



City of Warwick, Rhode Island

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2010

CITY OF WARWICK

***COMPREHENSIVE ANNUAL
FINANCIAL REPORT***

***FOR THE FISCAL YEAR ENDED
JUNE 30, 2010***

**Scott Avedisian
Mayor**

**Ernest M. Zmyslinski
Finance Director**

**Leonard J. Flood
Director of Business Affairs**

Prepared by: Finance Department

WARWICK, RHODE ISLAND

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE CITY OF WARWICK, RHODE ISLAND
FOR THE YEAR ENDED JUNE 30, 2010**

TABLE OF CONTENTS

	<u>PAGE</u>
I. INTRODUCTORY SECTION	
<i>TRANSMITTAL LETTER</i>	i
<i>CITY OF WARWICK ORGANIZATIONAL CHART</i>	x
<i>LIST OF CITY PRINCIPAL OFFICIALS</i>	xi
 II. FINANCIAL SECTION	
<i>INDEPENDENT AUDITORS' REPORT</i>	1-2
REQUIRED SUPPLEMENTARY INFORMATION: <i>Management's Discussion and Analysis</i>	3-16
 BASIC FINANCIAL STATEMENTS	
 <u><i>Government Wide Financial Statements</i></u>	
Statement of Net Assets	17
Statement of Activities	18
 <u><i>Fund Financial Statements</i></u>	
Balance Sheet – Governmental Funds	19
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of the Governmental Funds to the Statement of Activities	21
Statement of Net Assets – Proprietary Funds	22
Statement of Revenue, Expenses, and Changes in Fund Net Assets – Proprietary Funds	23
Statement of Cash Flows – Proprietary Funds	24
Statement of Fiduciary Net Assets	25
Statement of Changes in Fiduciary Net Assets	26
 <u><i>Notes to the Financial Statements</i></u>	
Required Disclosures and Other Information	27-78

Continued

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE CITY OF WARWICK, RHODE ISLAND
FOR THE YEAR ENDED JUNE 30, 2010**

TABLE OF CONTENTS

	<u>PAGE</u>
<i>REQUIRED SUPPLEMENTARY INFORMATION (RSI):</i>	
Budgetary Comparison Schedule – General Fund	79-81
Budgetary Comparison Schedule – School Unrestricted Fund	82
Pension Plans – Schedule of Employer Contributions	83-84
Pension Plans – Schedule of Funding Progress and OPEB Plan	85-86
Notes to Required Supplementary Information	87-90
 <i>SUPPLEMENTARY INFORMATION</i>	
Combining Balance Sheet-Non-major Governmental Funds	91
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-major Governmental Funds	92
Combining Balance Sheet – Special Revenue Restricted City	93-95
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Special Revenue Restricted City	96-98
Combining Balance Sheet – Special Revenue Restricted School	99-105
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Special Revenue Restricted School	106-112
Combining Balance Sheet – Capital Projects Funds	113-114
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Capital Project Funds	115-116
Combining Statement of Net Assets – Non-major Proprietary Funds	117-118
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets – Non-major Proprietary Funds	119-120
Combining Statement of Cash Flows – Non-major Proprietary Funds	121-122
Combining Statement of Fiduciary Net Assets – Private Purpose Trust Funds	123
Combining Statement of Changes in Fiduciary Net Assets – Private Purpose Trust Funds	124
Combining Statement of Changes in Assets and Liabilities – Agency Funds	125-128
Tax Collector’s Annual Report	129
Analysis of Prior Year Tax Collections	130

Continued

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE CITY OF WARWICK, RHODE ISLAND
FOR THE YEAR ENDED JUNE 30, 2010
TABLE OF CONTENTS**

	<u>PAGE</u>
 III. STATISTICAL SECTION	
Net assets by component – Last Nine Fiscal Years	131
Change in Net Assets – Last Nine Fiscal Years	132-134
Fund Balances of Governmental Funds – Last Nine Years	135
Changes in Fund Balances of Governmental Funds – Last Nine Years	136-137
Assessed Value and Estimated Actual Value of Taxable Property – Last Ten Fiscal Years	138-139
Property Tax Rates	140
Principal Taxpayers	141
Property Tax Levies and Collections – Last Ten Fiscal Years	142
Ratio of Outstanding Debt by Type – Last Ten fiscal Years	143
Ratio of General Bonded Debt Outstanding – Last Ten fiscal Years	144
Legal Debt Margin Information – Last Ten Fiscal Years	145
Pledged – Revenue Coverage – Last Five Fiscal Years	146
Demographic and Economic Statistics – Last Ten Fiscal Years	147
Principle Employers	148
Full Time Equivalent City Government Employers by Function	149
Operating Indicators by Function – Last Seven Fiscal Years	150
Capital Assets Statistics by Function – Last Seven Fiscal Years	151
 IV. SINGLE AUDIT SECTION	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	152-153
Independent Auditor’s Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	154-155
Schedule of Expenditures of Federal Awards	156-157
Schedule of Findings and Questioned Costs	158-160
Schedule of Prior Year Findings and Questioned Costs	161
Notes to Schedule of Expenditures of Federal Awards	162

Concluded

INTRODUCTORY SECTION

This Section Contains the Following Subsections:

Table of Contents
Letter of Transmittal
City of Warwick Organizational Chart
List of City Officials



Ernest M. Zmyslinski
Finance Director

Scott Avedisian
Mayor

CITY OF WARWICK
FINANCE DEPARTMENT
3275 POST ROAD
WARWICK, RHODE ISLAND 02886
(401) 738-2000

March 22, 2011

To the Honorable Mayor, President and Members of the
Warwick City Council, and Citizens of the City of Warwick:

We hereby submit the Comprehensive Annual Financial Report for the City of Warwick, for the fiscal year ended June 30, 2010. The report has been prepared in accordance with generally accepted accounting principles (GAAP), adhering to the format promulgated through the Governmental Accounting Board's Statement 34. Responsibility for the accuracy of the data presented, as well the fairness of the representations contained within the report, rests with the City's management. To provide a reasonable basis for making these representations, the City of Warwick has established a comprehensive internal control framework that is designed to protect the government's assets from theft, loss or misuse, and to promote the compilation of reliable financial information for reporting and forecasting purposes. Since the cost of the internal control system should not outweigh its benefits, the City's internal control system has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements. As management, we assert that, to the best of our knowledge, and in all material respects, this report is fair, complete, and summarizes the City's financial position in a comprehensive manner.

The Comprehensive Annual Financial Report is presented in four sections: Introductory, Financial, Statistical, and Single Audit. The Introductory Section contains this letter of transmittal, an organizational chart, and a listing of City Officials. The Financial Section contains the independent auditor's report, the management discussion and analysis (which should be read in conjunction with this transmittal letter to provide the reader with a greater understanding of the City's net assets and fund activity), the new city-wide financial statements, the basic financial statements of major and non-major funds, notes to the financial statements, and other supplementary information. The Statistical Section provides selected financial and demographic information presented on a multi-year basis.

In conformity with the Single Audit Act of 1996 and the United States Office of Management and Budget Circular A-133, "*Audits of States, Local Governments, and Non-Profit Organizations*", the City is required to submit to an annual audit of all federal grant awards. The Single Audit represents the final section of our report and contains the schedule of expenditures of federal grant awards.

GOVERNMENT PROFILE

The City of Warwick was established in 1642 and incorporated in 1931. The City has the second largest population in the State of Rhode Island and has total land area of approximately 35 square miles with another 14 square miles of inland water. Located 10 miles south of Providence, in Kent County, the City is centrally located within the State and connected to the northeast corridor by a network of interstate highways, including Interstate 95 and Interstate 295.

The City operates under a legislative charter providing for a nine-member council elected for two-year terms. All legislative powers of the City are vested in the City Council. Members of the Council are elected from each of the City's nine wards. In addition, a Mayor is elected for a two-year term and is the chief executive officer of the City. The Mayor is responsible for the administration and management of all offices, departments, and agencies except as otherwise provided by the City Charter. Duties of the Mayor include appointment of officers and employees of the City, preparation and presentation of the annual budget to the City Council, and the performance of other duties as required by ordinance or resolution. The Mayor has veto power over ordinances passed by the City Council, and may be overridden by a two-thirds vote of the City Council.

PUBLIC EDUCATION

A five-member School Committee directs the general administration of the City's school system. Three members are elected from designated school districts and two are elected at-large. The School Committee directs and controls all policies affecting the administration, construction, maintenance and operation of the public schools. The School Committee also appoints a superintendent of schools as its chief administrative agent and such other administrative officers as are considered necessary.

The City Charter provides that, based on budget estimates submitted by the School committee, the City Council establishes the School Department's appropriation in total only, and that the School Committee determines the allocation of the amounts appropriated.

The City's school system consists of 17 elementary schools, 3 junior high schools, 3 senior high schools and a career technical center. Most of these schools have been constructed in the last 40 years and the City does not anticipate the need for additional construction of school facilities in the near future, although renovations and additions to existing facilities are ongoing.

There is presently a professional staff of 1,546 in the school system, 1,038 of who are teachers. In the graduating class of 2010 approximately 89% of all high school graduates continued their education by attending two and four year colleges, technical institutes, or other forms of post secondary education.

The following is a summary of the actual school population trends in the City:

Schedule of Enrollment

2000	12,375
2001	12,382
2002	12,205
2003	12,078

2004	12,003
2005	11,709
2006	11,385
2007	10,944
2008	10,818
2009	10,525
2010	10,507

During fiscal 2010, the City appropriated \$165,109,068 to the School Department. Final expenditures totaled \$155,460,041 – part of this reduction was due to a corresponding decline in State Aid. Their fiscal 2011 expense appropriation is \$151,194,344. The total fiscal 2011 State Aid for school operations has been budgeted at \$31,032,244.

MUNICIPAL SERVICES

In addition to its schools, the City provides major public services, certain of which are described below:

Executive and Administration

The Mayor with the assistance of the Finance, Personnel and Legal Departments exercises general oversight of the City. The City Clerk’s Office is responsible for all record maintenance and supervision of the municipal and probate courts. During fiscal 2010, the Executive and Administrative Divisions expended \$15.3 million, of which \$9.2 million represented debt service. The fiscal 2011 budget has been set at \$13.4 million.

Public Safety

A three member Board of Public Safety appointed by the Mayor, oversees the City’s Police Department, Fire and Rescue Services Departments and serves as license commissioners for the City.

Police: The City Police Department has 240 authorized positions consisting of 163 sworn officers, 23 school crossing guards and 54 civilian personnel. The police station, built in 1975, provides facilities for public safety issues. During fiscal 2010, the Police Department expended \$15.4 million. For fiscal 2011, \$15.3 million has been designated for operations.

Fire and Rescue: The City Fire Department and Rescue Service has 220 authorized positions consisting of 209 uniformed fire and rescue personnel and 11 civilian personnel, staffing eight stations throughout the City. In addition, the East Greenwich Fire District provides service to the southeastern section of the City. Fire and Rescue expended \$19.6 million during fiscal 2010 and \$18.5 million was budgeted for fiscal 2011.

Animal Shelter: The Animal Shelter consists of 4 employees and is responsible for administering care to the animal population. The fiscal 2010 expenditures totaled \$171,775 with \$190,111 budgeted for fiscal 2011.

Building Inspector: The City Building Inspection Department consists of 16 authorized positions responsible for insuring compliance with local and state building code ordinances and laws. The fiscal 2010 expenditures totaled \$794,991; \$759,413 was budgeted for fiscal 2011.

Social Services

Parks and Recreation: A staff of 16 maintains two indoor skating rinks, an indoor swimming pool with an adjacent therapeutic pool, 7 beaches, 60 athletic fields, 32 basketball courts, 39 tennis courts and 6 parks. They are assisted by the Public Works Field Maintenance Division. The Department is also responsible for regulating the City's three major harbors in Narragansett Bay. During fiscal 2010 the Department expended \$1.6 million. The fiscal 2011 budget has allotted \$1.7 million for recreation.

Warwick Public Library: The City library consists of a main library and three branches. The main facility contains over 225,000 items and provides research services to the City's residents and business community. Total library related expenditures for fiscal 2010 totaled \$2.4 million. These funds supported the acquisition of books and materials as well as an authorized staff of 50. The central library facility serves over 400,000 visitors a year. The fiscal 2011 budget amounts to \$2.4 million.

Human Services: This Department provides social and transportation services to the City's seniors at three neighborhood senior centers. It also provides contributive and in-kind support to non-profit organizations in the City. Fiscal 2010 expenditures totaled \$1.8 million, and the fiscal 2011 budget has been set at \$1.5 million.

Physical Resources

Planning and Community Development: A staff of 14 provides professional guidance on the physical and social development of the City and administers the Federal Community Development Block Grant Program and the Lead Hazard Reduction Program. Fiscal 2010 expenditures for these programs totaled \$893,071, with \$819,925 allocated for fiscal 2011.

Tourism, Culture, and Development: This Department, working closely with the Mayor's Office, assists the private sector in finding suitable facilities in the City. Also, the Department promotes the City and its lodging facilities through general circulation and trade advertising. Fiscal 2010 expenditures totaled \$469,506 and \$569,728 has been set aside for fiscal 2011 operations.

Public Works: An authorized staff of 131 maintains the City's 480 miles of roads, monitors the disposal operations of 30,000 tons of trash per year, maintains the City's fleet of vehicles, maintains approximately 40 buildings, and designs new infrastructure projects. During fiscal 2010 the Department expended \$11.3 million and has been allocated \$11.7 million through the fiscal 2011 budget.

Sewer and Water: These departments operate as enterprise funds, collecting revenue which is sufficient to support their operations. They are responsible for overseeing the City's water and wastewater treatment facilities.

ECONOMIC CONDITIONS AND OUTLOOK

POPULATION

The table below shows the City's population trends:

<u>Year</u>	<u>City</u>
2009	84,760
2005	87,365
2003	87,039
2000	85,808
1990	85,427
1980	87,123
1970	83,694
1960	68,504
1950	43,028
1940	28,757
1930	23,196
1920	13,481

INCOME LEVELS

According to the US Census Bureau, 2005-2009 American Community Survey, the median family income of the City of Warwick was \$75,029. Median family income in the City increased 33.4% from 1999.

HOUSING

According to the US Census Bureau, 2005-2009 American Community Survey, there were 37,465 dwelling units in the City compared to 37,085 dwelling units in 2000.

ECONOMIC DEVELOPMENT

General: The Warwick Department of Tourism, Culture and Development is engaged in an on-going effort to promote and assist new, existing and expanding businesses. In this capacity, the Department serves as a liaison between City government and the private sector in the location of available land and facilities, and in the determination of available financing.

State Airport: Warwick's premier asset is also its greatest business convenience. Located directly in the heart of the City is T.F. Green Airport, the state's major commercial airport. The Rhode Island Airport Corporation opened a new \$200 million, two-level terminal in September of 1996 augmented with a landscape beautification program on the airport grounds and along its entrance on Post Road. Featuring separate arrival and departure access along with 19 gates and in improved baggage claim area, T.F. Green Airport has already attracted expanded service and increased passenger volume.

MAJOR INITIATIVES

The City of Warwick maintains a bond rating of A1, as determined by Moody's Investors Service and AA- from Standard & Poor's. These ratings are the result of firm and steady financial planning. They reflect Warwick's strong tax base, consistent financial performance, and manageable levels of bonded debt.

Annually, the City develops a Capital Improvement Plan. This plan serves as a blueprint for capital projects to be undertaken over a five-year period.

Open Space/Recreation:

The City remains especially committed to preserving recreational and open space areas. The City has purchased 40.9 acres at the site of the former Rocky Point Amusement Park in the Warwick Neck area. The planning process continues this year as the City moves towards creating a public park on the coastal property. The City is also exploring options to acquire additional acreage at the site so that the scope of the project might be expanded. Additionally, the City has completed construction of a handicapped-accessible fishing pier on historic Gorton's Pond. To fund the project, the City has received a \$150,000 grant from the RI Department of Environmental Management and a private grant in the amount of \$190,000 from the Ross Elkhay Foundation. A small amount of hotel tax money will fund the remainder of the project.

T.F. Green Airport and Intermodal Facility:

The City continues to receive additional revenue from airport-related activities. Taxes on airport parking and rental cars generated approximately \$2.24 million in revenue during fiscal 2010. The City also received airport-related funding from the Economic Development Commission. This revenue totaled \$776,029. The state's meal tax also generated approximately \$2.15 million for the City.

This year, construction of the Warwick Intermodal Train Station, known as the Interlink, was completed. Construction costs of \$267 million were funded through a combination of federal and state money. The facility will give Warwick the closest air-rail link in the country and will provide MBTA commuter train service among Warwick, Providence and Boston, with service to Wickford Junction as well. It includes a bus hub, a six-level parking garage for rail commuters and car-rental companies, and a 1200-foot, enclosed, elevated walkway with moving sidewalks over Post Road, that connects T.F. Green Airport to the Station.

It is expected that the Intermodal Train Station will serve as a catalyst for economic development within the Warwick Station Redevelopment District.

Public Health:

During fiscal 2010, the City continued to participate in the ER Card program. The program, originally funded through a \$75,000 grant from the Rhode Island Foundation, allows city employees and their immediate family members to enroll in an electronic personal health record and healthcare management system at no cost. Following the success of the pilot program, the program was extended for an additional year.

This innovative program provides doctors, first responders, and other health care providers with around-the-clock access to life saving patient medical information, such as allergies, current medications, previous medical procedures, diseases or chronic conditions, and emergency contact numbers. Additionally the program assists patients in medication management, and will advise them of any unforeseen drug interactions. Its reporting features also allow for timely notification in the event of a drug recall.

The program encourages employees to take proactive steps to ensure good health while also assisting the City in reducing medical expenses.

Apponaug Bypass:

The initial phases of the estimated \$30 million Apponaug Bypass have been completed. This innovative transportation project, which includes reconstructing the Apponaug circulator and opening it to two-way traffic, will greatly enhance ongoing efforts to make the area more pedestrian friendly and allow easier access to local businesses.

The project, which is under the jurisdiction of the Rhode Island Department of Transportation (RIDOT), is presently at 75 percent design stage. Planned advertising is for the winter of 2011 and the start of construction is scheduled for the spring of 2012. Project completion is slated for 2014.

Public Works:

Warwick continues to lead the state in recycling. The City's automated trash and recycling system has resulted in less waste being sent to the state landfill. The first full fiscal year of City-wide automation was 2007. In that year alone, sanitation tonnage was reduced by 1093 tons - a savings of almost \$70,000 compared to the previous year. During fiscal 2010 our tonnage continued to decline, so the City realized additional budgetary savings.

The City, in cooperation with a group of students from Westerly, Rhode Island, has also implemented a TGIF – Turn Grease Into Fuel – waste cooking oil collection program. Local residents and businesses are encouraged to bring used oil to collection sites throughout the City. Grease that is collected is converted into biodiesel fuel credits for needy families. It's estimated that residential and commercial participation in this program could generate up to 200,000 gallons of biodiesel per year. Credits will be distributed through the City's Department of Human Services, in collaboration with WestBay Community Action.

This program has the added benefit of reducing the amount of FOG – Fats, Oils and Grease – being poured down the drain, where it can damage private septic systems or the city's municipal sewer system.

FINANCIAL INFORMATION

The City's Comprehensive Annual Financial Report provides detailed information on the City's current financial position. Our Management Discussion and Analysis will provide additional analysis.

BUDGETARY CONTROL

At least forty five days prior to the start of the fiscal year, the Mayor submits a budget to the City Council for consideration. Before the budget is adopted, a public hearing is held and taxpayers are given the opportunity to comment on the budget. After the hearing, the Council reviews the budget. They have the authority to increase or decrease budget line items. The budget is adopted on an affirmative vote of the majority of the City Council – this vote must occur at least 15 days prior to the start of each fiscal year. If the City Council has not adopted the budget by this date, the Charter stipulates that the Mayor's budget is deemed to have been adopted by the Council.

The operating budget is tracked via a budgetary control system. The system tracks expenditures and encumbrances, and compares them to budget. The report also calculates the amount of appropriation remaining. The Finance Department monitors spending and issues reports to departments to assist them in budget management.

CASH MANAGEMENT

Cash requirements are strictly monitored, and excess cash is invested in appropriate short term instruments. These investments are intended to maximize investment earnings, while maintaining an appropriate level of liquidity. The pension funds are invested in longer term investments- both bonds and equities- and are managed by consultants, hired to maximize the rates of return. Investment income includes appreciation in the fair value of investments. Increases in fair value during the current year, however, do not represent trends which can be anticipated or recognized as permanent additions to the funds. They are completely dependent on economic conditions, and may never be realized, especially for investments held for the long term.

RISK MANAGEMENT

The City is a member of the RI Interlocal Risk Management Trust. This organization was established as a joint venture to provide insurance coverage to local municipalities. The City of Warwick maintains insurance coverage for property, general liability, professional liability, and auto liability. The City self insures for workers compensation. Claim Strategies administers this program.

DEBT ADMINISTRATION

The ratios of net bonded debt to total assessed (property) valuation and net bonded debt per capita provide useful information when evaluating the City's financial position. These indicators were as follows on June 30, 2010:

<u>Net Direct Bonded Debt</u>	<u>Ratio of Debt to Assessed Value</u>	<u>Debt Per Capita</u>
\$ 54,464,507.	.45%	\$ 642.57

(Please See Statistical Tables For Additional Information)

INDEPENDENT AUDIT

Per the Warwick City Charter, and the General Laws of the State of Rhode Island, an independent audit of the City's financial statements and operations has been completed by the firm of Parmelee, Poirier, and Associates, LLC. Their opinion is included within this document.

ACKNOWLEDGEMENT

The preparation of this Comprehensive Annual Financial Report would not have been possible without the efficient and dedicated efforts of the staff of the Treasury and Finance Divisions. Their competent efforts are greatly appreciated. Special thanks to Mayor Scott Avedisian, Council President Bruce Place, and the members of the City Council for their support in maintaining the highest standards of professionalism in the management of the City of Warwick's finances.

Respectfully submitted,

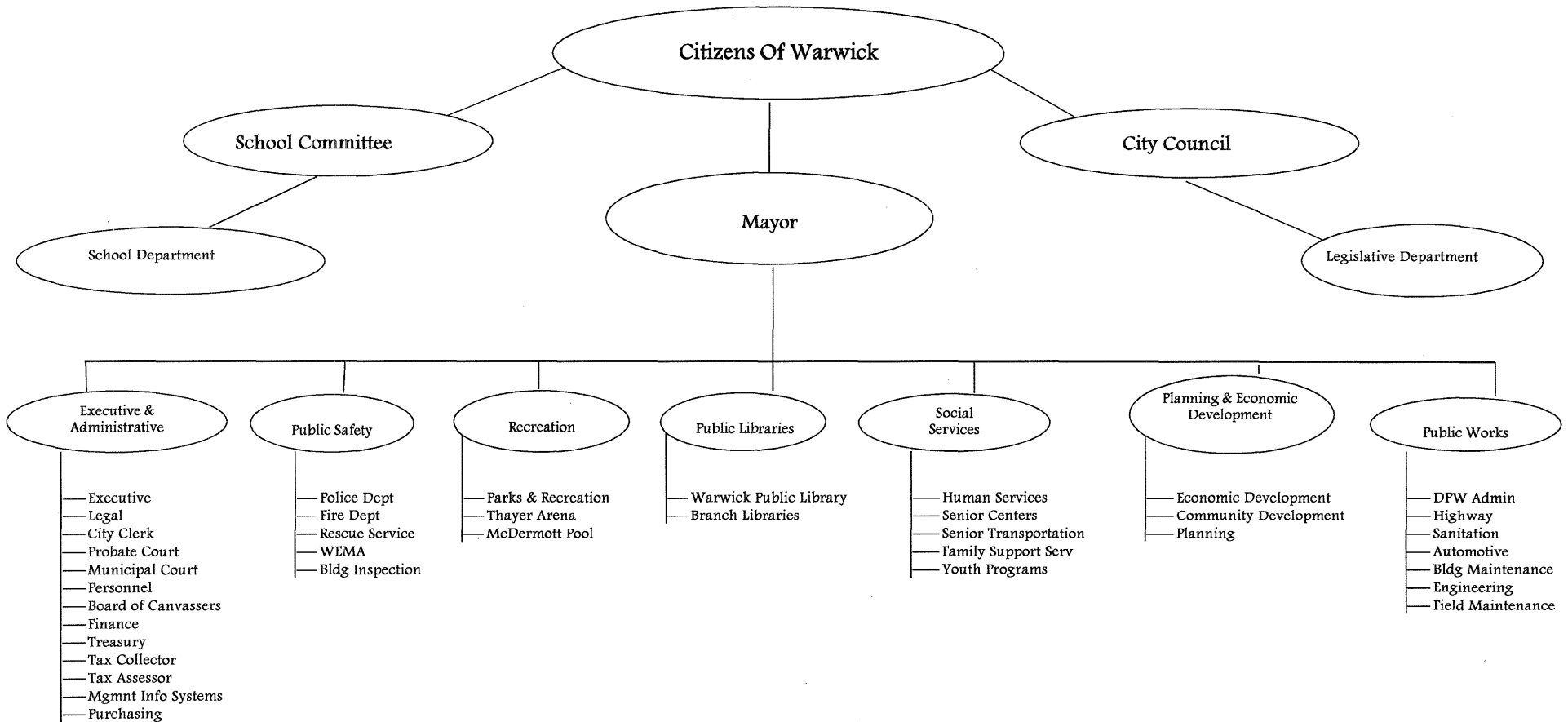


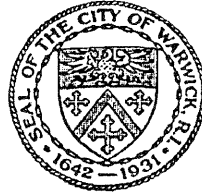
Ernest M. Zmyslinksi
Finance Director



Kenneth R. Alfano
Controller

THE CITY OF WARWICK, RHODE ISLAND GOVERNMENT ORGANIZATIONAL CHART





CITY OF WARWICK, RHODE ISLAND

MAYOR

Scott Avedisian

CITY COUNCIL

Bruce Place, Council President

Steven Colantuono

John DelGiudice

Charles J. Donovan, Jr.

Raymond E. Gallucci

Steve Merolla

Joseph J. Solomon

Helen Taylor

Donna M. Travis

SCHOOL COMMITTEE

Christopher E. Friel, Chairman

Paul Cannistra

Bethany Furtado

Patrick E. Maloney Jr.

Lucille Mota-Costa

FINANCE DEPARTMENT

Ernest M. Zmyslinski, Finance Director

David C. Olsen, City Treasurer

Kenneth R. Alfano, City Controller

SCHOOL ADMINISTRATION

Peter P. Horoschak, Superintendent

Leonard J. Flood, Director of Business Affairs

Cheryl Bongivengo, School Controller

FINANCIAL SECTION

This Section Contains the Following Subsections:

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

INDEPENDENT AUDITORS' REPORT

The Honorable President and
Members of the City Council
City of Warwick
Warwick, Rhode Island

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the City of Warwick, Rhode Island (City) as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, business type activities, each major fund and the aggregate remaining fund information of the City as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 22, 2011 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 16 and 79 through 82 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an

appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining and individual non-major fund financial statements and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual non-major fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



Parmelee, Poirier & Associates, LLP
Parmelee, Poirier & Associates, LLP
March 22, 2011

Management's Discussion and Analysis

**CITY OF WARWICK, RHODE ISLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
(unaudited)**

As management of the City of Warwick, we offer readers of the City of Warwick's financial statements this overview and analysis of the financial activities of the City of Warwick for the fiscal year ended June 30, 2010. We encourage readers to consider this information in conjunction with the additional information that is furnished in the letter of transmittal, which can be found preceding this narrative, and with the City's financial statements which follow.

Included within our discussion will be a series of comparative tables, serving to more clearly illustrate changes in the City's financial position. These tables will reflect governmental activities, business-type activities, and total activities for the 2009 and 2010 fiscal years.

FINANCIAL HIGHLIGHTS

The assets of the City of Warwick exceeded its liabilities at the close of the fiscal year by \$79,249,084 (*net assets*).

The City's total net assets decreased by \$11,696,383 during fiscal 2010, due primarily to an increase in the City's liabilities following the accrual of \$13.7 million in post-retirement healthcare benefits in accordance with GASB45. This liability represents the annual required contribution necessary to fund the total post-retirement liability over a thirty year period. Likewise, in accordance with GASB27, the City also accrued an additional \$6.4 million net pension obligation which relates to the Police I and Fire funding plan mechanism used by the City. These increases were offset by an overall operating surplus in all governmental funds of \$9.3 million.

At the close of the current fiscal year, the City's governmental funds reported *combined* ending fund balances of \$21,265,721, an increase of \$9,337,275 from those of the prior year. This was primarily due to an overall operating surplus, combined with a decrease in reserves following the repayment of the School's cumulative deficit of \$1.8 million.

Fiscal 2010 operating results for the general fund reflected an increase in total fund balance of \$5,666,317, resulting in an ending fund balance of 14,808,460. The fund's ending unreserved undesignated fund balance also increased by \$945,842 to a total of \$6,862,565 or 2.4% of the total 2010 final budgeted expenditures.

