Resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Additional portions of the Town of Warren's net assets are also subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets or \$2,801,470 may be used to meet the government's ongoing obligations to citizens or creditors.

The total net assets of the transfer station operation, reported as a business type activity, decreased \$64,094. The investment in capital assets net of related debt decreased 55% to \$48,430.

Governmental activities. Governmental activities increased the Town of Warren's net assets by \$321,269, due an increase in property tax general revenue and a decrease in education expense.

Business-type activities. Business-type activities decreased the Town of Warren's net assets by \$64,094. The increase in unrestricted net assets was primarily due to an increase in operating expenses.

| | Governmental Activities | | Business-type Activities | | Total | | Percentage Change 2010-2009 |
|------------------------------------|----------------------------|---------------|-----------------------------|------------|---------------|---------------|-----------------------------------|
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 | |
| Revenues | | | | | | | |
| Program revenues- | | | | | | | |
| Charges for services | \$ 379,577 | \$ 338,730 | \$ 156,341 | \$ 130,426 | \$ 535,918 | \$ 469,156 | 14.23% |
| Grants | 351,624 | 361,618 | | | 351,624 | 361,618 | -2.76% |
| General revenues- | | | | | | | |
| Property taxes | 20,959,749 | 20,883,330 | | | 20,959,749 | 20,883,330 | 0.37% |
| Intergovernmental | 751,647 | 292,756 | | | 751,647 | 292,756 | 156.75% |
| Licenses, fees, permits and fines | 927,801 | 830,642 | | | 927,801 | 830,642 | 11.70% |
| Investment earnings | 243,780 | 292,249 | | | 243,780 | 292,249 | -16.58% |
| Miscellaneous | 112,735 | 128,242 | | | 112,735 | 128,242 | -12.09% |
| Transfers in/(out) | | (500,000) | | | | (500,000) | -100.00% |
| Total revenues | 23,726,913 | 22,627,567 | 156,341 | 130,426 | 23,883,254 | 22,757,993 | 4.94% |
| Expenses | | | | | | | |
| General government | 4,374,979 | 4,715,504 | | | 4,374,979 | 4,715,504 | -7.22% |
| Town offices | 773,386 | 794,776 | | | 773,386 | 794,776 | -2.69% |
| Financial administration | 212,346 | 210,793 | | | 212,346 | 210,793 | 0.74% |
| Public safety | 2,152,310 | 2,188,906 | | | 2,152,310 | 2,188,906 | -1.67% |
| Fire safety | 631,130 | 659,014 | | | 631,130 | 659,014 | -4.23% |
| Waste water treatment | 1,246,106 | 1,250,054 | | | 1,246,106 | 1,250,054 | -0.32% |
| Highway department | 2,455,366 | 2,543,727 | | | 2,455,366 | 2,543,727 | -3.47% |
| Grants and contributions | 294,141 | 298,293 | | | 294,141 | 298,293 | -1.39% |
| Education | 10,794,979 | 11,036,577 | | | 10,794,979 | 11,036,577 | -2.19% |
| Debt service | 451,433 | 433,544 | | | 451,433 | 433,544 | 4.13% |
| Capital and special appropriations | - | 160,349 | | | - | 160,349 | -100.00% |
| Unallocated depreciation | 19,468 | 18,124 | | | 19,468 | 18,124 | 7.42% |
| Transfer station | | | 220,435 | 194,126 | 220,435 | 194,126 | 13.55% |
| Total expenses | 23,405,644 | 24,309,661 | 220,435 | 194,126 | 23,626,079 | 24,503,787 | -3.58% |
| Increase/-decrease in net assets | 321,269 | (1,682,094) | (64,094) | (63,700) | 257,175 | (1,745,794) | |
| Net assets - beginning, restated | 20,981,193 | 22,663,287 | (3,981) | 59,719 | 20,977,212 | 22,723,006 | |
| Net assets - ending | \$ 21,302,462 | \$ 20,981,193 | \$ (68,075) | \$ (3,981) | \$ 21,234,387 | \$ 20,977,212 | |

Note: Capital and special appropriations represents minor capital items that do not qualify for capitalization.

Financial Analysis of the Government's Funds

As noted earlier, the Town of Warren uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of June 30, 2010, the Town of Warren's governmental funds reported combined ending fund balances of \$5,200,892, an increase of \$386,258 in comparison with the prior year. Approximately 98 percent or \$5,132,057 constitutes unreserved and undesignated fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchase orders of the prior period, represents unexpendable inventory items, or has been designated to fund appropriations of the subsequent fiscal year.

The *General Fund* is the chief operating fund of the Town of Warren. As of June 30, 2010, the total fund balance of the general fund was \$5,280,114 of which \$5,211,279 was unreserved and undesignated. This unreserved fund balance represents approximately twenty three percent of total general fund expenditures. Of this total fund balance, \$1,875,327 was appropriated to meet 2010-11 general fund capital expenditures.

The General Fund's balance increased by \$380,445 in fiscal year 2010. The 2010 annual budget for the Town of Warren's general fund identified the re-appropriation of \$1,086,500 in fund balance which represents capital and special appropriations carry-forwards. Actual expenditures were lower than budgeted expenditures by \$492,329. Actual revenues and other sources were higher than budgeted revenues in the general fund by \$573,914.

The overall decrease in revenues was offset by significant increases, 100% or more over budget, for investment income, third party billing and road duty revenue. However, sewer use fees, water revenue and miscellaneous revenues were significantly under budget.

Expenditures were \$492,329 lower than the appropriated amounts. Expenditures for general/town government were \$423,193 less than budgeted. Public Works' expenditures were \$118,946 less than budgeted. However, Debt service and Police Department expenditures exceeded budgeted totals by 1.3%. Expenditures for education totaled \$10,794,979 and accounted for roughly 48% of total General Fund expenditures. General Fund capital expenditures were \$1,662,884 for the fiscal year, with carry-forward appropriations of \$1,875,327 designated for future projects.

Proprietary fund. The Town of Warren's proprietary fund provide the same type of information found in the government-wide financial statements, but in more detail.

Total net assets of the Transfer Station fund at the end of the year amounted to \$48,430. The total decrease in net assets was negative \$68,075.

The financial statements and a statement of cash flows for the enterprise funds can be found on pages 15, 16 and 17 of this report.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were relatively minor. There were no additional appropriations necessary during the fiscal year.

As identified earlier, actual revenues and other sources were lower than budgeted revenues by \$573,914, primarily in the intergovernmental revenue, fees and permit categories. Expenditures for the Police Department exceeded appropriated amounts of \$59,867; due to overtime expenditures. Debt service also exceeded appropriated amounts due to \$21,347 for service fees related to the Water Street Sewer Rehabilitation/ARRA project.

Capital Asset and Debt Administration

Capital assets. The Town of Warren's investment in capital assets for its governmental and business type activities as of June 30, 2010, amounts to \$29,693,908 net of accumulated depreciation. This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, and infrastructure. The total increase in the Town of Warren's investment in capital assets for the current fiscal year was a total of approximately \$849,961 net of depreciation. Additional information on the Town of Warren's capital assets can be found in Note 4 to the financial statements, which accompany this report.

Town of Warren's Capital Assets

Several major additions to the Town's capital assets related to its governmental fund activities were realized during the year, including: purchase Fire Department equipment and fire apparatus, infrastructure repairs and improvements, Department of Public Works equipment, three police cruisers, and sewer infrastructure projects.

There were no major fixed asset additions at the transfer station.

Long-term debt. At the end of the current fiscal year, the Town of Warren has total general obligation debt outstanding of \$11,822,646 entirely backed by the full faith and credit of the government.

State statutes limit the amount of general obligation debt a governmental entity may issue to 3 percent of its total equalized valuation. As of June 30, 2010, the Town of Warren's ratio of Town Debt to net taxable valuation is 0.73%. The current debt limitation for the Town of Warren is \$43,533,610, which significantly exceeds the Town of Warren's current outstanding general obligation debt.

Additional information of the Town of Warren's long-term debt can be found in note 7 to the financial statements and also in the statistical section of this report.

Economic Factors and Next Year's Budgets and Rates

\$2,180,729 of the unreserved fund balance in the general fund was appropriated for spending in the 2010-11 budget. In addition, the Town's appropriation to fund its contribution to the regional school district increased by \$4,55,436, or 4%, to \$10,794,979 for the 2010-11 fiscal year.

Economic downturns continue to be a concern for FY 2011 budgeting. RI State Aid is not budgeted as revenue for FY2011 and revenues are expected to decline while Town Officials continue to maintain essential services.

Requests for Information

This financial report is designed to provide a general overview of the Town of Warren's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed in writing to the Treasurer's Office, Town Hall, 514 Main Street, Warren, RI 02885.

TOWN OF WARREN, RHODE ISLAND**Statement of Net Assets
June 30, 2010**

| | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Total</u> |
|---|------------------------------------|-------------------------------------|----------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | \$ 5,070,122 | \$ - | \$ 5,070,122 |
| Investments | 538,631 | | 538,631 |
| Receivables (net) | 443,949 | 38,209 | 482,158 |
| Other receivables | 321,090 | | 321,090 |
| Inventories | 30,599 | | 30,599 |
| Due from federal and state | 652,201 | | 652,201 |
| Noncurrent Assets | | | |
| Capital assets (non-depreciable) | 1,413,725 | | 1,413,725 |
| Capital assets (net of depreciation) | 28,231,753 | 48,430 | 28,280,183 |
| TOTAL ASSETS | <u>36,702,070</u> | <u>86,639</u> | <u>36,788,709</u> |
| LIABILITIES | | | |
| Current liabilities | | | |
| Accounts payable | 1,340,858 | 147,358 | 1,488,216 |
| Accrued expenses | 119,535 | 1,292 | 120,827 |
| Unearned/deferred revenue | 371,020 | | 371,020 |
| Current portion of long-term liabilities | 1,321,637 | | 1,321,637 |
| Noncurrent liabilities | | | |
| OPEB liabilities (net) | 761,574 | | 761,574 |
| Long-term liabilities (net) | 11,484,984 | 6,064 | 11,491,048 |
| TOTAL LIABILITIES | <u>15,399,608</u> | <u>154,714</u> | <u>15,554,322</u> |
| NET ASSETS | | | |
| Invested in capital assets, net of related debt | 18,441,786 | 48,430 | 18,490,216 |
| Restricted for permanent trust funds | 59,206 | | 59,206 |
| Unrestricted | 2,801,470 | (116,505) | 2,684,965 |
| TOTAL NET ASSETS | <u>\$ 21,302,462</u> | <u>\$ (68,075)</u> | <u>\$ 21,234,387</u> |

See Notes to Financial Statements

TOWN OF WARREN, RHODE ISLAND

A - 2

**Statement of Activities
For the year ended June 30, 2010**

| Functions/Programs | Expenses | Program Revenues | | Net (Expense) Revenue and Changes in Net Assets | | |
|--|----------------------|-------------------------|--|--|-----------------------------|----------------------|
| | | Charges for Services | Operating Grants and Contributions | Governmental Activities | Business-type Activities | Total |
| Governmental activities: | | | | | | |
| General government | \$ 4,374,979 | \$ 98,469 | \$ 206,539 | \$ (4,069,971) | | \$ (4,069,971) |
| Town offices | 773,386 | | | (773,386) | | (773,386) |
| Financial administration | 212,346 | | | (212,346) | | (212,346) |
| Public safety | 2,152,310 | 188 | 111,095 | (2,041,027) | | (2,041,027) |
| Fire safety | 631,130 | | 20,177 | (610,953) | | (610,953) |
| Waste water treatment | 1,246,106 | 280,920 | | (965,186) | | (965,186) |
| Highway department | 2,455,366 | | 12,056 | (2,443,310) | | (2,443,310) |
| Grants and contributions | 294,141 | | 1,757 | (292,384) | | (292,384) |
| Education | 10,794,979 | | | (10,794,979) | | (10,794,979) |
| Interest on long-term debt | 451,433 | | | (451,433) | | (451,433) |
| Unallocated depreciation | 19,468 | | | (19,468) | | (19,468) |
| Total governmental activities | 23,405,644 | 379,577 | 351,624 | (22,674,443) | | (22,674,443) |
| Business-type activity: | | | | | | |
| Transfer station | 220,435 | 156,341 | | | \$ (64,094) | (64,094) |
| Totals | \$ 23,626,079 | \$ 535,918 | \$ 351,624 | (22,674,443) | (64,094) | (22,738,537) |
| General revenues: | | | | | | |
| Property taxes | | | | 20,959,749 | | 20,959,749 |
| Intergovernmental | | | | 751,647 | | 751,647 |
| Licenses, fees, permits and fines | | | | 927,801 | | 927,801 |
| Investment earnings | | | | 243,780 | | 243,780 |
| Miscellaneous | | | | 112,735 | | 112,735 |
| Total general revenues | | | | 22,995,712 | - | 22,995,712 |
| Change in Net Assets | | | | 321,269 | (64,094) | 257,175 |
| Net Assets - beginning, as restated | | | | 20,981,193 | (3,981) | 20,977,212 |
| Net Assets - ending | | | | \$ 21,302,462 | \$ (68,075) | \$ 21,234,387 |

See Notes to Financial Statements

TOWN OF WARREN, RHODE ISLAND

B - 1

**Balance Sheet
Governmental Funds
June 30, 2010**

| | General Fund | Other Governmental Funds | Total Governmental Funds |
|--|---------------------|--------------------------------|--------------------------------|
| ASSETS: | | | |
| Cash and cash equivalents | \$ 4,854,025 | \$ 216,097 | \$ 5,070,122 |
| Investments | 505,718 | 32,913 | 538,631 |
| Taxes receivables (net) | 443,949 | | 443,949 |
| Other receivables | 208,257 | 112,833 | 321,090 |
| Inventories | 30,599 | | 30,599 |
| Due from federal & state | 552,201 | 100,000 | 652,201 |
| TOTAL ASSETS | <u>6,594,749</u> | <u>461,843</u> | <u>7,056,592</u> |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts payable | 1,081,243 | 259,615 | 1,340,858 |
| Deferred revenue | 233,392 | 281,450 | 514,842 |
| TOTAL LIABILITIES | <u>1,314,635</u> | <u>541,065</u> | <u>1,855,700</u> |
| FUND BALANCES: | | | |
| Reserved for inventory | 30,599 | | 30,599 |
| Reserved for encumbrances | 38,236 | | 38,236 |
| Unreserved: | | | |
| Designated for subsequent expenditure | 1,875,327 | | 1,875,327 |
| Reported in General Fund | 3,335,952 | | 3,335,952 |
| Reported in special revenue funds | | (138,428) | (138,428) |
| Reported in permanent trust funds | | 59,206 | 59,206 |
| TOTAL FUND BALANCES | <u>5,280,114</u> | <u>(79,222)</u> | <u>5,200,892</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 6,594,749</u> | <u>\$ 461,843</u> | |

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

| | |
|--|-------------------|
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds | 29,645,478 |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds | (12,806,621) |
| Accrued interest related to issuance of long-term liabilities. | (119,535) |
| Accrual of net OPEB obligation | (761,574) |
| Deferred revenues (net of an allowance for uncollectables) are recorded in the funds, but are not deferred under the measurement focus employed in the Statement of Net Assets | 143,822 |
| Net Assets of governmental activities | <u>21,302,462</u> |

See Notes to Financial Statements

TOWN OF WARREN, RHODE ISLAND

B - 2

**Statement of Revenues and Other Financing Sources,
Expenditures and Other Financing Uses
For the year ended June 30, 2010**

| | General Fund | Other Governmental Funds | Total Governmental Funds |
|--|---------------------|--------------------------------|--------------------------------|
| Revenues | | | |
| General property taxes | \$ 19,839,625 | \$ - | \$ 19,839,625 |
| Interest and investment income (loss) | 241,552 | 2,228 | 243,780 |
| Licenses, fees, permits and fines | 907,159 | 20,642 | 927,801 |
| Water and sewer use fees | 89,719 | | 89,719 |
| Intergovernmental | 2,043,181 | 519,602 | 2,562,783 |
| Other | 110,521 | 2,214 | 112,735 |
| Total revenues | 23,231,757 | 544,686 | 23,776,443 |
| Expenditures | | | |
| <i>Current:</i> | | | |
| General government | 2,995,665 | 363,476 | 3,359,141 |
| Town offices | 773,386 | | 773,386 |
| Financial administration | 212,346 | | 212,346 |
| Public safety | 2,054,735 | 10,851 | 2,065,586 |
| Fire safety | 411,172 | 425 | 411,597 |
| Waste water treatment | 1,177,450 | 6,079 | 1,183,529 |
| Highway department | 1,631,278 | | 1,631,278 |
| Grants and contributions | 294,141 | | 294,141 |
| Education | 10,794,979 | | 10,794,979 |
| Costs of collection | 14,329 | | 14,329 |
| <i>Debt Service:</i> | | | |
| Principal | 1,366,046 | | 1,366,046 |
| Interest and other costs | 439,987 | | 439,987 |
| <i>Capital:</i> | | | |
| Capital and special appropriations | 2,624,241 | 204,599 | 2,828,840 |
| Total expenditures | 24,789,755 | 585,430 | 25,375,185 |
| Excess of revenues over (under) expenditures before transfers | <u>(1,557,998)</u> | <u>(40,744)</u> | <u>(1,598,742)</u> |
| Other financing sources/uses | | | |
| Note issued | - | - | - |
| Capital leases | - | - | - |
| Proceeds from bond issuance | 1,985,000 | | 1,985,000 |
| Transfers in | 3,443 | 50,000 | 53,443 |
| Transfers out | (50,000) | (3,443) | (53,443) |
| Net other financing sources/uses | 1,938,443 | 46,557 | 1,985,000 |
| Net Change in Fund Balances | 380,445 | 5,813 | 386,258 |
| Fund balance - beginning of the year | 4,899,669 | (85,035) | 4,814,634 |
| Fund balance - end of the year | \$ 5,280,114 | \$ (79,222) | \$ 5,200,892 |

See Notes to Financial Statements

TOWN OF WARREN, RHODE ISLAND***Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds (B-2) to the Statement of Activities (A-2)
For the year ended June 30, 2010***

| | |
|---|-----------------------|
| Net change in fund balances - total governmental funds (B-2) | \$ 386,258 |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period | 981,319 |
| The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences. | (682,846) |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds | (49,530) |
| Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds | <u>(313,932)</u> |
| Change in Net Assets of Governmental Activities in the Statement of Activities (A-2) | <u>\$ 321,269</u> |

TOWN OF WARREN, RHODE ISLAND**Statement of Net Assets
Proprietary Fund
June 30, 2010**

| | <u>Business-type Activity Transfer Station</u> |
|---------------------------------|--|
| ASSETS | |
| <i>Current assets:</i> | |
| Cash and cash equivalents | \$ - |
| Receivables (net) | 38,209 |
| | <u>38,209</u> |
| <i>Capital assets (net)</i> | 48,430 |
| TOTAL ASSETS | <u><u>86,639</u></u> |
| LIABILITIES | |
| <i>Current liabilities:</i> | |
| Accounts payable | 147,358 |
| Accrued expenses | 1,292 |
| Compensated absences | 6,064 |
| TOTAL LIABILITIES | <u><u>154,714</u></u> |
| NET ASSETS | |
| Invested in capital assets | 48,430 |
| Unrestricted | (116,505) |
| TOTAL NET ASSETS | <u><u>\$ (68,075)</u></u> |

See Notes to Financial Statements

TOWN OF WARREN, RHODE ISLAND

**Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Fund
For the year ended June 30, 2010**

| | <u>Business-type Activity Transfer Station</u> |
|--|--|
| Operating Revenues: | |
| Charges for usage and service | <u>\$ 156,341</u> |
| Operating Expenses: | |
| Salaries | 75,839 |
| Other expenses | 126,637 |
| Depreciation | 17,959 |
| Total Operating Expenses | <u>220,435</u> |
| Income from operations | (64,094) |
| Net assets - beginning of the year, as restated | <u>(3,981)</u> |
| Net assets - end of the year | <u>\$ (68,075)</u> |

TOWN OF WARREN, RHODE ISLAND

Statement of Cash Flow
Proprietary Fund
For the year ended June 30, 2010

| | Business-type Activity |
|--|---------------------------|
| | Transfer Station |
| <i>Cash flows from operating activities:</i> | |
| Cash received from customers | \$ 164,828 |
| Cash paid to suppliers | 4,223 |
| Cash paid to employees | (75,839) |
| <i>Net cash provided by operating activities</i> | 93,212 |
| Net increase in cash | 93,212 |
| <i>Cash, beginning of the year</i> | (93,212) |
| <i>Cash, end of the year</i> | \$ - |
| | |
| <i>Reconciliation of net income to net cash provided by operating activities:</i> | |
| Income (loss) from operations | \$ (64,094) |
| Adjustments to reconcile: | |
| Depreciation | 17,959 |
| (Increase) decrease in receivables | 8,487 |
| Increase (decrease) in accounts payable | 143,176 |
| Increase (decrease) in accrued expenses | (1,385) |
| Increase (decrease) in compensated absences | (10,931) |
| <i>Net cash provided by operating activities</i> | \$ 93,212 |

TOWN OF WARREN, RHODE ISLAND**Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2010**

| | Private- Purpose Trusts | OPEB Trust Fund | Agency Funds |
|---------------------------------------|-------------------------------|-----------------------|------------------|
| ASSETS | | | |
| Cash | \$ 10,646 | \$ 14,806 | \$ 51,635 |
| Investments | 625,341 | 710,564 | |
| Accounts receivable | | | 5,499 |
| Total Assets | 635,987 | 725,370 | 57,134 |
| LIABILITIES | | | |
| Accrued payroll | | | - |
| Deposits Held in Custody for Others | | | 57,134 |
| Total Liabilities | - | - | \$ 57,134 |
| NET ASSETS | | | |
| Held in Trust for private purposes | \$ 635,987 | \$ 725,370 | |

See Notes to Financial Statements

TOWN OF WARREN, RHODE ISLAND**Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the year ended June 30, 2010**

| | Private- Purpose Trusts | OPEB Trust Fund |
|---------------------------|-------------------------------|-----------------------|
| ADDITIONS: | | |
| Investment income | \$ (75,150) | \$ 11,625 |
| Total additions | (75,150) | 11,625 |
| DEDUCTIONS: | | |
| Portfolio management fees | 10,759 | |
| Other expenses | 62,193 | |
| Total deductions | <u>72,952</u> | <u>-</u> |
| CHANGE IN NET ASSETS | (2,198) | 11,625 |
| Net Assets - beginning | 638,185 | 713,745 |
| Net Assets - ending | <u>\$ 635,987</u> | <u>\$ 725,370</u> |

See Notes to Financial Statements

TOWN OF WARREN, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town complies with generally accepted accounting principles (GAAP). Generally accepted accounting principles (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 Governmental Accounting Standards Board. 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 Town 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. The exceptions to this rule are the charges between the transfer station enterprise fund and the general fund, as elimination of these charges would improperly distort the direct costs and operating revenues reported for the functions concerned.