The City's overall investment in capital assets (net of accumulated depreciation) decreased by \$4.5 million during this year. Annual depreciation expenditures exceeded additions. Key additions this year included new police and recycling vehicles, a new rescue vehicle, and sewer infrastructure construction projects.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Warwick's basic financial statements. The City's basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, (3) notes to the financial

statements. This report also contains other supplementary information including combining statements for non-major governmental funds, enterprise funds, and other fiduciary funds. Figure 1 below graphically depicts the required elements of the financial report:

Required Components of the Annual Financial Report
Figure A-1

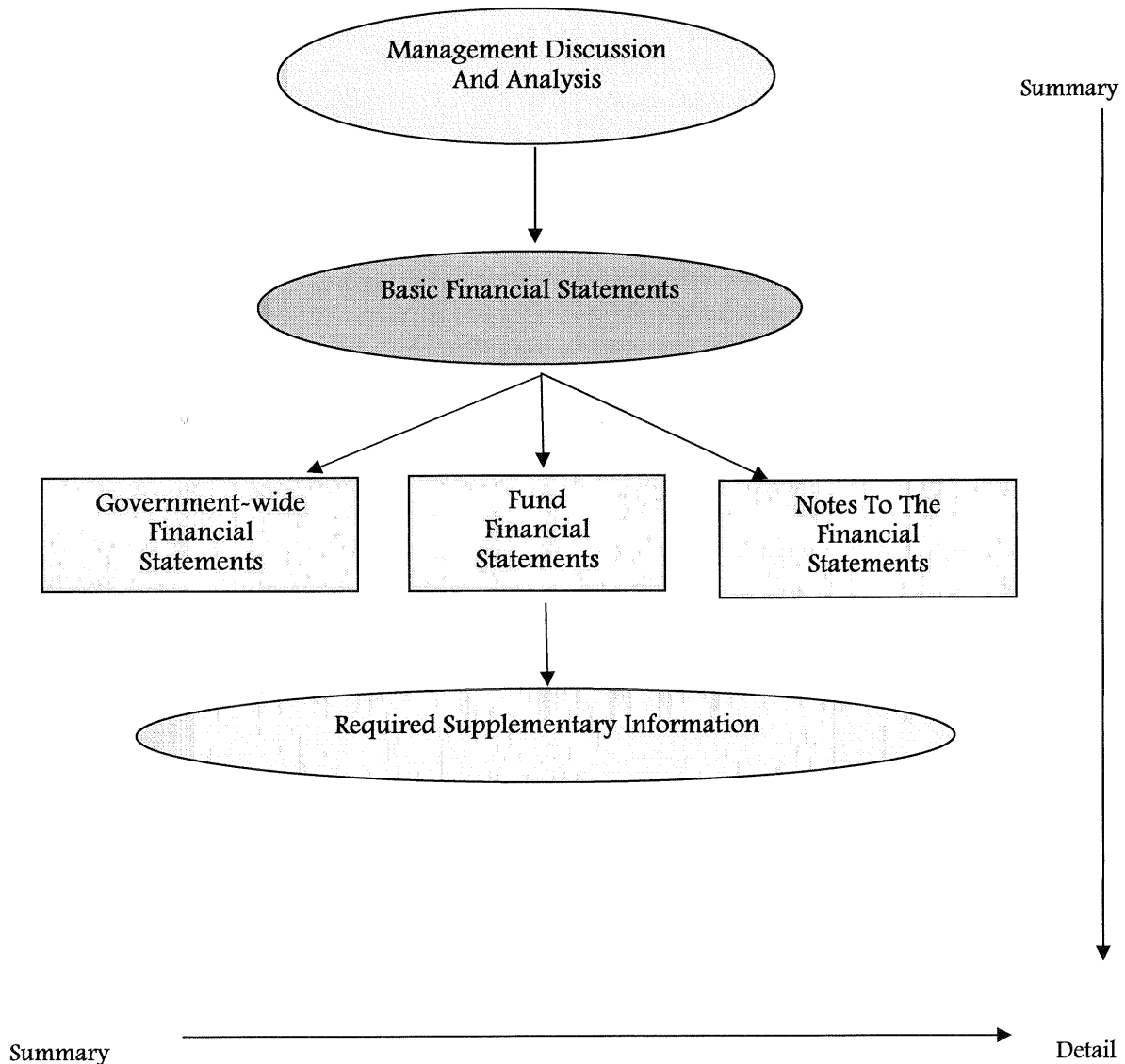


Figure A-1 shows how the required parts of this annual report are arranged and relate to one another.

- The first two statements within the basic financial statement structure are government-wide financial statements that provide both long-term and short-term information about the City's overall status.
- The remaining statements are fund financial statements that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements.
 - The *governmental fund* statements tell how general government services like public safety were financed in the short term as well as what remains for future spending.
 - *Proprietary fund* statements offer short and long term financial information about the activities the government operates like businesses, such as the sewer and water systems.
 - *Fiduciary fund* statements provide information about assets that are held by the City as a trustee or agent for the benefit of someone or something other than the City itself. The City cannot use these assets to support its own programs.
- The financial statements also include notes that provide more detailed data about some of the information in the financial statements.
- The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.
- In addition to these required elements, we have included a section with combining statements that provide details about our non-major governmental funds, enterprise funds, and fiduciary funds, which are added together and presented in a single column in the basic financial statements.

Figure A- 2

Major Features of the City of Warwick’s Government-Wide and Fund Financial Statements

	Government- Wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire City government (except fiduciary funds)	The activities of the City that are not proprietary or fiduciary, such as police, fire and DPW.	Activities the City operate similar to private businesses such as the sewer system.	Instances in which the City is the trustee or agent for someone else’s resources.
Required financial Statements	Statement of Net Assets Statement of Activities	Balance Sheet Statement of Revenues, Expenditures and Changes in Fund Balance	Statement of Net Assets Statement of Revenues, Expenses, and Changes in Net Assets. Statement of Cash Flows	Statement of Fiduciary Net Assets Statement of Changes in Fiduciary Net Assets
Accounting Basis And Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Assets/ Liability Information	All assets and liabilities both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the City’s funds do not currently contain capital assets, although they can
Type of inflow/ Outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during year, regardless of when cash is received or paid

Figure A-2 summarizes the major features of the City’s financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the statements.

Government-wide Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's *net assets* and how they have changed. Net assets – the difference between the City's assets and liabilities – is one way to measure the City's financial health, or position.

- Over time, increases or decreases in the City's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City you need to consider additional nonfinancial factors such as changes in the City's property tax base and the condition of the City's roads.

The government-wide financial statements of the City are divided into three categories.

- *Governmental activities* – Most of the City's basic services are included here, such as education, public safety, library, recreation, social services, public works and general administration. Property taxes, charges for services and state funding finance most of these activities.
- *Business-Type activities* - The City charges fees to customers to cover the costs of certain services it provides. The City's water and sewer systems are included here.
- *Component units* – The City does not have any entities that are deemed to be component units.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant funds – not the City as a whole. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. It is important to note that these fund categories use different accounting approaches and should be interpreted differently.

Governmental Funds – Most of the basic services provided by the City are reported in governmental funds, which focus on (1) how money flows into and out of those funds and (2) the balances remaining at year end that are available for spending during the next year. These funds are reported using an accounting method called the modified accrual basis of accounting, which measures cash

and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations that helps the reader to determine whether or not there are more or fewer financial resources that can be spent in the near future to finance City programs.

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. To facilitate this comparison, a reconciliation between the governmental funds statements and the government-wide statements has been provided.

The City maintains eighty four governmental funds and two are considered major funds for presentation purposes. Each major fund is presented in a separate column in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. The two major governmental funds are the General Fund and the School Unrestricted Fund.

The basic governmental fund financial statements can be found on pages 19-21 of this report.

Proprietary Funds – The City of Warwick maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses an enterprise fund to account for its sewer and water operations. *Internal Service Funds* are used to accumulate and allocate costs internally among functions. The City uses an internal service fund to account for the workers compensation self insurance fund. Because this operation benefits predominantly governmental rather than business activities, the internal service fund has been included within the governmental activities in the government-wide financial statements.

The basic proprietary fund financial statements can be found on pages 22-24 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 statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary funds financial statements can be found on pages 25-26 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 follow the basic financial statements.

Other information – In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. This section includes budgetary comparison schedules, as well as information concerning the City's progress in funding its obligation to provide pension benefits to employees. Required supplementary information follows the notes to the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The City's combined net assets (government and business-type activities) totaled \$79,249,084 at the close of the most recent fiscal year.

The largest portion of the City's net assets reflects its investment in capital assets such as land, building, equipment, and infrastructure, less any related outstanding debt. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Warwick's Net Assets June 30, 2010

	Governmental Activities		Business-type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Current Assets	\$51,380,760	\$46,611,369	\$23,310,482	\$26,054,856	\$74,691,242	\$72,666,225
Capital Assets	117,491,352	123,859,846	194,128,739	192,256,516	311,620,091	316,116,362
Other Noncurrent Assets	4,087,339	3,796,912	40,115,479	42,776,901	44,202,818	46,573,813
Total Assets:	\$172,959,451	\$174,268,127	\$257,554,700	\$261,088,273	\$430,514,151	\$435,356,400
Current Liabilities	\$29,959,984	\$32,754,479	\$14,738,844	\$13,145,846	\$44,698,828	\$45,900,325
Long-term Liabilities	139,686,354	121,288,384	166,879,885	177,240,842	306,566,239	298,529,226
Total Liabilities:	\$169,646,338	\$154,042,863	\$181,618,729	\$190,386,688	\$351,265,067	\$344,429,551
Net Assets:						
Invested in capital assets net of related debt	\$64,258,323	\$64,184,519	\$67,391,392	\$63,148,905	\$131,649,715	\$127,333,424
Restricted	1,433,298	1,947,766	3,094,095	3,010,672	4,527,393	4,958,438
Unrestricted	(62,378,508)	(45,907,021)	5,450,484	4,542,008	(56,928,024)	(41,365,013)
Total Net Assets	\$3,313,113	\$20,225,264	\$75,935,971	\$70,701,585	\$79,249,084	\$90,926,849

An additional portion of the City's net assets represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets may be used to meet the City's ongoing obligations to citizens and creditors. Internally imposed designations of resources are not presented as restricted net assets. At the end of the current fiscal year, the City's unrestricted net asset total was negative, due to the cumulative accrual of the other post-employment benefit liability per GASB45 and the accrual of a net pension obligation per GASB27.

Changes in Net Assets

During fiscal 2010, the government's total net assets decreased by \$11,696,383, as indicated below:

City of Warwick's Changes in Net Assets

	Governmental Activities		Business-type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program Revenue:						
Charges for Services	\$ 17,957,398	\$ 17,127,046	\$ 29,826,862	\$ 26,767,063	\$ 47,784,260	\$ 43,894,109
Operating Grants and Contributions	53,474,747	51,258,003	-	-	53,474,747	51,258,003
Capital Grants and Contributions		-	541,403	1,238,170	541,403	1,238,170
General Revenue:					-	-
Property Taxes	201,516,576	195,204,676			201,516,576	195,204,676
Interest on Property Tax	(1,273,017)	1,728,716			(1,273,017)	1,728,716
State Aid/In Lieu of Tax	17,352,666	21,121,217			17,352,666	21,121,217
Investment Earnings	59,581	156,876	34,442	180,981	94,023	337,857
Tax Titles	155,168	20,334			155,168	20,334
Miscellaneous	5,194,338	4,470,760			5,194,338	4,470,760
Total Revenues:	294,437,457	291,087,628	30,402,707	28,186,214	324,840,164	319,273,842
Expenses:						
Executive & Admin	9,031,312	8,069,697			9,031,312	8,069,697
Public Safety	89,614,158	89,041,058			89,614,158	89,041,058
Recreation	3,353,999	3,330,999			3,353,999	3,330,999
Public Libraries	4,333,950	4,420,849			4,333,950	4,420,849
Social Services	2,658,015	2,875,875			2,658,015	2,875,875
Planning & E/D	3,856,439*	3,405,639			3,856,439	3,405,639
Public Works	21,609,069	21,994,345			21,609,069	21,994,345
Education	171,897,294	174,286,188			171,897,294	174,286,188
Cafeteria Operations	2,647,559	3,005,016			2,647,559	3,005,016
Debt Interest	2,347,813	2,360,516			2,347,813	2,360,516
Sewer			15,759,558	15,215,618	15,759,558	15,215,618
Water			9,427,381	9,646,628	9,427,381	9,646,628
Total Expenses:	311,349,608	312,790,182	25,186,939	24,862,246	336,536,547	337,652,428
Change in Net Assets Before Transfers	(16,912,151)	(21,702,554)	5,215,768	3,323,968	(11,696,383)	(18,378,586)
Transfers		100,000	-	(100,000)		
Change in Net Assets	(16,912,151)	(21,602,554)	5,215,768	3,223,968	(11,696,383)	(18,378,586)
Adjustment to Prior Yr		(632,098)	18,618		18,618	(632,098)
Net Assets Beginning:	20,225,264	41,827,818	70,720,203	67,477,617	90,945,467	109,305,435
Net Assets - End of Yr:	\$ 3,313,113	\$ 20,225,264	\$ 75,935,971	\$ 70,701,585	\$ 79,249,084	\$ 90,926,849

Governmental activities. Governmental activities decreased the City's net assets by \$16,912,151. Key elements of this decrease are as follows:

1. Total Governmental Funds reported a combined increase in fund balance of \$9.3 million.
2. The City's net assets decreased by \$13.7 million following the accrual of the fiscal 2010 annual required contribution relating to GASB45-Other Post Employment Benefits.
3. The City accrued an additional net pension obligation in the amount of \$6.4 million in accordance with GASB27. The City is funding the Police I and Fire Pension liability over a 40 year period, while GASB27 states that 30 years should be the maximum funding period.
4. Capital asset additions totaled \$2.6 million while fiscal 2010 depreciation expense amounted to \$9.0 million. This resulted in a net asset decrease of \$6.4 million.
5. Net assets decreased due to the \$512,356 increase in the City's compensated absence liability

Business-type activities. Business-type activities increased the City's net assets by \$5,215,768. The key elements for this increase are as follows:

1. The Sewer Department had an operating surplus which totaled \$4.2 million. This includes a non-cash depreciation expense totaling \$5.3 million, but does not include the debt principal expense of \$8.9 million which was charged directly to the bonds payable liability account.
2. The Water Department reflected an operating deficit of \$1.6 million. Operating expenses exceeded revenues, indicating the need for a rate increase.
3. The Enterprise Emergency Fund increased net assets by \$2.6 million. Reconstruction of sewer treatment plant was in process on June 30th so all capital assets have been held as construction in progress. When the reconstruction is complete, all capital assets will be transferred to the sewer operating fund and this fund will net to zero. Funding for the project will come from insurance proceeds, FEMA reimbursement, and the City.

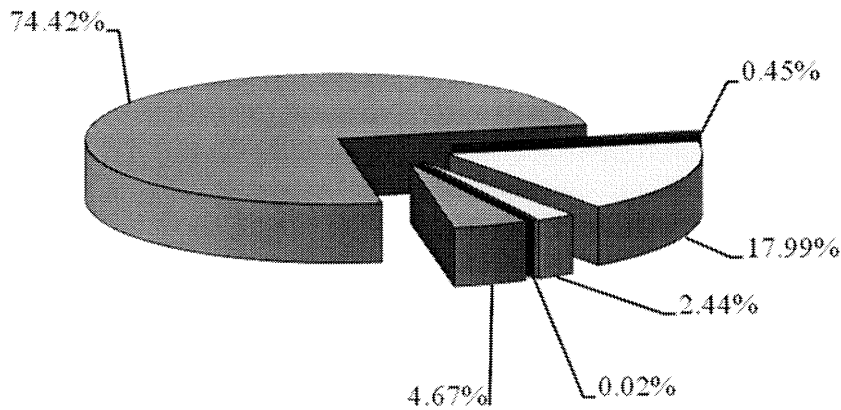
Financial Analysis of the Government's Funds

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

Governmental funds: The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, *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.

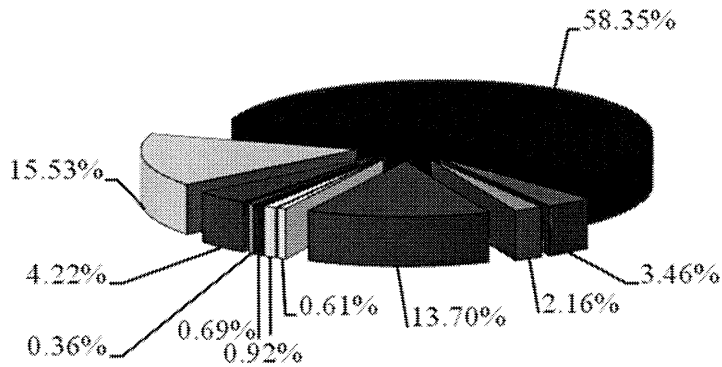
As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$21,265,721, an increase of \$9,337,275 in comparison with the prior year. This can primarily be attributed to the General Fund operating surplus of \$5.6 million. Also the repayment of the \$1.8 million cumulative School deficit allowed the City to reduce the corresponding reserve account. \$14,548,508 or 68.4% of this the total fund balance represents unreserved fund balance, which is available for spending at the government's discretion. The unreserved portion of the fund balance has increased by \$7,594,771 from that of the prior year. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed.

General Fund Revenues Fiscal 2010



■ General Property Taxes 202,494,106	■ Interest on Taxes 1,228,767
□ Intergovernmental Revenue 48,954,457	□ Charges For Services 6,644,983
■ Investment Income 54,394	■ Other Revenue 12,713,730

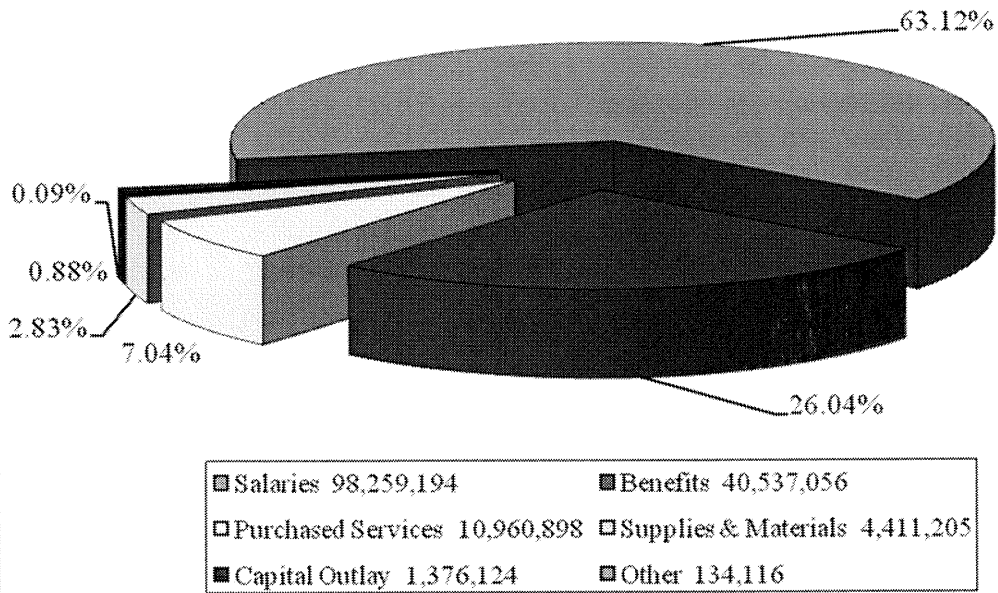
General Fund Expenditures Fiscal 2010



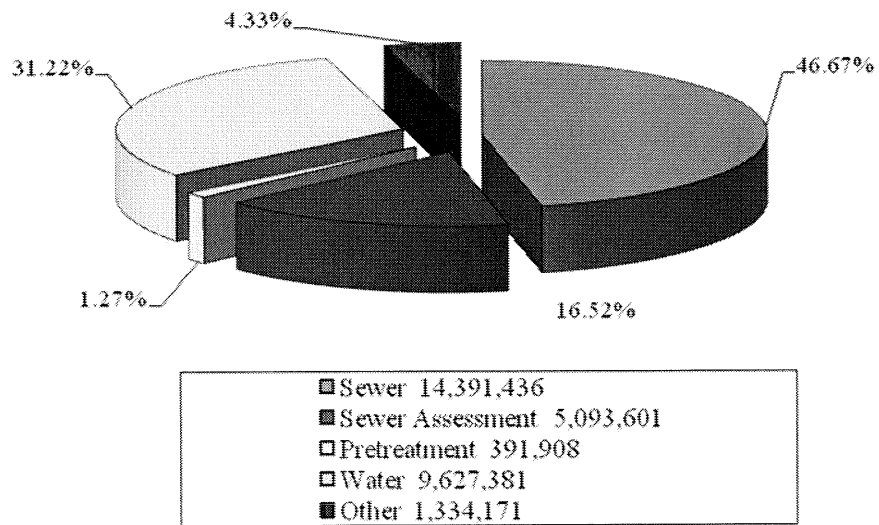
■ Exec & Admin 5,747,724	■ Public Safety 36,506,313
□ Recreation 1,631,730	□ Public Libraries 2,446,116
■ Social Services 1,827,365	■ Planning & E/D 949,149
■ Public Works 11,249,300	□ Benefits/Fixed Costs 41,385,021
■ School 155,460,041	■ Debt 9,221,359

Note: Transfers to and from other funds have been integrated into their respective categories.

Warwick Public Schools Fiscal 2010 Expenditures



Business-type Activities Fiscal 2010 Expenses



The general fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$9,562,565. Total fund balance was \$14,808,460. As a measure of the general fund liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 3.4% of total general fund budgeted expenditures. During fiscal 2010, the unreserved fund balance of the City's general fund increased by \$3,645,842. This is a 62% increase from the prior year unreserved fund balance.

Proprietary Funds: The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Total net assets for the Sewer Department amounted to \$51,608,377. The funds invested in capital assets totals \$54,081,305, restricted funds total \$3,094,095, and unrestricted net assets total (\$5,567,023). This negative unrestricted total is representative of the fact that Sewer's cash reserves must increase in order to support the constantly increasing burden of debt principal and interest costs. The Department is in the middle of a massive capital improvement program to sewer a majority of the City. Upon completion of each phase of the program, the department will assess users a "sewer construction charge" to be paid over a twenty year period. This assessment will be applied to debt financing costs. The project has reached an interim phase where debt costs have been incurred, but the corresponding assessment fees have not all been realized.

Net assets for the Water Department totaled \$10,360,826. Of this, \$13,218,020 represents the investment in capital assets while the unrestricted portion totaled (\$2,857,194). Currently all assets are invested in capital. During fiscal 2010 net assets decreased by \$1.6 million – this indicates the need to implement a rate increase which can permanently increase cash reserves to support operations. The Department also cut back on the funding for the infrastructure replacement program.

Unrestricted net assets in the workers compensation internal service fund amounted to \$710,074. Net assets increased by \$419,374 due primarily to a decrease in the claim reserve.

General Fund Budgetary Highlights

During fiscal 2010, the City's original budget of \$280,863,000 was increased by \$500,000 to \$281,363,000. The following budgetary adjustments were made during the year:

- The \$500,000 budget transfer represented the re-appropriation of the fiscal 2009 school surplus to the School Department. The prior year education reserve funded this transfer.
- A budget reduction program totaling approximately \$700,000 was instituted during fiscal 2010. Departments were required to reduce their operating budgets to offset reductions in revenue.

Capital Assets and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2010, amounted to \$311,620,091 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery & equipment, roads and construction in progress. During this year, the City's overall investment in capital assets (net of accumulated depreciation) decreased by approximately \$4.5 million. It should also be noted that the City's sewer treatment plant and animal shelter were severely damaged following a major flood emergency in March 2010. They were under reconstruction at the time of this report.

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

1. Police Vehicles - \$199,800
2. Recycling Vehicles - \$747,000
3. Sewer construction – \$1.45 million in new sewer construction.

City of Warwick's Capital Assets

	Governmental Activities		Business-type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Land	\$18,680,138	\$18,680,138	-	-	\$18,680,138	\$18,680,138
Land Improvements	10,317,200	10,317,200	-	-	10,317,200	10,317,200
Buildings	103,629,928	103,527,057	3,602,174	3,602,174	107,232,102	107,129,231
Infrastructure	194,626,610	194,285,887	258,328,169	256,470,558	452,954,779	450,756,445
Equipment	18,467,584	18,287,491	3,576,534	3,289,607	22,044,118	21,577,098
Licensed Vehicles	27,192,272	25,853,340			27,192,272	25,853,340
Construction in Progress	713,526	52,154	8,207,655	2,546,433	8,921,181	2,598,587
Subtotal:	373,627,258	371,003,267	273,714,532	265,908,772	647,341,790	636,912,039
Less Accumulated Depreciation:	(256,135,906)	(247,143,421)	(79,585,793)	(73,652,256)	(335,721,699)	(320,795,677)
Total:	\$117,491,352	\$123,859,846	\$194,128,739	\$192,256,516	\$311,620,091	\$316,116,362

Additional information on the City's capital assets can be found in Note 2 of the notes to the financial statements of this report.

Long-term debt. At the end of the fiscal year, the City had total bonds and loans outstanding of \$192,110,310. It is broken down as follows:

- General Fund Bonds Payable \$ 55,841,597.
- Water Bonds Payable \$ 2,568,311.
- Sewer Bonds Payable \$ 19,748,092.
- Sewer SRF Loans Payable \$113,952,310.

General obligation bonds are backed by the full faith and credit of the City, including the City's power to levy additional taxes to ensure repayment of the debt. Accordingly, all general obligation debt currently outstanding was approved by a vote of the citizens.

During fiscal 2010, the City of Warwick's general fund general obligation debt reflects a net decrease of \$1,012,419. This decrease was due to principal repayments totaling \$4,920,419 less new general fund debt totaling \$3,908,000. During the year, sewer debt decreased by \$7,775,043, and water debt decreased by \$213,734.

The City's bond ratings are as follows:

Moody'sA1
Standard & Poors.....AA-

State statute limits the amount of bonds a governmental entity can issue to 3% of its total assessed valuation. The current debt limitation for the City is \$360,243,989. As of June 30, 2010 the City's current outstanding general fund debt falls under the debt limitation by \$304,402,392.

Additional information on the City's long-term debt can be found in Note 6 of the notes to the financial statements and in the statistical tables.

Economic Factors and Next Year's Budgets and Rates

- Warwick's average unemployment rate is 11.5%.
- Median family income in Warwick was \$75,029.
- Warwick ranks second in population among Rhode Island's 39 cities and towns.

The following factors were considered in preparing the City's budget for the 2010-11 fiscal year.

- The School Department budget will decrease by \$13.9 million to \$151.2 million. This decrease was the result of reductions in State Aid and adjustments to the state regulations regarding school funding policies.
- The City continued to participate in a self-insurance program for health care coverage.
- To control tax increases, \$2,700,000 was drawn from the City's fund balance to provide additional funding for the fiscal 2011 budget.

Currently, the unreserved undesignated fund balance in the general fund totals \$ 6,862,565. While the City has maintained its commitment toward ensuring a steady growth for the City surplus, it has been necessary to utilize part of this surplus to ease the burden on its taxpayers. Fiscal 2011 reflected the results of a property revaluation. In response to economic conditions, total assessed property values declined - this resulted in corresponding increases in the tax rates. The City's fiscal 2011 tax rate for residential property increased from \$14.14 to \$17.48, or 23.6%. The commercial and industrial tax rate also increased 23.6% from \$21.21 to \$26.22. The tangible personal property rate increased from \$28.28 to \$34.96, or 23.6%. Per Rhode Island law, the inventory tax was phased out and the motor vehicle tax remained constant at \$34.60.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to the Controller, City of Warwick Treasurer's Office, 3275 Post Road, Warwick, RI 02886-7145.

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements

CITY OF WARWICK, RHODE ISLAND
Statement of Net Assets
June 30, 2010

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets:			
Current Assets:			
Cash and cash equivalents	\$ 14,343,884	\$ 12,233,863	\$ 26,577,747
Restricted cash and cash equivalents	-	3,094,082	3,094,082
Investments	6,822,509	-	6,822,509
Accrued interest receivable	620,124	87,950	708,074
Real estate and personal property tax receivable, net	2,927,981	-	2,927,981
Water and sewer use fees receivable, net	-	7,907,851	7,907,851
Sewer assessments receivable	-	2,781,304	2,781,304
Due from federal and state government	9,985,800	4,408,914	14,394,714
Internal balances	9,252,542	(9,252,542)	-
Inventories	-	42,857	42,857
Other receivables, net	7,427,920	2,006,203	9,434,123
Total current assets	51,380,760	23,310,482	74,691,242
Noncurrent assets:			
Sewer assessments receivable	-	38,349,335	38,349,335
Capital assets: (Note 2)			
Land	18,680,138	-	18,680,138
Depreciable buildings, equipment, infrastructure, net	98,097,688	185,921,084	284,018,772
Construction in progress	713,526	8,207,655	8,921,181
Capital assets, net	117,491,352	194,128,739	311,620,091
Other assets, net	4,087,339	1,766,144	5,853,483
Total noncurrent assets	121,578,691	234,244,218	355,822,909
Total assets	172,959,451	257,554,700	430,514,151
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	19,586,144	3,051,149	22,637,293
Accrued interest payable	787,725	1,267,699	2,055,424
Accrued compensated absences	618,564	9,059	627,623
Due to federal and state government	159,268	-	159,268
Unearned revenues:			
Taxes and assessments collected in advance	573,248	826,306	1,399,554
Other	2,269,853	178,601	2,448,454
Long-term debt - due within one year (Note 6)	5,965,182	9,406,030	15,371,212
Total current liabilities	29,959,984	14,738,844	44,698,828
Noncurrent liabilities:			
Unearned revenue	-	38,349,335	38,349,335
Other liabilities	3,631,821	-	3,631,821
Long-term debt - due in more than one year (Note 6)	53,695,303	126,999,271	180,694,574
Accrued compensated absences	9,821,329	306,147	10,127,476
Net other post-employment benefits obligation	44,339,984	1,225,132	45,565,116
Net pension obligation	28,197,917	-	28,197,917
Total noncurrent liabilities	139,686,354	166,879,885	306,566,239
Total liabilities	169,646,338	181,618,729	351,265,067
Net Assets:			
Invested in capital assets, net of related debt	64,258,323	67,391,392	131,649,715
Restricted for:			
Debt service payments	-	3,094,095	3,094,095
Education programs	57,537	-	57,537
Community development loans	322,397	-	322,397
City clerk records preservation	904,805	-	904,805
Public safety programs	148,559	-	148,559
Unrestricted	(62,378,508)	5,450,484	(56,928,024)
Total net assets	\$ 3,313,113	\$ 75,935,971	\$ 79,249,084

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

CITY OF WARWICK, RHODE ISLAND
Statement of Activities
For the Year Ended June 30, 2010

	<u>Program revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<i>Functions/ Programs</i>							
<i>Governmental Activities:</i>							
Governmental activities:							
Executive and administration	\$ 9,031,312	\$ 2,246,025	\$ 466,945	\$ -	\$ (6,318,342)	\$ -	\$ (6,318,342)
Public safety	89,614,158	7,371,438	1,540,775	-	(80,701,945)	-	(80,701,945)
Recreation	3,353,999	894,380	79,500	-	(2,380,119)	-	(2,380,119)
Public libraries	4,333,950	37,070	789,542	-	(3,507,338)	-	(3,507,338)
Social services	2,658,015	139,649	479,411	-	(2,038,955)	-	(2,038,955)
Planning and economic development	3,856,439	2,081,026	1,520,968	-	(254,445)	-	(254,445)
Public works	21,609,069	364,942	400,677	-	(20,843,450)	-	(20,843,450)
Education	171,897,294	3,776,975	47,074,159	-	(121,046,160)	-	(121,046,160)
Cafeteria operations	2,647,559	1,045,893	1,122,770	-	(478,896)	-	(478,896)
Interest on long-term debt	2,347,813	-	-	-	(2,347,813)	-	(2,347,813)
<i>Total governmental activities</i>	<u>311,349,608</u>	<u>17,957,398</u>	<u>53,474,747</u>	<u>-</u>	<u>(239,917,463)</u>	<u>-</u>	<u>(239,917,463)</u>
<i>Business type activities:</i>							
Sewer	15,759,558	21,908,638	-	541,403	-	6,690,483	6,690,483
Water	9,427,381	7,918,224	-	-	-	(1,509,157)	(1,509,157)
<i>Total business-type activities</i>	<u>25,186,939</u>	<u>29,826,862</u>	<u>-</u>	<u>541,403</u>	<u>-</u>	<u>5,181,326</u>	<u>5,181,326</u>
<i>Total</i>	<u>\$ 336,536,547</u>	<u>\$ 47,784,260</u>	<u>\$ 53,474,747</u>	<u>\$ 541,403</u>	<u>(239,917,463)</u>	<u>5,181,326</u>	<u>(234,736,137)</u>
<i>General revenues:</i>							
					201,516,576	-	201,516,576
					(1,273,017)	-	(1,273,017)
					17,352,666	-	17,352,666
					59,581	34,442	94,023
					155,168	-	155,168
					5,194,338	-	5,194,338
					<u>223,005,312</u>	<u>34,442</u>	<u>223,039,754</u>
					(16,912,151)	5,215,768	(11,696,383)
					-	18,618	18,618
					20,225,264	70,720,203	90,945,467
					<u>\$ 3,313,113</u>	<u>\$ 75,935,971</u>	<u>\$ 79,249,084</u>

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

Fund Financial Statements

CITY OF WARWICK, RHODE ISLAND

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

	<u>General Fund</u>	<u>School Unrestricted Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 12,696,200	\$ 92,088	\$ 871,430	\$ 13,659,718
Investments	713,711	-	6,108,798	6,822,509
Accounts receivable:				
Real estate and personal property taxes receivable (net)	2,927,981	-	-	2,927,981
Due from federal and state governments	3,133,229	2,395,866	4,456,705	9,985,800
Other receivables	572,400	962,680	6,729,219	8,264,299
Due from other funds	13,087,212	10,447,486	1,798,555	25,333,253
Other assets	3,515,098	-	-	3,515,098
Total assets	<u>\$ 36,645,831</u>	<u>\$ 13,898,120</u>	<u>\$ 19,964,707</u>	<u>\$ 70,508,658</u>
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued expenditures	\$ 4,697,961	\$ 13,415,113	\$ 1,417,143	\$ 19,530,217
Due to federal and state governments	157,738	-	1,530	159,268
Due to other funds	10,822,024	-	5,221,818	16,043,842
Deferred revenues:				
Taxes collected in advance	573,248	-	-	573,248
Uncollected property taxes	1,954,579	-	-	1,954,579
Other	-	-	7,349,962	7,349,962
Other liabilities	3,631,821	-	-	3,631,821
Total liabilities	<u>21,837,371</u>	<u>13,415,113</u>	<u>13,990,453</u>	<u>49,242,937</u>
 Fund balances:				
Reserve for:				
Encumbrances	578,429	-	665,914	1,244,343
Claims and judgments	600,000	-	-	600,000
Reserve for education	4,067,466	-	-	4,067,466
School restricted funds	-	483,007	-	483,007
Revolving loans	-	-	322,397	322,397
Unreserved:				
Designated for subsequent year's budget	2,700,000	-	-	2,700,000
Undesignated	6,862,565	-	-	6,862,565
Unreserved, reported in:				
Special revenue funds	-	-	2,565,535	2,565,535
Capital project funds	-	-	2,420,408	2,420,408
Total fund balances	<u>14,808,460</u>	<u>483,007</u>	<u>5,974,254</u>	<u>21,265,721</u>
 Total liabilities and fund balances	 <u>\$ 36,645,831</u>	 <u>\$ 13,898,120</u>	 <u>\$ 19,964,707</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. (Note 12) 117,491,352

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. (Note 12) 6,079,605

Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. (Note 12) (142,066,038)

Interest on long-term debt is not accrued in governmental funds, but rather recognized as an expenditure when due. (Note 12) (167,601)

Internal service fund equity balance (Note 12) 710,074

Net assets of governmental activities \$ 3,313,113

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

CITY OF WARWICK, RHODE ISLAND
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2010

	<u>General Fund</u>	<u>School Unrestricted Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
General property taxes	\$ 202,494,106	\$ -	\$ -	\$ 202,494,106
Interest on taxes	1,228,767	-	-	1,228,767
Intergovernmental revenue	17,560,568	31,261,608	10,847,196	59,669,372
Federal revenue-SFSF	-	2,554,650	-	2,554,650
State contribution to pension plan	-	5,928,125	-	5,928,125
Charges for services	4,297,524	1,397,070	7,150,001	12,844,595
Investment income	54,394	-	3,920	58,314
Contributions and private grants	-	-	139,515	139,515
Other revenue	8,583,171	2,379,905	618,509	11,581,585
Total revenues	<u>234,218,530</u>	<u>43,521,358</u>	<u>18,759,141</u>	<u>296,499,029</u>
Expenditures				
Current:				
Executive and administrative	5,747,725	-	68,341	5,816,066
Public safety	36,506,313	-	4,249,206	40,755,519
Recreation	1,631,730	-	149,216	1,780,946
Public libraries	2,446,116	-	124,904	2,571,020
Social services	1,827,365	-	26,875	1,854,240
Planning and economic development	949,149	-	2,293,353	3,242,502
Public works	11,249,302	-	1,242,678	12,491,980
Employee benefits, fixed costs and capital	41,079,075	-	-	41,079,075
Education	-	155,678,593	7,740,770	163,419,363
Cafeteria operations	-	-	2,647,559	2,647,559
State contribution to pension plan	-	5,928,125	-	5,928,125
Debt service	-	-	9,221,359	9,221,359
Total expenditures	<u>101,436,775</u>	<u>161,606,718</u>	<u>27,764,261</u>	<u>290,807,754</u>
Excess of revenues over (under) expenditures before other financing sources (uses)	<u>132,781,755</u>	<u>(118,085,360)</u>	<u>(9,005,120)</u>	<u>5,691,275</u>
Other financing sources (uses)				
Transfers from other funds	2,835,970	120,400,602	10,498,208	133,734,780
Transfers to other funds	(129,951,408)	(478,896)	(3,566,476)	(133,996,780)
Proceeds from general obligation bonds	-	-	3,908,000	3,908,000
Total other financing sources (uses)	<u>(127,115,438)</u>	<u>119,921,706</u>	<u>10,839,732</u>	<u>3,646,000</u>
Net change in fund balances	<u>5,666,317</u>	<u>1,836,346</u>	<u>1,834,612</u>	<u>9,337,275</u>
Fund balances July 1, 2009	9,142,143	(1,353,339)	4,139,642	11,928,446
Fund balances June 30, 2010	<u>\$ 14,808,460</u>	<u>\$ 483,007</u>	<u>\$ 5,974,254</u>	<u>\$ 21,265,721</u>

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

CITY OF WARWICK, RHODE ISLAND
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2010

Net change in fund balances-total governmental funds	\$ 9,337,275
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds reported capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$8,992,484) exceeds capital outlay (\$2,623,990) in the current period.	(6,368,494)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(267,049)
Interest expenses in the statement of activities includes accrued interest calculated for bonds payable	61,709
Interest on taxes in the statement of activities includes accrued interest calculated for property taxes not yet paid.	(2,501,784)
Long-term liabilities (including bonds payable, debt issuance, capital leases, compensated absences, accrued retroactive payroll, net pension obligations, and the net OPEB obligations) are not due and payable in the current period and therefore are not reported in the Governmental Funds Balance Sheet	(17,593,182)
The Internal Service Fund is used by management to charge the costs of Worker's Compensation claims. The net revenues (expenses) of the Internal Service Fund is reported with Governmental Activities in the Government-Wide financial statements.	419,374
Change in net assets of governmental activities.	\$ (16,912,151)

Please see Note 12 for a more detailed explanation of the differences between the Government-Wide Financial Statements and the Fund Financial Statements

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

CITY OF WARWICK, RHODE ISLAND
Statement of Net Assets
Proprietary Funds
June 30, 2010

	Business-Type Activities Enterprise Funds				Total	Governmental Activities
	Sewer Fund	Sewer Assessment Fund	Water Fund	Other Non-Major Enterprise Funds		Internal Service Fund
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 5,166,557	\$ 3,048	\$ 2,578,707	\$ 4,485,551	\$ 12,233,863	\$ 684,166
Restricted cash and cash equivalents	3,094,082	-	-	-	3,094,082	-
Accounts receivable, net:						
Water and sewer use fees	4,826,513	-	2,789,844	291,494	7,907,851	-
Sewer assessments	-	2,781,304	-	-	2,781,304	-
Accrued interest	13	-	-	87,937	87,950	-
Due from federal & state government	4,408,914	-	-	-	4,408,914	-
Other receivables	10,270	-	-	1,995,933	2,006,203	66,000
Due from other funds	484,365	-	-	4,770,464	5,254,829	15,835
Inventory	-	-	42,857	-	42,857	-
Total current assets	<u>17,990,714</u>	<u>2,784,352</u>	<u>5,411,408</u>	<u>11,631,379</u>	<u>37,817,853</u>	<u>766,001</u>
Non-current assets:						
Sewer assessments receivable	-	38,349,335	-	-	38,349,335	-
Construction in progress	5,444,414	-	163,138	2,600,103	8,207,655	-
Depreciable capital assets, net	172,668,891	-	13,166,626	85,567	185,921,084	-
Other assets, net	1,733,615	-	32,529	-	1,766,144	-
Total noncurrent assets	<u>179,846,920</u>	<u>38,349,335</u>	<u>13,362,293</u>	<u>2,685,670</u>	<u>234,244,218</u>	<u>-</u>
Total assets	<u>197,837,634</u>	<u>41,133,687</u>	<u>18,773,701</u>	<u>14,317,049</u>	<u>272,062,071</u>	<u>766,001</u>
LIABILITIES						
Current liabilities:						
Accounts payable and accrued expenses	761,484	-	1,122,012	1,167,653	3,051,149	-
Accrued interest payable	1,239,965	-	27,734	-	1,267,699	-
Accrued compensated absences	9,059	-	-	-	9,059	-
Due to other funds	9,569,564	1,350	3,882,092	1,054,365	14,507,371	-
Advanced collections	-	826,306	-	-	826,306	-
Deferred revenue	178,601	-	-	-	178,601	-
Current portion of long term debt	9,188,177	-	217,853	-	9,406,030	-
Total current liabilities	<u>20,946,850</u>	<u>827,656</u>	<u>5,249,691</u>	<u>2,222,018</u>	<u>29,246,215</u>	<u>-</u>
Non-current liabilities:						
Claims payable	-	-	-	-	-	55,927
Accrued compensated absences	137,933	-	152,416	15,798	306,147	-
Unearned revenue	-	38,349,335	-	-	38,349,335	-
Bonds and loans payable	124,640,589	-	2,358,682	-	126,999,271	-
Net other post-employment benefits obligation	503,885	-	652,086	69,161	1,225,132	-
Total noncurrent liabilities	<u>125,282,407</u>	<u>38,349,335</u>	<u>3,163,184</u>	<u>84,959</u>	<u>166,879,885</u>	<u>55,927</u>
Total liabilities	<u>146,229,257</u>	<u>39,176,991</u>	<u>8,412,875</u>	<u>2,306,977</u>	<u>196,126,100</u>	<u>55,927</u>
NET ASSETS						
Invested in Capital assets, net of related debt	54,081,305	-	13,218,020	92,067	67,391,392	-
Restricted for debt service payments	3,094,095	-	-	-	3,094,095	-
Unrestricted	(5,567,023)	1,956,696	(2,857,194)	11,918,005	5,450,484	710,074
Total net assets	<u>\$ 51,608,377</u>	<u>\$ 1,956,696</u>	<u>\$ 10,360,826</u>	<u>\$ 12,010,072</u>	<u>\$ 75,935,971</u>	<u>\$ 710,074</u>

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

CITY OF WARWICK, RHODE ISLAND
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2010

	Business-Type Activities Enterprise Funds				Total	Governmental Activities
	Sewer Fund	Sewer Assessment Fund	Water Fund	Other Non-Major Enterprise Funds		Internal Service Fund
Operating revenues						
Assessments and user fees	\$ 12,203,062	\$ 2,755,214	\$ 7,810,308	\$ 357,202	\$ 23,125,786	\$ -
Other revenues	455,952	2,659,161	107,916	3,335,483	6,558,512	705,994
Intergovernmental revenues	-	-	-	142,564	142,564	-
Total operating revenues	<u>12,659,014</u>	<u>5,414,375</u>	<u>7,918,224</u>	<u>3,835,249</u>	<u>29,826,862</u>	<u>705,994</u>
Operating expenses						
Contract services	328,797	-	85,492	-	414,289	-
Salaries and benefits	2,433,746	-	2,848,410	300,707	5,582,863	-
Materials and supplies	436,052	-	16,382	175,832	628,266	-
Depreciation and amortization	5,384,567	-	686,931	10,316	6,081,814	-
Operations	2,212,937	-	5,679,616	76,326	7,968,879	-
Worker's compensation claims	-	-	-	-	-	549,887
Miscellaneous	-	-	-	830,781	830,781	-
Total operating expenses	<u>10,796,099</u>	<u>-</u>	<u>9,316,831</u>	<u>1,393,962</u>	<u>21,506,892</u>	<u>549,887</u>
Operating income (loss)	<u>1,862,915</u>	<u>5,414,375</u>	<u>(1,398,607)</u>	<u>2,441,287</u>	<u>8,319,970</u>	<u>156,107</u>
Non-operating revenues (expenses)						
Interest income	13,307	1,623	9,571	9,941	34,442	1,267
Interest expense	(3,569,497)	-	(110,550)	-	(3,680,047)	-
Total non-operating revenues (expenses)	<u>(3,556,190)</u>	<u>1,623</u>	<u>(100,979)</u>	<u>9,941</u>	<u>(3,645,605)</u>	<u>1,267</u>
Income (loss) before contributions and transfers	<u>(1,693,275)</u>	<u>5,415,998</u>	<u>(1,499,586)</u>	<u>2,451,228</u>	<u>4,674,365</u>	<u>157,374</u>
Capital contributions	541,403	-	-	-	541,403	-
Transfers in	5,368,526	-	57,192	225,840	5,651,558	262,000
Transfers out	(25,840)	(5,093,601)	(200,000)	(332,117)	(5,651,558)	-
Total contributions and transfers	<u>5,884,089</u>	<u>(5,093,601)</u>	<u>(142,808)</u>	<u>(106,277)</u>	<u>541,403</u>	<u>262,000</u>
Change in Net Assets	<u>4,190,814</u>	<u>322,397</u>	<u>(1,642,394)</u>	<u>2,344,951</u>	<u>5,215,768</u>	<u>419,374</u>
Total Net Assets - beginning of year	47,417,563	1,634,299	12,003,220	9,646,503	70,701,585	290,700
<i>Prior period adjustment - see note 19</i>	-	-	-	18,618	18,618	-
Restated - fund balances July 1, 2009	<u>47,417,563</u>	<u>1,634,299</u>	<u>12,003,220</u>	<u>9,665,121</u>	<u>70,720,203</u>	<u>290,700</u>
Total Net Assets - end of year	<u>\$ 51,608,377</u>	<u>\$ 1,956,696</u>	<u>\$ 10,360,826</u>	<u>\$ 12,010,072</u>	<u>\$ 75,935,971</u>	<u>\$ 710,074</u>

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

CITY OF WARWICK, RHODE ISLAND
Statement of Cash Flows-Proprietary Funds
For the Fiscal Year Ended June 30, 2010

	Business-Type Activities				Total	Governmental
	Enterprise Funds					Activities
	Sewer Fund	Sewer Assessment Fund	Water Fund	Other Non-Major Enterprise Funds		Internal Service Fund
Cash flows from operating activities						
Cash received from customers	\$ 12,188,797	\$ 5,092,265	\$ 7,482,798	646,623	\$ 25,410,483	\$ -
Cash payments to suppliers for goods and services	(2,998,217)	-	(5,487,987)	863,975	(7,622,229)	-
Cash payments to employees for services	(2,269,674)	-	(2,597,366)	(281,401)	(5,148,441)	-
Other operating receipts	-	-	-	1,539,459	1,539,459	705,994
Other operating payments	-	-	-	(830,781)	(830,781)	(742,885)
Net cash provided by (used for) operating activities	<u>6,920,906</u>	<u>5,092,265</u>	<u>(602,555)</u>	<u>1,937,875</u>	<u>13,348,491</u>	<u>(36,891)</u>
Cash flows from non-capital financing activities						
Interfund cash receipts	(445,779)	-	-	655,214	209,435	(15,835)
Interfund cash payments	1,103,504	(211)	530,936	-	1,634,229	-
Transfers from other funds	5,368,526	-	57,192	225,840	5,651,558	262,000
Transfers to other funds	(25,840)	(5,093,601)	(200,000)	(313,499)	(5,632,940)	-
Net cash provided by (used for) non-capital financing activities	<u>6,000,411</u>	<u>(5,093,812)</u>	<u>388,128</u>	<u>567,555</u>	<u>1,862,282</u>	<u>246,165</u>
Cash flows from capital and related financing activities						
Acquisition and construction of capital assets	(4,881,717)	-	(522,377)	(2,549,943)	(7,954,037)	-
Loan proceeds	2,639,260	-	-	-	2,639,260	-
Refunding bonds issued	108,788	-	3,392	-	112,180	-
Capital contributions	541,403	-	-	-	541,403	-
Interest paid on bonds and loans	(3,569,497)	-	(110,550)	-	(3,680,047)	-
Principal paid on bonds and loans	(7,776,570)	-	(209,721)	-	(7,986,291)	-
Net cash provided (used for) capital and related financing activities	<u>(12,938,333)</u>	<u>-</u>	<u>(839,256)</u>	<u>(2,549,943)</u>	<u>(8,373,495)</u>	<u>-</u>
Cash flows from investing activities						
Interest and dividends on investment	13,307	1,623	9,571	9,941	34,442	1,267
Net cash provided by (used for) investing activities	<u>13,307</u>	<u>1,623</u>	<u>9,571</u>	<u>9,941</u>	<u>34,442</u>	<u>1,267</u>
Net increase (decrease) in cash and cash equivalents	(3,709)	76	(1,044,112)	(34,572)	(1,082,317)	210,541
Cash and cash equivalents at beginning of year	8,264,348	2,972	3,622,819	4,520,123	16,410,262	473,625
Cash and cash equivalents at end of year	<u>\$ 8,260,639</u>	<u>\$ 3,048</u>	<u>\$ 2,578,707</u>	<u>\$ 4,485,551</u>	<u>\$ 15,327,945</u>	<u>\$ 684,166</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities						
Operating income (Loss)	\$ 1,862,915	\$ 5,414,375	\$ (1,398,607)	\$ 2,441,287	\$ 8,319,970	\$ 156,107
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation and amortization	5,384,567	-	686,931	10,316	6,081,814	-
Changes in assets and liabilities:						
(Increase) decrease in accounts receivable net	(680,544)	2,450,122	(435,426)	289,421	1,623,573	-
(Increase) decrease in other receivables	31,726	-	-	(1,933,153)	(1,901,427)	-
(Increase) decrease in accrued interest receivable	166	-	-	(5,435)	(5,269)	-
(Increase) decrease in inventory	-	-	11,498	-	11,498	-
Increase (decrease) in accounts payable and accrued expense	48,867	-	293,632	1,116,133	1,458,632	(192,998)
Increase (decrease) in accrued interest payable	(60,976)	-	(2,027)	-	(63,003)	-
Increase (decrease) in advanced collections	-	(222,990)	-	-	(222,990)	-
Increase (decrease) in unearned revenue	178,601	(2,549,242)	-	-	(2,370,641)	-
Increase (decrease) in net other post employment benefits obligations	148,775	-	236,675	22,260	407,710	-
Increase (decrease) in compensated absences	6,809	-	4,769	(2,954)	8,624	-
Total adjustments	<u>5,057,991</u>	<u>(322,110)</u>	<u>796,052</u>	<u>(503,412)</u>	<u>5,028,521</u>	<u>(192,998)</u>
Net cash provided by operating activities	<u>\$ 6,920,906</u>	<u>\$ 5,092,265</u>	<u>\$ (602,555)</u>	<u>\$ 1,937,875</u>	<u>\$ 13,348,491</u>	<u>\$ (36,891)</u>

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

CITY OF WARWICK, RHODE ISLAND
Statement of Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2010

	<u>Pension Trust Funds</u>	<u>Private-purpose Trust Funds</u>	<u>Agency Funds</u>
ASSETS			
Cash	\$ 2,405,946	\$ 31,004	\$ 928,361
Investments, at fair value:			
Equity pool	31,355,266	-	-
Equity small cap funds	41,897,537	-	-
Fixed income pool	118,012,254	115,466	435,040
Index funds	67,401,527	-	-
International equity funds	11,133,934	-	-
Immediate participation guarantee contracts	6,665,451	-	-
Mutual funds	23,423,106	-	-
Accrued interest receivable	378	-	-
Other receivable	3,188,312	-	-
Internal balances	-	8,087	4,949
Total Assets	<u>305,483,711</u>	<u>154,557</u>	<u>1,368,350</u>
LIABILITIES			
Accounts payable	285,433	-	5,452
Due to federal and state governments	-	-	48,607
Internal balances	-	39	65,701
Deposits held in custody for others	-	-	1,248,590
Total liabilities	<u>285,433</u>	<u>39</u>	<u>1,368,350</u>
NET ASSETS			
Held in trust for pension benefits and other purposes	<u>\$ 305,198,278</u>	<u>\$ 154,518</u>	<u>\$ -</u>

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

CITY OF WARWICK, RHODE ISLAND
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2010

	Pension Trust Fund	Private-purpose Trust Funds
Additions		
Contributions- employer	\$ 22,950,973	\$ -
Plan members	4,725,440	-
Total additions	27,676,413	-
Investment earnings		
Net appreciation (decrease) in fair value of investments	36,626,182	-
Interest and dividends	721,526	744
Less investment expense	(874,013)	-
Net investment earnings	36,473,695	744
Other revenue	-	37,465
Total additions	64,150,108	38,209
Deductions		
Benefits paid	31,251,046	-
Administrative and other expenses	165,431	41,571
Annuity purchases	2,212,871	-
Total deductions	33,629,348	41,571
Change in net assets	30,520,760	(3,362)
Net assets - beginning of year	274,677,518	157,880
Net assets - end of year	\$ 305,198,278	\$ 154,518

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

Notes to Financial Statements

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2010

The financial statements of the City of Warwick, Rhode Island, have been prepared in conformity with principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing government and financial reporting principles. The following notes to the financial statements are an integral part of the City's financial statements.

NOTE 1 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The City of Warwick was established in 1642 and incorporated in 1931. In some matters, including the issuance of short and long-term debt, the City is governed by the general laws of the State of Rhode Island. The City operates under a Council-Mayor form of government and provides the following services as authorized by its charter: public safety (police, fire and inspections), public works (sanitation, highways and streets, engineering and building maintenance), education, parks and recreation, social services, and general administrative services.

In evaluating the inclusion of other separate and distinct legal entities as component units within its financial reporting entity, the City applied the criteria prescribed by GASB Statement No.14, as amended by GASB Statement No.39, "Determining Whether Certain Organizations are Component Units." A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable or for which the nature and significance of its relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The City of Warwick does not have any component units.

B. BASIS OF PRESENTATION AND ACCOUNTING

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses as appropriate. Governmental resources are allocated to and accounted for in individual funds to demonstrate legal compliance and to aid management by segregating transactions related to specific City functions or activities.

Government-Wide Financial Statements

The City's Government-Wide Financial Statements include a Statement of Net Assets and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the City accompanied by a total column. Fiduciary activities of the City are not included in these statements.

These statements are presented using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all the City's assets and liabilities, including capital assets as well as infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. Program revenues for the City are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2010

NOTE 1 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The City's policy is to first apply restricted resources and then unrestricted resources when expenses are incurred for purposes for which both restricted and unrestricted net assets are available.

Certain eliminations have been made as prescribed by GASB Statement No.34 for interfund activities, payables and receivables. All internal balances in the Statement of Net Assets have been eliminated except those representing balances between the Governmental Activities and the Business-Type Activities, which are presented as internal balances and eliminated in the total column. In the Statement of Activities, Internal Service Fund transactions have been eliminated; however, those transactions between Governmental and Business-Type Activities have not been eliminated.

The City applies to the Business-Type Activities and Enterprise Funds all applicable GASB pronouncements (including all NCGA Statements and Interpretations currently in effect) as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB) of the Committee on Accounting Procedure.

Governmental Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for each major governmental fund and nonmajor governmental funds in total. An accompanying schedule is presented to reconcile and explain the differences in fund balances and changes in fund balances as presented in these statements to the net assets and changes in net assets presented in the Government- Wide Financial Statements.

All governmental funds are accounted for using the spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which the City has treated as susceptible to accrual are property tax and intergovernmental revenues. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Major Governmental Funds:

General Fund – The General Fund is used to account for resources devoted to financing the General services that the City performs for its citizens.

School Unrestricted Fund – The School Unrestricted Fund is used to account for the budgeted resources devoted to financing the general operations of the School Department.

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2010

NOTE 1 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Proprietary Fund Financial Statements

Proprietary Fund Financial Statements include a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Fund Net Assets, and a Statement of Cash Flows. A column representing Internal Service Funds is also presented in these statements. However, Internal Service balances and activities have been combined with the Governmental Activities in the Government-Wide Financial Statements.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Assets. The Statement of Revenues, Expenses and Changes in Fund Net Assets present increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

Major Enterprise Funds:

Sewer Fund – The Sewer Fund is used to account for sewer use fees and the expenses associated with providing sewer services to City residents.