Reporting Entity

The Town of Warren was founded in 1746 and incorporated in 1747. The Town operates under a "council-manager" form of government, with a five member Town Council headed by a Council President and a Town Manager. The Town Manager exercises the executive power of Town government and is responsible to the Town Council for day to day operation of the Town's affairs. All legislative powers of the Town are vested in the Town Council except such powers that are reserved by Charter to the Financial Town Meeting, including the ordering of any tax making appropriations.

With the Town of Warren's Charter Amendments adopted on November 4, 2008, elected officials serve two year terms, elected at large at the regular biennial elections during even number year. The Town Council is granted all powers to enact, amend or repeal ordinances relating to the Town's property, affairs and government, including the power to create offices, departments or agencies of the Town, preserving the public peace, health and safety, establishing personnel policies, giving effect to any vote of the Financial Town Meeting authorizing the issuance of bonds and providing for an annual audit of the Town's accounts.

An act was passed at the January 1991 session of the General Assembly which authorized the Towns of Warren and Bristol to form a regional school district of all the public schools in the Towns of Bristol and Warren to include all grades and programs currently provided and any other grades and programs specified by the regional school committee.

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

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Transfer Station

Although this entity met certain criteria of the tests listed above, the entity is not deemed to have separate legal status apart from the Town. As a result, the financial data of the above entity has been included as an enterprise fund within the Town's financial statements.

Recently Issued Accounting Standards

- ✓ GASB Statement No. 51 – Accounting and Financial Reporting for Intangible Assets, effective for the Town's fiscal year ending June 30, 2010. This pronouncement had no effect on the Town's financial statements for the fiscal year ended June 30, 2010.
- ✓ GASB Statement No. 53 – Accounting and Financial Reporting for Derivative Instruments, effective for the Town's fiscal year ending June 30, 2010. This pronouncement had no effect on the Town's financial statements for the fiscal year ended June 30, 2010.
- ✓ The Town implemented GASB Statement No. 58 – Accounting and Financial Reporting for Chapter 9 Bankruptcies the fiscal year ending June 30, 2010. This pronouncement had no effect on the Town's financial statements for fiscal year end June 30, 2010.

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

- ✓ GASB Statement No. 54 - Fund Balance Reporting and Governmental Fund Type Definitions, effective for the Town's fiscal year ending June 30, 2011.
- ✓ GASB Statement No. 57 – OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, full implementation for the Town's fiscal year ending June 30, 2011.
- ✓ GASB Statement No. 59 – Financial Instrument Omnibus, effective for the Town's fiscal year ending June 30, 2011.

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

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

Government-Wide Financial Statements

The statement of net assets and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. 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 separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

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

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

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

Special Revenue Funds

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

Capital Project Fund

The Capital Project Fund is used to account for resources restricted for the acquisition or construction of specific capital projects or items. The reporting entity includes only one Capital Project Fund and it is used to account for the acquisition of capital assets.

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Permanent Funds

The Permanent Funds account for assets held by the Town pursuant to trust agreements. The principle portion of this fund type must remain intact, but the earnings may be used to achieve the objectives of the fund.

Proprietary Fund

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.

Fiduciary Funds (Not included in government wide statements)

Agency Funds

Agency funds account for assets held by the Town in a purely custodial capacity. The reporting entity includes three agency funds. 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:

- Unclaimed estates in Probate Court
- Road Duty
- Performance Bond Fund

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 Town, and can not be used at the Town's discretion or to support the Town's general operations. These trusts are for the benefit of local educational organizations, social benefit groups, and other private parties.

OPEB Trust Fund

The Other Postemployment Benefits (OPEB) trust fund is used to account for payments of postemployment benefits (health insurance) that the Town provides to qualified retirees in accordance with union contract provisions

Major and Non-Major Funds

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

| <u>Fund</u> | <u>Brief Description</u> |
|--------------------|---------------------------------|
| Major: | |
| General Fund: | See above for description |
| Proprietary Fund: | See above for description |

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-Major:

Special Revenue Funds: Enterprise Zone, Senior Center, Kee Farm Preservation, Pump Out Station, Rec. Department Donation, Police Phone Grant, Rescue Equipment, Gun Buy Back, RI DOT Hwy Safety Grant, Accident Reconstruction Grant, Recycling Grant, Planning challenge Grant, Historical Street Signs, Community Gardens, ACO Donations, Cops that Care, Social Services Donation, Warren Beautification Donation, Cops Technology, Town Beach Storm Water, Animal Rescue, Homestead Park Fund, Revaluation Fund, Animal Spading, Police Bicycle Patrol Grant, Byrnes Justice Grant, AFIS Live Scan Fed Grant, RI Byrnes Justice Grant, Road Salt Storage Project, RI JAG Byrne Stimulus Grant, Memorial Tree Fund, Strategic Plan Energy Conservation, Sewer Project - EPA, Transient Dock Grant, Summer Concerts, Project Playground, Fire Department Reserve, Jamiel's Park Chafee, Homeland Security, Substance Abuse, Fire Inspections, Jamiel's Park Grant, Fire State Med's Plan, Police Forfeiture, FEMA Flood Event, Community Development Block Grant, Industrial Pretreatment, Veterans Honor Roll, Government Center, Pagers & Radios Fire, Holiday Committee, Narcotics, and Employee Charity Fund.

Capital Project Fund: See above for description

Permanent Funds: Sarah B. Burtis Fund, Police Trust, and Town Trust.

Measurement Focus

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

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

- (a) All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period. The Town considers property taxes as available if they are collected within 60 days after year end.
- (b) The proprietary fund 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.

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. The major revenue source that is susceptible to accrual is property tax revenue. 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 within 60 days 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 goods, services or privileges provided and operating grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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 transfer station enterprise fund are charges for waste disposal services. Operating expenses for the transfer station enterprise fund include the costs of providing its 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 are all highly liquid investments with a maturity of three months or less when purchased. Substantially, all of the Town's cash and cash equivalents are held in public deposit institutions, except for \$525 in unsecured petty cash. Town pools cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. Cash in excess of current requirements is invested in short-term treasury securities or as disclosed as part of the Town's investments.

Investments

The Town invests in various types of investments, which are stated at fair value. There are no investments reported at amortized cost.

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Fund Equity (Continued)

Accounts Receivable

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. The allowance for uncollectible accounts receivable amounted to \$220,000 at June 30, 2010. Major receivable balances for the governmental activities include property taxes (58% of balance) and intergovernmental grants and aid (42% of balance). Business-type activities report service fees as its major receivables.

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

Accounts Payable

Payable balances consist primarily of payables to vendors, with the following exception: payables in the general fund include approximately \$274,014 of accrued salaries and benefits to employees.

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 and payable in quarterly installments on the August 1, November 1, February 1, and May 1 following the levy date. Taxes due and unpaid after the respective due dates are subject to interest and penalties. The Town has the ultimate right to foreclose on property for which taxes have not been paid by the following July 1 when the next year's tax is levied. 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.

Inventory

The Town maintains an "inventory" of fuel for use by the Town owned vehicles in various departments and buses used by the Regional School District. Inventory is maintained on a periodic system and is stated at cost (first in, first out method of inventory valuation). Inventories in the Governmental Funds are recorded as expenditures when consumed.

Prepays

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

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Fund Equity (Continued)

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.

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. Estimated historical cost was used to value the majority of the assets acquired prior to June 30, 1993.

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

Infrastructure assets, (such as sidewalks, curbs, drainage systems, and road improvements) acquired by the Town have been capitalized and reported within the financial statements.

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 assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

| | |
|---------------------------------|---------------|
| Buildings and land improvements | 25 - 40 years |
| Infrastructure | 25 - 40 years |
| Equipment and Heavy machinery | 10 - 20 years |
| Motor vehicles | 5 - 10 years |
| Office equipment | 5 - 10 years |
| Other assets | 5 - 10 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.

Deferred Revenues

Represent funds received in advance of being owed or receivables which will be collected and included in revenues of future fiscal years. In the General Fund, deferred revenues relate to property tax receivables which are assessed on December 31.

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Fund Equity (Continued)

Interfund Transactions

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

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

TOWN OF WARREN, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Fund Equity (Continued)

Fund Statements

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

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 the transfer station enterprise fund accounts for all settlement of business-type liabilities for compensated absences.

Town (including enterprise fund)

Town employees are entitled to vacation based on length of service. Up to two weeks of vacation days are allowed to carry over to succeeding years.

Town employees are entitled to 1.5 days sick leave per month worked. Sick leave may be accumulated to a maximum of 180 days. Upon retirement or termination, employees have a vested interest in 75% of their accumulated sick time.

Full time Town employees retiring between the ages of 62 and 65 will continue to receive medical insurance coverage until age 65. Full-time Town employees retiring at age 65 will have applicable medical coverage paid for by the Town for a period of three years.

Police

Police are entitled to vacation based on length of service. Vacation days may be carried over, but must be used within three years.

Police are entitled to 1.5 days of sick leave for each month in which they work a minimum number of hours. Sick leave may be accumulated to a maximum of 180 days. Upon retirement or termination, police have a vested interest in 75% of their accumulated sick time and they may receive medical coverage for a period of four years.

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Fund Equity (Continued)

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 (\$12,684,801) difference are as follows:

| | |
|----------------------------|-----------------------|
| Bonds payable | (\$11,822,646) |
| Compensated absences | <u>(983,975)</u> |
| Total | <u>(\$12,806,621)</u> |

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 \$981,319 difference are as follows:

| | |
|--|--------------------|
| Capital outlays (net of disposals) | \$ 2,927,599 |
| Depreciation expense | <u>(1,946,280)</u> |
| Net adjustment | <u>\$ 981,319</u> |

Another element of that reconciliation states that “the issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.” The details of this \$(684,717) difference are as follows:

| | |
|--|---------------------|
| Change in interest accrued | \$ (11,446) |
| Decrease in compensated absences | (52,446) |
| Issuance of new long term debt | (1,986,871) |
| Principal repayments | <u>1,366,046</u> |
| Net adjustment | <u>\$ (684,717)</u> |

Another element of that reconciliation states that “Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.” The detail of this \$313,932 difference is the accrual for OPEB liabilities (net).

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Fund Equity (Continued)

Another element of that reconciliation states that, "Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds." The detail of this \$(49,530) difference are as follows:

| | |
|------------------------------------|--------------------|
| Deferred revenue - beginning | \$(193,352) |
| Deferred revenue – ending | <u>143,822</u> |
| Net difference..... | <u>\$ (49,530)</u> |

2. BUDGETARY AND LEGAL COMPLIANCE

Budgetary Data

The Town Council adopts an annual budget for the General Fund. The Town Council is authorized to transfer budgeted amounts within and among departments and to authorize emergency expenditures. Any revisions that alter total expenditures must be approved by the taxpayers by a vote at the Financial Town Meeting. Management cannot make any transfers without prior Council approval. The governing Council made no supplemental budgetary appropriation during the fiscal year. The budget for the General Fund is presented in the Statement of Revenues, Expenditures, and Changes in Fund Balances-Budgeted and Actual. All annual appropriations lapse at fiscal year end unless specifically approved for carryover to the following year by the taxpayers by a vote at a Financial Town Meeting. The budget for the General Fund is appropriated at the individual account level, also know as the line item level.

The Town does not budget for the combined Special Revenue Funds or the Capital Project Funds, since budgetary control is maintained on an individual basis. Since grant periods may differ from the Town's fiscal year, a comparison of budgetary information may not be meaningful and has not been presented in the accompanying financial statements.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of funds are recorded in order to preserve that portion of the applicable appropriation, is employed in the General Fund Budget. Open encumbrances are reported as reservations of fund balances. Encumbrances do not constitute expenditures or liabilities.

Excess of Expenditures Over Appropriations

For the year ended June 30, 2010, expenditures exceeded budget at the department level as follows:

| <u>Department</u> | <u>Excess</u> |
|-------------------------------|---------------|
| Public Safety..... | \$59,867 |
| Waste Water Treatment | \$25,585 |
| Debt Services | \$21,347 |
| Cost of collections | \$14,329 |
| Grants and Contributions..... | \$ 541 |

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

3. CASH AND INVESTMENTS

Deposits

Deposits are in various financial institutions and are carried at cost, which approximates market value. The carrying amount of deposits is separately displayed on the balance sheet as "Cash" and includes \$525 of petty cash.

At year-end, the Town's carrying amount of deposits was \$5,059,231 and the bank balance was \$6,601,184. Of the bank balance, \$3,911,254 was covered by Federal Depository Insurance. The remaining balance, \$2,689,930 was collateralized with securities held by the pledging financial institution, or its trust department or agent but not in the Town's name.

Custodial Credit Risk-Deposits

Deposits and Investments. Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The collateralization of certificates of deposit or repurchase agreements must be in an amount of at least 102% of market value to the amount of the deposit is the Town's investment policy for custodial credit risk.

Interest Rate Risk. It is the policy of the Town to limit the length of its investment maturities in order to manage the exposure to fair value losses arising from increasing interest rates.

Credit Risk. As of June 30, 2010, the Town's investments in Money Markets are not rated, as the fund invests in short-term Government obligations and other instruments collateralized or secured by U.S. Treasury obligations. The U.S. Treasury does not directly or indirectly insure or guarantee the performance of the fund. Treasury obligations have historically involved minimal risk of loss if held to maturity. However, fluctuations in market interest rates may cause the value of Treasury obligations in the Fund's portfolio to fluctuate.

Concentration of Credit Risk. The Town places the following limits on the maximum percent of portfolio it may invest in any one specific instrument: the portfolio shall at all times comprise of at least three separate investment instruments; with no one instrument holding more than 50% of total fund principal. Furthermore, at least 30% of the invested funds shall be in instruments that can be redeemed by the Town on demand within one day.

Investments

The Town invests in various types of investments which are stated at fair value. The Finance Director has control over the type of investments made. Neither the Town Charter nor any other legally contracted agreements limits the type of investments that may be made.

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

3. CASH AND INVESTMENTS (Continued)

Investments (continued)

At June 30, 2010, the Town held the following investments:

| <u>Description</u> | <u>Maturity</u> | <u>Market Value</u> |
|------------------------------|-----------------|---------------------|
| American Express | 05/02/2013 | \$ 38,295 |
| Bank America | 11/15/2014 | 20,852 |
| Boeing Co. | 02/15/2012 | 27,150 |
| Citigroup, Inc. | 05/07/2015 | 14,873 |
| Cisco Systems Inc | 01/15/2020 | 21,112 |
| Emerson Electrical Co. | 11/01/2011 | 10,595 |
| E I DU Pont De Nemours & CO | 01/15/2020 | 16,130 |
| Federal Farm Cr | 01/12/2016 | 21,350 |
| Federal Farm Cr | 01/18/2011 | 15,445 |
| Federal Farm Ln | 07/08/2024 | 20,194 |
| JP Morgan Chase and CO | 03/25/2020 | 20,785 |
| Merck & Co., Inc. | 03/01/2015 | 27,820 |
| WM Wrigley, Jr. Co. | 07/15/2010 | 25,000 |
| U.S. Treasury Notes - 4.250% | 10/15/2010 | 25,291 |
| U.S. Treasury Notes -1.875% | 07/15/2019 | 10,945 |
| Common Stocks | N/A | 342,417 |
| Certificates of Deposit | Various | 1,216,282 |
| Total | | <u>\$ 1,874,536</u> |

Interest Rate Risk

The Town has investments in corporate bonds which have interest rates that are fixed for long periods and are subject to more variability in their fair value as a result of future changes in interest rates. The Town does not have a formal policy which addresses the interest rate risks associated with its investments. The following investments are subject to interest rate risk:

| <u>Description</u> | <u>Interest Rate</u> | <u>Maturity</u> | <u>Market Value</u> |
|-----------------------------|----------------------|-----------------|---------------------|
| American Express | 5.875% | 05/02/2013 | \$ 38,295 |
| Bank America | 5.125% | 11/15/2014 | \$ 20,852 |
| Boeing Co. | 6.500% | 02/15/2012 | \$ 27,150 |
| Citigroup, Inc. | 4.875% | 05/07/2015 | \$ 14,873 |
| Cisco Systems Inc | 4.450% | 01/15/2020 | \$ 21,112 |
| Emerson Electrical Co. | 5.750% | 11/01/2011 | \$ 10,595 |
| E I DU Pont De Nemours & CO | 4.625% | 01/15/2020 | \$ 16,130 |
| JP Morgan Chase and CO | 4.950% | 03/25/2020 | \$ 20,785 |
| Merck & Co., Inc. | 4.750% | 03/01/2015 | \$ 27,820 |
| WM Wrigley, Jr. Co. | 4.300% | 07/15/2010 | \$ 25,000 |

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

3. CASH AND INVESTMENTS (Continued)

Investments (continued)

Credit Risk

The Town does not have a formal policy which addresses the credit risks associated with its investments. The following investments are subject to credit risk:

| <u>Description</u> | <u>Standard & Poors</u> | <u>Moody's Investor Service</u> |
|-----------------------------|-----------------------------|---------------------------------|
| American Express | BBB+ | A2 |
| Bank America | A | A2 |
| Boeing Co. | A | A2 |
| Citigroup, Inc. | AA- | BAA1 |
| Cisco Systems Inc | A+ | A1 |
| Emerson Electrical Co. | A | A2 |
| E I DU Pont De Nemours & CO | A | A2 |
| JP Morgan Chase and CO | A+ | AA3 |
| Merck & Co., Inc. | AA- | AA3 |
| WM Wrigley, Jr. Co. | not rated | not rated |

Concentration of Credit Risk

The Town does not have a formal policy that limits the amount that may be invested in any one issuer. The following investments are subject to concentration of credit risk:

| <u>Description</u> | <u>Percentage of Total Investments</u> |
|------------------------------------|--|
| American Express Corporation | 5.90% |

All of the Trust Funds' investments are held in an internal investment pool. Net investment income for the year is allocated to each Trust Fund based on the ratio of each fund's fund balance to the total combined fund balance at the beginning of the year. Operating transfers out to Trust beneficiaries are allocated to the Trust Funds for which the withdrawals are allowable. Each withdrawal is allocated to the applicable Trust Funds based on the ratio of each fund's fund balance to the combined fund balance of the applicable funds at the beginning of the year.

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

4. CAPITAL ASSETS

Activity for governmental activity capital assets is summarized below:

| | Balances | | | Balances | |
|---|----------------------|--------------------|-----------------|----------------------|--|
| | June 30, 2009 | Additions | Deductions | June 30, 2010 | |
| <u>Governmental activity capital assets</u> | | | | | |
| Land (not being depreciated) | \$ 1,078,597 | \$ 15,412 | \$ - | \$ 1,094,009 | |
| Construction in progress (not being depreciated) | 299,433 | 20,283 | | 319,716 | |
| Buildings and land improvements | 15,267,784 | 253,739 | | 15,521,523 | |
| Motor Vehicles | 3,729,014 | 1,202,235 | | 4,931,249 | |
| Equipment | 9,732,363 | 185,764 | (45,000) | 9,873,127 | |
| Infrastructure | 34,703,350 | 1,250,166 | | 35,953,516 | |
| Total Cost | 64,810,541 | 2,927,599 | (45,000) | 67,693,140 | |
| Less: accumulated depreciation: | | | | | |
| Buildings and improvements | (9,366,839) | (316,034) | | (9,682,873) | |
| Motor Vehicles | (2,143,070) | (308,646) | | (2,451,716) | |
| Equipment | (7,509,471) | (243,624) | 45,000 | (7,708,095) | |
| Infrastructure | (17,127,002) | (1,077,976) | | (18,204,978) | |
| Total accumulated depreciation | (36,146,382) | (1,946,280) | 45,000 | (38,047,662) | |
| Net capital assets | \$ 28,664,159 | \$ 981,319 | \$ - | \$ 29,645,478 | |

Activity for the Proprietary Fund capital assets is summarized below:

| | Balances | | | Balances | |
|--|------------------|--------------------|-------------|------------------|--|
| | June 30, 2009 | Additions | Deductions | June 30, 2010 | |
| | (As restated) | | | | |
| <u>Business activity capital assets</u> | | | | | |
| Vehicles | \$ 73,952 | \$ - | \$ - | \$ 73,952 | |
| Equipment and Trailers | 318,830 | | | 318,830 | |
| Total Cost | 392,782 | - | - | 392,782 | |
| Less: accumulated depreciation | | | | | |
| Vehicles | (73,952) | | | (73,952) | |
| Equipment and Trailers | (252,441) | (17,959) | | (270,400) | |
| Total accumulated depreciation | (326,393) | (17,959) | - | (344,352) | |
| Net Proprietary Fund Assets | \$ 66,389 | \$ (17,959) | \$ - | \$ 48,430 | |

Depreciation expense was charged to the following functions/programs of the Town:

| | |
|--------------------------|---------------------|
| Governmental activities: | |
| General government | \$ 733,890 |
| Public Safety | 86,724 |
| Fire Safety | 219,533 |
| Waste Water Treatment | 62,577 |
| Highway Department | 824,088 |
| Unallocated | 19,468 |
| Total | \$ 1,946,280 |
| Business-type activity: | |
| Transfer Station | \$ 17,959 |

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

5. OTHER POST EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 12, the Town provides postemployment benefits (health insurance) in accordance with union contract provisions. For the year ended June 30, 2010, five (5) municipal retirees met the eligibility requirements for Town provided coverage. The Town pays 100% of the cost of these benefits on a pay-as-you-go basis, which amounted to approximately \$69,875.

The accrual basis of accounting is used. The Town's annual other post employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the Town (ARC). The Town has engaged an actuary to calculate the ARC and related information per the provisions of GASB Statement 45 for employers with plans including more than 100 total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the components of the Town's annual OPEB cost for the year ended June 30, 2010, the amount actually contributed to the plan, and the Town's net OPEB obligation to the plan as of June 30, 2010.

| <u>Annual OPEB Cost</u> | <u>Year ended June 30, 2010</u> |
|--|---------------------------------|
| Normal Cost | \$ 391,647 |
| Amortization of UAAL | (12,843) |
| Interest | 5,003 |
| Annual Required Contribution (expense) | <u>383,807</u> |
| Contributions made during year | (69,875) |
| Net OPEB obligation at beginning of year | <u>447,642</u> |
| Net OPEB obligation at end of year | <u><u>\$ 761,574</u></u> |

Town contributions to the plan for the year ended June 30, 2010 represented 18% of annual OPEB expense, of \$383,807. The difference represents the Town's OPEB obligation to the plan and has been accrued as an expense in the government-wide financial statements.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and annual required contributions are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information on page 47 will, over time, present multi-year trend information about whether the actuarial value of plan assets (none at present) is increasing or decreasing relative to the actuarial accrued liabilities for benefits.

Funding Policy

The Town's funding policy provides for actuarially determined periodic contributions to the plans at rates that, for individual employees, increase gradually over time so that sufficient assets will be available to pay benefits when due.