Sewer Assessment Fund – The Sewer Assessment Fund is used to account for special assessments related to the construction of the City's sewer system which are payable over 20 years.

Water Fund – The Water Fund is used to account for water use fees and the expenses associated with water services to City residents.

The City has only one Internal Service Fund as follows:

Workers' Compensation Fund – The Worker's Compensation Fund is used to account for the City's self-insured workers' compensation program.

Fiduciary Fund Financial Statements

Fiduciary Fund Financial Statements include a Statement of Net Assets. The City's Fiduciary Funds are Pension Trusts, Private Purpose Trusts and Agency Funds. Fiduciary Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations or other governments. The Fiduciary Funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Agency Funds are purely custodial and do not involve measurement of results of operations.

Pension Trust Funds – These funds account for the funding and payment of pension benefits provided to police officers, fire fighters and municipal and school employees.

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2010

NOTE 1 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Private Purpose Trust Funds – These funds account for assets held by the City under various trust arrangements for the benefit of certain individuals and groups.

Agency Funds – These funds account for assets held by the City as agent for various student groups, funds held in probate and funds held in escrow for other parties.

C. CASH EQUIVALENTS

For the purpose of the Statement of Cash Flows, the City considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

D. INVESTMENTS

The City has implemented Government Accounting Standards Board Statement No.31. As such investments are recorded at fair value, except for nonparticipating interest earning investment contracts (i.e. certificates of deposit), which are recorded at amortized cost.

E. ACCOUNTS RECEIVABLE AND TAXES RECEIVABLE

Accounts receivable and taxes receivable are shown net of an allowance for uncollectible accounts. The allowances are calculated based on the age of the individual receivables. Property taxes that were levied on June 15, 2009 for the current year and other delinquent balances are recorded as receivables.

F. UNBILLED SERVICES RECEIVABLE

Sewer and water revenue is recorded when earned. Customers are billed quarterly. The estimated value of services provided but unbilled at year-end has been included in the accompanying financial statements.

G. INVENTORY

Inventory is maintained on a periodic system and is stated at cost (first in, first out method of inventory valuation). Inventory is generally recorded as expenditures/expenses when consumed.

H. CAPITAL ASSETS AND DEPRECIATION

Capital assets are reported in the Government-Wide Statement of Net Assets but are not reported in the Governmental Fund Financial Statements.

All property and equipment is capitalized at historical or estimated historical cost. Donated fixed assets are recorded at the fair market values as of the date received. The City follows the policy of not capitalizing assets with a cost of less than \$10,000 and a useful life of less than one year.

The City has capitalized major governmental infrastructure assets acquired or having significant improvements since June 30, 1980. The City has chosen to apply the standard valuation method rather than the modified approach.

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2010

NOTE 1 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Depreciation is calculated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Useful Life</u>
Land improvements	20 years
Buildings	50 years
Roads and resurfacing	20 years
Bridges	50 years
Traffic signals	10 years
Main extensions	75 years
Pumping stations	50 years
Wastewater collection system	50 – 75 years
Hydrants	50 years
Meters	20 – 40 years
Distribution lines	65 years
Machinery, equipment and furniture	5 – 30 years
Vehicles	5 – 8 years

I. DEBT PREMIUMS AND ISSUANCE COSTS

In the Governmental Fund Financial Statements, debt premiums and issuance costs are treated as period costs in the year of issue. Debt issuance costs are shown as “other expenditure” and debt premiums are reflected as “other financing source”.

In the Government-Wide Statements, debt premiums and issuance costs are deferred and amortized over the term of the debt. Debt premiums are presented as an addition to the face amount of the debt payable whereas issuance costs are recorded as other assets.

J. DEFERRED REVENUE

In the Fund Financial Statements, deferred revenue represents 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, unearned revenues relate to delinquent property tax balances less amounts due as of the balance sheet date and received sixty days thereafter. In the Sewer Assessment Fund, deferred revenues relate to sewer assessment receivables billed over twenty years.

K. PROPERTY TAXES

The City is permitted by State Law to levy property taxes. Current tax collections for the City were approximately 97.9 percent of the total 2009 levy.

The City's fiscal 2010 property taxes were levied on June 15, 2009 (also the lien date) on the assessed valuation as of December 31, 2008. Taxes are payable in full or quarterly, at the taxpayer's option. Installment due dates are July 15, October 15, January 15, and April 15. Taxes not paid by the due date are delinquent and carry an interest charge of twelve percent per annum from July 15. Assessed values for real property are based upon fair market value as of December 31, 2004. A revaluation of all real property must be done every ten years. A revaluation was done during fiscal year 2004 and was effective for the fiscal 2005 property tax levy.

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. COMPENSATED ABSENCES

Under the terms of various contracts and agreements, City employees are granted vacation, sick and personal leave in varying amounts based on length of service and bargaining unit. Unused vacation leave is paid upon an employee's termination. Up to one-half of unused sick-leave is paid upon termination, retirement or death depending on bargaining unit. Severance pay and personal days are also paid to terminating employees depending on bargaining unit. The liability is calculated at the rate of pay in effect at June 30, 2010.

The entire compensated absence liability is reported on the Government-Wide Financial Statements. For Governmental Fund Financial Statements the amount of compensated absences has been recorded as a current liability to the extent that the compensated absences have matured (i.e. upon an employee's resignation or retirement). The balance of the liability that has not matured is not recorded in the Governmental Fund Financial Statements.

M. ACCRUED LIABILITIES AND LONG-TERM DEBT

All accrued liabilities and long-term debt are reported in the Government-Wide Financial Statements.

For Governmental Fund Financial Statements, the accrued liabilities are generally reported as a governmental fund liability if due for payment as of the balance sheet date regardless of whether they will be liquidated with current financial resources. However, claims and judgments and compensated absences paid from governmental funds are reported as a liability in the Fund Financial Statements only for the portion expected to be financed from expendable available financial resources. Long-term debt paid from governmental funds is not recognized as a liability in the Fund Financial Statements until due.

N. ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures / expenses during the reporting period. Actual results could differ from those estimates.

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2010

NOTE 2 –CAPITAL ASSETS

Capital asset activity for government funds for the year ended June 30, 2010 was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental activities:				
Nondepreciable assets:				
Land	\$ 18,680,138	\$ -	\$ -	\$ 18,680,138
Construction in progress	52,154	681,596	20,224	713,526
Total nondepreciable assets	<u>18,732,292</u>	<u>681,596</u>	<u>20,224</u>	<u>19,393,664</u>
Depreciable assets				
Land improvements	10,317,200	-	-	10,317,200
Buildings	103,527,057	102,871	-	103,629,928
Infrastructure	194,285,887	340,723	-	194,626,610
Machinery & equipment	18,287,491	180,092	-	18,467,583
Motor Vehicles	25,853,340	1,338,932	-	27,192,272
Total depreciable assets	<u>352,270,975</u>	<u>1,962,618</u>	<u>-</u>	<u>354,233,593</u>
Less accumulated depreciation for:				
Land improvements	7,077,623	346,665	-	7,424,288
Buildings	47,692,416	2,143,682	-	49,836,098
Infrastructure	156,515,087	4,148,165	-	160,663,252
Machinery & equipment	15,278,946	833,873	-	16,112,819
Motor Vehicles	20,579,349	1,520,099	-	22,099,448
Total accumulated depreciation	<u>247,143,421</u>	<u>8,992,484</u>	<u>-</u>	<u>256,135,905</u>
Governmental activities capital assets, net	<u>\$ 123,859,846</u>	<u>\$ (6,348,270)</u>	<u>\$ 20,224</u>	<u>\$ 117,491,352</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
Executive and administration	\$ 40,989
Public safety	1,150,906
Recreation	450,149
Public Libraries	213,336
Social Services	69,467
Planning & Economic Development	38,782
Public Works	5,374,692
Education	1,654,163
Total governmental activities depreciation expense	<u>\$ 8,992,484</u>

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2010

NOTE 2 –CAPITAL ASSETS (continued)

Capital asset activity for business-type activity for the year ended June 30, 2010 was as follows:

	Beginning Balance	Additions	Retirements	Adjustments	Ending Balance
Business-type activities:					
Nondepreciable assets:					
Construction in progress	\$ 2,546,433	\$ 6,989,201	\$ 1,327,979	\$ -	\$ 8,207,655
Total nondepreciable assets	<u>2,546,433</u>	<u>6,989,201</u>	<u>1,327,979</u>	<u>-</u>	<u>8,207,655</u>
Depreciable assets:					
Buildings	3,602,174	-	-	-	3,602,174
Machinery, equipment & furniture	3,289,607	286,927	-	-	3,576,534
Water distribution system & wastewater collection system	<u>256,470,558</u>	<u>1,857,611</u>	<u>-</u>	<u>-</u>	<u>258,328,169</u>
Total depreciable assets	<u>263,362,339</u>	<u>2,144,538</u>	<u>-</u>	<u>-</u>	<u>265,506,877</u>
Less accumulated depreciation for:					
Buildings	1,029,745	51,527	-	-	1,081,272
Machinery, equipment & furniture	2,530,692	201,392	-	(6,817)	2,725,267
Water distribution system & wastewater collection system	<u>70,091,819</u>	<u>5,680,618</u>	<u>-</u>	<u>6,817</u>	<u>75,779,254</u>
Total accumulated depreciation	<u>73,652,256</u>	<u>5,933,537</u>	<u>-</u>	<u>-</u>	<u>79,585,793</u>
Business-type activities capital assets, net	<u>\$ 192,256,516</u>	<u>\$ 15,067,276</u>	<u>\$ 1,327,979</u>	<u>\$ -</u>	<u>\$ 194,128,739</u>

Depreciation expense was charged to functions as follows:

Business-type activities:	
Water	\$ 683,542
Sewer	5,249,996
Total business-type activities depreciation expense	<u>\$ 5,933,538</u>

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2010

NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

- A. LEGAL DEBT MARGIN** – The City's legal debt margin as set forth by the state statute is limited to three percent of total taxable assessed value which approximates \$361,232,360. As of June 30, 2010 the City's debt applicable to the debt limitation is under the debt limit by \$305,390,763.
- B. DEFICIT FUND BLANCES** – The following funds had deficit fund balances as of June 30, 2010:

Capital Leases	(\$1,254,413)
2000 Recreation Bond	(\$427,897)
Injury Fund	(\$4,332)

NOTE 4 -CASH DEPOSITS

DEPOSITS – are in various financial institutions and are carried at cost. The carrying amount of deposits is separately displayed on the Balance Sheet of the Fund Financial Statements and the Statement of Net Assets as "Cash and Cash Equivalents".

	Carrying Amount
Total deposits	\$ 30,626,350
Add: Petty cash and cash on hand	4,844
Add: Investments classified as cash equivalents	2,405,946
Total Cash and Cash Equivalents Reported in the financial Statements	\$ 33,037,140

CUSTODIAL CREDIT RISK - This is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The City does not have a formal deposit policy for custodial credit risk, but is governed by the State Laws as described below. As of June 30, 2010, \$35,456,341 of the City's bank balance of \$38,176,633 was exposed to custodial credit risk as follows:

	Bank Amount
Insured (Federal Deposit Insurance Fund)	\$ 2,720,292
Collateralized with securities held by pledging financial institution or its agent, in the City's name	32,612,261
Uninsured or uncollateralized	2,844,080
Total Cash and Cash Equivalents Reported in the bank	\$ 38,176,633

Under Rhode Island general laws, depository institutions holding deposits of the State, its agencies or governmental subdivisions of the State, shall at a minimum, insure or pledge eligible collateral equal to one hundred percent of the deposits that are time deposits with maturities greater than sixty days. Any of these institutions, which do not meet minimum capital standards prescribed by federal regulators, shall insure or pledge eligible collateral equal to one hundred percent of all deposits, regardless of maturity. At June 30, 2010, the City's uncollateralized deposits with depository institutions were \$2,844,080.

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2010

NOTE 5 – INVESTMENTS

- A. The City invests in various types of investments, which are stated at fair value, except for non-participating interest earning investment contracts which are recorded at amortized cost. By Charter the Finance Director and Treasurer have the authority to make investments subject to rules and regulations that the City Council may prescribe by ordinance. The Finance Director shall have the authority to purchase and invest prudently in the following investments for funds other than pension funds:
- 1) Obligations of the United States government, and its agencies and instrumentalities.
 - 2) Certificates of deposit and other evidences of deposit at banks, credit unions, and savings and loan associations with offices in the State.
 - 3) Bankers' acceptance of banks with offices in the State.
 - 4) Commercial paper of banks with offices in the State.
 - 5) Repurchase agreements whose underlying collateral consists of U.S. government agency securities and U.S. government sponsored corporations, plus the above, and which are offered by banks with offices in the State.
 - 6) Money market funds whose portfolios consist of the above instruments, and any other investments specifically approved by the City Council.
 - 7) No-load open-end diversified management investment companies incorporated under Rhode Island General Laws designed exclusively for all State government entities, agencies and instrumentalities.

The following is a schedule of the City's investments by classification:

<u>INVESTMENT</u>	<u>FAIR VALUE</u>	<u>RATING</u>
Corporate Equities	\$ 58,508,533	N/R
Money Market Funds	51,420	N/R
Mutual Funds - Equity	169,457,476	N/R
Pooled Mutual Funds	15,750,249	N/R
Mutual Fund - Stable Value	7,672,857	N/R
Real Estate Investment Trust	2,314,051	N/R
Immediate Participation Guarantee Contracts	6,665,452	N/R
Bonds & Notes	40,021,803	See Note 5 B
Depository Receipts - Equity	921,021	N/R
MBIA Investment Pool	6,822,509	N/R
State Street Short-Term Investment Fund	1,482,665	N/R
Total Investments	<u>309,668,036</u>	
Less: Investments Classified as Cash Equivalents	<u>(2,405,946)</u>	
Total Investments-Reported in the Financial Statements	<u><u>\$ 307,262,090</u></u>	

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2010

NOTE 5 – INVESTMENTS (continued)

Interest Rate Risk: This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. Information about the exposure of the City's type investments to this risk using the segment time distribution model is presented in schedule 5-B:

Credit Risk: Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. The City has no formal investment policy that limits investment choices for its pension funds.

Concentration of Credit Risk: The City does not have a formal investment policy that limits the amount that can be invested with one issuer. Currently, the City has no investments, to which this requirement applies, in any one issuer that represents more than five percent of the total investments.

Custodial Credit Risk: Custodial credit risk for investments is the risk that in the event of failure of the counterparty, the city will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The City's investment in corporate equities of \$58,508,533 and bonds and notes of \$40,021,083 are held by the investments counterparty in the City's name.

CITY OF WARWICK, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

B. The City's investment in bonds and notes had the following credit ratings and maturities as of June 30, 2010

Investment Type/Rating	Fair Value	Investment Maturities (in Years)						
		Less Than 1	1-5	6-10	11-15	16-20	21-25	More Than 25
U. S. Treasury Notes and Bonds								
AAA	\$ 13,082,672	\$ 897,821	\$ 7,887,169	\$ 4,216,859	\$ -	\$ 80,823	\$ -	\$ -
Federal Home Loan Bank Notes								
AAA	620,583	-	-	-	-	-	-	620,583
FNMA Bonds & Notes								
AAA	1,454,961	199,709	909,242	145,020	-	-	-	200,990
Corporate Bonds								
AAA	2,223,984	1,954,429	-	-	-	-	-	269,555
AA+	949,520	406,427	-	157,717	-	-	-	385,376
AA-	1,778,175	-	-	674,811	591,737	-	-	511,627
A+	1,820,085	308,490	-	722,006	391,406	-	-	398,183
A	4,213,085	386,778	127,822	1,748,168	1,078,046	-	-	872,271
A-	979,060	-	-	979,060	-	-	-	-
BBB+	3,528,953	-	191,044	1,132,049	-	583,534	304,397	1,317,929
BBB	1,393,415	-	-	911,018	-	-	-	482,397
BB-	-	-	-	-	-	-	-	-
NR	923,772	-	324,672	-	-	220,722	-	378,378
Commercial Mortgage Obligations								
AAA	2,367,199	-	-	36,391	151,830	-	-	2,178,978
NR	895,467	-	-	-	119,302	501,254	-	274,911
Municipals								
AA-	526,206	369,532	-	-	-	-	156,674	-
Loans Receivable								
AAA	730,451	111,740	618,711	-	-	-	-	-
Other Asset Backed								
AAA	930,132	615,181	-	-	-	314,951	-	-
AA-	186,618	-	-	186,618	-	-	-	-
NR	1,417,465	357,724	-	-	-	1,059,741	-	-
	<u>\$ 40,021,803</u>	<u>\$ 5,607,831</u>	<u>\$ 10,058,660</u>	<u>\$ 10,909,717</u>	<u>\$ 2,332,321</u>	<u>\$ 2,761,025</u>	<u>\$ 461,071</u>	<u>\$ 7,891,178</u>

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2010

NOTE 6 – LONG-TERM LIABILITIES

A. LONG-TERM LIABILITIES

Long-term liability activity for the governmental activities for the year ended June 30, 2010 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities					
Bonds and capital leases payable:					
General obligation bonds	\$ 56,854,016	\$ 3,908,000	\$ 4,920,419	\$ 55,841,597	\$ 5,042,695
Capital lease payable	3,736,392	-	1,891,418	1,844,974	922,487
Plus amortized premium on bonds	830,173	-	82,656	747,517	-
Less deferred amount on refunding	565,814	-	89,634	476,180	-
Total bonds and capital leases payable	<u>60,854,767</u>	<u>3,908,000</u>	<u>6,804,859</u>	<u>57,957,908</u>	<u>5,965,182</u>
Other liabilities:					
Compensated absences	9,927,537	593,024	80,668	10,439,893	618,564
Net pension obligation	21,877,353	6,396,679	76,115	28,197,917	-
Net other post-employment benefits obligation	30,606,627	13,733,357	-	44,339,984	-
Accrued retroactive payroll	1,753,587	13,680	64,690	1,702,577	-
Total other liabilities	<u>64,165,104</u>	<u>20,736,740</u>	<u>221,473</u>	<u>84,680,371</u>	<u>618,564</u>
Governmental Activities long-term liabilities	<u>\$ 125,019,871</u>	<u>\$ 24,644,740</u>	<u>\$ 7,026,332</u>	<u>\$ 142,638,279</u>	<u>\$ 6,583,746</u>

Payments on the bonds and capital leases payable that pertain to the City's Governmental Activities are made by the Debt Service Fund. The compensated absences liability attributable to the Governmental Activities will be liquidated by the City's General Fund and School Unrestricted Fund. The net pension obligation and net other post-employment benefits obligation attributable to the Governmental Activities will be liquidated by the City's General Fund and School Unrestricted Fund. The accrued retroactive payroll will be paid by the School Unrestricted Fund.

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2010

NOTE 6 – LONG-TERM LIABILITIES (continued)

Long-term liability activity for the business-type activities for the year ended June 30, 2010 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<i>Business-Type Activities</i>					
<i>Bonds and loans payable:</i>					
Water	\$ 2,782,045	\$ -	\$ 213,734	\$ 2,568,311	\$ 217,853
Sewer	141,475,445	1,169,026	8,944,069	133,700,402	9,188,177
Plus amortized premium on bonds	265,507	-	22,471	243,036	-
Less deferred amount on refundings	131,405	-	24,956	106,449	-
Total bonds and loans payable	<u>144,391,592</u>	<u>1,169,026</u>	<u>9,155,318</u>	<u>136,405,300</u>	<u>9,406,030</u>
Compensated absences	306,582	15,797	7,173	315,206	9,059
Net other post-employment benefits obligation	817,422	407,710	-	1,225,132	-
<i>Business-Type Activities</i>	<u>\$ 145,515,596</u>	<u>\$ 1,592,533</u>	<u>\$ 9,162,491</u>	<u>\$ 137,945,638</u>	<u>\$ 9,415,089</u>

B. GENERAL OBLIGATION BONDS DEBT SERVICE REQUIREMENTS

The debt service requirements for governmental activities at June 30, 2010 were as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2011	5,042,695	2,118,792	7,161,487
2012	4,816,889	1,936,792	6,753,681
2013	4,911,015	1,766,920	6,677,935
2014	4,749,139	1,584,101	6,333,240
2015	4,716,762	1,398,172	6,114,934
2016-2027	<u>31,605,097</u>	<u>5,480,090</u>	<u>37,085,187</u>
	<u>\$ 55,841,597</u>	<u>\$ 14,284,867</u>	<u>\$ 70,126,464</u>

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2010

NOTE 6 – LONG-TERM LIABILITIES (continued)

The debt service requirements for business-type activities at June 30, 2010 were as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total Debt Service
2011	1,457,305	918,780	2,376,085
2012	1,457,361	863,999	2,321,360
2013	1,498,235	809,677	2,307,912
2014	1,510,111	752,417	2,262,528
2015	1,542,488	692,665	2,235,153
2016-2026	14,850,903	3,576,896	18,427,799
	<u>\$ 22,316,403</u>	<u>\$ 7,614,434</u>	<u>\$ 29,930,837</u>

C. CAPITAL LEASE COMMITMENTS

The City of Warwick's capital leases consist of two leases for various vehicles and equipment. The City may purchase leased vehicles and equipment as set forth in the lease agreements. Leases are renewed annually based on the City's appropriation of funds sufficient to pay the obligations under the lease agreements.

Obligations of Governmental Activities under capital leases at June 30, 2010 were as follows:

Fiscal Year Ended June 30,	Total
2011	971,294
2012	938,756
Total minimum leasepayments	1,910,050
Less: Amount representing interest	(65,076)
Present value of minimum lease payments	<u>1,844,974</u>

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2010

NOTE 6 – LONG-TERM LIABILITIES (continued)

D. LOANS PAYABLE

The City of Warwick has entered into fifteen loan agreements with the Rhode Island Clean Water Protection Finance Agency as follows:

<u>LOAN DATE</u>	<u>ORIGINAL LOAN AMOUNT</u>	<u>INTEREST RATE</u>	<u>MATURES</u>
March 11, 1992	\$ 3,500,000	3.16%	September 1, 1994-2013
March 10, 1993	3,100,000	3.11%	September 1, 1996-2015
December 19, 1995	3,996,000	2.82%	September 1, 1997-2016
March 31, 1997	10,000,000	2.97%	September 1, 1997-2016
June 26, 1998	10,200,000	2.57%	September 1, 1999-2019
August 25, 1999	14,750,000	2.84%	September 1, 2002-2019
December 19, 2000	20,232,323	2.90%	September 1, 2001-2020
April 25, 2002	12,000,000	1.25%	September 1, 2002-2022
October 24, 2002	20,000,000	1.00%	September 1, 2004-2022
November 13, 2003	20,000,000	1.34%	September 1, 2005-2024
December 30, 2004	20,000,000	1.40%	September 1, 2006-2025
December 15, 2005	5,000,000	1.41%	September 1, 2007-2026
December 21, 2006	9,500,000	1.27%	September 1, 2008-2027
December 12, 2007	6,942,000	1.185-1.645%	September 1, 2009-2028
April 30, 2008	4,000,000	4.85%	March 1, 2009-2028
October 6, 2009	1,169,026 *	2.16%	September 1, 2010-2029

*SFR/Stimulus Loan is shown net of \$178,601.10 principal forgiveness.

The City pays an additional 0.5% finance fee on all loans except for the loan dated April 30, 2008.

The loan proceeds are to be used by the City for the extension and upgrade of the sewer system. The Agency pays project invoices certified by the City directly to the contractors or reimburses the City for costs incurred on the projects. As of June 30, 2010, loans payable of \$113,952,310 are reflected in the Sewer Fund. A due from the Rhode Island Clean Water Protection Finance Agency of \$4,406,538 is for undrawn loan amounts, which the City is responsible to draw down and to repay in full.

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2010

NOTE 6 – LONG-TERM LIABILITIES (continued)

The debt service through maturity for the above loans is as follows:

Year Ended June 30,	Principal	Interest	Total Debt Service
2011	\$ 7,948,725	\$ 2,625,348	\$ 10,574,073
2012	8,101,310	2,432,373	10,533,683
2013	8,254,935	2,231,716	10,486,651
2014	8,413,185	2,025,621	10,438,806
2015	8,406,898	1,817,411	10,224,309
2016-2026	<u>72,827,257</u>	<u>8,177,577</u>	<u>81,004,834</u>
	<u>\$ 113,952,310</u>	<u>\$ 19,310,046</u>	<u>\$ 133,262,356</u>

Interest, at the fixed rates indicated above, is calculated monthly based on the loan balances outstanding. The City has not completely drawn down all of the loans as of June 30, 2010. The interest through maturity shown above is based on estimated amortization schedules prepared by Rhode Island Clean Water Protection Finance Agency. The Rhode Island Clean Water Finance Agency loans dated December 30, 2004, December 15, 2005, December 21, 2006, December 12, 2007, April 30, 2008 and October 6, 2009 are revenue loans. The revenue loans are secured by the revenues derived from the operation of the City's wastewater collection system.