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

5. OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (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, 2009 which is the most recent report available from the State who administers this plan:

- Actuarial value of assets - \$700,000
- Actuarial accrued liability - \$3,018,423
- Unfunded actuarial accrued liability (UAAL) - \$2,318,423
- Funded Ratio - 23.19%
- Annual covered payroll - \$3,019,466
- UAAL as percentage of payroll - 76.78%

Projections of benefits for financial reporting purposes are based on the substantive plan (as understood by the employees and management) and include the type of benefit provided at the time of each valuation. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The following assumptions were made:

The age adjustment factor applied to premiums during the valuation process to better approximate the actual costs associated with retiree benefits in situations where blended premiums are charged to actives and retirees. This factor is used in the financial reporting process to similarly adjust the contribution made toward OPEB.

- Valuation date – June 30, 2009
- Discount rate - 4.00%
- Participation - All eligible retirees are assumed to elect medical and dental coverage.
- Payroll Growth Rate - 3.50%
- Amortization Period - 10 years
- Amortization Method - Level Percent of Payroll Amortization
- Age Adjustment Factor - 55

6. DEFERRED REVENUES

General Fund deferred revenues relate to revenue that is measurable but not available. General Fund deferred revenues are summarized as follows:

| | |
|--|--------------------------|
| Property taxes receivable (net)..... | \$ 322,962 |
| Less: current year 60 day accrual..... | <u>(89,570)</u> |
| Total deferred tax revenue..... | <u>\$ 233,392</u> |

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

7. LONG-TERM DEBT

General long-term debt consists of the long-term liabilities that are not recorded as fund liabilities (i.e., debt of the proprietary fund). Amounts are as follows:

| | Date of Issue | Amount Issued | Interest Rate | Maturity Date | Balance Outstanding June 30, 2009 | Additions | Retirements | Balance Outstanding June 30, 2010 | Current Portion |
|--|---------------|---------------|---------------|---------------|-----------------------------------|---------------------|---------------------|-----------------------------------|---------------------|
| Government Center | 04/01/02 | \$ 1,029,000 | 4.25% | 12/1/89-10 | \$ 120,000 | \$ - | \$ 120,000 | \$ - | \$ - |
| Public improvements | 04/01/02 | \$ 1,800,000 | 1.27% | 9/1/03-22 | 1,368,449 | | 79,803 | 1,288,646 | 82,240 |
| Public improvements | 08/15/02 | \$ 805,000 | 4.64% | 1/15/03-22 | 600,000 | | 35,000 | 565,000 | 35,000 |
| Public improvements | 07/15/02 | \$ 3,195,000 | 3.75-4.88% | 7/15/02-22 | 1,950,000 | | 150,000 | 1,800,000 | 150,000 |
| Public improvements | 08/15/04 | \$ 725,000 | 0.05 | 8/15/05-24 | 565,000 | | 40,000 | 525,000 | 35,000 |
| Public improvements | 04/26/05 | \$ 919,243 | 3.50%-5.0% | 4/15/06-10 | 186,243 | | 186,243 | - | - |
| Public improvements | 12/15/05 | \$ 905,000 | 1.11%-1.56% | 9/1/06-25 | 789,000 | | 40,000 | 749,000 * | 41,000 |
| Public improvements | 02/15/06 | \$ 1,010,000 | 3.95% | 2/15/06-11 | 400,000 | | 200,000 | 200,000 | 200,000 |
| Public improvements | 02/15/06 | \$ 310,000 | 3.95% | 2/15/06-26 | 255,000 | | 15,000 | 240,000 | 15,000 |
| Public improvements | 05/07/07 | \$ 1,690,000 | 4.05% | 5/15/08-27 | 1,480,000 | | 105,000 | 1,375,000 | 105,000 |
| Public improvements | 05/01/08 | \$ 3,885,000 | 3.5% | 5/15/09-28 | 3,490,000 | | 395,000 | 3,095,000 | 390,000 |
| Public improvements | 08/15/09 | \$ 1,985,000 | 2.25-4.75% | 08/15/10-29 | - | 1,985,000 | | 1,985,000 | 170,000 |
| Total general obligations bonds | | | | | 11,203,692 | 1,985,000 | 1,366,046 | 11,822,646 | 1,223,240 |
| Compensated Absences | | | | | 931,529 | 93,153 | 40,707 | 983,975 | 98,397 |
| Total long-term debt | | | | | \$ 12,135,221 | \$ 2,078,153 | \$ 1,406,753 | \$ 12,806,621 | \$ 1,321,637 |

* As of June 30, 2010, \$289,576 remains in custody of funding agency and is available for future draw downs.

Total interest expense paid on long term debt for the year ended June 30, 2010 was approximately \$421,000

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

7. GENERAL LONG-TERM DEBT (Continued)

Schedule of long-term debt by purpose is as follows:

| | <u>Amount</u> | <u>Percent</u> |
|----------------------|-----------------------------|--------------------|
| Public improvements | \$ 11,822,646 | 92.3% |
| Compensated absences | 983,975 | 7.7% |
| Total | <u><u>\$ 12,806,621</u></u> | <u><u>100%</u></u> |

The ratio of Town debt to net taxable valuation at June 30, 2010 was as follows:

| | |
|--|-----------------|
| Net taxable valuation | \$1,445,186,984 |
| Town debt outstanding..... | \$ 12,684,801 |
| Ratio of Town debt to net taxable valuation..... | .88% |

Schedule of long-term bond and debt requirements:

| <u>Fiscal Year Ended</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------------|-----------------------------|----------------------------|-----------------------------|
| 2011 | \$ 1,223,240 | \$ 410,693 | \$ 1,633,933 |
| 2012 | 1,035,749 | 367,174 | 1,402,923 |
| 2013 | 1,004,338 | 331,156 | 1,335,494 |
| 2014 | 753,005 | 298,196 | 1,051,201 |
| 2015 | 761,753 | 274,566 | 1,036,319 |
| 2016-2020 | 3,893,005 | 987,585 | 4,880,590 |
| 2021-2025 | 2,423,556 | 366,357 | 2,789,913 |
| 2026-2030 | 728,000 | 55,947 | 783,947 |
| | <u><u>\$ 11,822,646</u></u> | <u><u>\$ 3,091,674</u></u> | <u><u>\$ 14,914,320</u></u> |

8. RESTATEMENTS

Net assets at June 30, 2009 have been restated for the reclassification of fund types utilized in last year's issued financial statements. The details of the restatements and impact on net assets are as follows:

Statement of Net Assets – Governmental Activities

| | |
|--|----------------------------|
| Net assets at June 30, 2009, as originally stated | \$20,919,941 |
| Understatement of fund balance due to misstatement of OPEB liability.. | <u>61,252</u> |
| Net assets at June 30, 2009, as restated | <u>\$20,981,193</u> |

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

9. NET ASSETS

a) Fund Deficits

The following individual funds had deficit fund equity balances as of June 30, 2010:

| | |
|---|-----------|
| Kee Farm Preservation | \$16,690 |
| Pump Out Station..... | \$13,337 |
| RI DOT Hwy Safety Grant | \$1,856 |
| Community Garden..... | \$45 |
| Cops Technology Grant..... | \$1,233 |
| Homestead Park Fund | \$6,502 |
| Revaluation Fund..... | \$7,304 |
| RI State Byrnes Justice Grant | \$1,489 |
| RI JAG Byrne Stimulus Grant..... | \$20,228 |
| Strategic Plan Energy Conservation..... | \$1,995 |
| Jamie's Park Chafee | \$7,786 |
| Jamie's Park Grant..... | \$62,414 |
| FEMA Flood Event..... | \$85,878 |
| Community Development Block Grant..... | \$100,930 |
| Industrial Pretreatment..... | \$170 |

The proprietary fund, Transfer Station, had a deficit of \$68,075 as of June 30, 2010.

The deficits are expected to be funded through transfers from the Town's general fund.

b) Reserves/Designated Fund Balances

The Town of Warren records several types of reserves. The reserves indicate that a portion of fund equity is segregated for a specific use. In addition, a portion of the unreserved fund equity is designated for specific purposes.

| | <u>General Fund</u> | <u>Trust Funds</u> |
|-------------------------------------|---------------------|--------------------|
| Reserved for encumbrances | \$ 38,236 | \$ - |
| Reserved for inventory | 30,599 | |
| Reserved for nonexpendable bequests | | 669,460 |
| Designated for expenditures | 1,375,327 | |
| Unreserved | 3,842,095 | |
| Total | <u>\$ 5,286,257</u> | <u>\$ 669,460</u> |

(c) Transfers In and Out

The principal purpose of interfund transfers is to provide a financing source to various funds that may not have the ability to cover all costs with revenue generated by the fund. The composition of interfund transfers for the year ended June 30, 2010 is as follows:

| | <u>Transfers In</u> | <u>Transfers Out</u> |
|-------------------------|---------------------|----------------------|
| General Fund | \$ 3,443 | \$ 50,000 |
| Road Salt Fund | 50,000 | |
| Various Permanent Funds | | 3,443 |
| Total | <u>\$ 53,443</u> | <u>\$ 53,443</u> |

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

10. RISK MANAGEMENT

The Town is exposed to various risks of losses related to torts; theft of, damage to, and destruction of Town assets; errors and omissions; injuries to employees; and natural disasters. These risks are insured through the Town's participation in the RI Interlocal Risk Management Trust (Trust), a public entity risk pool operated for the benefit of the State's various public entities. The Town pays an annual premium for Worker's Compensation, Property and Liability, and Excess Liability insurance coverage. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

The Town is also involved in several lawsuits which are not covered by the risk management insurance. Legal Counsel has expressed an opinion as to the ultimate outcome of all the cases, and as a result, an accrued contingency has been recorded in the accompanying financial statements.

11. CONTINGENCIES AND COMMITMENTS

The Town has a contract with a commercial management company for the operation and maintenance of the sewer treatment facility and pump stations. The contract is renewable annually every July 1, with the annual cost determined through the Town's annual budget process.

The Town has an agreement with the local water authority which requires annual rental payments for fire hydrants. The agreement expires June 30, 2018 and requires annual payments of \$400 per hydrant. The minimum payments under this agreement for each of the fiscal years remaining in the agreement are expected to be approximately \$73,600.

The Town has a commitment to fund its proportionate share of the 2010-2011 budget of the Bristol-Warren Regional School District in the amount of \$11,090,733.

The government is a defendant in various lawsuits. Although the outcome of most of these lawsuits is not presently determinable, it is the opinion of the government's counsel that resolution of these matters which may have a material adverse effect on the financial condition of the government have been appropriately provided for.

12. PENSION PLAN

Plan Description

The State of Rhode Island through the Retirement Board, administers the Municipal Employee's Retirement System that acts as a common investment and administrative agent for pension benefits to be provided to employees of municipalities, housing authorities, water and sewer districts, and municipal police and fireman that have elected to participate. The MERS receives all member and employer contributions with investment earnings being added to the fund and available for reinvestment. Assets are invested by the State Investment Commission. The State of Rhode Island and Providence Plantations issues a publicly available annual financial report that includes financial statements and required supplementary information for the MERS. The financial report may be obtained by writing to Employees' Retirement System of Rhode Island, 40 Fountain Street, 1st Floor, Providence, RI 02903-1854 or by calling (401) 222-2203.

All full-time employees of the Town of Warren are covered by the Municipal Employees Retirement System (MERS) of Rhode Island, which is an agent multiple-employer Public Employee Retirement System (PERS).

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

12. PENSION PLAN (Continued)

Plan Description (Continued)

All full-time employees are eligible and must participate in the State MERS. The pension plan provides retirement, deferred allowances, disability and survivor benefits to state employees, public school teachers, and municipal employees who are employed by the participating municipality. The laws governing retirement differ according to employment status as a State employee, public school teacher or municipal employee. Under the MERS, there is one plan for general employees of the Town and two optional plans for police and firemen. Benefits vest after 10 years of creditable service.

General employees may retire after reaching the age of 58 with 10 years of contributing service or accumulating 30 years of service, regardless of age. Employees who retire with 10 or more years of creditable service are entitled to pension payments for the remainder of their lives equal to 2% of their final three year average salary times the number of years for which they were employed by a participant in the State PERS. The final three year average salary is the average salary of the employee during the final three consecutive years of full-time employment exclusive of overtime, bonuses or severance pay. The maximum benefit for municipal employees is 75% of their final three year average salary.

Under the optional plans available for police and firemen, the Town's police and firemen have elected the 20 year service option. Police and fire members may retire after reaching the age of 50 with twenty years of contributing service or after 25 years of contributing service, regardless of age. This optional plan provides a benefit equal to 2.5% of their final three average salaries, with a maximum benefit of 75% of final average salary. In addition, any police member retiring after July 1, 1994 shall be entitled to C.O.L.A. Plan C as defined in the General Laws of Rhode Island Title 45, Chapter 21-52, as amended.

Pension provisions include deferred allowances whereby an employee may terminate his or her employment with the Town after accumulating 10 years of contributing service but before reaching the age of 58. If the employee does not withdraw his or her accumulated contributions, the employee is entitled to all pension benefits upon reaching the age of 58.

The MERS also provides nonservice-connected disability benefits after 5 years of service, service-connected disability benefits with no minimum service requirement, vested benefits after 10 years of service, surviving spouse benefits and certain lump sum death benefits. The disabled employee is entitled to receive disability payments for life, while the surviving spouse may receive death benefits for life or as long as he or she does not remarry. Benefits are determined by state statute.

As of June 30, 2009, the most recent valuation report date, employee membership data related to the pension plan was as follows:

| | <u>General Employees</u> | <u>Police/Fire</u> | <u>Total</u> |
|----------------------|--------------------------|--------------------|--------------|
| Active member | 43 | 24 | 67 |
| Retired member | 50 | 24 | 74 |
| | <u>93</u> | <u>48</u> | <u>141</u> |

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

12. PENSION PLAN (Continued)

Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the MERS are prepared in accordance with generally accepted accounting principles using the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when incurred. Dividend income is recorded on the ex-dividend date. Interest income is accrued daily.

GASB No. 25 and GASB No. 27

Effective for periods beginning after June 15, 1997, the Governmental Accounting Standards Board (GASB) requires the disclosure of pension related liabilities for public employer financial statements in accordance with Statements, which replace GASB Statement No. 5, must be adhered to by any public employee retirement system that follows Generally Accepted Accounting Principles (GAAP).

These disclosures are intended to establish a reporting framework that distinguishes between:

- Current financial information about plan assets and financial activities
- Actuarially determined information from a long-term perspective
- The funded status of the plan, and
- Progress being made in accumulating sufficient assets to pay benefits when due

Method Used to Value Investments

MERS assets are invested under the direction and authority of the State Investment Commission (SIC) and are recorded at fair value. The cost of investments sold is determined using the average cost method.

Mortgage – Backed Securities

The System invests in various mortgage-backed securities, such as collateralized mortgage obligations, interest-only strips, and principal-only strips. These securities are reported at cost.

Investments

The Municipal Employees' Retirement System's investments are pooled with other funds.

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

12. PENSION PLAN (Continued)

Administration of the System

The System is administered by the State of Rhode Island Retirement Board which consists of 15 members: the General Treasurer; the Director of Administration or his or her designee; the President of the League of Cities and Towns or his or her designee; two (2) active teacher members of the retirement system or officials from a teachers union to be elected by active teachers; one active municipal employee member of the retirement system or an official from a municipal employees union to be elected by active municipal employees; one retired member of the retirement system to be elected by retired members of the System; the Chairperson of the House Finance Committee or his or her designee; the Chairperson of the Senate Finance Committee or his or her designee; and two (2) public representatives, one of whom shall be a C.L.U. competent in the area of pension benefits, shall be appointed by the governor and whose term shall be four (4) years, or until their successors are appointed.

The State Investment Commission oversees all investments made by the State of Rhode Island, including those made for the System. Certain investments are made by investment managers, engaged by the Commission, at their discretion in accordance with the investment objectives and guidelines for the System. Short-term investments are made on a daily basis by the General Treasurer.

Rhode Island General Laws, Section 35-10-11 (b)(3) requires that all investments shall be made in securities as would be acquired by prudent persons of discretion and intelligence who are seeking a reasonable income and the preservation of capital.

Funding Policy

Section 45-21-41 of the Rhode Island General Laws requires that employees contribute a fixed percentage of their compensation to the MERS. For the year ended June 30, 2010, this percentage was 7.0% for general employees, 9.0% for firemen and 9.0% for police under the elected option. Section 45-21-42 of the Rhode Island General Laws contains the contribution requirements for participating employers. These rates are actuarially determined for each participating employer on an annual basis in accordance with Section 45-21-42 of the Rhode Island General Laws. For the year ended June 30, 2010, the actuarially determined contribution rates for the Town were 15.62% of covered payroll for general employees, 23.71% of covered payroll for police and firemen.

Employer contributions to the MERS include normal cost and a payment, where applicable, to amortize the unfunded actuarial liability over a period of 25 years from the date the municipality joined the system. The normal cost is determined using the entry age normal cost method. Modifications were adopted by the Retirement Board, effective with the June 30, 1989 actuarial valuation which provides for the following:

An optional smoothing of contribution rates for municipalities with a rate increase over 2% in one year, and

For those municipalities that are unfunded, changes in the unfunded actuarial liability after June 30, 1998 are to be funded over projected future salaries of active members, rather than on a fixed funding scale.

For the year ended June 30, 2010, the Town's total payroll was approximately \$3,618,701 and the Town's contribution to the MERS was based on covered approximate payroll of \$1,888,538 for general employees, \$1,320,140 for police and fire.

The total contribution made to MERS during fiscal year 2010 amounted to \$859,569 of which \$603,215 was made by the Town and \$256,354 was made by employees. These employee contributions represented 7.0% (Town), and 9.0% (Fire).

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

12. PENSION PLAN (Continued)

Annual Pension Cost

For fiscal year 2010, the Town's annual pension cost of \$603,215 for MERS was equal to the Town's required and actuarial contributions. The required contribution was determined as part of the June 30, 2010 actuarial valuation using the entry age normal cost method, and "Level Percentage Closed" amortization method. Significant actuarial assumptions used in that valuation include (a) 8.25% annual percent rate of return on investments, compounded annually; (b) projected annual salary increases of 4.5% to 9.0% (5.00% to 15.50% for Police and Fire), compounded annually; (c) mortality rates based on the 1994 group annuity mortality table; (d) a retirement age of 65 for general employees and 60 for police and fire personnel, or completion of service requirement, if later. For police and fire departments electing the 20 year service plan with unreduced 15% of all disabilities are considered occupational for general employees and 50% of disabilities are considered occupational for police and firemen; (f) 3% cost of living adjustment, not compounded, beginning January 1 following a participant's retirement; (g) the actuarial value of assets spreads investment gains and losses relative to the assumed return of 8%, over a three year period; (h) unknown employee characteristics are estimated using a bond-type averaging method, and; (i) inflation rate of 3.75%. Due to large fluctuations in contribution rates, the Retirement Board adopted a procedure which allows an employer the option of paying a contribution rate equal to the previous year's rate plus the cost of any benefit improvements. The existing funding excess in 1999 is being amortized over the remainder of a 25 year period which commenced on the date the Town joined the System. The amortization period is open. Subsequent divergence from actuarial assumptions will be amortized over the projected future salaries of active members.

The Town's fiscal 2010 required contribution to the State PERS represents 100% of the total current-year actuarially determined contribution requirements for all employers covered by the pension plan.

Trend Information

Three-year trend information for the Town of Warren is presented below:

| <u>Fiscal Year Funding</u> | <u>Annual Pension Cost (APC)</u> | <u>Percentage of APC Contributed</u> | <u>Net Pension Obligation</u> |
|--------------------------------|--------------------------------------|--|-----------------------------------|
| 6/30/08 | \$594,312 | 100% | \$0 |
| 6/30/09 | \$609,442 | 100% | \$0 |
| 6/30/10 | \$603,215 | 100% | \$0 |

Ten-year historical trend information is presented in the fiscal 2009 State of Rhode Island and Providence Plantations Employees' Retirement System annual financial report. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they become due.

Related Party Investments

The assets of the MERS are held in the custody of the State Treasurer as an undivided single fund and the system is administered by the State Retirement Board.

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

12. PENSION PLAN (Continued)

Required Supplementary Information

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, 2009 which is the most recent report available from the State who administers this plan.

- Actuarial value of assets - \$12,302,595
- Actuarial accrued liability - \$17,552,341
- Unfunded actuarial accrued liability (UAAL) - \$5,249,746
- Funded Ratio – 70.09%
- Annual covered payroll - \$3,116,101
- UAAL as percentage of payroll – 168.47%

(CONCLUDED)

Required Supplementary Information



TOWN OF WARREN, RHODE ISLAND

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2010**

Town of Warren, Rhode Island

Schedule of funding Progress for the Municipal Employees' Retirement System

| <u>Actuarial Valuation Date (1)</u> | <u>Actuarial Value of Assets</u> | <u>Actuarial Accrued Liability (AAL)</u> | <u>Unfunded AAL (UAAL)</u> | <u>Funded Ratio</u> | <u>Covered Payroll</u> | <u>UAAL as Percentage of Covered Payroll</u> |
|---|--|--|------------------------------------|-------------------------|----------------------------|--|
| 6/30/2007 | \$ 10,492,717 | \$ 15,669,682 | \$ (5,176,965) | 66.96% | \$ 2,737,818 | -189.09% |
| 6/30/2008 | \$ 12,291,025 | \$ 17,061,933 | \$ (4,770,908) | 72.04% | \$ 3,094,800 | -154.16% |
| 6/30/2009 | \$ 12,302,595 | \$ 17,552,341 | \$ (5,249,746) | 70.09% | \$ 3,116,101 | -168.47% |

(1) The actuarial Valuation Dates are presented for the most recent years of available information provided by the State of Rhode Island.