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2010

NOTE 6 – LONG-TERM LIABILITIES (continued)

E. SCHEDULE OF BONDS AND LOANS PAYABLE

	Date of Issuance	Interest Rate	Date of Maturity	Authorized and Issued	Outstanding July 1, 2009	New Issues	Maturities During Year	Outstanding June 30, 2010
Governmental Funds								
Bonds Payable								
School - Refunding	10/15/1997	4.4/4.9%	11/15/2010	\$ 3,581,484	\$ 507,567	\$ -	\$ 256,635	\$ 250,932
School	1/15/2001	4.25/6.0%	1/15/2021	8,000,000	5,720,988	-	355,556	5,365,432
School - Refunding	6/1/2002	3.0/5.0%	10/15/2014	5,695,077	2,382,708	-	461,169	1,921,539
School	6/1/2002	3.5/5.25%	7/15/2021	6,000,000	4,599,587	-	264,742	4,334,845
School	6/15/2003	2.5/5.0%	6/15/2023	5,000,000	3,930,000	-	208,000	3,722,000
School	8/15/2004	2.5/5.0%	8/15/2024	5,000,000	4,356,000	-	182,000	4,174,000
School	1/15/2006	3.75/5.00%	1/15/2026	2,500,000	2,250,000	-	90,000	2,160,000
School - Refunding	4/30/2008	3.50/4.20%	8/1/2017	9,740,114	9,079,755	-	1,113,324	7,966,431
School - RIHEBC	6/15/2010	5.75%	5/15/2027	3,908,000	-	3,908,000	-	3,908,000
Drainage - Refunding	10/15/1997	4.4/4.9%	11/15/2010	1,074,822	152,324	-	77,018	75,306
Drainage - Refunding	6/1/2002	3.0/5.0%	10/15/2014	281,525	117,784	-	22,797	94,987
Drainage	6/15/2003	2.5/5.0%	6/15/2023	1,000,000	786,000	-	41,600	744,400
Drainage	8/15/2004	2.5/5.0%	8/15/2024	1,000,000	871,200	-	36,400	834,800
Drainage - Refunding	4/30/2008	3.50/4.20%	8/1/2017	685,646	666,180	-	61,180	605,000
Fire - Refunding	4/30/2008	3.50/4.20%	8/1/2017	424,435	409,614	-	41,698	367,916
Open Space - Refunding	10/15/1997	4.4/4.9%	11/15/2010	824,250	116,812	-	59,062	57,750
Open Space	1/15/2001	4.25/6.0%	1/15/2021	1,325,000	947,539	-	58,889	888,650
Open Space	6/1/2002	3.5/5.25%	7/15/2021	2,000,000	1,533,195	-	88,247	1,444,948
Open Space - Refunding	4/30/2008	3.50/4.20%	8/1/2017	870,396	841,529	-	83,404	758,125
City Buildings - Refunding	10/15/1997	4.4/4.9%	11/15/2010	357,960	50,730	-	25,650	25,080
City Buildings	1/15/2001	4.25/6.0%	1/15/2021	375,000	268,171	-	16,667	251,504
City Buildings	6/1/2002	3.5/5.25%	7/15/2021	1,625,000	1,245,722	-	71,701	1,174,021
Library - Refunding	4/30/2008	3.50/4.20%	8/1/2017	2,546,610	2,457,687	-	250,187	2,207,500
Recreation	1/15/2001	4.25/6.0%	1/15/2021	3,000,000	2,145,370	-	133,333	2,012,037
Recreation	6/15/2003	2.5/5.0%	6/15/2023	3,000,000	2,358,000	-	124,800	2,233,200
Recreation - Refunding	4/30/2008	3.50/4.20%	8/1/2017	870,396	841,529	-	83,404	758,125
Public Safety	6/15/2003	2.5/5.0%	6/15/2023	2,000,000	1,236,000	-	146,600	1,089,400
Public Safety	8/15/2004	2.5/5.0%	8/15/2024	5,500,000	4,791,600	-	200,200	4,591,400
Transportation - Refunding	4/30/2008	3.50/4.20%	8/1/2017	1,004,699	970,634	-	97,300	873,334
Senior Center - Refunding	10/15/1997	4.4/4.9%	11/15/2010	2,865,564	406,107	-	205,335	200,772
Senior Center - Refunding	6/1/2002	3.0/5.0%	10/15/2014	235,573	98,561	-	19,077	79,484
Animal Shelter	1/15/2001	4.25/6.0%	1/15/2021	1,000,000	715,123	-	44,444	670,679
Total Governmental Funds Bonds Payable				\$ 79,710,067	\$ 56,854,016	\$ 3,908,000	\$ 4,920,419	\$ 55,841,597

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2010

NOTE 6 – LONG-TERM LIABILITIES (continued)

E. SCHEDULE OF BONDS AND LOANS PAYABLE (continued)

	Date of Issuance	Interest Rate	Date of Maturity	Authorized and Issued	Outstanding July 1, 2009	New Issues	Maturities During Year	Outstanding June 30, 2010
Enterprise Funds								
Bonds Payable								
Water Debt - Refunding	6/1/2002	3.0/5.0%	10/15/2014	\$ 985,358	\$ 412,254	\$ -	\$ 79,791	\$ 332,463
Water Debt	6/1/2002	3.5/5.25%	7/15/2021	1,500,000	1,149,898	-	66,186	1,083,712
Water Debt	6/15/2003	2.5/5.0%	6/15/2023	1,500,000	1,179,000	-	62,400	1,116,600
Water Debt - Refunding	2008	3.50/4.20%	8/1/2017	45,714	40,893	-	5,357	35,536
Sewer - Refunding	10/15/1997	4.4/4.9%	11/15/2010	715,920	101,460	-	51,300	50,160
Sewer	1/15/2001	4.25/6.0%	1/15/2021	2,500,000	1,787,809	-	111,111	1,676,698
Sewer	6/1/2002	3.5/5.25%	7/15/2021	1,000,000	766,598	-	44,124	722,474
Sewer - Refunding	6/1/2002	3.0/5.0%	10/15/2014	582,467	243,693	-	47,166	196,527
Sewer	6/15/2003	2.5/5.0%	6/15/2023	1,000,000	786,000	-	41,600	744,400
Sewer	8/15/2004	2.5/5.0%	8/15/2024	1,000,000	871,200	-	36,400	834,800
Sewer	1/15/2006	3.75/5.00%	1/15/2026	15,000,000	13,500,000	-	545,000	12,955,000
Sewer - Refunding	2008	3.50/4.20%	8/1/2017	3,066,990	2,887,179	-	319,146	2,568,033
Total Enterprise Funds Bonds Payable				28,896,449	23,725,984	-	1,409,581	22,316,403
Loans Payable								
PLUS SRF - 1ST	3/12/1992	3.16%	9/1/2013	3,500,000	875,000	-	175,000	700,000
PLUS SRF - 2ND	3/1/1993	3.11%	9/1/2015	3,100,000	1,343,000	-	172,000	1,171,000
PLUS SRF - 3RD	12/28/1995	2.82%	9/1/2016	3,996,000	1,598,400	-	199,800	1,398,600
PLUS SRF - 4TH	4/1/1997	2.97%	9/1/2016	10,000,000	4,210,526	-	526,316	3,684,210
PLUS SRF - 5TH	6/26/1998	2.57%	9/1/2019	10,200,000	6,138,834	-	477,319	5,661,515
PLUS SRF - 6TH	8/25/1999	2.84%	9/1/2019	14,750,000	9,875,434	-	777,571	9,097,863
PLUS SRF - 7TH	12/19/2000	2.90%	9/1/2020	20,232,323	13,492,975	-	956,077	12,536,898
PLUS SRF - 8TH	4/25/2002	1.25%	9/1/2022	12,000,000	9,109,511	-	533,435	8,576,076
PLUS SRF - 9TH	10/24/2002	1.00%	9/1/2022	20,000,000	15,611,826	-	944,704	14,667,122
PLUS SRF - 10TH	11/13/2003	1.34%	9/1/2024	20,000,000	16,525,000	-	897,000	15,628,000
PLUS SRF - 11TH	12/30/2004	1.40%	9/1/2025	20,000,000	17,409,000	-	887,000	16,522,000
PLUS SRF - 12TH	12/15/2005	1.41%	9/1/2026	5,000,000	4,500,000	-	250,000	4,250,000
PLUS SRF - 13TH	12/21/2006	1.27%	9/1/2027	9,500,000	9,025,000	-	475,000	8,550,000
PLUS SRF - 14TH	12/12/2007	1.685/2.145%	9/1/2026	6,942,000	6,942,000	-	347,000	6,595,000
PLUS SRF - 15TH	10/6/2009	1.26%/3.35%	9/1/2029	1,169,026	-	1,169,026	-	1,169,026
Sewer Conduit	4/30/2008	4.85%	3/1/2028	4,000,000	3,875,000	-	130,000	3,745,000
Total Enterprise Funds Loans Payable				164,389,349	120,531,506	1,169,026	7,748,222	113,952,310
Total Enterprise Funds Bonds and Loans Payable				193,285,798	144,257,490	1,169,026	9,157,803	136,268,713

NOTE 7 – OPERATING LEASES

The School Department has entered into operating leases for equipment. As of June 30, 2010 future minimum rental commitments under operating leases are as follows:

<u>FISCAL YEAR ENDED JUNE 30,</u>	
2011	4,680
Future minimum rental commitments	<u>\$4,680</u>

Rental expenditures related to operating leases were approximately \$35,939 in fiscal year 2010.

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2010

NOTE 8 – NET ASSETS/FUND BALANCES

The Government-Wide Financial Statements utilize a net asset presentation. Net assets are categorized as invested in capital assets, net of related debt, restricted and unrestricted.

Invested in Capital Assets, Net of Related Debt – This category groups all capital assets into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

Restricted Net Assets – This category presents external restrictions imposed by grantors or laws and regulations.

Unrestricted Net Assets – This category represents net assets of the City, not restricted for any project or other purpose.

The following net assets restrictions are included in the Government-Wide Financial Statements:

Debt service payments – To restrict net assets held for debt service in accordance with the City's trust indenture.

Education programs – To restrict net assets to be used for education programs in accordance with grant agreements.

Community development loans – To restrict net assets to be used for community development loans in accordance with grant agreements.

City clerk records preservation – To restrict net assets to be used for City clerk records preservation in accordance with State Laws.

Public safety programs – To restrict net assets to be used for public safety programs in accordance with Federal and State Laws and grant agreements.

In the Fund Financial Statements, reserves and designations segregate portions of fund balance that are either not available or have been earmarked for specific purposes. At June 30, 2010, reservations and designations of fund balance are described below:

Reserve for Encumbrances – To reserve for purchase commitments, which have not lapsed at year-end, but do not constitute an expenditure or liability.

Reserve for Claims and Judgments – To reserve a portion of the fund balance for claims and judgments.

Reserve for future years – To reserve funds to use as a revenue source in the 2011 budget.

Reserve for education – To reserve funds to be used for future educational purposes in accordance with Article 31.

Reserve for School Restricted Funds – To reserve School State set aside funds.

Reserve for Revolving Loans – To reserve funds held in escrow for home improvement loans.

CITY OF WARWICK, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 9 - INTERFUND BALANCES

The City reports interfund balances between many of their funds. The totals of all balances agree with the sum of interfund balances presented in the fund statements.

<i>Due To</i>	<i>Due From</i>							<i>Total</i>	
	<i>General Fund</i>	<i>School Unrestricted Fund</i>	<i>Non-major Governmental Funds</i>	<i>Sewer Fund</i>	<i>Sewer Assessment Fund</i>	<i>Water Fund</i>	<i>Non-major Enterprise Funds</i>		<i>Trust and Agency Funds</i>
General Fund	-	-	3,323,260	7,604,487	1,350	1,059,810	1,033,335	64,970	13,087,212
School Unrestricted Fund	10,447,486	-	-	-	-	-	-	-	10,447,486
Non-Major Governmental Funds	(100,003)	-	1,898,558	-	-	-	-	-	1,798,555
Sewer Fund	445,283	-	-	-	-	22,282	16,030	770	484,365
Sewer Assessment Fund	-	-	-	-	-	-	-	-	-
Water Fund	-	-	-	-	-	-	-	-	-
Non-Major Enterprise Funds	387	-	-	1,965,077	-	2,800,000	5,000	-	4,770,464
Internal Service Funds	15,835	-	-	-	-	-	-	-	15,835
Trust and Agency Funds	13,036	-	-	-	-	-	-	-	13,036
Total	10,822,024	-	5,221,818	9,569,564	1,350	3,882,092	1,054,365	65,740	30,616,953

The balances primarily result from the time lag between the dates the 1) transactions are recorded in the accounting system and 2) payments between funds are made.

NOTE 10 - INTERFUND TRANSFERS

<i>Transfers To</i>	<i>Transfers From</i>							<i>Total</i>	
	<i>General Fund</i>	<i>School Unrestricted Fund</i>	<i>Non-major Governmental Funds</i>	<i>Sewer Fund</i>	<i>Sewer Assessment Fund</i>	<i>Water Fund</i>	<i>Non-major Enterprise Funds</i>		<i>Trust and Agency Funds</i>
General Fund	-	-	2,835,970	-	-	-	-	-	2,835,970
School Unrestricted Fund	120,400,602	-	-	-	-	-	-	-	120,400,602
Non-Major Governmental Funds	9,288,806	478,896	730,506	-	-	-	-	-	10,498,208
Sewer Fund	-	-	-	-	5,093,601	-	274,925	-	5,368,526
Sewer Assessment Fund	-	-	-	-	-	-	-	-	-
Water Fund	-	-	-	-	-	-	57,192	-	57,192
Non-Major Enterprise Funds	-	-	-	25,840	-	200,000	-	-	225,840
Internal Service Funds	262,000	-	-	-	-	-	-	-	262,000
Trust and Agency Funds	-	-	-	-	-	-	-	-	-
Total	129,951,408	478,896	3,566,476	25,840	5,093,601	200,000	332,117	-	139,648,338

Transfers are used to move revenues from the fund that the budget requires to collect them to the funds that the budget requires to expend them. For example, the transfer of \$120,400,602 is the School Unrestricted Funds appropriation that is budgeted in the General Fund as a revenue source to be transferred to the School and expended.

CITY OF WARWICK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 11 DIFFERENCES BETWEEN GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET ASSETS.

"Total fund balances" of the city's governmental funds (\$21,265,721) differs from "net assets" of governmental activities (\$3,313,113) reported in the statement of net assets. This difference primarily results from the long-term economic focus of the statement of net assets versus the current financial resources focus of the of the governmental fund balance sheets. The effect of the differences is illustrated below.

Balance Sheet / Statement of Net Assets

	Total Governmental Funds	Long-term Assets/ Liabilities (1)	Reclassifications and Eliminations (2)	Statement Net Assets Totals
Assets				
Cash and cash equivalents	\$ 13,659,718	\$ -	\$ 684,166	\$ 14,343,884
Investments	6,822,509	-	-	6,822,509
Accounts receivable:				
Accrued interest receivable	-	620,124	-	620,124
Real estate & personal property taxes receivable	2,927,981	-	-	2,927,981
Due from federal and state governments	9,985,800	-	-	9,985,800
Other receivables	8,264,299	(955,083)	118,704	7,427,920
Due from other funds	25,333,253	-	(16,080,711)	9,252,542
Advances to other funds	-	-	-	-
Other assets	3,515,098	572,241	-	4,087,339
Land	-	18,680,138	-	18,680,138
Depreciable capital assets	-	98,097,688	-	98,097,688
Construction in progress	-	713,526	-	713,526
Total assets	<u>70,508,658</u>	<u>117,728,634</u>	<u>(15,277,841)</u>	<u>172,959,451</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued expenses	19,530,217	-	55,927	19,586,144
Accrued interest payable	-	787,725	-	787,725
Due to federal and state governments	159,268	-	-	159,268
Due to other funds	16,043,842	-	(16,043,842)	-
Advances from other funds	-	-	-	-
Deferred revenue: taxes collected in advance	573,248	-	-	573,248
Deferred revenue: uncollected property taxes	1,954,579	(1,954,579)	-	-
Deferred revenue: other	7,349,962	(5,080,109)	-	2,269,853
Other liabilities	3,631,821	-	-	3,631,821
Long-term liabilities				
Due within one year	-	6,583,746	-	6,583,746
Due in more than one year	-	136,054,533	-	136,054,533
Total liabilities	<u>49,242,937</u>	<u>136,391,316</u>	<u>(15,987,915)</u>	<u>169,646,338</u>
Fund Balances/Net Assets				
Total fund balances/net assets	21,265,721	(18,662,682)	710,074	3,313,113
Total liabilities and fund balances/net assets	<u>\$ 70,508,658</u>	<u>\$ 117,728,634</u>	<u>\$ (15,277,841)</u>	<u>\$ 172,959,451</u>

CITY OF WARWICK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 11 DIFFERENCES BETWEEN GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET ASSETS (continued)

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

Land	\$ 18,680,138
Construction in progress	713,526
Cost of capital assets	354,233,593
Accumulated depreciation	<u>(256,135,905)</u>
	<u>\$ 117,491,352</u>

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

Allowance for uncollectible receivables	<u>\$ (955,083)</u>
Adjustment of deferred revenue	<u>\$ 7,034,688</u>

Interest on long-term debt is accrued in the statement of net assets but is not accrued in governmental funds, rather it is recognized as an expenditure when due.

Adjustment of accrued interest expense	<u>\$ (787,725)</u>
--	---------------------

Accrued interest receivable on property taxes are reported as revenue in the government-wide financial statements in the period earned. In the governmental funds financial statements, interest on property taxes is reported when received.

Adjustment of accrued interest receivable	<u>\$ 620,124</u>
---	-------------------

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

Bonds & notes payable	\$ (55,841,597)
Capital leases	(1,844,974)
Amortized premium on bonds	(747,517)
Deferred amount on refunding	476,180
Net pension obligation	(28,197,917)
Net other post employment benefit obligation	(44,339,984)
Accrued compensated absences	(10,439,893)
Accrued retroactive payroll	<u>(1,702,577)</u>
	<u>\$ (142,638,279)</u>
Bond issue costs	<u>\$ 572,241</u>

(2) The Internal Service Fund is used by management to charge the costs of worker's compensation claims. The assets and liabilities of the Internal Service Fund are included in governmental activities in the government-wide Statement of net assets.

	<u>\$ 710,074</u>
--	-------------------

The elimination of internal balances of governmental and business type activities.

	<u>\$ (16,043,842)</u>
--	------------------------

The reclassification of internal balances of fiduciary funds.

	<u>\$ 52,704</u>
--	------------------

CITY OF WARWICK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 12. DIFFERENCES BETWEEN GOVERNMENTAL FUND OPERATING STATEMENTS AND THE STATEMENT OF ACTIVITIES

The "net change in the fund balances" for governmental funds (\$9,337,275) differs from the "change in net assets" for governmental activities (\$16,912,151) reported in the statement of activities. The differences arise primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

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

	Total Governmental Funds	Long-term Revenues/ Expenses & Reclassifications (1)	Capital- related Items (2)	Internal Service Fund (3)	Long-term Debt Transactions (4)	Statement of Activities Totals
Revenues						
General property tax	\$ 202,494,106	\$ (977,530)	\$ -	\$ -	\$ -	\$ 201,516,576
Interest on taxes	1,228,767	(2,501,784)	-	-	-	(1,273,017)
Intergovernmental revenue	59,669,372	5,928,125	-	-	-	65,597,497
Federal revenue - SFSF	2,554,650	-	-	-	-	2,554,650
State contribution to pension plan	5,928,125	(5,928,125)	-	-	-	-
Charges for services	12,844,595	710,481	-	-	-	13,555,076
Interest on investments	58,314	-	-	1,267	-	59,581
Contributions and private grants	139,515	-	-	-	-	139,515
Other revenues	11,581,585	-	-	705,994	-	12,287,579
Other sources:						
Proceeds from bonds	3,908,000	-	-	-	(3,908,000)	-
Proceeds from capital lease	-	-	-	-	-	-
Total revenues	<u>300,407,029</u>	<u>(2,768,833)</u>	<u>-</u>	<u>707,261</u>	<u>(3,908,000)</u>	<u>294,437,457</u>
Expenditures						
Current:						
Executive and administrative	5,816,066	2,241,118	16,246	549,887	407,995	9,031,312
Public safety	40,755,519	31,619,109	350,733	-	16,888,797	89,614,158
Recreation	1,780,946	853,059	300,933	-	419,061	3,353,999
Public libraries	2,571,020	1,301,143	175,222	-	286,565	4,333,950
Social services	1,854,240	583,480	69,467	-	150,828	2,658,015
Planning and economic development	3,242,502	508,762	21,744	-	83,431	3,856,439
Public works	12,491,980	3,972,404	4,209,107	-	935,578	21,609,069
Employee benefits, fixed costs and capital	41,079,075	(41,079,075)	-	-	-	-
Education	163,419,363	5,928,125	1,225,042	-	1,324,764	171,897,294
Cafeteria operations	2,647,559	-	-	-	-	2,647,559
State contribution to pension plan	5,928,125	(5,928,125)	-	-	-	-
Debt service	9,221,359	(61,709)	-	-	(6,811,837)	2,347,813
Total expenditures	<u>290,807,754</u>	<u>(61,709)</u>	<u>6,368,494</u>	<u>549,887</u>	<u>13,685,182</u>	<u>311,349,608</u>
Other financing uses/changes in net assets						
Net transfers (to) from other funds	(262,000)	-	-	262,000	-	-
Net change for the year	<u>\$ 9,337,275</u>	<u>\$ (2,707,124)</u>	<u>\$ (6,368,494)</u>	<u>\$ 419,374</u>	<u>\$ (17,593,182)</u>	<u>\$ (16,912,151)</u>

CITY OF WARWICK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 12. DIFFERENCES BETWEEN GOVERNMENTAL FUND OPERATING STATEMENTS AND THE STATEMENT OF ACTIVITIES (continued)

- (1) Because some property taxes and other receivables will not be collected for several months after fiscal year ends, they are not considered as "available" revenues in the governmental funds.

Deferred revenue property taxes	\$ (977,530)
Deferred revenue special revenue funds	710,481
	<u>\$ (267,049)</u>

Interest expense in the statement of activities differs from the amount reported in governmental funds . Accrued interest was calculated for bonds and notes payable. This represents the change from the prior year.

Accrued interest expenditure adjustment	<u>\$ 61,709</u>
---	------------------

Interest revenue in the statement of activities differs from the amount reported in governmental funds . Accrued interest was calculated for property taxes not paid as of year end. This represents the change from the prior year.

Accrued interest revenue adjustment	<u>\$ (2,501,784)</u>
-------------------------------------	-----------------------

Employee benefits, fixed costs, capital expenditures, and state contribution to the pension plan were reclassified to the appropriate program. Other revenues were reclassified to charges for services and intergovernmental revenues.

	<u>\$ 41,079,075</u>
--	----------------------

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

Capital outlay	\$ 2,623,990
Depreciation expense	(8,992,484)
Difference	<u>\$ (6,368,494)</u>

- (3) Internal service funds are use by management to charge the cost of certain activates, such as workers compensation insurance coverage to individual funds. The adjustments for internal service funds "close" those funds by charging additional amounts or reducing expenditures to the governmental funds thus eliminating any surplus or deficit on the internal service fund.

	<u>\$ 419,374</u>
--	-------------------

- (4) Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the government-wide statements, however, issuing debt increases long-term liabilities in the statement of net assets and does not affect the statement of activities. Proceeds were received from:

Debt issuance	<u>\$ (3,908,000)</u>
---------------	-----------------------

- (4) Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not recorded as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net assets. As a result, debt proceeds and repayment of principal are reported as other financing sources and expenditures respectively in the governmental funds. Other long-term liabilities are reported as expenditures in the governmental funds when due and payable.

Net decrease in compensated absences	\$ (512,356)
Net increase in the net pension obligation	(6,320,564)
Net increase in the net other post-employment benefit obligation	(13,733,357)
Net decrease in the accrued retroactive payroll	51,010
Net decrease in the amortized premium on bonds	82,656
Net decrease in the deferred amount on refunding	(89,634)
Principal payments made	6,811,837
Difference	<u>\$ (13,710,408)</u>

Bond issue costs are reported as expenditures in the Governmental Funds financial statements. The cost and related accumulated amortization is reflected as an other asset on the Government-Wide financial statements.

Current year bond issuance cost	\$ 78,160
Amortization expense of bond issue costs	(52,934)
Difference	<u>\$ 25,226</u>

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2010

NOTE 13 – DISAGGREGATION OF RECEIVABLE AND PAYABLE BALANCES

A. ACCOUNTS RECEIVABLE

The City disaggregates significant components of receivables in the financial statements except for other receivables.

Other receivables included in the following items at June 30, 2010:

	<u>Fund Statements</u> <u>Other Receivables</u>	<u>Allowance for</u> <u>Uncollectible</u> <u>Accounts</u>	<u>Government-Wide</u> <u>Statements Other</u> <u>Receivables, Net</u>
General Fund-			
Miscellaneous receivables	\$ 572,400	\$ -	\$ 572,400
School Unrestricted Fund			
Tuition, use of building, Medicaid and miscellaneous receivables	962,680	-	962,680
Community Development Fund -			
Home improvement loans receivable	2,622,827	(229,497)	2,393,330
Special Detail Fund -			
Detail fees receivable	314,983	-	314,983
Rescue Service Fund -			
Rescue service fees receivable	2,591,381	(725,586)	1,865,795
Lead Reduction Program -			
Lead reduction loans receivable	1,199,439	-	1,199,439
Other Nonmajor Governmental Funds -			
Miscellaneous receivables	589	-	589
On-Site Revolving Loan Fund			
Loans receivable	1,995,933	-	1,995,933
Sewer Fund -			
Septage and miscellaneous receivables	10,270	-	10,270
Internal Service Fund -			
Deposit receivable	66,000	-	66,000
Amounts due from fiduciary funds reclassified on the government-wide financial statements	52,704	-	52,704
Total	<u>\$ 10,389,206</u>	<u>\$ (955,083)</u>	<u>\$ 9,434,123</u>

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2010

NOTE 13 – DESEGREGATION OF RECEIVABLE AND PAYABLE BALANCES (continued)

The following accounts receivable were also net of allowance for uncollectible accounts at June 30, 2010:

<u>Fund / Description</u>	<u>Allowance for Uncollectible Accounts</u>
General Fund – Real estate and personal property taxes	\$17,132,958
Sewer Fund – Sewer use fees	608,413
Industrial Pretreatment Fund – Sewer use fees	84,332

The City expects to collect net accounts receivable during the subsequent year except as follows:

- 1) Sewer assessments receivable – are payable over 20 years.
- 2) Community development loans receivable – are payable over a number of years based on the individual loan agreements.
- 3) On-Site revolving loans receivable – are payable over a number of years based on the individual loan agreements.

B. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The accounts payable and accrued liabilities at June 30, 2010 were as follows:

	<u>Vendors</u>	<u>Salaries & Benefits</u>	<u>Other</u>	<u>Total</u>
Governmental Activities:				
General Fund	\$ 2,652,732	\$ 2,045,229	\$ -	\$ 4,697,961
School Unrestricted Fund	4,672,583	8,742,530	-	13,415,113
Other Governmental Funds	1,380,320	36,823	-	1,417,143
Reconciliation of balances in fund financial statements to government-wide statements	-	-	55,927	55,927
	<u>\$ 8,705,635</u>	<u>\$ 10,824,582</u>	<u>\$ 55,927</u>	<u>\$ 19,586,144</u>
Business-Type Activities:				
Sewer Fund	\$ 711,329	\$ 50,155	\$ -	\$ 761,484
Water Fund	1,069,007	53,005	-	1,122,012
Other Enterprise Funds	1,166,488	1,165	-	1,167,653
	<u>\$ 2,946,824</u>	<u>\$ 104,325</u>	<u>\$ -</u>	<u>\$ 3,051,149</u>

CITY OF WARWICK, RHODE ISLAND

Notes to the Financial Statements

June 30, 2010

NOTE 14 – OTHER POST EMPLOYMENT BENEFITS

A. OTHER POST-EMPLOYMENT BENEFITS - CITY

Plan Description

The City of Warwick administers a single-employer defined benefit healthcare plan. This plan does not include the pension benefits discussed in Note 18. The plan provides medical/drug and dental (police officers only) benefits for eligible retirees and their dependents through the City’s group health and dental insurance plans, which cover both active and retired members. Benefit provisions are established and amended by union contract, through negotiations between the City and respective unions. The plan does not issue a publicly available financial report.

Funding Policy

Contribution requirements are negotiated between the City and the respective unions. The City is required to contribute the cost of medical/drug and dental benefits, less the amount of any applicable co-payments in effect at the time of retirement. For the year ended June 30, 2010, the plan operated on a pay as you go basis and no provision has been made to fund future benefits to be provided to plan members. For the fiscal year ended June 30, 2010, the City contributed \$7,487,501(estimated) to the plan.

Membership

At July 1, 2009, membership consisted of:	<u>Town, Police, Fire</u>
Active employees:	746
Retired	<u>749</u>
Total:	<u>1,495</u>

Annual OPEB Cost and Net OPEB Obligation

<u>Actuarial Valuation Date July 1,</u>	<u>Actuarial Value of Assets (a)</u>	<u>Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
2009	-	229,348,977	229,348,977	-	N/A	N/A

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2010

NOTE 14 – OTHER POST EMPLOYMENT BENEFITS (continued)

Actuarial Methods and Assumptions

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

Valuation Date:	July 1, 2009
Actuarial Cost Method:	Projected unit credit cost method
Asset Valuation Method:	Plan is currently unfunded
Payroll Growth Rate:	3.2%
Amortization Method:	30 years
Remaining Amortization Period:	27 years

Annual OPEB Cost and Net OPEB Obligation: Below are the required OPEB obligation presentations per GASB 45 for the period ending June 30, 2010:

Annual Required Contribution	\$ 20,620,310
Interest on OPEB	944,912
Adjustments to OPEB	<u>(1,339,580)</u>
Annual Pension Cost	20,225,642
Contributions Made	<u>(7,487,501)</u>
Increase (Decrease) in net pension obligation	12,738,141
OPEB obligation, beginning of year	<u>23,622,803</u>
OPEB obligation, end of year	<u><u>\$ 36,360,944</u></u>

B. OTHER POST-EMPLOYMENT BENEFITS - SCHOOL

Plan Description

The Warwick School Department administers a single-employer defined benefit healthcare plan. The plan provides medical/drug benefits for eligible retirees and their dependents through the City's group health and dental insurance plans, which cover both active and retired members. Benefit provisions are established and amended by union contract, through negotiations between the City and respective unions. The plan does not issue a publicly available financial report. All benefits terminate at age 65.

Teaching Employees are eligible for GASB Statement 45 benefits after serving the district for 20 to 30 years depending on their date of hire. Other district employees are required to reach age 62 and have 25 years of service. Teaching employees contribute 20 to 60% for coverage depending on their date of hire. Other employees will contribute 20% for coverage. Spouses of teaching employees are not covered by the plan. Souses of other district employees will contribute 20% for coverage. Surviving beneficiaries continue to receive access to the districts medical coverage through COBRA after the death of the retired employee. Survivors are required to pay the full cost of benefits.

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2010

NOTE 14 – OTHER POST EMPLOYMENT BENEFITS (continued)

Funding Policy

Contribution requirements are negotiated between the City and the respective unions. The City is required to contribute the cost of medical/drug and dental benefits, less the amount of any applicable co-payments in effect at the time of retirement. For the year ended June 30, 2010, the plan operated on a pay as you go basis and no provision has been made to fund future benefits to be provided to plan members. For the fiscal year ended June 30, 2010, the Warwick School Department contributed \$2,343,722 for its employees.

Membership

At July 1, 2009, membership consisted of:	<u>School Employees</u>
Active employees:	1,519
Retired	<u>308</u>
Total:	<u>1,827</u>

Annual OPEB Cost and Net OPEB Obligation

Actuarial Valuation Date July 1,	Actuarial Value of Assets (a)	Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2009	-	41,643,649	41,643,649	-	N/A	N/A

Actuarial Methods and Assumptions

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

Valuation Date:	July 1, 2009
Actuarial Cost Method:	Projected unit credit cost method
Asset Valuation Method:	Plan is currently unfunded
Payroll Growth Rate:	3.2%
Amortization Method:	30 years
Remaining Amortization Period:	27 years

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2010

NOTE 14 – OTHER POST EMPLOYMENT BENEFITS (continued)

Annual OPEB Cost and Net OPEB Obligation: Below are the required OPEB obligation presentations per GASB 45 for the period ending June 30, 2010:

Annual Required Contribution	\$ 3,876,982
Interest on OPEB	312,050
Adjustments to OPEB	<u>(442,386)</u>
Annual Pension Cost	3,746,646
Contributions Made	<u>(2,343,722)</u>
Increase (Decrease) in net pension obligation	1,402,924
OPEB obligation, beginning of year	<u>7,801,248</u>
OPEB obligation, end of year	<u><u>\$ 9,204,172</u></u>

NOTE 15 – SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

A. LITIGATION

The city keeps a reserve for contingencies of \$600,000 in order to fund potential claims in excess of the insurance policy limits.

During the ordinary course of its operations, the City is also a party to various other claims, legal actions and complaints. In the opinion of the City's management and legal counsel, no prediction of the probable outcome or potential liability, if any, can be made on these matters or these/matters are not anticipated to have a material financial impact to the City's financial statements.

B. FEDERALLY ASSISTED PROGRAMS -COMPLIANCE AUDITS

The City participates in a number of federally assisted programs. The audits of these programs through the year ended June 30, 2010 were audited in connection with the accompanying financial statements under the Single Audit Concept and the reports thereon are presented in the Single Audit Section of this report. The amount, if any, of expenditures that may be disallowed cannot be determined but is not expected to be material to the financial position of the City.

C. COMMITMENTS

The City has the following contract commitments as of June 30, 2010:

Sewer Fund	<u>\$ 1,403,288</u>
------------	---------------------

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2010

NOTE 16 – RISK MANAGEMENT

The City of Warwick is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors or omissions; and natural disasters. As a result, the City participates in a non-profit, public entity risk pool (Rhode Island Interlocal Risk Management Trust, Inc.) which provides coverage for property/liability claims. Upon joining the Trust, the City signed a participation agreement which outlines the rights and responsibilities of both the Trust and the City. The agreement states that for premiums paid by the City, the Trust will assume financial responsibility for the City's losses up to the maximum amount of insurance purchased, minus the City's deductible amounts. The Trust provides this insurance coverage through a pooled, self-insurance mechanism which includes reinsurance purchased by the Trust to protect against large, catastrophic claims above the losses the Trust retains internally for payment from the pooled contributions of its Members. Settled claims resulting from these risks have not exceeded the Trust coverage in any of the past three fiscal years.

On July 1, 1980 the City of Warwick implemented a workers' compensation self-insurance program. Prior to this, the City had purchased commercial insurance for its workers' compensation risks. The workers' compensation self-insurance program was reported as part of the City's General Fund through June 30, 1996. In fiscal 1997 an Internal Service Fund was established.

The City oversees the workers' compensation self-insurance program and claims payment services are provided by Claim Strategies, the third-party administrator. In order to avoid catastrophic losses, the City has purchased excess insurance for losses greater than \$300,000 per occurrence.

The claims liability of \$55,927 reported in the Internal Service Fund at June 30, 2010 is based on the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

The changes in workers' compensation claims liability are as follows:

	<i>Beginning Fiscal Year Liability</i>	<i>Current Year Claims and Changes in Estimate</i>	<i>Claims Payments</i>	<i>Balance Fiscal Year End</i>
2003-2004	170,663	857,380	639,790	388,253
2004-2005	388,253	83,033	364,731	106,555
2005-2006	106,555	377,258	370,989	112,824
2006-2007	112,824	450,276	380,759	182,341
2007-2008	182,341	200,923	273,217	110,047
2008-2009	110,047	352,133	213,255	248,925
2009-2010	248,925	356,889	549,887	55,927

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2010

NOTE 17 – SUBSEQUENT EVENT

Management has evaluated subsequent events through March 22, 2011 the date the financial statements were available to be issued. Subsequent events are noted below.

On November 15, 2010, the City issued School Bonds in the amount of \$4,212,000 through the Rhode Island Health and Educational Building Corporation. The bonds are part of a Direct Subsidy Qualified School Construction Bonds Pooled Issue.

On December 28, 2010, the City entered into a Master Lease Purchase Agreement in the amount of \$1,700,000. The lease will be repaid over a five years at a rate of 1.920%.

NOTE 18 – PENSION PLANS

A. CITY EMPLOYEES' PENSION PLAN:

Plan Description

The City of Warwick City Employees Pension Plan covers all City employees not covered by other plans. Non-elected employees are eligible to participate after 6 months of employment. Elected officials are eligible on the date they assume their elected position. The City Employees' Pension Plan is a single-employer defined benefit pension plan that was established in 1965. The pension plan is reported as a Pension Trust Fund in the City's financial statements. The City does not issue a separate, publicly available financial report that includes financial statements and required supplementary information (RSI) for the City Employees' Pension Plan.

As of July 1, 2008 employee membership data related to the pension plan was as follows:

Active members	435
Retirees and beneficiaries	319
Terminated vested investments	23
Non-vested terminated members	<u>24</u>
	<u>801</u>

The following benefit provisions and contribution requirements were established and may be amended by City Ordinance.

Benefit Provisions – Members in the plan who have attained age 65 and have reached their fifth anniversary of participation may retire. The normal monthly retirement benefit is equal to 2.50% of final average monthly compensation multiplied by years of creditable service. Final average monthly compensation is one-twelfth of the average of the highest three consecutive years of base compensation. However, no elected member will receive less than one-twelfth of the sum of \$1,500 plus \$200 multiplied by years of creditable service; the sum not to exceed \$5,500. Effective September 1, 1994, the plan compensation is equal to the sum of base compensation and longevity pay. Eligibility for early retirement is after age 55 with at least 10 years of creditable service or any member whose age plus service total 80 or more. Effective September 1, 1994, an elected official is eligible upon attainment of age 55 with at least 6 years of service. The retirement benefit for early retirement is determined under the normal retirement formula above, reduced for commencement prior to age 65. The reduction is equal to 1/2% per month for the first sixty months prior to age 65, plus 1/3% per month for months in excess of sixty. If the sum of the retired member's years of age plus service is at least equal to 80, there is no reduction for early commencement. The provision for late retirement is continued employment beyond normal

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2010

NOTE 18 – PENSION PLANS (continued)

A. CITY EMPLOYEES' PENSION PLAN (continued):

retirement. The retirement benefit for late retirement is the same as the normal retirement benefit formula determined as of the member's actual retirement date.

Upon termination of employment, a non-elected member is eligible for a benefit deferred to retirement age after 10 years of creditable service. An elected member is eligible after 6 years of creditable service. The benefit is the same as early retirement. For all members except elected officials, the benefit amount determined under the normal retirement formula is increased by 3% per year between termination and retirement. In lieu of receiving retirement benefits, a member may receive in a lump sum payment of his or her accumulated contributions with interest at any time prior to commencement of retirement benefits.

A non-elected member who leaves employment prior to completing 10 years of creditable service or an elected member who leaves prior to completing 6 years of creditable service will receive a lump sum payment of his or her accumulated contributions with interest.

A non-elected member who has completed 10 years of creditable service or an elected member who has completed 6 years of creditable service, and who is totally disabled as determined by the City's medical board is eligible for disability retirement. The disability retirement benefit formula is the same as normal retirement but reduced by worker's compensation payments.

Any married non-elected member with 10 years of creditable service or any married elected member with 6 year of creditable service who dies while still employed after age 50 is eligible for pre-retirement death benefits. The benefit is the same as vested deferred or early retirement with reduction for each month by which benefit commencement precedes age 65 and further reduced to reflect the optional form of payment which provides payments at the same rate to the surviving spouse. A member's surviving spouse may elect to receive a lump sum payment equal to the member's accumulated contributions with interest in lieu of the annuity described above.

Any terminated member with a deferred vested benefit or an active member not eligible for the surviving spouse's annuity described above is eligible for death before retirement benefit equal to one lump sum pay the member's accumulated contributions with interest.

Effective September 1, 1994, a member may, in lieu of receiving one half of his or her accumulated sick pay in cash at termination or retirement, receive a pension service credit for unused sick pay (6 month maximum).

Funding Policy – Non-elected plan members contribute 8% of their annual base compensation and longevity compensation and elected plan members contribute 8% of their annual base compensation plus \$20 per month. The City is required to contribute an actuarially determined amount each year. Administrative costs are included in the actuarial valuation as part of the normal cost and financed through contributions.

Summary of Significant Accounting Policies

Basis of Accounting – The City Employees' Pension Trust Fund I's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2010

NOTE 18 – PENSION PLANS (continued)

A. CITY EMPLOYEES' PENSION PLAN (continued):

Method Used to Value Investments – Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates.

Annual Pension Cost and Net Pension Obligation

The City's annual pension cost and net pension obligation to the City Employees' Pension Plan for the current year are as follows:

Annual Required Contribution	3,973,247
Annual Pension Cost	3,973,247
Contributions Made	(3,973,247)
Increase (Decrease) in net pension obligation	-
Net pension obligation, beginning of year	-
Net pension obligation, end of year	-

Payment of this item is in transit at year-end and therefore accrued in the entity wide financial statements.

The City's annual contribution to the plan was determined as part of the July 1, 2008 actuarial valuation using the Entry Age Normal Actuarial Cost method and is based upon a funding policy which provides for the payment of the normal cost with interest plus an amount which will amortize the February 1, 1988 unfunded actuarial accrued liability as a level percentage of pay over the period ending July 1, 2008. Any subsequent increases or decreases in the actuarial accrued liability attributable to plan changes, changes in assumptions or methods, or experience gains or losses will be amortized as a level percentage of pay over a 20 year period from the date they are determined. The amortization period remaining on the unfunded actuarial accrued liability at July 1, 2008 was 10.5 years on a closed basis. The actuarial assumptions included a) 8% investment rate of return (net of investment expenses), and b) projected salary increases of 5.25% per year, which includes a 0.75% annual merit increase and a 0.5% longevity increase. The assumptions did not include post retirement health insurance benefit increases, which are funded by the City on a pay-as-you-go basis. Assets used for valuation purposes are equal to the market value less half the excess of the market value over the "asset value before adjustment," as defined by the City's pension ordinances. The asset value before adjustment is a component of the annual determination of the cost-of-living increase payable to retirees. The asset value before adjustment for a given valuation date is developed as follows. First, the previous year's asset value before adjustment is increased by 200% of the prior-year actuarial present value of the cost-of-living adjustment provided to retirees as of the current July 1. Next, this value is brought forward to the current July 1 by adding contributions made to the plan, and subtracting benefits and administrative expenses paid by the plan during the plan year. Finally, this amount is credited with interest for the year at a rate equal to the negotiated pay increases for active employees during the year plus 3% to arrive at the current July 1 asset value before adjustment.

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2010

NOTE 18 – PENSION PLANS (continued)

A. CITY EMPLOYEES' PENSION PLAN (continued):

<u>FISCAL YEAR ENDING</u>	<u>ANNUAL PENSION COST (APC)</u>	<u>PERCENTAGE OF (APC) CONTRIBUTED</u>	<u>NET PENSION OBLIGATION</u>
6/30/08	\$3,211,753	100.0%	\$ -
6/30/09	3,340,223	100.0%	-
6/30/10	3,973,247	100.0%	-

Funded Status and Funding Progress

As of July 1, 2008, the most recent actuarial valuation date, the plan was 79.2% funded. The actuarial accrued liability for benefits was \$103,090,691 and the actuarial value of assets was \$81,654,940, resulting in an unfunded actuarial accrued liability (UAAL) of \$21,435,751. The covered payroll (annual payroll of active employees covered by the plan) was \$20,447,173, and the ratio of the UAAL to covered payroll was 104.8%.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

B. POLICE PENSION II PLAN:

Plan Description

The City of Warwick's Police Pension II Plan covers all City police officers that were appointed after February 1, 1971. The Police Pension II Plan is a single-employer defined benefit pension plan that was established in 1971. There is no separate financial report issued for the pension plan. However, the City Employees' Pension Plan has been audited as part of the City's Pension Trust Funds reported in the City's financial statements.

As of July 1, 2009, employees' membership data related to the pension plan was as follows:

Active members	177
Retirees and beneficiaries	116
Non-vested terminated members	<u>-0-</u>
	<u>293</u>

The following benefit provisions and contribution requirements were established and may be amended by City Ordinance.

Benefit Provisions – Members in the plan who have completed 20 years of service may retire. The normal annual retirement benefit is equal to 50 percent of annual salary at retirement plus incremental increases of 2 percent per year between the 20th and 25th years, and annual increases of 3 percent between the 26th and 30th years. For pension purposes, annual salary includes regular, longevity, and holiday pay.

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2010

NOTE 18 – PENSION PLANS (continued)

B. POLICE PENSION II PLAN (continued):

A member who is unable to perform active duty as a result of a disability, which the Board of Public Safety finds to be permanently incapacitating, is eligible to receive disability retirement benefits. The service related disability retirement benefit is 66-2/3% of highest annual salary, reduced for each dollar of earned income in excess of the salary the member would earn as an active employee, to a minimum of 50% of annual salary. The non-service related benefit is 50% of annual salary.

A member who leaves employment prior to completing ten years of service will receive a lump sum payment of accumulated contributions without interest. For terminations after the completion of ten years of service but prior to eligibility for retirement, the employee is eligible for a deferred benefit equal to 2-1/2 percent of annual salary at termination, multiplied by the number of full years of service, payable on the 20th anniversary of employment.

The plan provides death benefits to a participant's spouse and dependents that dies while actively employed. For a service related death, the annual benefit is 50% of the deceased member's highest annual salary, payable to the surviving spouse until death or earlier remarriage. For a non-service related death, the annual benefit is 30% of the deceased member's highest annual salary, payable to the surviving spouse until death or earlier remarriage. The benefit for surviving children is 10% of the deceased member's highest annual salary, payable to each surviving child until age 18 (or for life if such child becomes permanently disabled prior to the member's death). The maximum family death benefit for service related deaths is 75% of the deceased member's highest annual salary and for non-service related deaths 50% of the highest annual salary.

A lump sum payment equal to the member's accumulated contributions without interest shall be paid to the estate of any active member who dies with no surviving spouse or children.

Funding Policy – Plan members contribute a percentage of their covered earnings (regular, holiday, and longevity) equal to one third of the actuarially determined contribution rate. The City is required to contribute two thirds of the actuarially determined contribution rate. Administrative costs are net against investment return in the actuarial valuation.

Summary of Significant Accounting Policies

Basis of Accounting – The Police II Pension Trust Fund's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments – Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates.

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2010

NOTE 18 – PENSION PLANS (continued)

B. POLICE PENSION II PLAN (continued):

Annual Pension Cost and Net Pension Obligation

The City's annual pension cost and net pension obligation to the Police II Pension Plan for the current year are as follows:

Annual Required Contribution	2,062,481
Annual Pension Cost	2,062,481
Contributions Made	(2,062,481)
Increase (Decrease) in net pension obligation	-
Net pension obligation, beginning of year	-
Net pension obligation, end of year	-

The City's annual contribution to the plan was determined as part of the July 1, 2007 actuarial valuation using the Entry Age Normal Actuarial Cost method and is based upon a funding policy which provides for the payment of the normal cost with interest plus a 20-year amortization of the unfunded actuarial accrued liability as of July 1, 1989 as a level percentage of pay plus 25-year amortizations of changes in the unfunded actuarial accrued liability attributable to plan amendments, changes in actuarial methods or assumptions, and actuarial experience gains and losses as a level percentage of pay. The amortization period remaining on the unfunded actuarial accrued liability at July 1, 2007 was 8.3 years on a closed basis. The actuarial assumptions included a) 8% investment rate of return (net of investment and administrative expenses), and b) projected salary increases of 5.25% per year, which includes a 0.75% promotional increase and a 0.5% longevity increase; and c) cost-of-living increases of 3% annually. The assumptions did not include post retirement health insurance benefit increases, which are funded by the City on a pay-as-you-go basis. Assets used for the purpose of determining the contribution level are equal to the fair market value of assets adjusted to recognize the difference between actual investment return and expected return over a five-year period at 20% per year.

<u>FISCAL</u> <u>YEAR</u> <u>ENDING</u>	<u>ANNUAL</u> <u>PENSION</u> <u>COST (APC)</u>	<u>PERCENTAGE</u> <u>OF (APC)</u> <u>CONTRIBUTED</u>	<u>NET</u> <u>PENSION</u> <u>OBLIGATION</u>
6/30/08	\$2,285,974	100.0%	\$ -
6/30/09	2,369,750	100.0%	-
6/30/10	2,062,481	100.0%	-

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2010

NOTE 18 – PENSION PLANS (continued)

B. POLICE PENSION II PLAN (continued):

Funded Status and Funding Progress

As of July 1, 2009, the most recent actuarial valuation date, the plan was 104.9% funded. The actuarial accrued liability for benefits was \$139,554,358, and the actuarial value of assets was \$137,152,325, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,402,033. The covered payroll (annual payroll of active employees covered by the plan) was \$13,099,942, and the ratio of the UAAL to covered payroll was 18.3%.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

C. POLICE PENSION I AND FIRE PENSION PLAN

Plan Description

The City of Warwick’s Police Pension I and Fire Pension Plan cover all City police officers who were appointed before February 1, 1971 and all permanent members of the City’s fire department appointed before May 29, 1992. The Police I and Fire Pension Plan is a single-employer defined benefit pension plan that was established in 1953. The pension plan is reported as a Pension Trust Fund in the City’s financial statements. The City does not issue a separate, publicly available financial report that includes financial statements and required supplementary information (RSI) for the City Employee’s Pension Plan.

As of July 1, 2009, employees' membership data related to the pension plan was as follows:

	Police	Fire
Active members	1	87
Retirees and beneficiaries	<u>110</u>	<u>257</u>
	<u>111</u>	<u>344</u>

The following benefit provisions and contribution requirements were established and may be amended by City Ordinance.

Benefit Provisions – Firefighters – Participating firefighters in the plan who have completed twenty years of service are eligible for retirement. The normal retirement benefit for fire department participants is 50 percent of highest annual salary plus 1% of salary for each year of service in excess of 20 years (maximum 10). Annual salary includes regular, longevity and holiday pay.

Any firefighter retiring after July 23, 1996 may also irrevocably elect to have his or her pension calculated under the City’s Fire II Pension Plan. The Fire II benefit formula is 50% of the final year’s compensation, plus 2% for each year of service from 20 to 25 years, plus 3% for each year of service from 25 to 30 years with a fixed 3% compounded cost of living adjustment.

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2010

NOTE 18 – PENSION PLANS (continued)

C. POLICE PENSION I AND FIRE PENSION PLAN (continued):

A participant who is unable to perform active duty as a firefighter, which the Board of Public Safety finds to be permanently incapacitated, is eligible for disability retirement. The service related disability benefit for disabilities involving heart, lung, cancer or other Social Security disabilities is 66-2/3 percent of highest annual salary reduced for each dollar of earned income in excess of the salary the member would earn as an active employee, to a minimum of 50% of salary. The other service related and non-service related disability benefit is equal to 50% of highest annual salary.

A member is eligible for a return of contributions without interest for terminations prior to the completion of ten years of service. For terminations after completion of ten years of service but prior to eligibility for retirement, the employee is eligible for a deferred benefit equal to 2-1/2 percent of highest annual salary, multiplied by the number of full years of service, payable on the 20th anniversary of employment.

The plan provides death benefits to a participant's spouse and dependents that dies while actively employed. The service related death benefit is 50% of the deceased member's highest annual salary, payable to the surviving spouse until death or earlier remarriage. The non-service related death benefit is 30% of the deceased member's highest annual salary, payable to the surviving spouse until death or earlier remarriage. 10% of the deceased member's highest annual salary is payable to each surviving child until the age of 18 (or for life if such child is permanently disabled prior to the member's death). The maximum family death benefit is 75% of the deceased's highest annual salary for service related deaths and 50% of highest annual salary for non-service related deaths. A lump sum payment equal to the member's accumulated contributions without interest shall be paid to the estate of any active member who dies with no surviving spouse or children.

Benefit Provisions – Police Officers – Benefits provided to remaining active police officers are in accordance with the proposed restatement of Section 15-19 of the City's Code of Ordinances. Retirement, death, and disability benefits payable to retired members and beneficiaries are indexed in accordance with the base salary increases provided to active members of the police force.

Funding Policy – Active plan members contribute 7% of their covered earnings (regular, holiday and longevity). The City is required to contribute an actuarially determined amount each year calculated in accordance with its pension ordinances. The statutory contribution level is not determined in accordance with GASB 27 requirements as it includes a 40-year amortization of the unfunded actuarial liability as a level percentage of payroll. Administrative costs are net against investment return in the actuarial valuation.

Summary of Significant Accounting Policies

Basis of Accounting – The Police I and Fire Pension Trust Fund's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments – Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates.

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2010

NOTE 18 – PENSION PLANS (continued)

C. POLICE PENSION I AND FIRE PENSION PLAN (continued):

The City's annual pension cost and net pension obligation to the Police I and Fire Pension Plan for the current year are as follows:

Annual Required Contribution	19,638,790
Interest on ARC	1,703,156
Adjustments to ARC	(1,819,699)
Annual Pension Cost	19,522,247
Contributions Made	(13,125,568)
Increase (Decrease) in net pension obligation	6,396,679
Net pension obligation, beginning of year	21,289,445
Net pension obligation, end of year	27,686,124

The City's annual contribution to the plan was determined as part of the July 1, 2007 actuarial valuation using the Entry Age Normal Actuarial Cost method and is based upon a funding policy which provides for the payment of the normal cost plus an amount which will amortize the July 1, 1995 unfunded actuarial accrued liability as a level percentage of payroll over a 40 year period ending June 30, 2035 plus 20-year amortization of experience gains or losses, method changes, assumption changes or plan changes since July 1, 1995 as a level percentage of payroll. This funding policy is based on the City's pension ordinances. The City has funded 100% of the Annual Required Contribution as stated in the City's pension ordinance. The funding policy does not comply with GASB Statement No. 27 that requires the annual required contribution be determined using an amortization period not in excess of 30 years. GASB Statement No. 27 also required amortization payments in a closed plan, such as this one, either be based on a level-payment approach or reflect the expected decrease in future payroll for the closed active group. The above annual required contribution was computed using a 30-year level payment amount as required by GASB. The amortization period remaining on the unfunded actuarial accrued liability at July 1, 1995 was 25 years on a closed basis. The actuarial assumptions included a) 8% investment rate of return (net of investment and administrative expenses), and b) projected salary increases of 5.25% per year, which includes a 0.75% promotional increase and a 0.50% longevity increase; and c) cost-of-living increases indexed in accordance with the base salary increases provided to active employees. The assumptions did not include post retirement health insurance benefit increases, which are funded by the City on a pay-as-you-go basis. Assets used for the purposes of determining the contribution level are equal to the fair market value of assets, adjusted to recognize the difference between actual investment return and expected return over a five-year period at 20% per year.

<u>FISCAL</u> <u>YEAR</u> <u>ENDING</u>	<u>ANNUAL</u> <u>PENSION</u> <u>COST (APC)</u>	<u>PERCENTAGE</u> <u>OF (APC)</u> <u>CONTRIBUTED</u>	<u>NET</u> <u>PENSION</u> <u>OBLIGATION</u>
6/30/08	\$19,775,769	64.6%	\$14,437,574
6/30/09	19,551,645	64.5%	21,289,445
6/30/10	19,552,247	67.2%	27,686,124

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2010

NOTE 18 – PENSION PLANS (continued)

C. POLICE PENSION I AND FIRE PENSION PLAN (continued):

Funded Status and Funding Progress

As of July 1, 2009, the most recent actuarial valuation date, the plan was 26.6% funded. The actuarial accrued liability for benefits was \$286,514,010, and the actuarial value of assets was \$76,142,283, resulting in an unfunded actuarial accrued liability (UAAL) of \$210,371,727. The covered payroll (annual payroll of active employees covered by the plan) was \$7,606,876, and the ratio of the UAAL/(funding excess) to covered payroll was 2765.5%.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

D. FIRE PENSION II PLAN:

Plan Description

The City of Warwick's Fire Pension II Plan covers all City firefighters who were appointed after May 29, 1992. The Fire Pension II Plan is a single employer defined benefit pension plan that was established in 1992. The pension plan is reported as a Pension Trust Fund in the City's financial statements. The City does not issue a separate, publicly available financial report that includes financial statements and required supplementary information (RSI) for the Fire II Pension Plan.

As of July 1, 2009 employees' membership data related to the pension plan was as follows

Active members	131
Retired members and beneficiaries	<u>3</u>
Total	<u>134</u>

The following benefit provisions and contribution requirements were established and may be amended by City Ordinance.

Benefit Provisions – A member who has completed 20 years of service may retire. Such member shall receive an annual benefit equal to 50% of their last year's salary, plus 2% of average salary for each year of service in excess of 20 up to 25, plus 3% for each year of service from 25 to 30. For pension purposes, annual salary includes regular, holiday and longevity pay.

A member who is unable to perform active duty as a result of disability, which the Board of Public Safety finds to be permanently incapacitating, is eligible to receive disability retirement benefits. The annual benefit for a service related disability involving any heart, lung, cancer or other Social Security disabilities is 66 2/3% of the member's average salary reduced for each dollar of earned income in excess of the salary the member would earn as an active employee, to a minimum of 50% of salary. The benefit for other service related and non-service related disabilities is 50% of the member's average salary.

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2010

NOTE 18 – PENSION PLANS (continued)

D. FIRE PENSION II PLAN (continued):

The plan provides death benefits to a member's spouse and dependents for those members who die while actively employed. The service related death benefit is 50% of the deceased member's average salary, payable to the surviving spouse until death or earlier remarriage. The non-service related death benefit is 30% of the deceased member's average salary, payable to the surviving spouse until death or earlier remarriage. 10% of the deceased member's average salary is payable to each surviving child until the age of 18 (or for life if such child is permanently disabled prior to the member's death). The maximum family death benefit is 75% of the deceased's average salary for service related deaths and 50% of average salary for non-service related deaths. A lump sum payment equal to the member's accumulated contributions without interest shall be paid to the estate of any active member who dies with no surviving spouse or children.

Any member, who terminates employment with 10 years or more of creditable service, but less than 20 years of creditable service, shall receive an annual benefit commencing at normal retirement age equal to 2.5% of average salary multiplied by full years of service at termination.

Any member who terminates employment prior to completion of 10 years of creditable service will receive a lump sum payment of his or her accumulated contributions without interest.

Funding Policy – Active plan members contribute a percentage of their covered earnings (regular, holiday and longevity) equal to 1/3 of the actuarially determined contribution rate. The City is required to contribute 2/3 of the actuarially determined contribution rate. Administrative costs are net against investment return in the actuarial valuation. For fiscal year 2009-2010, employees were required to contribute 9.94% and the City was required to contribute 19.89% of covered earnings.

Summary of Significant Accounting Policies

Basis of Accounting – The Fire II Pension Trust Fund's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments – Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates.

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2010

NOTE 18 – PENSION PLANS (continued)

D. FIRE PENSION II PLAN (continued):

Annual Pension Cost and Net Pension Obligation

The City's annual pension cost and net pension obligation to the Fire II Pension Plan for the current year are as follows:

Annual Required Contribution	1,594,677
Annual Pension Cost	1,594,677
Contributions Made	(1,594,677)
Increase (Decrease) in net pension obligation	-
Net pension obligation, beginning of year	-
Net pension obligation, end of year	-

The City's annual contribution to the plan was determined as part of the July 1, 2007 actuarial valuation using the Entry Age Normal Actuarial Cost method and is equal to the sum of the following a) normal cost with interest and b) the sum of the 20-year amortizations of any changes in the unfunded actuarial accrued liability after May 29, 1992 attributable to plan amendments, actuarial method or assumption changes or experience gains or losses as a level percentage of pay. These amounts are amortized with annual percentage increases equal to the base pay increase assumption. The actuarial assumptions included a) 8% investment rate of return (net of investment and administrative expenses), and b) projected salary increases of 5.25%, which includes a 0.75% promotional increase and a 0.5% longevity increase; and c) cost-of-living increases of 3% annually. The assumptions did not include post retirement health insurance benefit increases, which are funded by the City on a pay-as-you-go basis. Assets used for the purposes of determining the contribution level are equal to the fair market value of assets, adjusted to recognize the difference between actual investment return and expected return over a five-year period at 20% per year.

<u>FISCAL YEAR ENDING</u>	<u>ANNUAL PENSION COST (APC)</u>	<u>PERCENTAGE OF (APC) CONTRIBUTED</u>	<u>NET PENSION OBLIGATION</u>
6/30/08	\$ 1,432,908	100.0%	\$ -
6/30/09	1,535,840	100.0%	-
6/30/10	1,594,677	100.0%	-

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

All Warwick Public Schools certified school personnel participate in the Employees' Retirement System of the State of Rhode Island ("System"), a cost-sharing multiple-employer defined benefit pension plan administered by the State of Rhode Island. The System issues a publicly available financial report that includes financial statements and required supplementary information for the City. The financial report may be obtained by writing to Employees Retirement System of Rhode Island, 40 Fountain Street, Providence, Rhode Island, 02903-1854 or by calling (401) 222-2203.