Schedule of funding Progress for Other Postemployment Benefits.

| <u>Actuarial Valuation Date (1)</u> | <u>Actuarial Value of Assets</u> | <u>Actuarial Accrued Liability (AAL)</u> | <u>Unfunded AAL (UAAL)</u> | <u>Funded Ratio</u> | <u>Covered Payroll</u> | <u>UAAL as Percentage of Covered Payroll</u> |
|---|--|--|------------------------------------|-------------------------|----------------------------|--|
| 7/1/2006 | N/A | \$ 3,018,423 | \$ (3,018,423) | N/A | \$ - | 0.00% |
| 7/1/2007 | \$ 700,000 | \$ 3,018,423 | \$ (2,318,423) | 23.19% | \$ 3,019,466 | -76.78% |
| 7/1/2009 | \$ 700,000 | \$ 3,018,423 | \$ (2,318,423) | 23.19% | \$ 3,019,466 | -76.78% |

(CONCLUDED)

Town of Warren, Rhode Island

**Schedule of Revenues and Expenditures (Non-GAAP Budgetary Basis)
Budget and Actual**

General Fund
For the year ended June 30, 2010

| | Continuing Appropriation <u>June 30, 2009</u> | Originally Adopted <u>Budget</u> | Final Approved <u>Budget</u> | Actual (Budgetary Basis) | Continuing Appropriation <u>June 30, 2010</u> | Under Over (Unfavorable) |
|---|---|--|------------------------------------|--------------------------------|---|--------------------------------|
| Revenues | | | | | | |
| General property taxes | \$ - | \$ 19,823,470 | \$ 19,823,470 | \$ 19,839,625 | \$ - | \$ 16,155 |
| Intergovernmental | | 1,546,195 | 1,546,195 | 2,043,181 | | 496,986 |
| Licenses, fees, permits and fines | | 756,355 | 756,355 | 907,159 | | 150,804 |
| Water and sewer use fees | | 62,400 | 62,400 | 89,719 | | 27,319 |
| Interest and investment income (loss) | | 225,000 | 225,000 | 241,552 | | 16,552 |
| Other | | 244,423 | 244,423 | 110,521 | | (133,902) |
| Total revenues | <u>-</u> | <u>22,657,843</u> | <u>22,657,843</u> | <u>23,231,757</u> | <u>-</u> | <u>573,914</u> |
| Expenditures | | | | | | |
| General government | | 3,418,858 | 3,418,858 | 2,995,665 | - | 423,193 |
| Town offices | | 808,466 | 808,466 | 773,386 | | 35,080 |
| Financial administration | | 221,069 | 221,069 | 212,347 | | 8,722 |
| Public safety | | 1,994,868 | 1,994,868 | 2,054,735 | | (59,867) |
| Fire safety | | 439,228 | 439,228 | 411,172 | | 28,056 |
| Waste water treatment | | 1,151,865 | 1,151,865 | 1,177,450 | | (25,585) |
| Highway department | | 1,750,224 | 1,750,224 | 1,631,278 | | 118,946 |
| Grants and contributions | | 293,600 | 293,600 | 294,141 | | (541) |
| Education | | 10,794,979 | 10,794,979 | 10,794,979 | | - |
| Debt services | | 1,784,886 | 1,784,886 | 1,806,033 | | (21,347) |
| Cost of collections | | - | - | 14,329 | | (14,329) |
| Capital | 2,451,711 | 1,086,500 | 3,538,211 | 1,662,884 | 1,875,327 | - |
| Total expenditures | <u>2,451,711</u> | <u>23,744,343</u> | <u>26,196,054</u> | <u>23,828,398</u> | <u>1,875,327</u> | <u>492,329</u> |
| Excess of revenues over (under) expenditures before other financing sources (uses) | <u>(2,451,711)</u> | <u>(1,086,500)</u> | <u>(3,538,211)</u> | <u>(596,641)</u> | <u>(1,875,327)</u> | <u>81,585</u> |
| Other financing sources (uses) | | | | | | |
| Transfer from fund balance | 2,451,711 | 1,086,500 | 3,538,211 | 3,538,211 | | - |
| Other financing sources | | - | - | 1,985,000 | | 1,985,000 |
| Transfers in/(out) | | - | - | (46,557) | | (46,557) |
| Net other financing sources (uses) | <u>2,451,711</u> | <u>1,086,500</u> | <u>3,538,211</u> | <u>5,476,654</u> | <u>-</u> | <u>1,938,443</u> |
| Excess (deficiency) of revenues over expenditures and other financing sources (uses) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 4,880,013</u> | <u>\$ (1,875,327)</u> | <u>\$ 2,020,028</u> |

Reconciliation to Exhibit B-2:

| | |
|--|---------------------|
| less: decrease in reserve for encumbrances | (961,357) |
| less: Reappropriation of Fund Balance | (3,538,211) |
| Excess of revenues and other sources over expenditures and other uses, GAAP Basis | <u>380,445</u> |
| plus: decrease in reserves and designations | 1,525,105 |
| Net decrease in Unreserved Fund Balance | <u>\$ 1,905,550</u> |

Town of Warren, Rhode Island

Schedule of Revenues and Expenditures (Non-GAAP Budgetary Basis)
Budget and Actual

General Fund
For the year ended June 30, 2010

| | Continuing Appropriation June 30, 2009 | Originally Adopted Budget | Final Approved Budget | Actual (Budgetary Basis) | Continuing Appropriation June 30, 2010 | Under Over (Unfavorable) |
|--|--|---------------------------------|-----------------------------|--------------------------------|--|--------------------------------|
| General property taxes: | | | | | | |
| Real estate, tangible and motor vehicle | \$ - | \$ 19,823,470 | \$ 19,823,470 | \$ 19,839,625 | \$ - | \$ 16,155 |
| Total general property taxes | - | 19,823,470 | 19,823,470 | 19,839,625 | - | 16,155 |
| Intergovernmental and departmental: | | | | | | |
| Excise Tax/State | | 1,126,195 | 1,126,195 | 950,808 | | (175,387) |
| PILOT - BCWA | | 120,000 | 120,000 | 121,880 | | 1,880 |
| Restaurant (Meals) tax | | 200,000 | 200,000 | 205,078 | | 5,078 |
| Telephone tax transfer | | 100,000 | 100,000 | 110,471 | | 10,471 |
| Warren bike path reimbursement | | - | - | 641,176 | | 641,176 |
| Tax sale revenue | | - | - | 13,768 | | 13,768 |
| Total intergovernmental and departmental | - | 1,546,195 | 1,546,195 | 2,043,181 | - | 496,986 |
| Licenses, fees, permits and fines: | | | | | | |
| Government center rent | | 25,000 | 25,000 | 15,330 | | (9,670) |
| Marriage, birth & death certificate | | 10,000 | 10,000 | 400 | | (9,600) |
| Municipal court revenue | | 60,000 | 60,000 | 64,936 | | 4,936 |
| MVQ - Head Start rental | | 15,000 | 15,000 | 13,525 | | (1,475) |
| PILOT - Housing Authority | | 30,000 | 30,000 | 32,749 | | 2,749 |
| Police fines and penalties | | 10,000 | 10,000 | 11,430 | | 1,430 |
| Police reports | | 3,000 | 3,000 | 2,878 | | (122) |
| Revenue - Building/plumbing permits & fees | | 50,000 | 50,000 | 61,698 | | 11,698 |
| Revenue - Business taxes & licenses | | 47,600 | 47,600 | 62,660 | | 15,060 |
| Revenue - Dog & kennel licenses | | 1,000 | 1,000 | 2,934 | | 1,934 |
| Revenue - Harbor | | 109,500 | 109,500 | 90,150 | | (19,350) |
| Revenue - Pavilion rental | | 4,000 | 4,000 | 5,675 | | 1,675 |
| Revenue - Photo copy | | 8,000 | 8,000 | 8,483 | | 483 |
| Revenue - Probate court fees | | 15,000 | 15,000 | 13,649 | | (1,351) |
| Revenue - Realty transfers | | 66,000 | 66,000 | 58,580 | | (7,420) |
| Revenue - Recording fees | | 85,000 | 85,000 | 83,313 | | (1,687) |
| Road cut permits | | 255 | 255 | 470 | | 215 |
| Road duty revenue | | 9,000 | 9,000 | 78,509 | | 69,509 |
| Third party billing | | 200,000 | 200,000 | 265,324 | | 65,324 |
| Zoning & planning fees | | 8,000 | 8,000 | 16,625 | | 8,625 |
| Other licenses, fees, permits and fines | | - | - | 17,841 | | 17,841 |
| Total licenses, fees, permits and fines | - | 756,355 | 756,355 | 907,159 | - | 150,804 |
| Water and sewer user fees | | | | | | |
| Sewer use fees | | 62,000 | 62,000 | 86,691 | | 24,691 |
| Sewer permits | | 400 | 400 | 300 | | (100) |
| Septage fees | | - | - | 2,728 | | 2,728 |
| Total water and sewer fees | - | 62,400 | 62,400 | 89,719 | - | 27,319 |
| Interest: | | | | | | |
| Property tax interest | | 150,000 | 150,000 | 213,298 | | 63,298 |
| General fund investment earnings | | 75,000 | 75,000 | 28,254 | | (46,746) |
| Total interest | - | 225,000 | 225,000 | 241,552 | - | 16,552 |
| Other: | | | | | | |
| Other miscellaneous receipts | | 25,000 | 25,000 | 48,328 | | 23,328 |
| Other sources/social services/senior center | | 69,423 | 69,423 | 62,193 | | (7,230) |
| Safe of Liberty Street School | | 150,000 | 150,000 | - | | (150,000) |
| Total other | - | 244,423 | 244,423 | 110,521 | - | (133,902) |
| Total Operating Revenues | - | 22,657,843 | 22,657,843 | 23,231,757 | - | 573,914 |
| Other financing sources: | | | | | | |
| Transfer from fund balance | 2,451,711 | 1,086,500 | 3,538,211 | 3,538,211 | | - |
| Other financing sources | | | | 1,985,000 | | 1,985,000 |
| Transfers in | | | | 3,443 | | 3,443 |
| Total other financing sources | 2,451,711 | 1,086,500 | 3,538,211 | 5,526,654 | - | 1,988,443 |
| Total revenue and other financing sources | \$ 2,451,711 | \$ 23,744,343 | \$ 26,196,054 | \$ 28,758,411 | \$ - | \$ 2,562,357 |

Schedule of Revenues and Expenditures (Non-GAAP Budgetary Basis)
Budget and Actual

General Fund
For the year ended June 30, 2010

| | Continuing Appropriation June 30, 2009 | Originally Adopted Budget | Final Approved Budget | Actual (Budgetary Basis) | Continuing Appropriation June 30, 2010 | Under Over (Unfavorable) |
|-------------------------------------|--|---------------------------------|-----------------------------|--------------------------------|--|--------------------------------|
| EXPENDITURES: | | | | | | |
| GENERAL GOVERNMENT | | | | | | |
| ADVERTISING | \$ - | \$ 15,000 | \$ 15,000 | \$ 12,407 | \$ - | \$ 2,593 |
| ATTENDANCE PREMIUMS | - | 40,000 | 40,000 | 74,385 | - | (34,385) |
| COMPUTER SERVICES | - | 10,000 | 10,000 | 15,079 | - | (5,079) |
| COPYING EXPENSE | - | 6,000 | 6,000 | 4,827 | - | 1,173 |
| ELECTRICITY/WATER AT PARKS | - | 10,625 | 10,625 | 9,722 | - | 903 |
| EMPLOYEE BENEFITS | - | 1,262,363 | 1,262,363 | 917,742 | - | 344,621 |
| FINANCING EXPENSES | - | 20,000 | 20,000 | 23,621 | - | (3,621) |
| FIRE HYDRANTS | - | 76,000 | 76,000 | 75,600 | - | 400 |
| GASB 45 | - | 5,000 | 5,000 | 2,800 | - | 2,200 |
| GOVERNMENT CENTER | - | 80,000 | 80,000 | 81,016 | - | (1,016) |
| GOVERNMENT CENTER CUSTODIAN | - | - | - | - | - | - |
| LEAGUE OF CITIES & TOWNS | - | 4,722 | 4,722 | 4,522 | - | 200 |
| LONGEVITY | - | 162,000 | 162,000 | 171,766 | - | (9,766) |
| MARY V /MAIN /LIBERTY SCHOOLS | - | 50,000 | 50,000 | 39,969 | - | 10,031 |
| OTHER POST EMPLOYEE BENEFITS | - | - | - | - | - | - |
| POSTAGE | - | 25,000 | 25,000 | 22,825 | - | 2,175 |
| PROP. & LIAB. INSURANCE | - | 473,175 | 473,175 | 377,823 | - | 95,352 |
| RETIREE BENEFIT ADJUSTMENT | - | 11,648 | 11,648 | 11,648 | - | - |
| SOCIAL SECURITY TAX | - | 305,325 | 305,325 | 308,927 | - | (3,602) |
| STREET LIGHTING | - | 150,000 | 150,000 | 149,444 | - | 556 |
| TELEPHONE | - | 10,000 | 10,000 | 6,963 | - | 3,037 |
| TOWN AUDIT | - | 18,000 | 18,000 | 18,000 | - | - |
| TOWN EMPL. PENSION COST | - | 620,000 | 620,000 | 603,228 | - | 16,772 |
| TOWN HALL EXPENSES | - | 60,000 | 60,000 | 63,350 | - | (3,350) |
| TOWN HALL CUSTODIAN | - | - | - | - | - | - |
| UNEMPLOYMENT RESERVE ACCT. | - | 4,000 | 4,000 | - | - | 4,000 |
| Total General Government | - | 3,418,858 | 3,418,858 | 2,995,665 | - | 423,193 |
| TOWN OFFICES | | | | | | |
| <i>Boards and Commissions</i> | | | | | | |
| ADMINISTRATIVE OFFICER | - | 5,356 | 5,356 | 5,315 | - | 41 |
| CHARTER COMMISSION | - | - | - | - | - | - |
| CONSERVATION BOARD EXPENSE | - | 1,500 | 1,500 | 1,457 | - | 43 |
| CREW | - | 500 | 500 | 500 | - | - |
| ECONOMIC DEVELOPMENT | - | 800 | 800 | 771 | - | 29 |
| HISTORICAL COMMISSION | - | 3,000 | 3,000 | 2,965 | - | 35 |
| JUVENILE HEARING BOARD | - | 2,000 | 2,000 | 1,650 | - | 350 |
| PLANNING BOARD EXPENSES | - | 2,960 | 2,960 | 2,904 | - | 56 |
| PLANNING/ZONING STENOGRAPHER | - | 2,000 | 2,000 | 3,400 | - | (1,400) |
| TREE COMMISSION | - | 500 | 500 | - | - | 500 |
| ZONING BOARD EXPENSES | - | 2,340 | 2,340 | 1,522 | - | 818 |
| ZONING BOARD FEES | - | 3,625 | 3,625 | 3,417 | - | 208 |
| Total Boards and Commissions | - | 24,581 | 24,581 | 23,901 | - | 680 |
| <i>Building Inspector</i> | | | | | | |
| BUILDING OFFICIAL SALARY | - | 49,106 | 49,106 | 48,728 | - | 378 |
| BLDG. OFFICIAL CLERK | - | 27,971 | 27,971 | 27,756 | - | 215 |
| BLDG. OFFICE EXPENSE | - | 4,600 | 4,600 | 4,612 | - | (12) |
| OUTSIDE SERVICES | - | 3,150 | 3,150 | 3,150 | - | 0 |
| ELECTRICAL INSPECTOR | - | 5,388 | 5,388 | 5,346 | - | 42 |
| PLUMBING INSPECTOR | - | 5,388 | 5,388 | 5,346 | - | 42 |
| Total Building Inspector | - | 95,603 | 95,603 | 94,937 | - | 666 |
| <i>Town Clerk</i> | | | | | | |
| TOWN CLERKS SALARY | - | 49,680 | 49,680 | 49,298 | - | 382 |
| DEPUTY TOWN CLERK | - | 40,845 | 40,845 | 40,531 | - | 314 |
| INDEXING/COMPUTER FILING | - | 20,000 | 20,000 | 13,704 | - | 6,296 |
| PROBATE JUDGE | - | 3,000 | 3,000 | 3,000 | - | - |
| TOWN CLERK'S OFFICE EXPENSE | - | 15,000 | 15,000 | 13,467 | - | 1,533 |
| TOWN CLERKS STAFF | - | 55,952 | 55,952 | 65,840 | - | (9,888) |
| MUNICIPAL COURT JUDGE | - | 8,000 | 8,000 | 8,000 | - | - |
| MUNICIPAL COURT EXPENSES | - | 1,625 | 1,625 | 1,333 | - | 292 |
| MUNICIPAL COURT CLERKS | - | 5,200 | 5,200 | 5,185 | - | 15 |
| CANVASSER'S EXPENSE | - | 4,500 | 4,500 | 1,406 | - | 3,094 |
| BOARD OF CANVASSERS | - | 1,625 | 1,625 | 1,625 | - | - |
| ELECTION OFFICIAL'S PAY | - | 3,000 | 3,000 | 530 | - | 2,470 |
| Total Town Clerk | - | 208,427 | 208,427 | 203,919 | - | 4,508 |

Schedule of Revenues and Expenditures (Non-GAAP Budgetary Basis)
Budget and Actual

General Fund
For the year ended June 30, 2010

| | Continuing Appropriation June 30, 2009 | Originally Adopted Budget | Final Approved Budget | Actual (Budgetary Basis) | Continuing Appropriation June 30, 2010 | Under Over (Unfavorable) |
|---------------------------------------|--|---------------------------------|-----------------------------|--------------------------------|--|--------------------------------|
| Harbor Master | | | | | | |
| HARBOR MASTER PAY | \$ - | \$ 17,890 | \$ 17,890 | \$ 15,728 | \$ - | \$ 2,162 |
| ASST. HARBOR MASTER PAY | | 8,480 | 8,480 | 8,154 | | 326 |
| OPERATING EXPENSES | | 12,800 | 12,800 | 14,370 | | (1,570) |
| Total Harbor Master | - | 39,170 | 39,170 | 38,252 | - | 918 |
| Town Manager | | | | | | |
| TOWN MANAGER SALARY | | 72,684 | 72,684 | 71,166 | | 1,518 |
| TOWN MANAGER EXPENSE | | 3,000 | 3,000 | 2,888 | | 112 |
| OFFICE CLERK | | 27,971 | 27,971 | 27,756 | | 215 |
| Total Town Manager | - | 103,655 | 103,655 | 101,810 | - | 1,845 |
| Town Offices | | | | | | |
| COUNCIL CONTINGENCY | | 20,000 | 20,000 | 12,903 | | 7,097 |
| PLANNING/ZONING SOLICITOR | | 12,000 | 12,000 | 12,000 | | - |
| TOWN COUNCIL PAY | | 6,000 | 6,000 | 6,000 | | - |
| TOWN HALL CUSTODIAN | | 41,682 | 41,682 | 41,361 | | 321 |
| TOWN MODERATOR'S PAY | | 100 | 100 | - | | 100 |
| TOWN SERGEANT'S PAY | | 100 | 100 | 100 | | - |
| TOWN SOLICITOR'S PAY | | 71,374 | 71,374 | 71,374 | | - |
| TREE WARDEN | | 3,000 | 3,000 | 2,977 | | 23 |
| Total Town Offices | - | 154,256 | 154,256 | 146,715 | - | 7,541 |
| Town Planner | | | | | | |
| TOWN PLANNER | | 50,000 | 50,000 | 49,615 | | 385 |
| PLANNER EXPENSES | | 1,500 | 1,500 | 1,482 | | 18 |
| GIS MAPPING SOFTWARE/EQUIPMENT | | 4,800 | 4,800 | - | | 4,800 |
| BUSINESS OUTREACH SERVICES (EZ) | | - | - | - | | - |
| WEBSITE | | 200 | 200 | 194 | | 6 |
| Total Town Planner | - | 56,500 | 56,500 | 51,291 | - | 5,209 |
| Recreation | | | | | | |
| EVENTS COORDINATOR | | 5,000 | 5,000 | - | | 5,000 |
| RECREATION BOARD EXPENSE | | 52,085 | 52,085 | 48,923 | | 3,162 |
| RECREATION DIRECTOR WAGES | | 8,481 | 8,481 | 8,460 | | 21 |
| MVQ COMMUNITY CTR | | 5,000 | 5,000 | - | | 5,000 |
| Total Recreation | - | 70,566 | 70,566 | 57,383 | - | 13,183 |
| Senior Center | | | | | | |
| SENIOR CENTER DIRECTOR | | 29,352 | 29,352 | 29,126 | | 226 |
| SENIOR CENTER ASSISTANT | | - | - | - | | - |
| SENIOR CENTER MAINTENANCE | | 3,000 | 3,000 | 2,798 | | 202 |
| Total Senior Center | - | 32,352 | 32,352 | 31,924 | - | 428 |
| Social Services | | | | | | |
| SOCIAL SERVICE DIRECTOR'S PAY | | 13,356 | 13,356 | 13,253 | | 103 |
| SOCIAL SERVICE EXPENSE | | 10,000 | 10,000 | 10,000 | | - |
| Total Social Services | - | 23,356 | 23,356 | 23,253 | - | 103 |
| TOTAL TOWN OFFICES | - | 808,466 | 808,466 | 773,386 | - | 35,080 |
| FINANCIAL ADMINISTRATION | | | | | | |
| Treasury | | | | | | |
| FINANCE DIRECTOR'S SALARY | | 60,000 | 60,000 | 59,538 | | 462 |
| FINANCE CLERKS | | 55,942 | 55,942 | 57,559 | | (1,617) |
| OFFICE EXPENSE | | 8,000 | 8,000 | 12,439 | | (4,439) |
| PAYROLL PROCESSING & SERVICES | | - | - | - | | - |
| OUTSIDE SERVICES | | 21,000 | 21,000 | 14,982 | | 6,018 |
| Total Treasury | - | 144,942 | 144,942 | 144,518 | - | 424 |
| Assessor | | | | | | |
| TAX SALE EXPENSE | | - | - | - | | - |
| TAX ASSESSOR'S SALARY | | 44,246 | 44,246 | 43,906 | | 340 |
| ASSESSOR'S CLERK | | 10,862 | 10,862 | 10,460 | | 402 |
| ASSESSOR'S REVIEW BOARD | | 525 | 525 | 321 | | 204 |
| OFFICE EXPENSE | | 7,569 | 7,569 | 3,920 | | 3,649 |
| OUTSIDE SERVICES | | 12,925 | 12,925 | 9,221 | | 3,704 |
| Total Assessor | - | 76,127 | 76,127 | 67,829 | - | 8,298 |
| TOTAL FINANCIAL ADMINISTRATION | - | 221,069 | 221,069 | 212,347 | - | 8,722 |

(Continued)

Schedule of Revenues and Expenditures (Non-GAAP Budgetary Basis)
Budget and Actual

General Fund
For the year ended June 30, 2010

| | Continuing Appropriation June 30, 2009 | Originally Adopted Budget | Final Approved Budget | Actual (Budgetary Basis) | Continuing Appropriation June 30, 2010 | Under Over (Unfavorable) |
|---|--|---------------------------------|-----------------------------|--------------------------------|--|--------------------------------|
| FIRE SAFETY | | | | | | |
| FIRE CHIEF SALARY | \$ - | \$ 61,163 | \$ 61,163 | \$ 61,676 | \$ - | \$ (513) |
| FIRE/EMS COORDINATOR | | 17,715 | 17,715 | 17,345 | | 370 |
| EMA/EMS DIRECTOR (FIRE CHIEF) | | 4,800 | 4,800 | 4,763 | | 37 |
| APPARATUS REPAIR | | 30,000 | 30,000 | 29,997 | | 3 |
| ASSISTANT CHIEFS/DEPUTY | | 3,600 | 3,600 | 3,600 | | - |
| BAKER STREET STATION | | 3,500 | 3,500 | 2,267 | | 1,233 |
| CLOTHING | | 875 | 875 | - | | 875 |
| COMMUNICATIONS | | 15,675 | 15,675 | 11,409 | | 4,266 |
| COMPANY FEES | | 14,000 | 14,000 | 14,000 | | - |
| COMPANY STEWARDS | | 11,250 | 11,250 | 10,469 | | 781 |
| EQUIPMENT EXPENSES | | 47,000 | 47,000 | 46,072 | | 928 |
| FUEL/DIESEL | | 28,150 | 28,150 | 21,545 | | 4,605 |
| MEDICAL SUPPLIES | | 24,000 | 24,000 | 21,754 | | 2,246 |
| OPERATING EXPENSES | | 77,250 | 77,250 | 70,071 | | 7,179 |
| RESCUE STIPEND | | 92,250 | 92,250 | 83,972 | | 8,278 |
| TRAINING EXPENSES | | 10,000 | 10,000 | 12,234 | | (2,234) |
| REVERSE 911 OPERATING EXPENSE | | - | - | - | | - |
| TOTAL FIRE SAFETY | - | 439,228 | 439,228 | 411,172 | - | 28,056 |
| GRANTS & CONTRIBUTIONS | | | | | | |
| BAND CONCERTS | | 2,500 | 2,500 | 2,500 | | - |
| EAST BAY ARC OF RI | | 3,000 | 3,000 | 3,000 | | - |
| EAST BAY CENTER | | 26,000 | 26,000 | 26,000 | | - |
| EAST BAY COMM. ACTION PROG. | | 17,000 | 17,000 | 17,000 | | - |
| ENTERPRISE ZONE ADMIN. | | 10,000 | 10,000 | 10,000 | | - |
| GEORGE HAILE LIBRARY | | 231,000 | 231,000 | 231,000 | | - |
| MAXWELL HOUSE GRANT MATCH | | - | - | - | | - |
| MEMORIAL DAY | | 1,600 | 1,600 | 2,141 | | (541) |
| SAMARITANS | | - | - | - | | - |
| VISITING NURSES | | 1,000 | 1,000 | 1,000 | | - |
| WOMEN'S RESOURCE CENTER | | 1,500 | 1,500 | 1,500 | | - |
| TOTAL GRANTS & CONTRIBUTIONS | - | 293,600 | 293,600 | 294,141 | - | (541) |
| PUBLIC SAFETY | | | | | | |
| POLICE CHIEF SALARY | | 68,139 | 68,139 | 79,860 | | (11,721) |
| ADMINISTRATIVE ASSISTANT | | 15,525 | 15,525 | 15,402 | | 123 |
| ADVANCED DEGREE INCENTIVE | | 8,000 | 8,000 | 7,600 | | 400 |
| CLOTHING | | 33,750 | 33,750 | 30,150 | | 3,600 |
| COMMUNICATIONS EXPENSE | | - | - | - | | - |
| COMPUTER SYSTEM COSTS | | 14,881 | 14,881 | 13,213 | | 1,668 |
| DISABILITY EXPENSE | | 80,730 | 80,730 | 78,333 | | 2,397 |
| FUEL - CRUISER EXPENSE | | 45,000 | 45,000 | 41,651 | | 3,349 |
| HOLIDAY PAY | | 73,353 | 73,353 | 62,638 | | 10,715 |
| INCENTIVE EDUCATION ACT | | 15,808 | 15,808 | 4,706 | | 11,102 |
| IN-SERVICE TRAINING | | 20,000 | 20,000 | 15,243 | | 4,757 |
| OVER-TIME REGULAR | | 195,000 | 195,000 | 294,262 | | (99,262) |
| POLICE OPERATION EXPENSE | | 48,611 | 48,611 | 46,641 | | 1,970 |
| SERVING OFFICERS | | 1,067,177 | 1,067,177 | 1,074,445 | | (7,268) |
| DISPATCHERS | | 191,810 | 191,810 | 187,903 | | 3,707 |
| DISPATCH OVERTIME | | 28,527 | 28,527 | 21,711 | | 6,816 |
| CLOTHING ALLOWANCE-DISP | | 4,000 | 4,000 | 4,000 | | - |
| HOLIDAY PAY-DISPATCHERS | | 13,455 | 13,455 | 11,906 | | 1,549 |
| ANIMAL CONTROL OFFICER | | 38,077 | 38,077 | 37,784 | | 293 |
| ASSIST. ANIMAL CONTROL OFFICER | | 13,000 | 13,000 | 8,928 | | 4,072 |
| OVERTIME | | 2,000 | 2,000 | 1,157 | | 843 |
| CLOTHING | | 550 | 550 | 550 | | - |
| GENERAL & OPERATING EXPENSES | | 17,875 | 17,875 | 18,651 | | 1,024 |
| TOTAL PUBLIC SAFETY | - | 1,994,868 | 1,994,868 | 2,054,735 | - | (59,867) |

Schedule of Revenues and Expenditures (Non-GAAP Budgetary Basis)
Budget and Actual

General Fund
For the year ended June 30, 2010

| | Continuing Appropriation June 30, 2009 | Originally Adopted Budget | Final Approved Budget | Actual (Budgetary Basis) | Continuing Appropriation June 30, 2010 | Under Over (Unfavorable) |
|--|--|---------------------------------|-----------------------------|--------------------------------|--|--------------------------------|
| PUBLIC WORKS | | | | | | |
| DIRECTOR'S SALARY | \$ - | \$ 62,394 | \$ 62,394 | \$ 61,914 | \$ - | \$ 480 |
| CLOTHING | | 12,650 | 12,650 | 11,000 | | 1,650 |
| CONTRACTUAL PAYROLL | | 775,000 | 775,000 | 760,531 | | 14,469 |
| ENGINEERING SERVICE | | 10,000 | 10,000 | 10,000 | | - |
| EQUIPMENT EXPENSES | | 90,000 | 90,000 | 109,508 | | (19,508) |
| FIELD MAINT | | 8,500 | 8,500 | 6,077 | | 2,423 |
| FOREMAN'S SALARY | | 49,680 | 49,680 | 49,298 | | 382 |
| FUEL/DIESEL | | 48,000 | 48,000 | 57,552 | | (9,552) |
| MOSQUITO CONTROL | | 5,000 | 5,000 | 3,560 | | 1,440 |
| OPERATIONS' EXPENSE | | 100,000 | 100,000 | 98,586 | | 1,414 |
| OTHER PART TIME/DITCH CLEANING | | 60,000 | 60,000 | 74,404 | | (14,404) |
| OUTSIDE SERVICES | | 40,000 | 40,000 | 40,091 | | (91) |
| OVERTIME | | 65,000 | 65,000 | 53,778 | | 11,222 |
| TRASH COLLECTION | | 209,000 | 209,000 | 162,649 | | 46,351 |
| TIPPING FEES | | 215,000 | 215,000 | 132,330 | | 82,670 |
| TOTAL PUBLIC WORKS | - | 1,750,224 | 1,750,224 | 1,631,278 | - | 118,946 |
| WATER TREATMENT | | | | | | |
| OPERATION CONTRACT | | 566,665 | 566,665 | 561,903 | | 4,762 |
| PLANT OPERATION EXPENSE | | 363,000 | 363,000 | 443,048 | | (80,048) |
| RI WATER RESOURCE PERMIT | | 8,000 | 8,000 | 6,090 | | 1,910 |
| RI WATER RESOURCE PERMIT | | 1,700 | 1,700 | - | | 1,700 |
| SLUDGE DISPOSAL | | 212,500 | 212,500 | 166,409 | | 46,091 |
| TOTAL WATER TREATMENT | - | 1,151,865 | 1,151,865 | 1,177,450 | - | (25,585) |
| COSTS OF COLLECTIONS | - | - | - | 14,329 | - | (14,329) |
| CAPITAL EXPENDITURES | 2,451,711 | 1,086,500 | 3,538,211 | 1,662,884 | 1,875,327 | - |
| DEBT SERVICE | | 1,784,686 | 1,784,686 | 1,806,033 | | (21,347) |
| EDUCATION GENERAL COST (NET) | | 10,794,979 | 10,794,979 | 10,794,979 | | - |
| Total Expenditures | 2,451,711 | 23,744,343 | 26,196,054 | 23,828,398 | 1,875,327 | 492,329 |
| Other financing sources/(uses): | | | | | | |
| Transfers (out) | | | | 50,000 | | 50,000 |
| Total Other financing sources/(uses) | - | - | - | 50,000 | - | 50,000 |
| Total Expenditures and other financing sources/(uses) | \$ 2,451,711 | \$ 23,744,343 | \$ 26,196,054 | \$ 23,878,398 | \$ 1,875,327 | \$ 542,329 |

Other Supplementary Information



Non-major Governmental Funds:

Enterprise Zone—accounts for activity of the regional Enterprise Zone coordinator and related economic development initiatives.

Senior Center—accounts for revenues and expenditures related to activities at the Senior Center.

Kee Farm Preservation—accounts for revenue and expenditures related to activity for the Kee Farm Preservation.

Pump Out Station—accounts for revenue and expenditures for Pump Out Station activities.

Rec. Department Donation—accounts for revenue from donations towards the recreation department activity.

Fire Legislative Grant—accounts for revenues and expenditures dedicated to rescue equipment needs.

Gun Buy Back—accounts for revenues and expenditures of periodic gun buy-back programs.

RI DOT Highway Safety Grant—accounts for revenue and expenditures related to the RI DOT Highway Safety Grant.

WPD RI Senatorial Grant—accounts for grant revenues and expenditures for reconstruction expenditures due to accidents.

Recycling Grant—accounts for grant monies and expenditures related to recycling activities.



Non-major Governmental Funds:

Planning Challenge Grant—accounts for revenue and expenditures related to.

Historical Street Signs—accounts for revenue and expenditures relating to restoration and replacement of street signs.

Community Gardens— accounts for revenue and expenditures for the use of Town's Open Space for Community Gardens. Townspeople pay rent for a plot of land to farm as they see fit.

ACO Donations—accounts for donations for ACO activities.

Cops that Care—accounts for revenues and expenditures related to activities for Cops that Care program.

Social Services Donations— accounts for donations to be used for various social service activities.

Warren Beautification Donation - accounts for activity related to the Beautification Donation Program.

Cops Technology—accounts for revenue and expenditures related to technology used by Public safety.

Town Beach Stormwater—accounts for revenue and expenditures related to control of beach stormwater.



Non-major Governmental Funds:

Animal Rescue—accounts for revenue and expenditures related to medical care of animals to ready for adoption or for necessary medical care. Funded by a portion of each pet license issued.

Homestead Park Fund - Grant funds for the Homestead playground equipment.

Revaluation Fund—accounts for expenditures relating to revaluation activities.

Animal Spading—accounts for revenue and expenditures relating to the spading of local animals within the Town to minimize stray animal population.

Community Development Block Grant —account for revenues and expenditures related to federally funded Community Development Block Grant programs.

Police Bike Patrol Grant- Senate grant funds for revenue and expenses related to conducting bike path and street/foot patrols.



Non-major Governmental Funds:

Byrnes Justice Grant—accounts for federal revenue, via reimbursement, and expenditures related to purchases of police technology equipment.

AFIS Live Scan Fed Grant—accounts for revenue and expenditures relating to the AFIS Live Scan Fed Grant.

RI State Byrnes Justice Grant—accounts for revenue and expenditures related to cell service fees for the police vehicle's mobile data terminals and command staff and investigators' cell phone service fees.

Road Salt Storage Project—accounts for revenue and expenditures related to construction of a salt shed to limit the migration of salt and sediments into two Town water sheds. RI DEM partially funded project; payment on a reimbursement basis.

RI JAG Byrne Stimulus Grant—accounts for revenue and expenses related to cell service fees for police vehicle's mobile data terminals and command staff & investigators' cell phone service fees.

Memorial Tree Fund—accounts for expenditures relating to Memorial Tree.

Strategic Plan Energy Conservation—accounts for revenue and expenditures related to improve the energy efficiency of the Town's municipal buildings.

Sewer Project—EPA—accounts for activity related to Sewer Project .

Summer Concerts - accounts for activity related to the Summer Concerts Program.



Non-major Governmental Funds:

Project Playground—accounts for the revenue and expenditures related to equipment and upkeep of the Community playground located in the Hugh Cole Recreation Area (Town Open Space).

Fire Department Reserve—accounts for accumulation of funds for fire department capital equipment purchases.

Jamiel's Park Chafee—accounts for revenue and expenditures related to \$247,000 federal grant awarded in 2007 for facility improvements at the Jamiel's Park (Town Open Space).

Homeland Security - accounts for activity related to the Homeland Security Program.

Substance Abuse—accounts for State grant funding of Substance Abuse Prevention Program.

Fire Inspections—accounts for revenue and expenditures for periodic fire inspections.

Jamiel's Park Grant DEM Grant—accounts for revenue and expenditures related to \$300,000 State Recreation Grant awarded in 2006 for facility improvements at the Jamiel's Park Recreation Development (Town Open Space).

Fire State Med Plans—accounts for revenue and expenditures related to the authorization and procurement of vaccinations and/or medications as dictated by the RI Center of Emergency Management and Response.



Non-major Governmental Funds:

Police Forfeiture—accounts for revenue and expenditures related to asset forfeitures resulting from police investigations.

FEMA Flood Grant—accounts for revenue and expenditures related to the local flood activity.

Industrial Pretreatment—accounts for activity related to industrial pretreatment initiative.

Veterans Honor Roll—accounts for revenues and expenditures for the construction and maintenance of Honor Roll monument.

Government Center—accounts for activity related to operation of Government Center.

Pagers and Radios—accounts for Fire Department radio technology expenditures.

Holiday Committee—accounts for activity for the holiday committee at the Town Hall.

Narcotics —accounts for revenues and expenditures of police participation with Narcotics Strike Force.

Employee Charity Fund - accounts for employees pay for Friday Casual Day participation.



Non-major Governmental Funds:

Town Trust—accounts for revenues and expenditures to preservation of Town documents, including land evidence records; and birth/death/marriage certificates; and Town meeting minutes.

Police Trust - accounts for revenues and expenditures of Police Trust, dedicated to public safety needs.

Sara B. Burtis-accounts for revenue and expenditures of Sara B. Burtis Trust.



TOWN OF WARREN, RHODE ISLAND
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2010

| <u>Special Revenue Funds</u> | | | | | | | | | |
|------------------------------|----------------------------|--------------------------|----------------------------------|-----------------------------|--|---------------------------------------|-------------------------|------------------------------------|--|
| | <u>Enterprise Zone</u> | <u>Senior Center</u> | <u>Kee Farm Preservation</u> | <u>Pump Out Station</u> | <u>Rec Department Donation</u> | <u>Fire Legislative Grant</u> | <u>Gun Buy Back</u> | <u>RI DOT Hwy Safety Grant</u> | <u>WPD RI Senatorial Grant</u> |
| ASSETS | | | | | | | | | |
| Cash and cash equivalents | \$ 9,182 | \$ 29,500 | \$ - | \$ - | \$ 100 | \$ 418 | \$ 2,000 | \$ - | \$ 183 |
| Investments | | | | | | | | | |
| Due from state | | | | | | | | | |
| Receivables (net) | 16,591 | | | | 940 | | | 8,364 | |
| TOTAL ASSETS | 25,773 | 29,500 | - | - | 1,040 | 418 | 2,000 | 8,364 | 183 |
| LIABILITIES | | | | | | | | | |
| Accounts payable | | 1,040 | 16,690 | 13,337 | | | | 4,382 | |
| Due to other funds | | | | | | | | | |
| Deferred revenue | 18,879 | | | | | | | 5,838 | |
| TOTAL LIABILITIES | 18,879 | 1,040 | 16,690 | 13,337 | - | - | - | 10,220 | - |
| FUND BALANCES | | | | | | | | | |
| Unreserved, reported in: | | | | | | | | | |
| Capital Project Fund | | | | | | | | | |
| Special Revenue Funds | 6,894 | 28,460 | (16,690) | (13,337) | 1,040 | 418 | 2,000 | (1,856) | 183 |
| Permanent Funds | | | | | | | | | |
| TOTAL FUND BALANCES | \$ 6,894 | \$ 28,460 | \$ (16,690) | \$ (13,337) | \$ 1,040 | \$ 418 | \$ 2,000 | \$ (1,856) | \$ 183 |

(Continued)

TOWN OF WARREN, RHODE ISLAND
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2010

| <u>Special Revenue Funds</u> | | | | | | | | |
|------------------------------|------------------------|---------------------------------|--------------------------------|--------------------------|----------------------|-----------------------|----------------------------------|---------------------------------------|
| | <u>Recycling Grant</u> | <u>Planning Challenge Grant</u> | <u>Historical Street Signs</u> | <u>Community Gardens</u> | <u>ACO Donations</u> | <u>Cops that Care</u> | <u>Social Services Donations</u> | <u>Warren Beautification Donation</u> |
| ASSETS | | | | | | | | |
| Cash and cash equivalents | \$ 6,687 | | \$ 63 | \$ 225 | \$ 3,895 | \$ 178 | \$ 1,431 | \$ 1,292 |
| Investments | | | | | | | | |
| Due from state | | | | | | | | |
| Receivables (net) | | 30,000 | | | | | 1,000 | |
| TOTAL ASSETS | 6,687 | 30,000 | 63 | 225 | 3,895 | 178 | 2,431 | 1,292 |
| LIABILITIES | | | | | | | | |
| Accounts payable | | | | | | 157 | | |
| Due to other funds | | | | | | | | |
| Deferred revenue | | 30,000 | | 270 | | | | |
| TOTAL LIABILITIES | - | 30,000 | - | 270 | - | 157 | - | - |
| FUND BALANCES | | | | | | | | |
| Unreserved, reported in: | | | | | | | | |
| Capital Project Fund | | | | | | | | |
| Special Revenue Funds | 6,687 | | 63 | (45) | 3,895 | 21 | 2,431 | 1,292 |
| Permanent Funds | | | | | | | | |
| TOTAL FUND BALANCES | \$ 6,687 | \$ - | \$ 63 | \$ (45) | \$ 3,895 | \$ 21 | \$ 2,431 | \$ 1,292 |

(Continued)

TOWN OF WARREN, RHODE ISLAND
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2010

F - 1

| | <u>Special Revenue Funds</u> | | | | | | |
|----------------------------|------------------------------|--------------------------------------|--------------------------|--------------------------------|-----------------------------|---------------------------|--|
| | <u>Cops Technology</u> | <u>Town Beach Stormwater</u> | <u>Animal Rescue</u> | <u>Homestead Park Fund</u> | <u>Revaluation Fund</u> | <u>Animal Spading</u> | <u>Police Bicycle Patrol Grant</u> |
| ASSETS | | | | | | | |
| Cash and cash equivalents | \$ - | \$ 7,306 | \$ 16,672 | \$ - | \$ - | \$ 1,695 | \$ 3,264 |
| Investments | | | | | | | |
| Due from state | | | | | | | |
| Receivables (net) | 30,100 | | | | | 12 | |
| TOTAL ASSETS | 30,100 | 7,306 | 16,672 | - | - | 1,707 | 3,264 |
| LIABILITIES | | | | | | | |
| Accounts payable | 1,233 | | 322 | 6,502 | 7,304 | | |
| Due to other funds | | | | | | | |
| Deferred revenue | 30,100 | | | | | | |
| TOTAL LIABILITIES | 31,333 | - | 322 | 6,502 | 7,304 | - | - |
| FUND BALANCES | | | | | | | |
| Unreserved, reported in: | | | | | | | |
| Capital Project Fund | | | | | | | |
| Special Revenue Funds | (1,233) | 7,306 | 16,350 | (6,502) | (7,304) | 1,707 | 3,264 |
| Permanent Funds | | | | | | | |
| TOTAL FUND BALANCES | \$ (1,233) | \$ 7,306 | \$ 16,350 | \$ (6,502) | \$ (7,304) | \$ 1,707 | \$ 3,264 |

(Continued)

TOWN OF WARREN, RHODE ISLAND
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2010

| <u>Special Revenue Funds</u> | | | | | | | | | | | |
|------------------------------|---------------------------------|-------------------------------------|--|--------------------------------------|--|-------------------------------|--|--------------------------------|----------------------------|-------------------------------|------------------------------|
| | <u>Byrnes Justice Grant</u> | <u>AFIS Live Scan Fed Grant</u> | <u>RI State Byrnes Justice Grant</u> | <u>Road Salt Storage Project</u> | <u>RI JAG Byrne Stimulus Grant</u> | <u>Memorial Tree Fund</u> | <u>Strategic Plan Energy Consv</u> | <u>Sewer Project - EPA</u> | <u>Summer Concerts</u> | <u>Project Playground</u> | <u>Fire Dept Reserve</u> |
| ASSETS | | | | | | | | | | | |
| Cash and cash equivalents | \$ 28 | \$ 11,650 | \$ - | \$ 47,092 | \$ - | \$ 787 | \$ - | \$ 1,387 | \$ 4,309 | \$ 200 | \$ - |
| Investments | | | | | | | | | | | |
| Due from state | | | | 100,000 | | | | | | | |
| Receivables (net) | | | | | 20,237 | | | | | | |
| TOTAL ASSETS | 28 | 11,650 | - | 147,092 | 20,237 | 787 | - | 1,387 | 4,309 | 200 | - |
| LIABILITIES | | | | | | | | | | | |
| Accounts payable | | | 1,489 | 503 | 20,228 | | 1,995 | | | | |
| Due to other funds | | | | | | | | | | | |
| Deferred revenue | | | | 100,000 | 20,237 | | | | | | |
| TOTAL LIABILITIES | - | - | 1,489 | 100,503 | 40,465 | - | 1,995 | - | - | - | - |
| FUND BALANCES | | | | | | | | | | | |
| Unreserved, reported in: | | | | | | | | | | | |
| Capital Project Fund | | | | | | | | | | | |
| Special Revenue Funds | 28 | 11,650 | (1,489) | 46,589 | (20,228) | 787 | (1,995) | 1,387 | 4,309 | 200 | - |
| Permanent Funds | | | | | | | | | | | |
| TOTAL FUND BALANCES | \$ 28 | \$ 11,650 | \$ (1,489) | \$ 46,589 | \$ (20,228) | \$ 787 | \$ (1,995) | \$ 1,387 | \$ 4,309 | \$ 200 | \$ - |

(Continued)

TOWN OF WARREN, RHODE ISLAND
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2010

| <u>Special Revenue Funds</u> | | | | | | | |
|------------------------------|--------------------------------|------------------------------|----------------------------|-----------------------------|------------------------------------|---------------------------------|------------------------------|
| | <u>Jamiels Park Chafee</u> | <u>Homeland Security</u> | <u>Substance Abuse</u> | <u>Fire Inspections</u> | <u>Jamief's Park DEM Grant</u> | <u>Fire State Meds Plan</u> | <u>Police Forfeiture</u> |
| ASSETS | | | | | | | |
| Cash and cash equivalents | \$ - | \$ 1,074 | \$ - | \$ 9,204 | \$ - | \$ 8,180 | |
| Investments | | | | | | | |
| Due from state | | | | | | | |
| Receivables (net) | | | 3,742 | | | | |
| TOTAL ASSETS | <u>-</u> | <u>1,074</u> | <u>3,742</u> | <u>9,204</u> | <u>-</u> | <u>8,180</u> | <u>-</u> |
| LIABILITIES | | | | | | | |
| Accounts payable | 7,786 | | 1,228 | | 62,414 | | |
| Due to other funds | | | | | | | |
| Deferred revenue | | | | | | | |
| TOTAL LIABILITIES | <u>7,786</u> | <u>-</u> | <u>1,228</u> | <u>-</u> | <u>62,414</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES | | | | | | | |
| Unreserved, reported in: | | | | | | | |
| Capital Project Fund | | | | | | | |
| Special Revenue Funds | (7,786) | 1,074 | 2,514 | 9,204 | (62,414) | 8,180 | - |
| Permanent Funds | | | | | | | |
| TOTAL FUND BALANCES | <u>\$ (7,786)</u> | <u>\$ 1,074</u> | <u>\$ 2,514</u> | <u>\$ 9,204</u> | <u>\$ (62,414)</u> | <u>\$ 8,180</u> | <u>\$ -</u> |