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2010

NOTE 18 – PENSION PLANS (continued)

E. EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF RHODE ISLAND (continued)

Plan Description

State Statute establishes the following eligibility and benefit provisions. All City certified school personnel are eligible to participate in the System if they are certified by the Board of Regents, engaged in teaching as principal occupation, and are regularly employed on at least a half time basis. The plan provides a two-tier benefit structure referred to as Schedules A and B.

Schedule A Benefits

Schedule A benefits are available to members who possessed 10 years or more of contributory service on or before July 1, 2005. Schedule A provides unreduced benefits of 1.7% of earnings for each of the first ten years of service; 1.9% for each of the next ten years; 3.0% per year for each of the next fourteen years; and 2% for the 35th year. Joint and survivor options are available as well as the Service Retirement Allowance (SRA) Plus option that provides for the payment of a larger benefit before the attainment of age sixty-two (62) and a reduced amount thereafter. The reduced amount is equal to the benefit before age sixty-two (62), including cost-of-living increases, minus the member's estimated social security benefit payable at age sixty-two (62). The maximum benefit is 80% of final average earnings after 35 years of service. Such benefits are available to members at least age 60 with 10 years of service, or after 28 years at any age. A different benefit formula applies to State correctional officers who may retire at age 50 if they have 20 years of service. Benefits for all employees are based on the average of the highest three consecutive years' earnings, exclusive of overtime.

On the third January after retirement, a cost-of-living increase of 3% (compounded annually) is provided independent of actual changes in the consumer price index. The plan also provides nonservice-connected disability benefits after five years of service; service-connected disability pensions with no minimum service requirement; vested benefits after ten years of service; survivor's benefits for service-connected death; and certain lump sum death benefits.

Schedule B Benefits

Schedule B benefits are provided to members who had less than 10 years of contributory service on or before July 1, 2005. For Schedule B members, the plan provides unreduced benefits of 1.6% of earnings for each of the first ten years of service; 1.8% for each of the next ten years; 2.0% per year for years 21 through 25 inclusive; 2.25% per year for years 26 through 30 inclusive; 2.50% per year for years 31 through 37 inclusive and 2.25% for the 38th year. Only single life, and joint and survivor options are available. The maximum benefit is 75% of his or her average highest three (3) years of compensation after 38 years of service. Such benefits are available to members at least age 65 with 10 years of service, or after 29 years of service and age 59. Actuarially reduced retirement is available at age 55 and 20 years of service, the benefit is reduced actuarially for each month that the age of the member is less than sixty-five (65) years.

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2010

NOTE 18 – PENSION PLANS (continued)

E. EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF RHODE ISLAND (continued)

On the month following the third anniversary date of the retirement, and on the month following the anniversary date of each succeeding year, a cost-of-living increase of 3% (compounded annually) or the percentage of increase in the Consumer Price Index for all Urban Consumers (CPI-U) as published by the United States Department of Labor Statistics, determined as of September 30 of the prior calendar year, whichever is less is provided for Schedule B members.

Funding Policy

Rhode Island general laws set the contribution rates for participating State employees at 9.5% of salary. Annual contributions by both employers and the State on behalf of those employees are determined by actuaries and assessed as percentage of participants' payroll. The City was required to contribute 11.25%, 11.89%, and 13.04%, for all full-time employees for fiscal years 2010, 2009, and 2008, respectively. The required contributions include (a) normal costs; (b) payments to amortize the unfunded frozen actuarial accrued liability as of July 1, 1985 over 30 years; and (c) interest on the unfunded frozen actuarial liability. Normal cost is determined using the entry age normal cost method with frozen initial liability. Both employers and employees contribute 1% of the first \$9,600 of salary for survivor benefits. A variety of significant actuarial assumptions are used and these assumptions are summarized below:

- A. ***Mortality*** – 1994 Group Annuity Mortality Tables.
- B. ***Investment return*** – 8.25 percent, compounded annually.
- C. ***Salary increase*** - Salaries will increase at a rate of 4.5-13.25 percent, compounded annually.
- D. ***Retirement age*** - Teachers are assumed to retire at the later of age 60 with 10 years of service credit or any age with at least 28 years service credit.
- E. ***Cost of living adjustments*** – Schedule A - 3.0 percent compounded annually for members eligible at 9/30/09, 2.5 percent compounded annually for members not eligible at 9/30/09. Schedule B – 2.5 percent compounded annually.

As prescribed by Rhode Island general law, the State pays the entire portion of the annual required contribution attributable to the costs of contributions deferred by the State in prior years plus 40% of contributions assessed to employers on payroll not reimbursable through Federal programs. This resulted in contribution rates paid by the State on behalf of the School Department of 8.18% of non-federally reimbursable payrolls totaling \$5,928,125 for the fiscal year ended June 30, 2010.

The School Department does not have any investments or related party investment with the State Plan.

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2010

NOTE 18 – PENSION PLANS (continued)

E. EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF RHODE ISLAND (continued)

Annual Pension Cost and Net Pension Obligation

The School Department's annual pension cost and net pension obligation to the School Employee Pension Plan for the current year are as follows:

Required Contributions:

<u>FISCAL YEAR ENDING</u>	<u>ANNUAL PENSION COST (APC)</u>	<u>PERCENTAGE OF (APC) CONTRIBUTED</u>	<u>NET PENSION OBLIGATION</u>
6/30/08	\$10,625,301	100%	\$ -
6/30/09	9,658,194	100%	-
6/30/10	9,187,493	100%	-

F. WARWICK PUBLIC SCHOOLS EMPLOYEE'S PENSION PLAN:

Plan Description

The School administers the Warwick Public Schools Employee Pension Plan, a single-employer defined benefit public employee pension plan. . There is no separate financial report issued for the pension plan. However, the City Employees' Pension Plan has been audited as part of the City's Pension Trust Funds reported in the City's financial statements.

All eligible Warwick Public School employees other than teachers are eligible to participate on the first of the month after completing three months of service. A person is considered eligible if they are a) employed 20 hours or more per week and covered under the collective bargaining unit agreement or b) employed 20 hours or more per week in a non-certified management position or c) an elected School Committee member.

As of July 1, 2010, employee membership data related to the pension plan is as follows:

Active members	440
Deferred vested	16
Retired membership	<u>103</u>
	<u>559</u>

Participants are eligible for normal retirement at the later of age 62 or 10 years of plan participation or at any age upon the completion of 32 years of service with 10 years of plan participation.

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2010

NOTE 18 – PENSION PLANS (continued)

F. WARWICK PUBLIC SCHOOLS EMPLOYEE’S PENSION PLAN (continued):

The normal retirement benefit is 1.67 % of average monthly earnings times years of participation, plus .33% times average monthly earning times years of participation greater than 20. The normal form of benefit is a life annuity. Average monthly earnings are the monthly average of total compensation for the 3 consecutive years of highest compensation of the last 10 years.

The yearly amount of annuity for a School Committee member who becomes a retired member is \$1,000 plus 4.8% times the salary amount for each plan year in which one made mandatory employee contributions.

The plan also provides death and disability benefits.

Funding Policy

Plan members contribute 5% of earnings during the plan year. The School contributes based on an annual actuarial valuation. Administrative costs are included in the actuarial valuation as part of the normal cost and financed through contributions.

Summary of Significant Accounting Policies

Basis of Accounting – The School Employees Pension Trust Fund's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments - Investments is reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates.

Annual Pension Cost and Net Pension Obligation

The school’s annual pension cost and net pension obligation to the Plan for the current year are as follows:

Annual Required Contribution	2,195,400
Interest on ARC	41,154
Adjustments to ARC	(117,669)
Annual Pension Cost	2,118,885
Contributions Made	(2,195,000)
Increase (Decrease) in net pension obligation	(76,115)
Net pension obligation, beginning of year	587,908
Net pension obligation, end of year	511,793

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2010

NOTE 18 – PENSION PLANS (continued)

F. WARWICK PUBLIC SCHOOLS EMPLOYEE’S PENSION PLAN (continued):

The school’s annual contribution to the plan was determined as part of the July 1, 2010 actuarial valuation.

The actuarially determined contribution was calculated using the frozen initial liability cost method. Under this method, the annual cost is equal to the normal cost, plus amortization of unfunded accrued liabilities over a fixed period of years, selected with the minimum (10 years) and maximum (5 to 30 years) periods. The actuarial assumptions included a) 7% investment rate of return and b) projected salary increases of 3.25% c) no assumed cost-of-living increases. The assumptions did not include post retirement health insurance benefit increases, which are funded by the Schools on a pay-as-you-go basis. Assets used for the purposes of determining the contribution are equal to the current book value of plan assets reported by Aetna, and market value of assets reported by USI Securities, Inc., plus accrued contributions.

<u>FISCAL</u> <u>YEAR</u> <u>ENDING</u>	<u>ANNUAL</u> <u>PENSION</u> <u>COST (APC)</u>	<u>PERCENTAGE</u> <u>OF (APC)</u> <u>CONTRIBUTED</u>	<u>NET</u> <u>PENSION</u> <u>OBLIGATION</u>
6/30/07	\$ 1,664,789	72.1%	\$843,494
6/30/08	1,322,553	115.0%	644,963
6/30/09	1,512,193	103.7%	587,908
6/30/10	2,118,885	103.6%	511,793

The School has an unfunded actuarial accrued liability which is disclosed in the schedule of funding progress.

Funded Status and Funding Progress

As of July 1, 2010, the most recent actuarial valuation date, the plan was 76.87% funded. The actuarial accrued liability for benefits was \$42,039,713, and the actuarial value of assets was \$32,317,581, resulting in an unfunded actuarial accrued liability (UAAL) of \$9,722,132. The covered payroll (annual payroll of active employees covered by the plan) was \$14,772,043, and the ratio of the UAAL to covered payroll was 65.81%.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

CITY OF WARWICK, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 18 - PENSION PLANS (continued)

G: WARWICK STATEMENT OF FIDUCIARY NET ASSETS AND STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS FOR PENSION TRUST FUNDS

Shown below is the Statement of Fiduciary Net Assets and the Statement of Changes in Fiduciary Net Assets for each of the pension plans described above that was audited as part of the City's Pension Trust Funds present in the financial statements.

	Police Pension I and Fire Pension	Police Pension II	Fire Pension II	City Employees Pension	Other School Department Employees	Total
ASSETS						
Cash and cash equivalents	\$ 395,605	\$ -	\$ 705,096	\$ 1,253,825	\$ 51,420	\$ 2,405,946
Investments, at fair value:						
Equity pool	7,387,633	13,195,596	2,164,382	8,607,655	-	31,355,266
Equity small cap funds	9,486,805	18,699,413	2,649,972	11,061,347	-	41,897,537
Fixed income pool	26,713,301	51,760,360	7,906,913	31,631,680	-	118,012,254
Index funds	14,691,389	30,012,168	4,364,572	18,333,398	-	67,401,527
International equity funds	2,684,073	4,540,842	844,513	3,064,506	-	11,133,934
Immediate participation guarantee contracts	-	-	-	-	6,665,451	6,665,451
Mutual funds	-	-	-	-	23,423,106	23,423,106
Total investments	60,963,201	118,208,379	17,930,352	72,698,586	30,088,557	299,889,075
Interest receivable	92	22	67	197	-	378
Other receivable	-	-	-	993,312	2,195,000	3,188,312
Total receivables	92	22	67	993,509	2,195,000	3,188,690
Total Assets	61,358,898	118,208,401	18,635,515	74,945,920	32,334,977	305,483,711
LIABILITIES						
Accounts payable and accrued expenses	68,804	129,705	15,777	71,147	-	285,433
Total liabilities	68,804	129,705	15,777	71,147	-	285,433
NET ASSETS						
Held in trust for pension benefits	\$ 61,290,094	\$ 118,078,696	\$ 18,619,738	\$ 74,874,773	\$ 32,334,977	\$ 305,198,278

CITY OF WARWICK, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 18 - PENSION PLANS (continued)

G: WARWICK STATEMENT OF FIDUCIARY NET ASSETS AND STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS FOR PENSION TRUST FUNDS (continued)

	Police Pension I and Fire Pension	Police Pension II	Fire Pension II	City Employees Pension	Other School Department Employees	Total
ADDITIONS						
Contributions						
Employer	\$ 13,125,568	\$ 2,062,481	\$ 1,594,677	\$ 3,973,247	\$ 2,195,000	\$ 22,950,973
Plan members	410,841	1,031,241	797,338	1,625,137	860,883	4,725,440
Total contributions	13,536,409	3,093,722	2,392,015	5,598,384	3,055,883	27,676,413
Investment income						
Interest and dividend income	1,794	717	879	3,356	714,780	721,526
Net appreciation (depreciation) in fair value of investments	8,175,713	15,203,495	2,091,335	9,281,195	1,874,444	36,626,182
Less: investment expense	(203,020)	(394,535)	(59,052)	(216,622)	(784)	(874,013)
Net investment income	7,974,487	14,809,677	2,033,162	9,067,929	2,588,440	36,473,695
Total additions	21,510,896	17,903,399	4,425,177	14,666,313	5,644,323	64,150,108
DEDUCTIONS						
Benefits paid	18,099,152	5,614,580	160,760	6,618,357	758,197	31,251,046
Administrative expense	36,471	11,582	692	38,857	77,829	165,431
Annuity purchases	-	-	-	-	2,212,871	2,212,871
Total deductions	18,135,623	5,626,162	161,452	6,657,214	3,048,897	33,629,348
Change in net assets	3,375,273	12,277,237	4,263,725	8,009,099	2,595,426	30,520,760
Net assets - beginning of year	57,914,821	105,801,459	14,356,013	66,865,674	29,739,551	274,677,518
Net assets - end of year	\$ 61,290,094	\$ 118,078,696	\$ 18,619,738	\$ 74,874,773	\$ 32,334,977	\$ 305,198,278

CITY OF WARWICK, RHODE ISLAND
Notes to the Financial Statements
June 30, 2010

NOTE 19 – PRIOR PERIOD ADJUSTMENT

A. SEWER RENEWAL & REPLACEMENT FUND

On the June 30, 2009 financial statements the Sewer Renewal & Replacement fund included an expense of \$18,618 for a new computer system that should have been included as a transfer to the Sewer fund and capitalized as a capital asset. The amount was corrected with a prior period adjustment which resulted in an increase of the Sewer Renewal & Replacement Fund's fund balance by \$18,618.

NOTE 20 – FLOOD EMERGENCY

Significant rains between March 29 and March 31, 2010 caused major flooding in the State of Rhode Island. On March 30, 2010, Warwick's wastewater treatment facility was closed after flood waters breached the levee protecting the facility from the Pawtuxet River, which rose 20 feet above its banks. The wastewater treatment facility was inundated with an estimated 70 million gallons of mostly rain and river water, which then mixed with incoming wastewater. The facility had to be pumped out before it could resume sewerage treatment operations. As of April 2, 2010, basic sewerage collection had been restored to the entire City and on April 5, 2010 the Warwick Sewer Authority had restored basic wastewater treatment processes including preliminary treatment and solids collection, as well as disinfection.

The Sewer Authority hired a consultant specialized in disaster recovery of sewerage treatment facilities to assist in the recovery process. The consultant has worked with the Authority to restore the plant to pre-flood conditions. The City has insurance coverage in the amount of 10 million which can be used to rebuild the treatment facility and the neighboring Animal Shelter. In addition, the City has been approved for FEMA for public assistance funds for those expenses not covered by insurance. FEMA will reimburse the City at a rate of 90% of all eligible expenses.

As of June 30, 2010, much of the reconstruction work had not been completed. For the purpose of this report, the existing Fixed Asset Schedule for the Wastewater Treatment Facility has remained intact. Fixed Assets relating to the compromised plant infrastructure will not be removed until reconstruction is complete and the new "replacement" assets are ready to be added to the schedule. In this way we hope to maintain the fair presentation of Sewer's financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION
CITY OF WARWICK, RHODE ISLAND
Budgetary Comparison Schedule-General Fund
Schedule of Revenues - Budget and Actual
For the Fiscal Year Ended June 30, 2010

	<u>Original Budgeted Revenues</u>	<u>Final Budgeted Revenues</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance</u>
General property taxes	\$ 203,718,000	\$ 203,718,000	\$ 202,494,106	\$ (1,223,894)
Intergovernmental				
Telephone tax	753,423	753,423	929,063	175,640
Aid to school buildings	1,205,778	1,205,778	1,203,438	(2,340)
Connecticut tax	1,028,280	1,028,280	957,595	(70,685)
GPA reimbursements	93,950	93,950	95,366	1,416
Motor vehicle tax phase-out	12,892,305	12,892,305	11,937,783	(954,522)
Departmental grant income	1,968,368	1,968,368	2,850,751	882,383
Total intergovernmental	<u>17,942,104</u>	<u>17,942,104</u>	<u>17,973,996</u>	<u>31,892</u>
Licenses and fees				
Licenses- police/miscellaneous	357,000	357,000	365,647	8,647
Municipal fees	1,790,000	1,790,000	1,820,507	30,507
Building permits	752,000	752,000	570,874	(181,126)
Advertising and zoning fees	25,000	25,000	12,634	(12,366)
Recreational fees	760,000	760,000	826,127	66,127
Parking violations and fines	207,000	207,000	217,147	10,147
Department processing/program fees	546,950	546,950	461,088	(85,862)
Total licenses and fees	<u>4,437,950</u>	<u>4,437,950</u>	<u>4,274,024</u>	<u>(163,926)</u>
Other revenue				
Tax titles	5,975	5,975	157,034	151,059
Interest on taxes	1,100,000	1,100,000	1,228,767	128,767
Interest on investments	100,000	100,000	52,023	(47,977)
Interest on capital projects	12,000	12,000	2,371	(9,629)
Housing authority	100,000	100,000	120,025	20,025
Airport parking tax	500,000	500,000	500,000	-
Airport miscellaneous income	600,000	600,000	631,132	31,132
Airport surcharge	1,000,000	1,000,000	1,111,136	111,136
Airport EDC	800,765	800,765	776,029	(24,736)
Reimbursement-Training	20,000	20,000	49,710	29,710
Municipal court	320,000	320,000	238,609	(81,391)
Municipal delinquent collections	40,000	40,000	12,219	(27,781)
Hotel tax	1,400,000	1,400,000	1,385,776	(14,224)
Meal Tax	2,100,000	2,100,000	2,151,135	51,135
School back charge - lease purchase/tipping fee	105,884	105,884	113,903	8,019
Enterprise fund back charges	2,345,647	2,345,647	1,926,617	(419,030)
Other	1,473,675	1,473,675	1,915,375	441,700
Total other revenues	<u>12,023,946</u>	<u>12,023,946</u>	<u>12,371,861</u>	<u>347,915</u>
Total revenues	<u>238,122,000</u>	<u>238,122,000</u>	<u>237,113,987</u>	<u>(1,008,013)</u>
Other financing sources				
Transfers from other funds	42,741,000	42,741,000	37,430,398	(5,310,602)
Appropriation of Fund Balance-Education Reserve	-	500,000	500,000	-
Total other financing sources	<u>42,741,000</u>	<u>43,241,000</u>	<u>37,930,398</u>	<u>(5,310,602)</u>
Total revenues and other financing sources	<u>\$ 280,863,000</u>	<u>\$ 281,363,000</u>	<u>\$ 275,044,385</u>	<u>\$ (6,318,615)</u>

REQUIRED SUPPLEMENTARY INFORMATION
CITY OF WARWICK, RHODE ISLAND
Budgetary Comparison Schedule-General Fund
Schedule of Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2010

	<u>Original Budgeted Expenditures</u>	<u>Final Budgeted Expenditures</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance</u>
Executive and administrative				
Executive department	\$ 377,052	\$ 377,052	\$ 373,209	\$ 3,843
Legal department	521,426	383,426	1,056,994	(673,568)
City clerk	496,345	486,745	459,455	27,290
Probate court	89,616	99,216	87,101	12,115
Municipal court	108,767	108,767	103,443	5,324
Personnel department	277,500	277,500	274,307	3,193
	<u>1,870,706</u>	<u>1,732,706</u>	<u>2,354,509</u>	<u>(621,803)</u>
Legislative and citizens representation				
Legislative department	218,296	218,296	193,305	24,991
Board of canvassers	214,650	214,650	199,916	14,734
	<u>432,946</u>	<u>432,946</u>	<u>393,221</u>	<u>39,725</u>
Financial management				
Finance administration	396,924	396,924	322,751	74,173
Purchasing	189,310	189,310	167,555	21,755
Treasury	335,955	335,955	331,711	4,244
City collection	399,300	389,300	357,574	31,726
Management information services	1,042,630	1,042,630	1,040,083	2,547
City assessment	1,177,604	1,242,604	1,247,241	(4,637)
Board of assessment review	12,200	15,200	12,207	2,993
	<u>3,553,923</u>	<u>3,611,923</u>	<u>3,479,122</u>	<u>132,801</u>
Total executive and administrative	<u>5,857,575</u>	<u>5,777,575</u>	<u>6,226,852</u>	<u>(449,277)</u>
Public safety department				
Animal shelter	201,327	201,327	182,038	19,289
Police department	15,699,089	15,699,089	15,434,182	264,907
Fire department	19,653,300	19,653,300	19,649,432	3,868
Organized crime/drug enforcement task force	29,000	29,000	16,378	12,622
Building inspection and minimum housing	807,517	798,817	794,991	3,826
Emergency management	184,700	257,100	261,940	(4,840)
Alcohol and highway safety enforcement	34,350	66,350	60,454	5,896
Police grants	58,422	189,722	217,667	(27,945)
Board of public safety	44,785	44,785	44,705	80
Total public safety	<u>36,712,490</u>	<u>36,939,490</u>	<u>36,661,787</u>	<u>277,703</u>
Social services				
Recreation department:				
Parks and recreation	504,636	449,686	420,175	29,511
William Thayer memorial ice rink	864,078	856,578	803,113	53,465
McDermott swimming pool	507,234	423,534	413,611	9,923
	<u>1,875,948</u>	<u>1,729,798</u>	<u>1,636,899</u>	<u>92,899</u>
Public library	<u>2,560,381</u>	<u>2,530,281</u>	<u>2,446,116</u>	<u>84,165</u>

(continued)

REQUIRED SUPPLEMENTARY INFORMATION
CITY OF WARWICK, RHODE ISLAND
Budgetary Comparison Schedule-General Fund
Schedule of Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2010
(continued)

	<u>Original Budgeted Expenditures</u>	<u>Final Budgeted Expenditures</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance</u>
Human services:				
Human services administration	703,090	703,090	651,760	51,330
Senior center	511,791	511,791	463,012	48,779
Family support services	161,950	161,950	160,338	1,612
Senior transportation	296,651	296,651	285,303	11,348
Youth programs	200,000	260,000	268,539	(8,539)
	<u>1,873,482</u>	<u>1,933,482</u>	<u>1,828,952</u>	<u>104,530</u>
Total social services	<u>6,309,811</u>	<u>6,193,561</u>	<u>5,911,967</u>	<u>281,594</u>
Physical resources				
Planning department	<u>502,397</u>	<u>502,397</u>	<u>547,459</u>	<u>(45,062)</u>
Community development	<u>376,059</u>	<u>376,059</u>	<u>361,451</u>	<u>14,608</u>
Tourism, culture, and development	<u>640,633</u>	<u>640,633</u>	<u>469,506</u>	<u>171,127</u>
Public works department:				
Administrative division	117,452	117,452	71,244	46,208
Highway division	3,991,493	3,899,943	3,689,213	210,730
Sanitation division	2,192,703	2,192,703	2,022,802	169,901
Automotive division	2,501,785	2,376,785	2,195,073	181,712
City building maintenance division	1,317,461	1,304,461	1,083,185	221,276
Engineering division	1,313,532	1,313,532	1,394,544	(81,012)
Recycling	306,500	306,500	264,320	42,180
Field maintenance	939,905	767,705	693,784	73,921
	<u>12,680,831</u>	<u>12,279,081</u>	<u>11,414,165</u>	<u>864,916</u>
Sewer review board	<u>2,150</u>	<u>2,150</u>	<u>1,975</u>	<u>175</u>
Totals physical resources	<u>14,202,070</u>	<u>13,800,320</u>	<u>12,794,556</u>	<u>1,005,764</u>
Employee benefits, special and capital	<u>43,897,563</u>	<u>44,268,563</u>	<u>43,009,495</u>	<u>1,259,068</u>
Total expenditures	<u>106,979,509</u>	<u>106,979,509</u>	<u>104,604,657</u>	<u>2,374,852</u>
Other financing uses				
Operating transfer to debt service fund	9,274,423	9,274,423	9,221,359	53,064
Operating transfer to school unrestricted fund	164,609,068	165,109,068	155,460,041	9,649,027
Total other financing uses	<u>173,883,491</u>	<u>174,383,491</u>	<u>164,681,400</u>	<u>9,702,091</u>
Total expenditures and other financing uses	<u>\$ 280,863,000</u>	<u>\$ 281,363,000</u>	<u>\$ 269,286,057</u>	<u>\$ 12,076,943</u>

(concluded)

REQUIRED SUPPLEMENTARY INFORMATION
CITY OF WARWICK, RHODE ISLAND
Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget (Budgetary Basis) and Actual
Special Revenue Funds - School Unrestricted
For the Fiscal Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance</u>
Revenues				
Intergovernmental revenue	\$ 37,635,764	\$ 37,635,764	\$ 31,261,608	\$ (6,374,156)
Federal revenue-SFSF	-	-	2,554,650	2,554,650
Other revenue	4,041,835	4,041,835	3,776,975	(264,860)
Total revenues	<u>41,677,599</u>	<u>41,677,599</u>	<u>37,593,233</u>	<u>(4,084,366)</u>
Expenditures				
Salaries	100,183,789	100,183,789	98,259,194	1,924,595
Employee benefits	43,885,617	43,885,617	40,537,056	3,348,561
Purchased services	13,638,920	13,638,920	10,960,898	2,678,022
Supplies and materials	5,636,773	5,636,773	4,411,205	1,225,568
Capital outlay	1,059,691	1,059,691	1,376,124	(316,433)
Other costs	153,816	153,816	134,116	19,700
Total expenditures	<u>164,558,606</u>	<u>164,558,606</u>	<u>155,678,593</u>	<u>8,880,013</u>
Deficiency of revenues under expenditures before other financing sources (uses)	(122,881,007)	(122,881,007)	(118,085,360)	4,795,647
Other financing sources (uses)				
Transfer from other funds	123,431,469	123,431,469	120,400,602	(3,030,867)
Transfer to other funds	(550,462)	(550,462)	(478,896)	71,566
Total other financing sources (uses)	<u>122,881,007</u>	<u>122,881,007</u>	<u>119,921,706</u>	<u>(2,959,301)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,836,346</u>	<u>\$ 1,836,346</u>

CITY OF WARWICK
Required Supplementary Information - Pension Plans
Schedule of Employer Contributions
"Unaudited"

City Employees Pension Plan			
Fiscal Year	Annual		
Ending	Required	Actual	Percent
June 30	Contribution	Contribution	Funded
2004	\$ 2,308,830	\$ 2,308,830	100.00%
2005	2,401,183	2,401,183	100.00%
2006	3,043,476	3,045,068	100.05%
2007	3,165,215	3,165,215	100.00%
2008	3,211,753	3,211,753	100.00%
2009	3,340,223	3,340,223	100.00%
2010	3,973,247	3,973,247	100.00%

Police II Pension Plan			
Fiscal Year	Annual		
Ending	Required	Actual	Percent
June 30	Contribution	Contribution	Funded
2004	\$ 1,201,520	\$ 1,201,520	100.00%
2005	1,729,765	1,729,765	100.00%
2006	1,917,484	1,917,484	100.00%
2007	2,359,189	2,359,189	100.00%
2008	2,285,974	2,285,974	100.00%
2009	2,369,750	2,369,750	100.00%
2010	2,062,481	2,062,481	100.00%

Police I & Fire Pension Plan			
Fiscal Year	Annual		
Ending	Required	Actual	Percent
June 30	Contribution	Contribution	Funded
2004	\$ 9,535,519	\$ 9,535,519	100.00%
2005	10,112,932	10,112,932	100.00%
2006	10,517,450	10,554,471	100.35%
2007	19,719,971	12,283,415	62.29%
2008	19,816,479	12,774,751	64.47%
2009	19,551,645	12,620,739	64.55%
2010	19,552,247	13,125,568	67.13%

CITY OF WARWICK
Required Supplementary Information - Pension Plans
Schedule of Employer Contributions
"Unaudited"

Fire II Pension Plan			
Fiscal Year	Annual		
Ending	Required	Actual	Percent
June 30	Contribution	Contribution	Funded
2004	\$ 671,443	\$ 671,443	100.00%
2005	866,234	866,234	100.00%
2006	1,081,926	1,081,926	100.00%
2007	1,334,416	1,334,416	100.00%
2008	1,432,908	1,432,908	100.00%
2009	1,535,840	1,535,840	100.00%
2010	1,594,677	1,594,677	100.00%