(Continued)

TOWN OF WARREN, RHODE ISLAND
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2010

| <u>Special Revenue Funds</u> | | | | | | | | | | |
|------------------------------|-----------------------------|--|------------------------------------|--------------------------------|------------------------------|-------------------------------------|------------------------------|------------------|--------------------------------------|--|
| | <u>FEMA Flood Event</u> | <u>Community Development Block Grant</u> | <u>Industrial Pretreatment</u> | <u>Veterans Honor Roll</u> | <u>Government Center</u> | <u>Pagers & Radios Fire</u> | <u>Holiday Committee</u> | <u>Narcotics</u> | <u>Employee Charity Fund</u> | |
| ASSETS | | | | | | | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ - | \$ 14,726 | \$ 2,107 | | | \$ 4,432 | \$ 231 | |
| Investments | | | | | | | | | | |
| Due from state | | | | | | | | | | |
| Receivables (net) | | 1,128 | 450 | | | | | | | |
| TOTAL ASSETS | - | 1,128 | 450 | 14,726 | 2,107 | - | - | 4,432 | 231 | |
| LIABILITIES | | | | | | | | | | |
| Accounts payable | 85,878 | 25,932 | 620 | | | | | | | |
| Due to other funds | | | | | | | | | | |
| Deferred revenue | | 76,126 | | | | | | | | |
| TOTAL LIABILITIES | 85,878 | 102,058 | 620 | - | - | - | - | - | - | |
| FUND BALANCES | | | | | | | | | | |
| Unreserved, reported in: | | | | | | | | | | |
| Capital Project Fund | | | | | | | | | | |
| Special Revenue Funds | (85,878) | (100,930) | (170) | 14,726 | 2,107 | - | | 4,432 | 231 | |
| Permanent Funds | | | | | | | | | | |
| TOTAL FUND BALANCES | \$ (85,878) | \$ (100,930) | \$ (170) | \$ 14,726 | \$ 2,107 | \$ - | \$ - | \$ 4,432 | \$ 231 | |

TOWN OF WARREN, RHODE ISLAND
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2010

Permanent Funds

| | <u>Town Trust</u> | <u>Police Trust</u> | <u>Sara B. Burtis</u> | <u>GRAND TOTALS</u> |
|----------------------------|-----------------------|-------------------------|---------------------------|-------------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 22,864 | \$ 3,175 | \$ 560 | \$ 216,097 |
| Investments | | | 32,913 | 32,913 |
| Due from state | | | | 100,000 |
| Receivables (net) | 269 | | | 112,833 |
| TOTAL ASSETS | <u>23,133</u> | <u>3,175</u> | <u>33,473</u> | <u>461,843</u> |
| LIABILITIES | | | | |
| Accounts payable | 575 | | | 259,615 |
| Due to other funds | | | | - |
| Deferred revenue | | | | 281,450 |
| TOTAL LIABILITIES | <u>575</u> | <u>-</u> | <u>-</u> | <u>541,065</u> |
| FUND BALANCES | | | | |
| Unreserved, reported in: | | | | |
| Capital Project Fund | | | | - |
| Special Revenue Funds | | | | (138,428) |
| Permanent Funds | 22,558 | 3,175 | 33,473 | 59,206 |
| TOTAL FUND BALANCES | <u>\$ 22,558</u> | <u>\$ 3,175</u> | <u>\$ 33,473</u> | <u>\$ (79,222)</u> |

(Concluded)

TOWN OF WARREN, RHODE ISLAND
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
For the year ended June 30, 2010

| | <u>Special Revenue Funds</u> | | | | | | | | |
|--|------------------------------|--------------------------|----------------------------------|-----------------------------|--|---------------------------------------|-------------------------|------------------------------------|--|
| | <u>Enterprise Zone</u> | <u>Senior Center</u> | <u>Kee Farm Preservation</u> | <u>Pump Out Station</u> | <u>Rec Department Donation</u> | <u>Fire Legislative Grant</u> | <u>Gun Buy Back</u> | <u>RI DOT Hwy Safety Grant</u> | <u>WPD RI Senatorial Grant</u> |
| REVENUES | | | | | | | | | |
| Interest and Investment Income | \$ - | \$ 75 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Licenses, fees, permits and fines | | | | | | | | | |
| Intergovernmental | 10,000 | 46,144 | - | - | 1,040 | 188 | | 4,686 | 2,000 |
| Other | | | | | | | | | |
| TOTAL REVENUES | 10,000 | 46,219 | - | - | 1,040 | 188 | - | 4,686 | 2,000 |
| EXPENDITURES | | | | | | | | | |
| General government | 818 | 24,776 | 3,750 | | | | | 6,542 | 3,817 |
| Public safety | | | | | | | | | |
| Fire safety | | | | | | | | | |
| Waste water treatment | | | | | | | | | |
| Grants and contributions | | 20,000 | 12,940 | | | | | | |
| Capital and special appropriations | | | | | | | | | |
| TOTAL EXPENDITURES | 818 | 44,776 | 16,690 | - | - | - | - | 6,542 | 3,817 |
| EXCESS OF REVENUES OVER EXPENDITURES BEFORE TRANSFERS | 9,182 | 1,443 | (16,690) | - | 1,040 | 188 | - | (1,856) | (1,817) |
| OTHER FINANCING SOURCES/USES | | | | | | | | | |
| Debt Service | | | | | | | | | |
| Note proceeds | | | | | | | | | |
| Lease proceeds | | | | | | | | | |
| Transfers in | | | | | | | | | |
| Transfers out | | | | | | | | | |
| NET OTHER SOURCES/USES | - | - | - | - | - | - | - | - | - |
| NET CHANGE IN FUND BALANCE | 9,182 | 1,443 | (16,690) | - | 1,040 | 188 | - | (1,856) | (1,817) |
| FUND BALANCE - BEGINNING | (2,288) | 27,017 | | (13,337) | | 230 | 2,000 | | 2,000 |
| FUND BALANCE - ENDING | \$ 6,894 | \$ 28,460 | \$ (16,690) | \$ (13,337) | \$ 1,040 | \$ 418 | \$ 2,000 | \$ (1,856) | \$ 183 |

(Continued)

TOWN OF WARREN, RHODE ISLAND
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
For the year ended June 30, 2010

| | <u>Special Revenue Funds</u> | | | | | | | |
|--|------------------------------|---------------------------------|--------------------------------|--------------------------|----------------------|-----------------------|----------------------------------|---------------------------------------|
| | <u>Recycling Grant</u> | <u>Planning Challenge Grant</u> | <u>Historical Street Signs</u> | <u>Community Gardens</u> | <u>ACO Donations</u> | <u>Cops that Care</u> | <u>Social Services Donations</u> | <u>Warren Beautification Donation</u> |
| REVENUES | | | | | | | | |
| Interest and Investment Income | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Licenses, fees, permits and fines | | | | | | | | |
| Intergovernmental | 7,800 | | | 225 | | | 15,200 | 517 |
| Other | | | | | 2,214 | | | |
| TOTAL REVENUES | 7,800 | - | - | 225 | 2,214 | - | 15,200 | 517 |
| EXPENDITURES | | | | | | | | |
| General government | 3,728 | | | 270 | | | 20,251 | |
| Public safety | | | | | | 157 | | |
| Fire safety | | | | | | | | |
| Waste water treatment | | | | | | | | |
| Grants and contributions | | | | | | | | |
| Capital and special appropriations | | | | | | | | |
| TOTAL EXPENDITURES | 3,728 | - | - | 270 | - | 157 | 20,251 | - |
| EXCESS OF REVENUES OVER EXPENDITURES BEFORE TRANSFERS | 4,072 | - | - | (45) | 2,214 | (157) | (5,051) | 517 |
| OTHER FINANCING SOURCES/USES | | | | | | | | |
| Debt Service | | | | | | | | |
| Note proceeds | | | | | | | | |
| Lease proceeds | | | | | | | | |
| Transfers in | | | | | | | | |
| Transfers out | | | | | | | | |
| NET OTHER SOURCES/USES | - | - | - | - | - | - | - | - |
| NET CHANGE IN FUND BALANCE | 4,072 | - | - | (45) | 2,214 | (157) | (5,051) | 517 |
| FUND BALANCE - BEGINNING | 2,615 | | 63 | | 1,681 | 178 | 7,482 | 775 |
| FUND BALANCE - ENDING | \$ 6,687 | \$ - | \$ 63 | \$ (45) | \$ 3,895 | \$ 21 | \$ 2,431 | \$ 1,292 |

(Continued)

TOWN OF WARREN, RHODE ISLAND
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
For the year ended June 30, 2010

| | <u>Special Revenue Funds</u> | | | | | | |
|--|------------------------------|--------------------------------------|--------------------------|--------------------------------|-----------------------------|---------------------------|--|
| | <u>Cops Technology</u> | <u>Town Beach Stormwater</u> | <u>Animal Rescue</u> | <u>Homestead Park Fund</u> | <u>Revaluation Fund</u> | <u>Animal Spading</u> | <u>Police Bicycle Patrol Grant</u> |
| REVENUES | | | | | | | |
| Interest and Investment Income | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Licenses, fees, permits and fines | | | | | | | |
| Intergovernmental | | 40,000 | 27,960 | 11,345 | 69,196 | 591 | |
| Other | | | | | | | |
| TOTAL REVENUES | - | 40,000 | 27,960 | 11,345 | 69,196 | 591 | - |
| EXPENDITURES | | | | | | | |
| General government | | | 11,610 | | 52,826 | | 565 |
| Public safety | | | | | | | |
| Fire safety | | | | | | | |
| Waste water treatment | | 2,120 | | | | | |
| Grants and contributions | | | | | | | |
| Capital and special appropriations | | | | | | | |
| TOTAL EXPENDITURES | - | 2,120 | 11,610 | - | 52,826 | - | 565 |
| EXCESS OF REVENUES OVER EXPENDITURES BEFORE TRANSFERS | - | 37,880 | 16,350 | 11,345 | 16,370 | 591 | (565) |
| OTHER FINANCING SOURCES/USES | | | | | | | |
| Debt Service | | | | | | | |
| Note proceeds | | | | | | | |
| Lease proceeds | | | | | | | |
| Transfers in | | | | | | | |
| Transfers out | | | | | | | |
| NET OTHER SOURCES/USES | - | - | - | - | - | - | - |
| NET CHANGE IN FUND BALANCE | - | 37,880 | 16,350 | 11,345 | 16,370 | 591 | (565) |
| FUND BALANCE - BEGINNING | (1,233) | (30,574) | - | (17,847) | (23,674) | 1,116 | 3,829 |
| FUND BALANCE - ENDING | \$ (1,233) | \$ 7,306 | \$ 16,350 | \$ (6,502) | \$ (7,304) | \$ 1,707 | \$ 3,264 |

(Continued)

TOWN OF WARREN, RHODE ISLAND
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
For the year ended June 30, 2010

| | <i>Special Revenue Funds</i> | | | | | | | | | | |
|--|---------------------------------|-------------------------------------|--|--------------------------------------|--|-------------------------------|--|--------------------------------|----------------------------|-------------------------------|------------------------------|
| | <u>Byrnes Justice Grant</u> | <u>AFIS Live Scan Fed Grant</u> | <u>RI State Byrnes Justice Grant</u> | <u>Road Salt Storage Project</u> | <u>RI JAG Byrne Stimulus Grant</u> | <u>Memorial Tree Fund</u> | <u>Strategic Plan Energy Consv</u> | <u>Sewer Project - EPA</u> | <u>Summer Concerts</u> | <u>Project Playground</u> | <u>Fire Dept Reserve</u> |
| REVENUES | | | | | | | | | | | |
| Interest and Investment Income | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Licenses, fees, permits and fines | | | | | | | | | | | |
| Intergovernmental | 28,558 | | 9,891 | | | 200 | | 67,646 | 3,500 | 200 | (3) |
| Other | | | | | | | | | | | |
| TOTAL REVENUES | <u>28,558</u> | <u>-</u> | <u>9,891</u> | <u>-</u> | <u>-</u> | <u>200</u> | <u>-</u> | <u>67,646</u> | <u>3,500</u> | <u>200</u> | <u>(3)</u> |
| EXPENDITURES | | | | | | | | | | | |
| General government | | | | | 20,228 | | 1,995 | | 4,875 | | |
| Public safety | | | 7,283 | 3,411 | | | | | | | |
| Fire safety | | | | | | | | | | | |
| Waste water treatment | | | | | | | | | | | |
| Grants and contributions | | | | | | | | | | | |
| Capital and special appropriations | 28,530 | | | | | | | 67,646 | | | |
| TOTAL EXPENDITURES | <u>28,530</u> | <u>-</u> | <u>7,283</u> | <u>3,411</u> | <u>20,228</u> | <u>-</u> | <u>1,995</u> | <u>67,646</u> | <u>4,875</u> | <u>-</u> | <u>-</u> |
| EXCESS OF REVENUES OVER EXPENDITURES BEFORE TRANSFERS | <u>28</u> | <u>-</u> | <u>2,608</u> | <u>(3,411)</u> | <u>(20,228)</u> | <u>200</u> | <u>(1,995)</u> | <u>-</u> | <u>(1,375)</u> | <u>200</u> | <u>(3)</u> |
| OTHER FINANCING SOURCES/USES | | | | | | | | | | | |
| Debt Service | | | | | | | | | | | |
| Note proceeds | | | | | | | | | | | |
| Lease proceeds | | | | | | | | | | | |
| Transfers In | | | | 50,000 | | | | | | | |
| Transfers out | | | | | | | | | | | |
| NET OTHER SOURCES/USES | <u>-</u> | <u>-</u> | <u>-</u> | <u>50,000</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | <u>28</u> | <u>-</u> | <u>2,608</u> | <u>46,589</u> | <u>(20,228)</u> | <u>200</u> | <u>(1,995)</u> | <u>-</u> | <u>(1,375)</u> | <u>200</u> | <u>(3)</u> |
| FUND BALANCE - BEGINNING | | 11,650 | (4,097) | | | 587 | | 1,387 | 5,684 | | 3 |
| FUND BALANCE - ENDING | <u>\$ 28</u> | <u>\$ 11,650</u> | <u>\$ (1,489)</u> | <u>\$ 46,589</u> | <u>\$ (20,228)</u> | <u>\$ 787</u> | <u>\$ (1,995)</u> | <u>\$ 1,387</u> | <u>\$ 4,309</u> | <u>\$ 200</u> | <u>\$ -</u> |

(Continued)

TOWN OF WARREN, RHODE ISLAND
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
For the year ended June 30, 2010

| <u>Special Revenue Funds</u> | | | | | | | |
|--|---------------------------------|------------------------------|----------------------------|-----------------------------|------------------------------------|---------------------------------|------------------------------|
| | <u>Jamiel's Park Chafee</u> | <u>Homeland Security</u> | <u>Substance Abuse</u> | <u>Fire Inspections</u> | <u>Jamief's Park DEM Grant</u> | <u>Fire State Meds Plan</u> | <u>Police Forfeiture</u> |
| REVENUES | | | | | | | |
| Interest and Investment Income | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Licenses, fees, permits and fines | | | | 3,216 | | | |
| Intergovernmental | | | 31,700 | | 10,000 | 20,180 | |
| Other | | | | | | | |
| TOTAL REVENUES | - | - | 31,700 | 3,216 | 10,000 | 20,180 | - |
| EXPENDITURES | | | | | | | |
| General government | | | 30,800 | | 416 | 12,000 | |
| Public safety | | | | | | | |
| Fire safety | | | | 425 | | | |
| Waste water treatment | | | | | | | |
| Grants and contributions | | | | | | | |
| Capital and special appropriations | | | | | 4,149 | | |
| TOTAL EXPENDITURES | - | - | 30,800 | 425 | 4,565 | 12,000 | - |
| EXCESS OF REVENUES OVER EXPENDITURES BEFORE TRANSFERS | - | - | 900 | 2,791 | 5,435 | 8,180 | - |
| OTHER FINANCING SOURCES/USES | | | | | | | |
| Debt Service | | | | | | | |
| Note proceeds | | | | | | | |
| Lease proceeds | | | | | | | |
| Transfers in | | | | | | | |
| Transfers out | | | | | | | |
| NET OTHER SOURCES/USES | - | - | - | - | - | - | - |
| NET CHANGE IN FUND BALANCE | - | - | 900 | 2,791 | 5,435 | 8,180 | - |
| FUND BALANCE - BEGINNING | (7,786) | 1,074 | 1,614 | 6,413 | (67,849) | | |
| FUND BALANCE - ENDING | \$ (7,786) | \$ 1,074 | \$ 2,514 | \$ 9,204 | \$ (62,414) | \$ 8,180 | \$ - |

(Continued)

TOWN OF WARREN, RHODE ISLAND
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
For the year ended June 30, 2010

| | Special Revenue Funds | | | | | | | | |
|--|------------------------------|--|------------------------------------|--------------------------------|------------------------------|-------------------------------------|------------------------------|------------------|--------------------------------------|
| | FEMA Flood Event | Community Development Block Grant | Industrial Pretreatment | Veterans Honor Roll | Government Center | Pagers & Radios Fire | Holiday Committee | Narcotics | Employee Charity Fund |
| REVENUES | | | | | | | | | |
| Interest and Investment Income | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Licenses, fees, permits and fines | | | | | | | | 233 | |
| Intergovernmental | 10,056 | 94,426 | 1,675 | 1,500 | | | 2,900 | | 281 |
| Other | | | | | | | | | |
| TOTAL REVENUES | 10,056 | 94,426 | 1,675 | 1,500 | - | - | 2,900 | 233 | 281 |
| EXPENDITURES | | | | | | | | | |
| General government | 24,600 | 100,742 | | 1,730 | 1,378 | | 2,900 | 3,240 | 100 |
| Public safety | | | | | | | | | |
| Fire safety | | | | | | | | | |
| Waste water treatment | | | 3,959 | | | | | | |
| Grants and contributions | | | | | | | | | |
| Capital and special appropriations | 71,334 | | | | | | | | |
| TOTAL EXPENDITURES | 95,934 | 100,742 | 3,959 | 1,730 | 1,378 | - | 2,900 | 3,240 | 100 |
| EXCESS OF REVENUES OVER EXPENDITURES BEFORE TRANSFERS | (85,878) | (6,316) | (2,284) | (230) | (1,378) | - | - | (3,007) | 181 |
| OTHER FINANCING SOURCES/USES | | | | | | | | | |
| Debt Service | | | | | | | | | |
| Note proceeds | | | | | | | | | |
| Lease proceeds | | | | | | | | | |
| Transfers in | | | | | | | | | |
| Transfers out | | | | | | | | | |
| NET OTHER SOURCES/USES | - | - | - | - | - | - | - | - | - |
| NET CHANGE IN FUND BALANCE | (85,878) | (6,316) | (2,284) | (230) | (1,378) | - | - | (3,007) | 181 |
| FUND BALANCE - BEGINNING | | (94,614) | 2,114 | 14,956 | 3,485 | | | 7,439 | 50 |
| FUND BALANCE - ENDING | \$ (85,878) | \$ (100,930) | \$ (170) | \$ 14,726 | \$ 2,107 | \$ - | \$ - | \$ 4,432 | \$ 231 |

TOWN OF WARREN, RHODE ISLAND
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
For the year ended June 30, 2010

| | <u>Permanent Funds</u> | | | |
|--|-----------------------------|-------------------------------|---------------------------------|-------------------------------|
| | <u>Town</u> <u>Trust</u> | <u>Police</u> <u>Trust</u> | <u>Sara B.</u> <u>Burris</u> | <u>GRAND</u> <u>TOTALS</u> |
| REVENUES | | | | |
| Interest and Investment Income | \$ - | \$ 5 | \$ 2,148 | \$ 2,228 |
| Licenses, fees, permits and fines | 17,193 | | | 20,642 |
| Intergovernmental | | | | 519,602 |
| Other | | | | 2,214 |
| TOTAL REVENUES | <u>17,193</u> | <u>5</u> | <u>2,148</u> | <u>544,686</u> |
| EXPENDITURES | | | | |
| General government | 28,953 | | 566 | 363,476 |
| Public safety | | | | 10,851 |
| Fire safety | | | | 425 |
| Waste water treatment | | | | 6,079 |
| Grants and contributions | | | | - |
| Capital and special appropriations | | | | 204,599 |
| TOTAL EXPENDITURES | <u>28,953</u> | <u>-</u> | <u>566</u> | <u>585,430</u> |
| EXCESS OF REVENUES OVER EXPENDITURES BEFORE TRANSFERS | <u>(11,760)</u> | <u>5</u> | <u>1,582</u> | <u>(40,744)</u> |
| OTHER FINANCING SOURCES/USES | | | | |
| Debt Service | | | | - |
| Note proceeds | | | | - |
| Lease proceeds | | | | - |
| Transfers in | | | | 50,000 |
| Transfers out | | | (3,443) | (3,443) |
| NET OTHER SOURCES/USES | <u>-</u> | <u>-</u> | <u>(3,443)</u> | <u>46,557</u> |
| NET CHANGE IN FUND BALANCE | <u>(11,760)</u> | <u>5</u> | <u>(1,861)</u> | <u>5,813</u> |
| FUND BALANCE - BEGINNING | <u>34,318</u> | <u>3,170</u> | <u>35,334</u> | <u>(85,035)</u> |
| FUND BALANCE - ENDING | <u>\$ 22,558</u> | <u>\$ 3,175</u> | <u>\$ 33,473</u> | <u>\$ (79,222)</u> |

(Concluded)

Private-purpose Trust Funds

These trust funds account for gifts and bequests restricted as to use for the benefit of parties outside of the Town, and can not be used at the Town's discretion or to support the Town's general operations. Certain of these trusts are for the benefit of local educational organizations, social benefit groups, and other private parties.



TOWN OF WARREN, RHODE ISLAND
Combining Statement of Net Assets
Private-purpose Trusts
June 30, 2010

| | <u>Samuel P. Colt Fund</u> | <u>Joseph Martin Fund</u> | <u>Abby A. Cole Fund</u> | <u>Asylum Farm Fund</u> | <u>Joseph W. Smith Fund</u> | <u>C. Richard Gardener Fund</u> | <u>Totals</u> |
|---------------------------------------|--------------------------------|-------------------------------|------------------------------|-----------------------------|---------------------------------|-------------------------------------|----------------|
| ASSETS | | | | | | | |
| Cash | \$ 3,138 | \$ 2,241 | \$ 784 | \$ 1,457 | \$ 2,578 | \$ 448 | \$ 10,646 |
| Investments | 184,311 | 131,651 | 46,078 | 85,573 | 151,398 | 26,330 | 625,341 |
| TOTAL ASSETS | 187,449 | 133,892 | 46,862 | 87,030 | 153,976 | 26,778 | 635,987 |
| LIABILITIES | | | | | | | |
| | - | - | - | - | - | - | - |
| NET ASSETS | | | | | | | |
| Held in Trust for private purposes | \$ 187,449 | \$ 133,892 | \$ 46,862 | \$ 87,030 | \$ 153,976 | \$ 26,778 | \$ 635,987 |

TOWN OF WARREN, RHODE ISLAND
Combining Statement of Changes in Net Assets
Private-purpose Trusts
For the year ended June 30, 2010

| | <u>Samuel P. Colt Fund</u> | <u>Joseph Martin Fund</u> | <u>Abby A. Cole Fund</u> | <u>Asylum Farm Fund</u> | <u>Joseph W. Smith Fund</u> | <u>C. Richard Gardener Fund</u> | <u>Totals</u> |
|-----------------------------|--------------------------------|-------------------------------|------------------------------|-----------------------------|---------------------------------|-------------------------------------|-------------------|
| ADDITIONS: | | | | | | | |
| Investment income | \$ (25,931) | \$ (18,013) | \$ (4,047) | \$ (8,340) | \$ (15,296) | \$ (3,523) | \$ (75,150) |
| DEDUCTIONS: | | | | | | | |
| Portfolio management fees | 3,171 | 2,265 | 793 | 1,472 | 2,605 | 453 | 10,759 |
| Other expenses | 18,667 | 13,288 | 4,450 | 8,338 | 14,800 | 2,650 | 62,193 |
| Total Deductions | 21,838 | 15,553 | 5,243 | 9,810 | 17,405 | 3,103 | 72,952 |
| CHANGE IN NET ASSETS | (4,093) | (2,460) | 1,196 | 1,470 | 2,109 | (420) | (2,198) |
| Net Assets - beginning | 191,542 | 136,352 | 45,666 | 85,560 | 151,867 | 27,198 | 638,185 |
| Net Assets - ending | \$ 187,449 | \$ 133,892 | \$ 46,862 | \$ 87,030 | \$ 153,976 | \$ 26,778 | \$ 635,987 |

Agency Funds

These funds account for assets held on behalf of others on a temporary basis.

Unclaimed Estates in Probate Court – accounts for monies unclaimed as a result of court decisions.

Road Duty—accounts for monies received for Sworn Constables and off-duty police assignments and resulting wage disbursements.

Performance Bonds—accounts for monies held by Town while contractors perform expected duties.



TOWN OF WARREN, RHODE ISLAND**Statement of Changes in Assets and Liabilities
Agency Funds****For the year ended June 30, 2010**

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Deductions</u> | <u>Ending Balance</u> |
|--|------------------------------|-------------------|-------------------|---------------------------|
| <u>Unclaimed Estates in Probate Court</u> | | | | |
| ASSET | | | | |
| Cash | \$ 6,684 | \$ 19 | \$ 2 | \$ 6,701 |
| LIABILITY | | | | |
| Deposits Held in Custody for Others | 6,684 | 19 | 2 | 6,701 |
| <u>Road Duty</u> | | | | |
| ASSET | | | | |
| Cash | (1,295) | 244,005 | 242,710 | - |
| Accounts receivable | 38,055 | 5,499 | 38,055 | 5,499 |
| Total Assets | <u>36,760</u> | <u>249,504</u> | <u>280,765</u> | <u>5,499</u> |
| LIABILITY | | | | |
| Accrued Payroll | 13,128 | | 13,128 | - |
| Deposits Held in Custody for Others | 23,632 | 205,950 | 224,083 | 5,499 |
| Total Liabilities | <u>36,760</u> | <u>205,950</u> | <u>237,211</u> | <u>5,499</u> |
| <u>Performance Bonds</u> | | | | |
| ASSET | | | | |
| Cash | 44,889 | 48 | 3 | 44,934 |
| LIABILITY | | | | |
| Deposits Held in Custody for Others | 44,889 | 73,948 | 73,903 | 44,934 |
| <u>Totals</u> | | | | |
| ASSET | | | | |
| Cash | 50,278 | 244,072 | 242,715 | 51,635 |
| Accounts receivable | 38,055 | 5,499 | 38,055 | 5,499 |
| Total assets | <u>88,333</u> | <u>249,571</u> | <u>280,770</u> | <u>57,134</u> |
| LIABILITY | | | | |
| Accrued payroll | 13,128 | - | 13,128 | - |
| Deposits Held in Custody for Others | 75,205 | 279,917 | 297,988 | 57,134 |
| Total Liabilities | <u>\$ 88,333</u> | <u>\$ 279,917</u> | <u>\$ 311,116</u> | <u>\$ 57,134</u> |

Statistical Section

This part of the Town's comprehensive annual financial report presents information to supplement and provide multi-year trend information to enable readers to gain a better understanding of the Town's financial health.

Financial trends: Schedules 1 through 4 contain trend information to help the reader understand changes in financial performance over time.

Revenue capacity: Schedules 5 through 7 contain information to help the reader assess the factors affecting the Town's ability to generate its property taxes.

Debt capacity: Schedules 8 through 11 contain information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.

Demographic information: Schedules 12 and 13 contain demographic information to help the reader understand the environment in which the Town's financial activities take place.

Operating information: Schedules 14 through 16 contain information about the Town's operations and resources.



TOWN OF WARREN, RHODE ISLAND

**Schedule 1
Net Assets by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)**

| | Fiscal year ending June | | | | | | | | | |
|--|-------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
| Governmental activities | | | | | | | | | | |
| Invested in capital assets, net of related debt | \$ 7,006,088 | \$ 7,859,040 | \$ 8,933,673 | \$ 10,714,488 | \$ 20,088,314 | \$ 19,883,061 | \$ 18,433,250 | \$ 15,206,598 | \$ 17,460,467 | \$ 18,441,786 |
| Restricted for capital projects | 3,482 | 3,482 | - | - | - | - | - | - | - | - |
| Restricted for specific programs | 271,324 | 352,855 | 407,708 | 450,267 | - | - | 132,228 | (20,609) | - | - |
| Restricted for other purposes | 409,637 | 39,962 | 55,908 | 63,910 | 160,953 | 86,555 | 544,671 | 423,215 | 72,822 | 59,206 |
| Unrestricted | 2,252,849 | 2,393,558 | 2,646,174 | 1,634,916 | 3,807,148 | 4,223,332 | 4,696,369 | 6,990,732 | 3,386,652 | 2,801,470 |
| Total governmental activities net assets | 9,943,380 | 10,648,897 | 12,043,463 | 12,863,581 | 24,056,415 | 24,192,948 | 23,806,518 | 22,599,936 | 20,919,941 | 21,302,462 |
| Business-type activities | | | | | | | | | | |
| Invested in capital assets, net of related debt | 158,112 | 166,152 | 171,079 | 176,005 | 180,930 | 180,643 | 180,358 | 180,073 | 109,418 | 48,430 |
| Unrestricted | 7,148 | 10,750 | 17,834 | (2,311) | (9,875) | (13,835) | (8,063) | (6,955) | - | (116,505) |
| Total business type activities net assets | 165,260 | 176,902 | 188,913 | 173,694 | 171,055 | 166,808 | 172,295 | 173,118 | 109,418 | (68,075) |
| Primary government | | | | | | | | | | |
| Invested in capital assets, net of related debt | 7,164,200 | 8,025,192 | 9,104,752 | 10,890,493 | 20,269,244 | 20,063,704 | 18,613,608 | 15,386,671 | 17,569,885 | 18,490,216 |
| Restricted for capital projects | 3,482 | 3,482 | - | - | - | - | - | - | - | - |
| Restricted for specific programs | 271,324 | 352,855 | 407,708 | 450,267 | - | - | 132,228 | (20,609) | - | - |
| Restricted for other purposes | 409,637 | 39,962 | 55,908 | 63,910 | 160,953 | 86,555 | 544,671 | 423,215 | 72,822 | 59,206 |
| Unrestricted | 2,259,997 | 2,404,308 | 2,684,008 | 1,632,605 | 3,797,273 | 4,209,497 | 4,688,306 | 6,983,777 | 3,386,652 | 2,684,965 |
| Total primary government net assets | \$ 10,108,640 | \$ 10,825,799 | \$ 12,232,376 | \$ 13,037,275 | \$ 24,227,470 | \$ 24,359,756 | \$ 23,978,813 | \$ 22,773,054 | \$ 21,029,359 | \$ 21,234,387 |

TOWN OF WARREN, RHODE ISLAND

**Schedule 2
Changes in Net Assets
Last Ten Fiscal Years
(Accrual Basis of Accounting)**

| | Fiscal year ending June | | | | | | | | | |
|--|-------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
| Expenses: | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| General government | \$ 2,323,002 | \$ 2,314,763 | \$ 2,266,069 | \$ 3,227,076 | \$ 3,053,832 | \$ 3,573,603 | \$ 4,519,481 | \$ 5,126,327 | \$ 4,715,504 | \$ 4,374,979 |
| Town offices | 524,872 | 558,820 | 591,477 | 623,634 | 642,893 | 626,205 | 684,286 | 765,689 | 794,776 | 773,386 |
| Financial administration | 157,236 | 168,087 | 177,717 | 185,330 | 204,308 | 191,223 | 200,709 | 203,933 | 210,793 | 212,346 |
| Public safety | 1,588,728 | 1,530,041 | 1,656,696 | 2,020,196 | 1,845,334 | 1,874,623 | 1,957,754 | 2,088,915 | 2,188,906 | 2,152,310 |
| Fire safety | 236,635 | 471,814 | 410,268 | 156,128 | 556,626 | 683,413 | 682,015 | 638,054 | 659,014 | 631,130 |
| Waste water treatment | 1,019,690 | 1,122,783 | 999,653 | 1,716,581 | 1,216,193 | 1,058,791 | 1,145,139 | 1,111,375 | 1,250,054 | 1,246,106 |
| Highway department | 1,284,393 | 1,355,573 | 1,506,264 | 1,499,646 | 2,345,324 | 2,275,453 | 2,371,284 | 2,550,593 | 2,543,727 | 2,455,366 |
| Grants and contributions | 168,231 | 201,473 | 237,677 | 219,666 | 232,916 | 229,330 | 234,027 | 283,634 | 298,293 | 294,141 |
| Education | 7,671,423 | 8,553,348 | 9,215,328 | 9,284,074 | 9,461,719 | 10,165,876 | 10,288,297 | 10,611,668 | 11,036,577 | 10,794,979 |
| Cost of collections | - | - | 12,544 | 9,239 | 23,739 | 4,575 | - | - | - | - |
| Loss on disposal of assets | - | - | - | - | - | 134,714 | - | - | - | - |
| Interest on long-term debt | 213,022 | 205,807 | 329,002 | 299,130 | 272,403 | 284,700 | 313,849 | 465,423 | 433,544 | 451,433 |
| Capital and special appropriations | 228,466 | 5,141 | 279,264 | 93,734 | 62,758 | 91,850 | 73,786 | - | 160,349 | - |
| Unallocated depreciation | 11,749 | 15,787 | 14,504 | 12,941 | 107,102 | 16,761 | 18,422 | 18,125 | 18,124 | 19,468 |
| Total governmental activities | 15,427,447 | 16,503,235 | 17,696,461 | 19,347,375 | 20,025,147 | 21,211,117 | 22,489,049 | 23,859,736 | 24,309,661 | 23,405,644 |
| Business-type activity | | | | | | | | | | |
| Transfer station | 200,793 | 191,487 | 185,619 | 183,073 | 186,943 | 210,835 | 189,373 | 191,777 | 194,126 | 220,435 |
| Total primary government expenses | 15,628,240 | 16,694,722 | 17,882,080 | 19,530,448 | 20,212,090 | 21,421,952 | 22,678,422 | 24,051,513 | 24,503,787 | 23,626,079 |
| Program Revenues: | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| Charges for services: | 145,542 | 71,183 | 40,831 | 43,683 | 96,584 | 33,949 | 953,214 | | | |
| General government | | | | | | | | 912,289 | 102,606 | 98,469 |
| Public safety | | | | | | | | 126,778 | 1,500 | 188 |
| Fire safety | | | | | | | | 21,150 | | |
| Waste water treatment | | | | | | | | 268,087 | 234,624 | 280,920 |
| Highway department | | | | | | | | 226,119 | | |
| Operating grants and contributions | 268,138 | 407,479 | 404,426 | 743,908 | 659,470 | 594,063 | 480,188 | 572,802 | 361,618 | 351,624 |
| Total governmental activities | 413,680 | 478,662 | 445,257 | 787,571 | 756,054 | 628,012 | 1,433,402 | 2,127,225 | 700,348 | 731,201 |
| Business-type activity | | | | | | | | | | |
| Charges for services | 166,440 | 203,129 | 197,630 | 167,854 | 184,304 | 206,588 | 194,860 | 192,600 | 130,426 | 156,341 |
| Total primary government program revenues | 580,120 | 681,791 | 642,887 | 955,425 | 940,358 | 834,600 | 1,628,262 | 2,319,825 | 830,774 | 887,542 |
| Net (Expense)/Revenue | | | | | | | | | | |
| Governmental activities | (15,013,767) | (16,024,573) | (17,251,204) | (18,559,804) | (19,269,093) | (20,583,105) | (21,055,647) | (21,732,511) | (23,609,313) | (22,674,443) |
| Business-type activity | (34,353) | 11,642 | 12,011 | (15,219) | (2,639) | (4,247) | 5,487 | 823 | (63,700) | (64,094) |
| Total primary government net expense | (15,048,120) | (16,012,931) | (17,239,193) | (18,575,023) | (19,271,732) | (20,587,352) | (21,050,160) | (21,731,688) | (23,673,013) | (22,738,537) |

Note: The Town adopted GASB Statement 34 for the fiscal year ended June 30, 2000. Accordingly, prior change in net asset information is not available.

TOWN OF WARREN, RHODE ISLAND

**Schedule 2
Changes in Net Assets
Last Ten Fiscal Years
(Accrual Basis of Accounting)**

| | Fiscal year ending June | | | | | | | | | |
|---|-------------------------|-------------------|---------------------|-------------------|-------------------|-------------------|---------------------|-----------------------|-----------------------|-------------------|
| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
| General Revenues and Other Changes in Net Assets | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| Property taxes | 14,070,459 | 13,893,622 | 14,947,726 | 15,936,734 | 15,909,360 | 17,151,075 | 17,872,689 | 18,541,686 | 20,883,330 | 20,959,749 |
| Unrestricted grants and contributions | 1,042,119 | 1,788,740 | 2,213,410 | 1,865,309 | 1,923,782 | 2,354,110 | 2,176,860 | 1,481,830 | 1,123,398 | 1,679,448 |
| Investment earnings | 390,124 | 284,740 | 256,125 | 245,199 | 238,433 | 216,704 | 386,661 | 333,023 | 292,249 | 243,780 |
| Miscellaneous | 694,787 | 763,988 | 816,537 | 1,332,680 | 1,333,791 | 1,133,747 | 233,007 | 121,355 | 128,242 | 112,735 |
| Gain on sale of assets | | | 292,016 | | | | | | | |
| Transfers in/(out) | | | | | | | | | (500,000) | - |
| Total governmental activities | <u>16,197,489</u> | <u>16,729,090</u> | <u>18,625,814</u> | <u>19,379,922</u> | <u>19,405,366</u> | <u>20,855,638</u> | <u>20,669,217</u> | <u>20,457,894</u> | <u>21,927,219</u> | <u>22,995,712</u> |
| Change in Net Assets | | | | | | | | | | |
| Governmental activities | 1,183,722 | 704,517 | 1,374,610 | 820,118 | 136,273 | 272,531 | (386,430) | (1,274,617) | (1,682,094) | 321,269 |
| Business-type activities | (34,353) | 11,642 | 12,011 | (15,219) | (2,639) | (4,247) | 5,487 | 823 | (63,700) | (64,094) |
| Total primary government | <u>\$ 1,149,369</u> | <u>\$ 716,159</u> | <u>\$ 1,386,621</u> | <u>\$ 804,899</u> | <u>\$ 133,634</u> | <u>\$ 268,284</u> | <u>\$ (380,943)</u> | <u>\$ (1,273,794)</u> | <u>\$ (1,745,794)</u> | <u>\$ 257,175</u> |

Note: The Town adopted GASB Statement 34 for the fiscal year ended June 30, 2000. Accordingly, prior change in net asset information is not available.

TOWN OF WARREN, RHODE ISLAND

**Schedule 3
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)**

| | Fiscal Year Ended June | | | | | | | | | |
|---|------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|--------------------|--------------------|--------------------|--------------------|
| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
| General Fund | | | | | | | | | | |
| Reserved | \$ 5,517 | \$ 8,603 | \$ 31,088 | \$ 10,007 | \$ 100,418 | \$ 90,922 | \$ 88,515 | \$ 29,200 | \$1,017,256 | \$1,944,162 |
| Unreserved | 2,856,515 | 5,381,489 | 4,552,731 | 3,686,562 | 4,134,909 | 4,801,010 | 5,429,194 | 7,106,323 | 3,882,413 | 3,335,952 |
| Total General Fund | <u>2,862,032</u> | <u>5,390,092</u> | <u>4,583,819</u> | <u>3,696,569</u> | <u>4,235,327</u> | <u>4,891,932</u> | <u>5,517,709</u> | <u>7,135,523</u> | <u>4,899,669</u> | <u>5,280,114</u> |
| All Other Governmental Funds | | | | | | | | | | |
| Unreserved, reported in: | | | | | | | | | | |
| Special Revenue funds | 271,324 | 351,855 | 407,708 | 450,267 | 205,040 | 9,090 | 132,228 | (20,609) | (157,857) | (138,428) |
| Capital Project funds | 3,482 | 3,482 | - | - | - | 888,836 | 465,055 | 353,193 | | |
| Permanent funds | 46,044 | 39,962 | 55,908 | 63,910 | 73,085 | 77,465 | 79,616 | 70,022 | 72,822 | 59,206 |
| Total All Other Governmental Funds | <u>320,850</u> | <u>395,299</u> | <u>463,616</u> | <u>514,177</u> | <u>278,125</u> | <u>975,391</u> | <u>676,899</u> | <u>402,606</u> | <u>(85,035)</u> | <u>(79,222)</u> |
| Grand Totals | <u>\$ 3,182,882</u> | <u>\$ 5,785,391</u> | <u>\$ 5,047,435</u> | <u>\$ 4,210,746</u> | <u>\$ 4,513,452</u> | <u>\$ 5,867,323</u> | <u>\$6,194,608</u> | <u>\$7,538,129</u> | <u>\$4,814,634</u> | <u>\$5,200,892</u> |

TOWN OF WARREN, RHODE ISLAND

**Schedule 4
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)**

| | Fiscal Year Ended June | | | | | | | | | |
|--|------------------------|---------------------|---------------------|---------------------|-------------------|---------------------|-------------------|---------------------|-----------------------|-------------------|
| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
| Revenues: | | | | | | | | | | |
| General property taxes | \$ 13,573,623 | \$ 13,912,190 | \$ 15,045,984 | \$ 15,856,702 | \$ 16,214,634 | \$ 17,147,625 | \$ 17,947,819 | \$ 18,559,343 | \$ 19,451,101 | \$ 19,839,625 |
| Interest and investment income | 390,124 | 284,740 | 256,126 | 245,199 | 238,433 | 216,704 | 386,661 | 333,023 | 292,249 | 241,552 |
| Licenses, fees, permits and fines | 567,482 | 602,182 | 729,683 | 854,126 | 1,035,660 | 903,795 | 923,849 | 876,667 | 630,842 | 907,159 |
| Water and sewer use fees | 145,542 | 71,183 | 40,831 | 43,663 | 96,584 | 33,949 | 29,592 | 141,243 | 68,754 | 89,719 |
| Intergovernmental revenues | 1,310,257 | 2,194,219 | 2,617,836 | 2,923,455 | 2,583,252 | 2,948,174 | 2,607,047 | 2,424,140 | 2,265,793 | 2,043,181 |
| Other | 127,305 | 148,909 | 186,852 | 164,316 | 298,131 | 145,251 | 282,780 | 268,360 | 128,242 | 110,521 |
| Total revenues | 16,114,333 | 17,213,423 | 18,877,312 | 20,087,461 | 20,466,694 | 21,395,498 | 22,177,748 | 22,602,776 | 23,036,781 | 23,231,757 |
| Expenditures: | | | | | | | | | | |
| Current: | | | | | | | | | | |
| General government | 2,042,508 | 2,126,207 | 2,162,978 | 2,836,601 | 3,035,091 | 2,922,764 | 3,818,912 | 3,724,185 | 3,715,861 | 2,995,665 |
| Town offices | 524,872 | 558,820 | 591,477 | 623,834 | 642,893 | 626,205 | 684,286 | 765,689 | 794,776 | 773,386 |
| Financial administration | 157,236 | 168,087 | 177,717 | 185,330 | 204,308 | 191,223 | 200,709 | 203,933 | 210,793 | 212,346 |
| Public safety | 1,544,767 | 1,491,557 | 1,640,126 | 1,711,095 | 1,817,902 | 1,795,297 | 1,884,909 | 2,043,350 | 2,125,274 | 2,054,735 |
| Fire safety | 307,734 | 406,652 | 353,358 | 374,216 | 418,738 | 482,816 | 382,207 | 433,270 | 489,958 | 411,172 |
| Waste water treatment | 1,023,635 | 1,100,533 | 975,604 | 1,069,299 | 1,191,259 | 1,022,708 | 1,106,424 | 1,061,931 | 1,197,704 | 1,177,450 |
| Highway department | 1,209,458 | 1,288,519 | 1,389,979 | 1,455,645 | 1,615,145 | 1,484,203 | 1,547,755 | 1,699,349 | 1,667,864 | 1,631,278 |
| Grants and contributions | 168,231 | 201,473 | 237,677 | 219,666 | 232,916 | 229,330 | 234,027 | 283,634 | 298,293 | 294,141 |
| Education | 7,671,423 | 8,553,346 | 9,215,328 | 9,284,074 | 9,461,719 | 10,165,876 | 10,288,297 | 10,611,668 | 11,036,577 | 10,794,979 |
| Costs of collection | 8,272 | 5,141 | 12,544 | 9,239 | 23,739 | 4,575 | 5,715 | 3,892 | 30,581 | 14,329 |
| Debt service: | | | | | | | | | | |
| Principal | 912,000 | 907,007 | 1,126,000 | 1,146,479 | 905,662 | 940,458 | 1,075,919 | 974,145 | 1,366,439 | 1,366,046 |
| Interest and other costs | 213,022 | 205,807 | 329,002 | 299,130 | 272,403 | 284,700 | 313,849 | 343,153 | 447,725 | 439,987 |
| Capital and special appropriations | 510,989 | 2,408,765 | 2,859,749 | 2,033,980 | 2,129,512 | 2,324,502 | 1,998,908 | 2,996,056 | 1,880,530 | 2,624,241 |
| Total expenditures | 16,294,147 | 19,421,914 | 21,051,539 | 21,248,388 | 21,951,287 | 22,474,657 | 23,541,917 | 25,144,255 | 25,262,375 | 24,789,755 |
| Excess of revenues over (under) expenditures | (179,814) | (2,208,491) | (2,174,227) | (1,160,927) | (1,484,593) | (1,079,159) | (1,364,169) | (2,541,479) | (2,225,594) | (1,557,998) |
| Other Financing Sources (Uses): | | | | | | | | | | |
| Proceeds from borrowing | 630,700 | 4,811,000 | 1,020,354 | 324,238 | 1,787,299 | 2,306,331 | 1,691,454 | 3,885,000 | | 1,985,000 |
| Proceeds from sale of assets | - | - | 415,917 | - | - | - | - | - | - | - |
| Transfers in | 105,760 | 142,870 | 11,415 | 46,012 | 27,711 | 9,828 | 91,977 | 2,000 | 14,344 | 3,443 |
| Transfers out | (105,760) | (142,870) | (11,415) | (46,012) | (27,711) | (9,828) | (91,977) | (2,000) | (514,344) | (50,000) |
| Net other financing sources (uses) | 630,700 | 4,811,000 | 1,436,271 | 324,238 | 1,787,299 | 2,306,331 | 1,691,454 | 3,885,000 | (500,000) | 1,938,443 |
| Net change in fund balances | \$ 450,886 | \$ 2,602,509 | \$ (737,956) | \$ (836,689) | \$ 302,706 | \$ 1,227,172 | \$ 327,285 | \$ 1,343,521 | \$ (2,725,594) | \$ 380,445 |
| Debt service as a percentage of non-capital expenditures | 7.42% | 6.08% | 7.42% | 7.30% | 5.67% | 5.77% | 6.27% | 5.53% | 7.74% | 7.86% |

TOWN OF WARREN, RHODE ISLAND

**Schedule 5
Assessed Values and Actual Values of Taxable Property
Last Ten Fiscal Years**

| Fiscal Year Ended June 30 | Assessed Value | | | | | | Total Taxable Assessed Value | Total Direct Tax Rate Residential & Commercial | Total Direct Tax Rate Motor Vehicles | Total Direct Tax Rate Inventory | Estimated Actual Taxable Value | Assessed Value as a Percentage of Actual Value |
|---------------------------|----------------------|---------------------|-------------------|--------------|----------------|-----------------|------------------------------|--|--------------------------------------|---------------------------------|--------------------------------|--|
| | Residential Property | Commercial Property | Personal Property | Inventory | Motor Vehicles | Less Exemptions | | | | | | |
| 1998 | 543,753,150 | | 27,465,135 | | 41,120,394 | 17,612,814 | 594,725,865 | 19.18 | 26.00 | | 612,338,679 | 97.12% |
| 1999 | \$ 545,841,490 | | \$ 28,432,800 | | \$ 44,752,450 | \$ 17,437,800 | \$ 601,588,940 | 19.68 | 26.40 | | \$ 637,597,542 | 94.35% |
| 2000 | \$ 547,522,200 | | \$ 25,967,430 | \$ 2,781,730 | \$ 57,282,024 | \$ 31,207,265 | \$ 602,346,119 | 21.50 | 26.00 | 17.71 | \$ 633,553,384 | 95.07% |
| 2001 | 548,741,370 | | 25,688,990 | 4,790,830 | 62,139,397 | 37,694,339 | 603,666,248 | 22.33 | 26.00 | 15.74 | 641,360,587 | 94.12% |
| 2002 | 470,195,050 | 82,477,400 | 25,631,050 | 4,953,810 | 55,402,603 | 35,122,770 | 603,537,143 | 23.07 | 26.00 | 13.78 | 638,659,913 | 94.50% |
| 2003 | 477,067,390 | 84,405,430 | 25,936,920 | 4,924,010 | 56,587,490 | 40,808,391 | 608,114,849 | 24.91 | 26.00 | 11.82 | 648,921,240 | 93.71% |
| 2004 | 480,697,975 | 85,348,516 | 29,903,235 | 3,898,398 | 61,624,836 | 42,692,721 | 618,780,239 | 25.77 | 26.00 | 9.84 | 661,472,960 | 93.55% |
| 2005 | 885,130,576 | 139,975,691 | 25,251,666 | 5,461,240 | 61,162,508 | 57,142,408 | 1,059,839,275 | 14.82 | 26.00 | 7.87 | 1,116,981,681 | 94.88% |
| 2006 | 890,264,388 | 145,401,191 | 28,163,195 | 6,467,020 | 67,421,402 | 59,381,010 | 1,078,336,186 | 15.62 | 26.00 | 5.89 | 1,137,717,196 | 94.78% |
| 2007 | 899,241,005 | 146,676,045 | 30,495,503 | 6,732,020 | 73,792,865 | 66,605,042 | 1,090,332,396 | 16.26 | 26.00 | 3.93 | 1,156,937,438 | 94.24% |
| 2008 | 1,218,954,090 | 192,285,450 | 31,632,337 | 9,919,300 | 73,699,599 | 74,888,030 | 1,451,604,746 | 12.54 | 26.00 | 1.96 | 1,526,490,776 | 95.09% |
| 2009 | 1,225,388,910 | 192,983,950 | 32,106,235 | - | 76,552,658 | 75,882,738 | 1,451,129,015 | 13.10 | 26.00 | - | 1,527,011,753 | 95.03% |
| 2010 | 1,227,681,388 | 193,851,590 | 30,999,176 | - | 67,180,593 | 74,525,761 | 1,445,186,984 | 13.49 | 26.00 | - | 1,519,712,745 | 95.10% |

Notes:

The Town's tax rate increase cannot exceed 5.5% of the prior year's rate and/or the total levy cannot exceed 5.5% of the prior year's total levy unless the State of Rhode Island approves such increase.

The Town of Warren has no overlapping debt nor does it collect taxes for any other entity

The Town switched to a two-tiered tax in FY2002

The Town had a full revaluation of real property in 1997 (effective 1998). The full revaluation is required by State law every 9 years. Statistical updates are required every 3 years.

The State of RI phased out Inventory taxes applicable to State Law 44-3-29.1 for 2009 and future years.

TOWN OF WARREN, RHODE ISLAND

**Schedule 6
Principal Property Tax Payers
Current Year and Ten Years Ago**

| | 2010 | | | 2001 | | |
|-------------------------------------|------------------------|------|-------------------------------------|------------------------|------|-------------------------------------|
| | Taxable Assessed Value | Rank | Percentage of Total Assessed Values | Taxable Assessed Value | Rank | Percentage of Total Assessed Values |
| TN Realty, LLC | \$ 9,057,800 | 1 | 0.62% | \$ - | | |
| GNN II | 7,491,500 | 2 | 0.52% | | | |
| MMF Realty, LLC | 7,195,100 | 3 | 0.50% | | | |
| National Grid | 6,548,471 | 4 | 0.45% | 8,300,830 | 1 | 1.38% |
| Ocean State Plaza, Inc. | 5,873,600 | 5 | 0.40% | 3,908,440 | 3 | 0.65% |
| Narragansett Electric | 4,896,300 | 6 | 0.34% | 1,806,620 | 10 | 0.30% |
| Blount Seafood Corp | 4,805,100 | 7 | 0.33% | | | |
| Genesis Health care | 4,218,700 | 8 | 0.29% | | | |
| Evelyn Associates | 4,802,300 | 9 | 0.33% | | | |
| Clark, Stephen and Kim | 3,533,500 | 10 | 0.24% | | | |
| TPI Composites | | | | 6,505,820 | 2 | 1.08% |
| Winthrop Associates | | | | 3,738,340 | 4 | 0.62% |
| Desilets Nursing Home | | | | 2,332,920 | 5 | 0.39% |
| Baywood Investments | | | | 2,168,770 | 6 | 0.36% |
| Blount Seafood Corp | | | | 2,040,280 | 7 | 0.34% |
| Woloohojian | | | | 2,174,530 | 8 | 0.36% |
| Old Brick Property Inc | | | | 1,861,370 | 9 | 0.31% |
| Total | <u>\$ 49,364,571</u> | | <u>3.40%</u> | <u>\$ 34,837,920</u> | | <u>5.78%</u> |
| Town's Total Taxable Assessed Value | \$ 1,451,129,015 | | | \$ 602,346,119 | | |

Source: Town of Warren Tax Assessor

TOWN OF WARREN, RHODE ISLAND

**Schedule 7
Property Tax Levies and Collections
Last Ten Fiscal Years**

| Fiscal Year Ended June | Taxes Levied for the Year | Collected within the Fiscal Year of Levy | | Collections in Following Years | Total Collections to Date | |
|---------------------------------|------------------------------------|---|-----------------------|--------------------------------------|---------------------------|-----------------------|
| | | Amount | Percentage of Levy | | Amount | Percentage of Levy |
| 2001 | 13,956,972 | 13,519,039 | 96.86% | 206,647 | 13,725,686 | 98.34% |
| 2002 | 13,986,313 | 13,612,453 | 97.33% | 306,393 | 13,918,846 | 99.52% |
| 2003 | 15,118,703 | 14,683,976 | 97.12% | 416,521 | 15,100,497 | 99.88% |
| 2004 | 15,845,201 | 15,539,206 | 98.07% | 224,242 | 15,763,448 | 99.48% |
| 2005 | 16,063,594 | 15,909,681 | 99.04% | 135,304 | 16,044,985 | 99.88% |
| 2006 | 17,177,949 | 17,016,389 | 99.06% | 122,179 | 17,138,568 | 99.77% |
| 2007 | 18,000,102 | 17,799,677 | 98.89% | - | 17,799,677 | 98.89% |
| 2008 | 18,580,184 | 18,435,371 | 99.22% | 123,972 | 18,559,343 | 99.89% |
| 2009 | 19,512,275 | 19,183,136 | 98.31% | 130,783 | 19,313,919 | 98.98% |
| 2010 | 19,874,748 | 19,625,926 | 98.75% | 82,824 | 19,625,926 | 98.75% |

TOWN OF WARREN, RHODE ISLAND

**Schedule 8
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years**

| Fiscal Year Ended June | Governmental Activities | | Business-type Activity | Total Primary Government | Percentage of Personal Income * | Net Bonded Debt per Capita * | Net Bonded Debt as % of Taxable Assessed Value |
|------------------------------|--------------------------------|---------------------------------|---|--------------------------------|---------------------------------------|------------------------------------|--|
| | General Obligation Bonds | Capital Lease Obligations | Transfer Station General Obligation Bonds | | | | |
| 2001 | 3,464,700 | - | 89,279 | 3,553,979 | 1.06% | 311 | 0.59% |
| 2002 | 7,394,700 | - | 101,454 | 7,496,154 | 0.52% | 655 | 1.24% |
| 2003 | 8,098,700 | 51,085 | 67,637 | 8,217,422 | 0.49% | 721 | 1.35% |
| 2004 | 7,022,072 | 279,929 | 33,818 | 7,335,819 | 0.57% | 644 | 1.19% |
| 2005 | 7,760,653 | 211,613 | - | 7,972,266 | Not Available | 704 | 0.75% |
| 2006 | 9,045,195 | 194,857 | - | 9,240,052 | Not Available | 816 | 0.86% |
| 2007 | 9,659,276 | 94,363 | - | 9,753,639 | Not Available | 871 | 0.89% |
| 2008 | 12,570,131 | - | - | 12,570,131 | Not Available | 1,107 | 0.87% |
| 2009 | 11,203,692 | - | - | 11,203,692 | Not Available | 986 | 0.77% |
| 2010 | 11,822,646 | - | - | 11,822,646 | Not Available | 1,085 | 0.82% |

Notes:

Details regarding the Town's outstanding debt can be found in the Notes to the Financial Statements.

* See Schedule 12 for personal income and population data used to calculate these ratios.

TOWN OF WARREN, RHODE ISLAND

**Schedule 9
Ratios of General Obligation Debt Outstanding
Last Ten Fiscal Years**

| Fiscal Year Ended June | Governmental Activities | | Business-type Activity | Total Primary Government | Percentage of Actual Value of Taxable Property * | General Obligation Debt per Capita ** |
|------------------------------|--------------------------------|---------------------------------|--------------------------------|--------------------------------|--|--|
| | General Obligation Bonds | Capital Lease Obligations | Transfer Station | | | |
| | | | General Obligation Bonds | | | |
| 2001 | 3,464,700 | - | 89,279 | 3,553,979 | 0.55% | 311 |
| 2002 | 7,394,700 | - | 101,454 | 7,496,154 | 1.17% | 655 |
| 2003 | 8,098,700 | 51,085 | 67,637 | 8,217,422 | 1.27% | 721 |
| 2004 | 7,022,072 | 279,929 | 33,818 | 7,335,819 | 1.11% | 644 |
| 2005 | 7,760,653 | 211,613 | - | 7,972,266 | 0.71% | 704 |
| 2006 | 9,045,195 | 194,857 | - | 9,240,052 | 0.81% | 816 |
| 2007 | 9,659,276 | 94,363 | - | 9,753,639 | 0.84% | 871 |
| 2008 | 12,570,131 | - | - | 12,570,131 | 0.82% | 1,107 |
| 2009 | 11,203,692 | - | - | 11,203,692 | 0.73% | 986 |
| 2010 | 11,822,646 | - | - | 11,822,646 | 0.78% | 1,085 |

Notes:

Details regarding the Town's outstanding debt can be found in the Notes to the Financial Statements.
The Town of Warren has no overlapping debt nor does it collect taxes for any other entity.

* See Schedule 5 for property value data.

** Population data can be found in Schedule 12.

TOWN OF WARREN, RHODE ISLAND

**Schedule 10
Legal Debt Margin Information
Last Ten Fiscal Years**

| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Total Assessed Value | \$ 603,666,248 | \$ 603,537,143 | \$ 608,114,849 | \$ 618,780,239 | \$ 1,059,839,275 | \$ 1,078,336,186 | \$ 1,090,322,396 | \$ 1,451,604,746 | \$ 1,451,129,015 | \$ 1,445,186,984 |
| Rhode Island General Law debt limitation as % of assessed value | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% | 3.00% |
| Debt Limit | \$ 18,109,987 | \$ 18,106,114 | \$ 18,243,445 | \$ 18,563,407 | \$ 31,795,178 | \$ 32,350,086 | \$ 32,709,672 | \$ 43,548,142 | \$ 43,533,870 | \$ 43,355,610 |
| Debt applicable to limit: General obligation bonds | 3,464,700 | 7,394,700 | 8,098,700 | 7,022,072 | 7,760,653 | 9,240,052 | 9,753,639 | 12,570,131 | 11,203,692 | 11,822,646 |
| Legal debt margin | <u>\$ 14,645,287</u> | <u>\$ 10,711,414</u> | <u>\$ 10,144,745</u> | <u>\$ 11,541,335</u> | <u>\$ 24,034,525</u> | <u>\$ 23,110,034</u> | <u>\$ 22,956,033</u> | <u>\$ 30,978,011</u> | <u>\$ 32,330,178</u> | <u>\$ 31,532,964</u> |
| Total debt applicable to the limit as a percentage of the debt limit | 19.13% | 40.84% | 44.39% | 37.83% | 24.41% | 28.56% | 29.82% | 28.86% | 25.74% | 27.27% |

TOWN OF WARREN, RHODE ISLAND

**Schedule 11
Pledged Revenue Coverage
Last Ten Fiscal Years**

The Town of Warren does not have any pledged revenue coverage.

TOWN OF WARREN, RHODE ISLAND

**Schedule 12
Demographic and Economic Statistics
Last Ten Fiscal Years**

| <u>Fiscal Year Ended June</u> | <u>**** Population</u> | <u>Per Capita Personal Income *</u> | <u>School Enrollment **</u> | <u>Unemployment Rate ***</u> |
|---------------------------------------|----------------------------|---|---------------------------------|----------------------------------|
| 2001 | 11,423 | 37,766 | 3,808 | 4.2% |
| 2002 | 11,447 | 38,628 | 3,810 | 4.9% |
| 2003 | 11,401 | 40,117 | 3,824 | 5.1% |
| 2004 | 11,391 | 41,728 | 3,688 | 5.3% |
| 2005 | 11,328 | Not Available | 3,580 | 5.0% |
| 2006 | 11,328 | Not Available | 3,527 | 5.9% |
| 2007 | 11,192 | Not Available | 3,503 | 5.0% |
| 2008 | 11,360 | 43,428 | 3,460 | 6.7% |
| 2009 | 11,360 | 41,368 | 3,449 | 11.70% |
| 2010 | 10,897 | 41,324 | 3,537 | 10.00% |

- * Source: U.S. Bureau of Economic Analysis, Regional Economic Information System. The Town's population is 21.5% of the County.
- ** Source: Bristol-Warren Regional School District
- *** Source: RI Department of Labor & Training
- **** Source: State Data (estimates)

TOWN OF WARREN, RHODE ISLAND

**Schedule 13
Principal Employers
Current Year and Ten Years Ago**

| 2010 | | | | 2001 | | | |
|---|--------------|------|-------------------------------------|---------------------------|--------------|------|-------------------------------------|
| Employer | Employees | Rank | Percentage of Total Town Employment | Employer | Employees | Rank | Percentage of Total Town Employment |
| TPI Composites, Inc. | 280 | 1 | 6.8% | RJ Manufacturing Co. Inc. | 320 | 1 | 8.4% |
| Monarch Industries, Inc. | 270 | 2 | 6.5% | TPI Composites, Inc. | 280 | 2 | 7.3% |
| Bristol Warren Regional School District | 132 | 3 | 2.4% | Grace Barker Nrsg. Center | 100 | 3 | 2.6% |
| Comsearch, Inc. | 110 | 4 | 2.7% | I Shalom Co., Inc. | 100 | 4 | 2.6% |
| First Student, Inc | 100 | 5 | 2.4% | Laidlaw Transit, Inc. | 100 | 5 | 2.6% |
| Blount Seafoods | 100 | 6 | 2.4% | Ames Department Store | 100 | 6 | 2.6% |
| Grace Barker Nrsg. Center | 100 | 7 | 2.4% | | | | |
| Town of Warren | 65 | 8 | 2.4% | | | | |
| Total | 1,157 | | 28.0% | | 1,000 | | 26.2% |

Source: Rhode Island Economic Development Corporation

TOWN OF WARREN, RHODE ISLAND

**Schedule 14
Full-Time Equivalent Town Government Employees by Function/Program
Last Ten Fiscal Years**

| | Fiscal year ended June | | | | | | | | | |
|--------------------------------|------------------------|------|------|------|------|------|------|------|------|------|
| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
| Town Office: | | | | | | | | | | |
| Town Clerk | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Manager | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Building official | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Custodian | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Senior Director | | | | | | 1 | 1 | 1 | 1 | 1 |
| Town Planner | | | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Total Town Office | 9 | 9 | 10 | 10 | 10 | 11 | 11 | 11 | 11 | 11 |
| Financial Administration: | | | | | | | | | | |
| Finance Office | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Tax Assessor | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Total Financial Administration | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Public Works | 22 | 22 | 22 | 22 | 22 | 22 | 22 | 20 | 20 | 20 |
| Public Safety: | | | | | | | | | | |
| Police | 22 | 22 | 22 | 22 | 22 | 22 | 22 | 22 | 22 | 22 |
| Fire | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Dispatch | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Animal Control | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Total Public Safety | 29 | 29 | 29 | 29 | 29 | 29 | 29 | 29 | 29 | 29 |
| Total | 64 | 64 | 65 | 65 | 65 | 66 | 66 | 64 | 64 | 64 |

Source: Town budgets

TOWN OF WARREN, RHODE ISLAND

**Schedule 15
Operating Indicators by Function/Program**

| <u>Function/Program</u> | Fiscal year ended June | | | | | | | | | |
|---|-------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
| Police: | | | | | | | | | | |
| Physical arrests | 537 | 505 | 409 | 488 | 513 | 416 | 499 | 435 | 436 | 428 |
| Parking violations | 926 | 678 | 790 | 1134 | 1136 | 532 | 449 | 515 | 508 | 546 |
| Traffic violations | 1580 | 1323 | 1111 | 1669 | 2142 | 2002 | 2090 | 1842 | 1669 | 1743 |
| Fire: | | | | | | | | | | |
| Emergency responses | 1524 | 1373 | 1420 | 1442 | 1511 | 1403 | 1565 | 1943 | 1729 | 1974 |
| Fires extinguished | 558 | 412 | 397 | 399 | 424 | 301 | 335 | 24 | 26 | 458 |
| Inspections | 148 | 205 | 170 | 178 | 155 | 96 | 144 | 289 | 85 | 347 |
| Refuse collection: | | | | | | | | | | |
| Refuse collected (tons/day, average) | 17.69 | 17.69 | 17.69 | 17.69 | 17.69 | 17.69 | 17.69 | 19.06 | 23.88 | 9.84 |
| Recyclables collected (tons/day, average) | 4.6 | 4.6 | 4.6 | 4.6 | 4.6 | 4.6 | 4.6 | 8.23 | 4.45 | 2.71 |
| Other public works: | | | | | | | | | | |
| Street resurfacing (miles) | 0.42 | 0.48 | 3.74 | 1.66 | 0.59 | 1.67 | 1.67 | 4.27 | 0 | 5.27 |
| Library: | | | | | | | | | | |
| Volumes in collections | 28,491 | 27,982 | 25,161 | 24,432 | 27,701 | 41,735 | 41,735 | 36,752 | 36,752 | 24,662 |
| Wastewater: | | | | | | | | | | |
| Average daily sewage treatment (thousands of gallons) | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,500 | 1,800 | 1,800 | 1,800 |

Sources: Various town departments

TOWN OF WARREN, RHODE ISLAND

**Schedule 16
Capital Asset Statistics by Function/Program**

| <u>Function/Program</u> | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Police: | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Patrol Units | 13 | 11 | 11 | 11 | 12 | 12 | 12 | 12 | 12 | 14 |
| Fire: | | | | | | | | | | |
| Fire Stations | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Fires Hydrants | 189 | 189 | 189 | 189 | 189 | 189 | 189 | 189 | 189 | 189 |
| Public Works: | | | | | | | | | | |
| Streets (miles) | 52.05 | 52.52 | 52.99 | 53.46 | 53.93 | 54.4 | 54.4 | 58.4 | 58.4 | 58.4 |
| Streetlights | | | ** | 1116 | 1119 | 1117 | 1117 | 1117 | 1117 | 1117 |
| Parks and Recreation: | | | | | | | | | | |
| Acreage | 72.99 | 72.99 | 72.99 | 72.99 | 72.99 | 72.99 | 72.99 | 72.99 | 72.99 | 72.99 |
| Playgrounds | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Multi purpose playing fields | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Tennis courts | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Community centers | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Wastewater: | | | | | | | | | | |
| Sanitary sewer (miles) | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 40 |
| Storm sewers (miles) | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 |
| Treatment capacity (thousands of gallons) (daily) | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 |

**First year information is available

Sources: Various town departments

Internal Control and Compliance Section



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

To the Honorable Town Council
Town of Warren, Rhode Island

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Warren, Rhode Island as of and for the year ended June 30, 2010, which collectively comprise The Town of Warren's basic financial statements and have issued our report thereon dated December 22, 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 Town of Warren's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Warren, Rhode Island's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Warren's internal control over financial reporting.

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

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

Compliance and Other Matters

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

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

Braver. PC

Providence, Rhode Island
December 22, 2010

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