Other School Department Pension Plan			
Fiscal Year	Annual		
Ending	Required	Actual	Percent
June 30	Contribution	Contribution	Funded
2004	\$ 1,375,458	\$ 1,400,000	101.78%
2005	1,557,272	1,500,000	96.32%
2006	1,503,550	1,270,000	84.47%
2007	1,700,598	1,200,000	70.56%
2008	1,439,385	1,521,084	105.68%
2009	1,569,248	1,569,248	100.00%
2009	2,118,885	2,195,000	103.59%

CITY OF WARWICK, RHODE ISLAND
Required Supplementary Information - Pension Plan and OPEB Plan
Schedule of Funding Progress (1)
"Unaudited"

	Actuarial Valuation Date	Actuarial Value of Assets (2)	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funding Excess	Funding Ratio	Covered Payroll	UAAL (Funding Excess) as a Percentage of Covered Payroll
City Employees Pension Plan	7/1/98	\$ 49,051,074	\$ 53,047,176	\$ 3,996,102	N/A	92.5%	\$ 13,491,403	29.6%
	7/1/00	59,347,136	64,023,027	4,675,891	N/A	92.7%	14,766,805	31.7%
	7/1/02	55,892,932	70,980,384	15,087,452	N/A	78.7%	15,226,469	99.1%
	7/1/04	64,006,602	81,587,332	17,580,730	N/A	78.5%	17,637,143	99.7%
	7/1/06	74,580,957	91,638,367	17,057,410	N/A	81.4%	18,817,448	90.6%
	7/1/08	81,654,940	103,090,691	21,435,751	N/A	79.2%	20,447,173	104.8%
Police Pension II Plan	7/1/97	\$ 61,905,573	\$ 55,282,889	N/A	\$ 6,622,684	112.0%	\$ 8,012,371	-82.7%
	7/1/99	83,023,374	68,000,992	N/A	15,022,382	122.1%	8,501,830	-176.7%
	7/1/01	100,587,651	80,075,595	N/A	20,512,056	125.6%	8,632,360	-237.6%
	7/1/03	103,576,887	92,587,566	N/A	10,989,321	111.9%	10,075,073	-109.1%
	7/1/05	106,857,258	104,458,087	N/A	2,399,171	102.3%	11,134,444	-21.5%
	7/1/07	125,715,755	119,787,659	N/A	5,928,096	104.9%	11,676,883	-50.8%
	7/1/09	137,152,325	139,554,358	2,402,033	N/A	98.3%	13,099,942	18.3%
Police Pension I & Fire Pension Plan (3)	7/1/97	\$ 53,928,791	\$ 220,362,019	\$ 166,433,228	N/A	24.5%	\$ 9,164,666	1816.0%
	7/1/99	75,078,703	227,017,342	151,938,639	N/A	33.1%	8,961,727	1695.4%
	7/1/01	84,640,208	227,132,526	142,492,318	N/A	37.3%	8,547,361	1667.1%
	7/1/03	79,979,592	243,776,577	163,796,985	N/A	32.8%	8,334,166	1965.4%
	7/1/05	71,984,600	266,825,982	194,841,382	N/A	27.0%	8,621,197	1695.4%
	7/1/07	75,998,043	279,252,361	203,254,318	N/A	27.2%	7,594,897	2676.2%
	7/1/09	76,142,283	286,514,010	210,371,727	N/A	26.6%	7,606,876	2765.5%
Fire II Pension Plan (4)	7/1/97	\$ 636,774	\$ 642,459	\$ 5,685	N/A	99.1%	\$ 718,112	0.8%
	7/1/99	1,966,802	1,350,092	N/A	616,710	145.7%	1,532,655	-40.2%
	7/1/01	3,542,276	2,590,979	N/A	951,297	136.7%	2,378,573	-40.0%
	7/1/03	5,090,980	4,637,225	N/A	453,755	109.8%	3,615,066	-12.6%
	7/1/05	7,571,670	8,774,481	1,202,811	N/A	86.3%	5,697,543	-21.1%
	7/1/07	12,695,030	13,093,095	398,065	N/A	97.0%	6,843,161	5.8%
	7/1/09	18,265,170	20,678,480	2,413,310	N/A	88.3%	8,816,280	27.4%
School Employees Pension Plan	7/1/03	\$ 26,271,907	\$ 31,824,525	\$ 5,552,618	N/A	82.5%	\$ 13,944,275	39.8%
	7/1/04	28,788,086	35,214,049	6,425,963	N/A	81.8%	15,164,452	42.4%
	7/1/05	29,735,813	35,113,848	5,378,035	N/A	84.7%	15,569,647	34.5%
	7/1/06	30,185,621	37,280,441	7,094,820	N/A	81.0%	15,669,235	45.3%
	7/1/07	34,334,753	39,061,405	4,726,652	N/A	87.9%	15,888,299	29.7%
	7/1/08	33,594,082	39,704,426	6,110,344	N/A	84.6%	14,832,271	41.2%
	7/1/09	29,656,481	40,496,285	10,839,804	N/A	73.2%	14,482,687	74.8%
	7/1/10	32,317,581	42,039,713	9,722,132	N/A	76.9%	14,772,043	65.8%

REQUIRED SUPPLEMENTARY INFORMATION
CITY OF WARWICK, RHODE ISLAND
Pension Plan - Schedule of Funding Progress (1)
"Unaudited"

	Actuarial Valuation Date	Actuarial Value of Assets (2)	Actuarial Accrued Liability (AAL) Projected Unit Credit	Unfunded AAL (UAAL)	Funding Excess	Funding Ratio	Covered Payroll	UAAL (Funding Excess) as a Percentage of Covered Payroll
Healthcare Plan	6/30/08	\$ -	\$ 251,736,786	\$ 251,736,786	N/A	0.0%	not available	N/A
	6/30/09	-	257,751,982	257,751,982	N/A	0.0%	not available	N/A
	6/30/10	-	270,992,626	270,992,626	N/A	0.0%	not available	N/A

- (1) The information included in the schedule of funding progress was obtained from annual or biennial actuarial valuations at the dates indicated. These were the last actuarial reports available.
- (2) Actuarial valuations are performed on a biennial basis for all pension plans except for the School Employee Pension Plan and Healthcare Plan which have annual valuations.
- (3) The Fire II Pension Plan was established in 1992. Although an actuarial valuation was performed on July 1, 1993, the related contribution formula was not required to become effective until July 1, 1998 per City Ordinance. Prior to July 1, 1998, the total required contribution was 33% of covered payroll with 22% paid by the City and 11% paid by the covered employees. The cap on contributions in the early years of the program was intended to avoid charging the first generation of employees with costs which are expected to be significantly higher than the long term costs of the plan. An actuarial valuation as of July 1, 1997 was completed and was used to determine the contribution requirements for fiscal year 1999.

CITY OF WARWICK, RHODE ISLAND
Notes to Required Supplementary Information
June 30, 2010

NOTE 1 - SCHEDULE OF FUNDING PROGRESS

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

	City Employees Pension Plan (1)	Police Pension II Plan	Police Pension I and Fire Pension Plan
Valuation date	July 1, 2008	July 1, 2009	July 1, 2009
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal
Amortization method	Level percent of payroll over a closed period	Level percent of payroll over a closed period	Level payment over a closed period
Average amortization period	10.5 years	8.3 years	28 years
Asset Valuation method	Market value of assets less half the excess of the market value over the "asset value before adjustment", as defined by the City's pension ordinances	Fair market value of assets adjusted to recognize the difference between actual investment return and expected return over a five year period at 20% per year	Fair market value of assets adjusted to recognize the difference between actual investment return and expected return over a five year period at 20% per year
Actuarial assumptions:			
Investment rate of return	8%, per annum (net of investment expense)	8%, per annum (net of investment and administrative expenses)	8%, per annum (net of investment and administrative expenses)
Projected salary increases	5.25% annually	5.25% annually	5.25% annually
Cost of living adjustments	An annual increase on July 1 if the plan's cumulative investment return as of the previous July 1 has exceeded a target level based on negotiated salary increases for active employees	3% annually	Index in accordance with the base salary increases provided to active employees
Participant information	Active employees 435 Terminated vested 23 Non-vested terminated 24 Retirees & beneficiaries 319 <u>801</u>	Active employees 177 Retirees & beneficiaries 116 Non-vested terminated 0 <u>293</u>	Active employees 88 Retirees & beneficiaries 367 <u>455</u>

(1) Mortality, disability and termination assumptions were modified since the July 1, 2004 valuation based on an experience study performed in June 2006 of the Municipal Employment Retirement System of Rhode Island.

(Continued)

CITY OF WARWICK, RHODE ISLAND
Notes to Required Supplementary Information
June 30, 2010

NOTE 1 - SCHEDULE OF FUNDING PROGRESS (continued)

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

	Fire Pension II Plan	Public School Employees Pension Plan
	<hr/>	<hr/>
Valuation date	July 1, 2009	July 1, 2010
Actuarial cost method	Entry age normal	Frozen initial liability
Amortization method	Level percent of payroll over a closed period	Level percent of payroll over a closed period
Average amortization period	30 years	8.81 years
Asset Valuation method	Fair market value of assets adjusted to recognize the difference between actual investment return and expected return over a five year period at 20% per year	Current book value of plan assets as reported by Aetna and market value of assets reported by USI Securities plus accrued contributions
Actuarial assumptions:		
Investment rate of return	8%, per annum (net of investment and administrative expenses)	7% per annum
Projected salary increases	5.25% annually	3.25% per annum
Cost of living adjustments	3% annually	None
Participant information	Active employees 131 Retirees & beneficiaries 3 <hr/> 134	Active employees 440 Terminated/Inactive 16 Retirees 103 <hr/> 559

CITY OF WARWICK, RHODE ISLAND
Notes to Required Supplementary Information
June 30, 2010

NOTE 2- BUDGETARY DATA AND BUDGETARY COMPLIANCE

In accordance with the Warwick City Charter, the City has formally established budgetary accounting control for the General Fund and the School Unrestricted Fund, which is a Special Revenue Fund. The General Fund is subject to an annual operating budget submitted and approved by City Mayor and adopted by the City Council. The City Council must hold a public hearing on the budget prior to adoption and may make changes to the budget. The General Fund Budget must be finally adopted no later than June 8th. Should the City council take no formal action on or prior to such day, the budget as submitted by the Mayor, shall be deemed to have been finally adopted by the City Council. The School Unrestricted Fund is subject to an annual operating budget approved by the School Committee and City mayor and adopted by the City Council. The annual operating budgets' appropriation amounts are supported by revenue estimates and take into account the elimination of accumulated deficits and the re-appropriation of accumulated surpluses to the extent necessary. The City's General Fund and School Unrestricted Fund annual operating budgets are in conformance with the legally enacted budgetary basis, which is not in conformance with accounting principles generally accepted in the United States of America. The accompanying budgetary comparison schedules are reflected on the budgetary basis. The difference between the budgetary basis and the accounting principles generally accepted in the United States of America basis is explained below.

The City of Warwick makes use of an encumbrance system. Encumbrances are commitments related to unperformed contracts for goods or services. When a purchase order or commitment is placed, the City reduces the amount of the budgetary authority remaining in a budget category and records an encumbrance. When goods or services are received, the encumbrance balance is reduced and an expenditure and liability is recorded. The City's outstanding encumbrances at year-end are carried forward as a reservation of fund balance.

Appropriations in addition to those contained in the annual operating budgets, except for the purpose of meeting a public emergency, are made upon the recommendation of the City Mayor and by a resolution adopted by the favorable votes of at least five members of the Council. Amendments to the operating budgets that do not result in additional appropriations may be made within departments by means of a transfer. The Director of Finance, subject to approval of the Mayor, may at any time transfer any unencumbered appropriation balance or portion thereof between general classifications of expenditures within an office, department or agency. At the request of the Mayor and within the last three months of the fiscal year, the Council may by resolution transfer any unencumbered appropriation balance or portion thereof from one office, department or agency to another. The level at which General Fund expenditures may not legally exceed appropriations is at the department level. The Schools Unrestricted Fund, a Special Revenue Fund, does not have a legal level of control over expenditures, except that total expenditures may not exceed available revenues. Appropriations which are not expended or encumbered lapse at year end.

CITY OF WARWICK, RHODE ISLAND
Notes to Required Supplementary Information
June 30, 2010

NOTE 2 - BUDGETARY DATA AND BUDGETARY COMPLIANCE (continued)

Explanation of Differences between Budgetary Revenues and Expenditures and GAAP Revenues and Expenditures

	General Fund	School Unrestricted Fund
<u>Revenues and Other Financing Sources</u>		
Actual amounts (budgetary basis)	\$ 275,044,385	\$ 157,993,835
Differences - budget to GAAP:		
The appropriated fund balance is a budgetary revenue but is not a current year revenue for financial reporting purposes.	(500,000)	-
Transfers from other funds is a budgetary revenue, but is reported net of the related transfer to other funds for financial reporting purposes.	(35,059,437)	-
Fund back charges are budgetary revenues, but are reflected as a reduction of expenditures for financial reporting purposes.	(2,453,948)	-
Transfers to other funds are reflected as reductions of revenue for budgetary purposes, but are reflected as revenues for financial reporting purposes.	23,500	-
The pension contributions made to the Employees Retirement System by the State of Rhode Island on behalf of the City of Warwick is not reported as budgetary revenue, but is a current year revenue for financial reporting purposes.	-	5,928,125
<i>Total revenues and other financing sources as reported in the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds</i>	\$ 237,054,500	\$ 163,921,960
	General Fund	School Unrestricted Fund
<u>Expenditures and Other Financing Uses</u>		
Actual amounts (budgetary basis)	\$ 269,286,057	\$ 156,157,489
Differences - budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year supplies are received for financial reporting purposes.	(407,989)	-
Transfers from other funds is a budgetary revenue, but is reported net of the related transfer to other funds for financial reporting purposes.	(35,059,437)	-
Fund back charges are budgetary revenues, but are reflected as a reduction of expenditures for financial reporting purposes.	(2,453,948)	-
Transfers to other funds are reflected as reductions of revenue for budgetary purposes, but are reflected as revenues for financial reporting purposes.	23,500	-
The pension contributions made to the Employees Retirement System by the State of Rhode Island on behalf of the City of Warwick is not reported as budgetary revenue, but is a current year revenue for financial reporting purposes.	-	5,928,125
<i>Total expenditures and other financing uses as reported in the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds</i>	\$ 231,388,183	\$ 162,085,614

SUPPLEMENTARY INFORMATION

**COMBINING FUND FINANCIAL STATEMENTS
NON-MAJOR GOVERNMENTAL FUNDS**

**THE FOLLOWING FUNDS OF THE CITY ARE REPORTED IN THIS
SECTION:**

Special Revenue Funds

are used to account for resources allocated to specific purposes.

**A Special Revenue Fund remains in existence as long as governmental resources are
allocated to its specific purposes.**

School Restricted Funds –

Various funds established to account for the receipt and disbursement of State and Federal grants for education.

School Lunch Fund – Accounts for the fees, Federal reimbursements and related expenditures for the lunch program.

Community Development Block Grant - Established to account for the annual Entitlement Community program of the US Department of Housing and Urban Development and related expenditures addressing housing and community development needs throughout Warwick. It provides assistance to the low and moderate income population of the City of Warwick.

Home Improvement Loan Program - Established to account for revenues and expenditures for Community Development Block Grant seed program. It allows residents to obtain affordable home improvement loans to improve properties that meet certain requirements.

Drug Seizure Fund – Established to account for proceeds from drug related property seizures and related anti-drug expenditures.

Local Law Enforcement Block Grant – Established to account for funding from U.S. Justice Department Local Law Enforcement Block Grants program and related expenditures enhancing law enforcement services and public safety.

Open Space Land Dedication Fund – Established to account for residential subdivision fees and related expenditures for public recreation land acquisitions in districts containing these subdivisions.

Warwick Public Library Restricted Fund – Established to account for receipt and disbursements of grants/donations and related expenditures for library operations.

Warwick Health Initiative Fund - Established to account for grant funding from the Rhode Island Foundation for the ER Card Program.

Senior Center Gift Shop – Established to account for receipts and expenditures related to the operation of Pilgrim Senior Center.

Community Benefit Fund – Established to account for ETICAM fees reserved for emergency response personnel training and acquisition/lease of emergency response vehicles, equipment and supplies.

JAG Grant – Established to account for grant proceeds received from the US Department of Justice for the purpose of enhancing law enforcement operations and public safety.

Excess Hotel Tax Fund – Established to reserve economic development portion of state hotel tax exceeding current year tourism related expenditures.

Special Detail Fund – Established to account for proceeds from Police Special Detail assignments and related expenditures.

Rescue Services Fund – Established to account for the rescue service fees and any related expenditures.

Emergency Operations Fund – Established to account for the revenues and expenditures associated with the March 2010 Flood Disaster.

Mooring Fee Reserve Fund – Established to account for waterfront safety fees and related expenditures.

City Clerk Restricted Fund – Established to account for fees and expenditures related to the enhancement of the vital statistic and land evidence systems.

State Asset Forfeiture Fund – Established to account for proceeds from drug related property seizures and related anti-drug expenditures.

Sewer Connection Grants – Established to account for the receipt and disbursement of funds relating to a grant program which assists residents with the cost of new sewer connections.

Lead Reduction Program Fund – Established to account for a grant received from the US Department of Housing and Urban Development. Expenses relate to oversight and monitoring of lead reduction programs for low and moderate income residents of the City of Warwick.

Debt Service Fund – Established to record principal and interest payment on long-term debt.

The Capital Project Funds

account for all resources used for the acquisition and/or construction of capital items by the City and School except those financed by the Proprietary Funds Types of Trust Funds.

SUPPLEMENTARY INFORMATION
CITY OF WARWICK, RHODE ISLAND
Combining Balance Sheet - Non-Major Governmental Funds
June 30, 2010

	Special Revenue Restricted City	Special Revenue Restricted School	Special Revenue School Lunch Unrestricted	Capital Projects Funds	Debt Service Fund	Total Non-Major Governmental
ASSETS						
Cash	\$ 788,633	\$ -	82,797	\$ -	\$ -	\$ 871,430
Investments	1,153,287	-	-	4,955,511	-	6,108,798
Accounts receivable	6,728,630	90	499	-	-	6,729,219
Due from federal and state governments	1,850,258	2,446,999	99,286	60,162	-	4,456,705
Due from other funds	1,644,018	154,537	-	-	-	1,798,555
Total assets	\$ 12,164,826	\$ 2,601,626	\$ 182,582	\$ 5,015,673	\$ -	\$ 19,964,707
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable and accrued expenditures	\$ 253,764	\$ 762,637	\$ 67,042	\$ 333,700	\$ -	\$ 1,417,143
Due to federal and state governments	1,530	-	-	-	-	1,530
Due to other funds	1,591,176	1,781,452	115,540	1,733,650	-	5,221,818
Deferred revenue	7,299,864	-	-	50,098	-	7,349,962
Total liabilities	9,146,334	2,544,089	182,582	2,117,448	-	13,990,453
Fund balances (deficits)						
Reserved for encumbrances	188,097	-	-	477,817	-	665,914
Reserved revolving loans	322,397	-	-	-	-	322,397
Unreserved, reported in:						
Special revenue funds	2,507,998	57,537	-	-	-	2,565,535
Capital projects funds	-	-	-	2,420,408	-	2,420,408
Fund balances (deficits)	3,018,492	57,537	-	2,898,225	-	5,974,254
Total liabilities and fund balances	\$ 12,164,826	\$ 2,601,626	\$ 182,582	\$ 5,015,673	\$ -	\$ 19,964,707

SUPPLEMENTARY INFORMATION
CITY OF WARWICK, RHODE ISLAND
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance - Non-Major Governmental Funds
For the fiscal year ended June 30, 2010

	Special Revenue Restricted City	Special Revenue Restricted School	Special Revenue School Lunch Unrestricted	Capital Projects Funds	Debt Service Fund	Total Non-Major Governmental
REVENUES						
Intergovernmental revenue	\$ 2,339,380	\$ 7,296,649	\$ 1,122,770	\$ 88,397	\$ -	\$ 10,847,196
Charges for services	6,104,108	-	1,045,893	-	-	7,150,001
Investment income	3,920	-	-	-	-	3,920
Contributions and private grants	115,319	24,196	-	-	-	139,515
Other revenue	609,278	8,931	-	300	-	618,509
Total Revenues	9,172,005	7,329,776	2,168,663	88,697	-	18,759,141
EXPENDITURES						
Executive and administration	68,341	-	-	-	-	68,341
Public safety	3,847,182	-	-	402,024	-	4,249,206
Recreation	47,065	-	-	102,151	-	149,216
Public libraries	124,904	-	-	-	-	124,904
Social services	26,875	-	-	-	-	26,875
Planning and economic development	2,293,353	-	-	-	-	2,293,353
Public works	423,485	-	-	819,193	-	1,242,678
Education	-	7,333,241	-	407,529	-	7,740,770
Cafeteria operations	-	-	2,647,559	-	-	2,647,559
Debt service	-	-	-	-	9,221,359	9,221,359
Total Expenditures	6,831,205	7,333,241	2,647,559	1,730,897	9,221,359	27,764,261
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	2,340,800	(3,465)	(478,896)	(1,642,200)	(9,221,359)	(9,005,120)
Other financing sources (uses)						
Refunding bonds issued	-	-	-	3,908,000	-	3,908,000
Refunding bonds premium	-	-	-	-	-	-
Payment to refunded bonds escrow agent	-	-	-	-	-	-
Transfers from other funds	797,953	-	478,896	-	9,221,359	10,498,208
Transfers to other funds	(3,566,476)	-	-	-	-	(3,566,476)
Total other financing sources (uses)	(2,768,523)	-	478,896	3,908,000	9,221,359	10,839,732
Net change in fund balances	(427,723)	(3,465)	-	2,265,800	-	1,834,612
FUND BALANCES - July 1, 2009	3,446,215	61,002	-	632,425	-	4,139,642
FUND BALANCES - June 30, 2010	\$ 3,018,492	\$ 57,537	\$ -	\$ 2,898,225	\$ -	\$ 5,974,254

**SUPPLEMENTARY INFORMATION
CITY OF WARWICK, RHODE ISLAND
Special Revenue Restricted City
Combining Balance Sheet
June 30, 2010**

	Community Development Block Grant	Home Improvement Loan Escrow Account	Drug Seizure Fund	Local Law Enforcement Block Grant	Open Space Land Dedication	Warwick Public Library Restricted Fund	Warwick Health Initiative Fund
ASSETS							
Cash	\$ 221,742	\$ 102,185	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	97,445	370	249,137	132,453	1,025
Accounts receivables	2,622,827	-	-	-	-	-	-
Due from federal and state governments	990,918	-	-	-	-	-	-
Due from other funds	-	1,566	35,224	-	-	-	-
Total assets	\$ 3,835,487	\$ 103,751	\$ 132,669	\$ 370	\$ 249,137	\$ 132,453	\$ 1,025
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable and accrued expenditures	\$ 127,496	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to federal and state governments	1,530	-	-	-	-	-	-
Due to other funds	17,637	-	-	-	-	15,479	-
Deferred revenues	3,470,178	-	-	-	-	-	-
Total liabilities	3,616,841	-	-	-	-	15,479	-
Fund balances (deficits)							
Reserve for encumbrances	-	-	169	-	-	-	-
Reserve for revolving loans	218,646	103,751	-	-	-	-	-
Unreserved	-	-	132,500	370	249,137	116,974	1,025
Total fund balances (deficits)	218,646	103,751	132,669	370	249,137	116,974	1,025
Total liabilities and fund balances	\$ 3,835,487	\$ 103,751	\$ 132,669	\$ 370	\$ 249,137	\$ 132,453	\$ 1,025

(continued)

**SUPPLEMENTARY INFORMATION
CITY OF WARWICK, RHODE ISLAND
Special Revenue Restricted City
Combining Balance Sheet
June 30, 2010**

	Senior Center Gift Shop	Community Benefit Fund	JAG Grant	Excess Hotel Tax Fund	Special Detail Fund	Rescue Service Fund	Emergency Operations- City
ASSETS							
Cash	\$ 229	\$ -	\$ -	\$ -	\$ -	\$ 464,477	\$ -
Investments	37,699	16,548	-	479,711	-	-	-
Accounts receivables	-	-	-	-	314,983	2,591,381	-
Due from federal and state governments	-	-	-	-	-	-	648,341
Due from other funds	2,973	-	61,453	-	637,888	-	-
Total assets	\$ 40,901	\$ 16,548	\$ 61,453	\$ 479,711	\$ 952,871	\$ 3,055,858	\$ 648,341
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable and accrued expenditures	\$ 3,056	\$ -	\$ 1,908	\$ -	\$ 36,823	\$ 8,140	\$ 70,131
Due to federal and state governments	-	-	-	-	-	-	-
Due to other funds	-	-	-	46,798	-	905,419	578,210
Deferred revenues	-	-	-	-	314,983	2,142,299	-
Total liabilities	3,056	-	1,908	46,798	351,806	3,055,858	648,341
Fund balances (deficits)							
Reserve for encumbrances	-	-	9,245	-	-	-	35,451
Reserve for revolving loans	-	-	-	-	-	-	-
Unreserved	37,845	16,548	50,300	432,913	601,065	-	(35,451)
Total fund balances (deficits)	37,845	16,548	59,545	432,913	601,065	-	-
Total liabilities and fund balances	\$ 40,901	\$ 16,548	\$ 61,453	\$ 479,711	\$ 952,871	\$ 3,055,858	\$ 648,341

(continued)

**SUPPLEMENTARY INFORMATION
CITY OF WARWICK, RHODE ISLAND
Special Revenue Restricted City
Combining Balance Sheet
June 30, 2010**

	Mooring Fee Reserve Fund	City Clerk Restricted Fund	State Asset Forfeiture Fund	Sewer Connection Grants	Lead Reduction Program	Totals
ASSETS						
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 788,633
Investments	103,709	-	15,520	19,670	-	1,153,287
Accounts receivables	-	-	-	-	1,199,439	6,728,630
Due from federal and state governments	35,065	-	-	-	175,934	1,850,258
Due from other funds	-	904,914	-	-	-	1,644,018
Total assets	\$ 138,774	\$ 904,914	\$ 15,520	\$ 19,670	\$ 1,375,373	\$ 12,164,826
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable and accrued expenditures	\$ -	\$ 109	\$ -	\$ 3,200	\$ 2,901	\$ 253,764
Due to federal and state governments	-	-	-	-	-	1,530
Due to other funds	23,565	-	-	4,000	68	1,591,176
Deferred revenues	-	-	-	-	1,372,404	7,299,864
Total liabilities	23,565	109	-	7,200	1,375,373	9,146,334
Fund balances (deficits)						
Reserve for encumbrances	-	143,232	-	-	-	188,097
Reserve for revolving loans	-	-	-	-	-	322,397
Unreserved	115,209	761,573	15,520	12,470	-	2,507,998
Total fund balances (deficits)	115,209	904,805	15,520	12,470	-	3,018,492
Total liabilities and fund balances	\$ 138,774	\$ 904,914	\$ 15,520	\$ 19,670	\$ 1,375,373	\$ 12,164,826

(concluded)

SUPPLEMENTARY INFORMATION
CITY OF WARWICK, RHODE ISLAND
Special Revenue Restricted City
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
For the fiscal year ended June 30, 2010

	Community Development Block Grant	Home Improvement Loan Escrow Account	Drug Seizure Fund	Local Law Enforcement Block Grant	Open Space Land Dedication	Warwick Public Library Restricted Fund	Warwick Health Initiative Fund
REVENUES							
Intergovernmental	\$ 976,140	\$ -	\$ 65,829	\$ -	\$ -	\$ 4,947	\$ -
Charges for services	-	-	-	-	-	-	-
Investment income	-	-	217	-	561	228	77
Contributions and private grants	-	-	-	-	-	115,319	-
Other revenue	237,136	-	-	-	-	20,564	-
Total Revenues	1,213,276	-	66,046	-	561	141,058	77
EXPENDITURES							
Current:							
Executive and administration	-	-	-	-	-	-	-
Public safety	-	-	20,719	-	-	-	-
Recreation	-	-	-	-	-	-	-
Public libraries	-	-	-	-	-	86,713	38,191
Social services	-	-	-	-	-	-	-
Planning and economic development	1,329,039	750,142	-	-	-	-	-
Public works	-	-	-	-	-	-	-
Total Expenditures	1,329,039	750,142	20,719	-	-	86,713	38,191
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	(115,763)	(750,142)	45,327	-	561	54,345	(38,114)
Other financing sources (uses)							
Transfers from other funds	-	730,506	-	-	-	-	-
Transfers to other funds	(409,350)	-	-	-	-	-	-
Total other financing sources (uses)	(409,350)	730,506	-	-	-	-	-
Net change in fund balances	(525,113)	(19,636)	45,327	-	561	54,345	(38,114)
FUND BALANCES - July 1, 2009	743,759	123,387	87,342	370	248,576	62,629	39,139
FUND BALANCES - June 30, 2010	\$ 218,646	\$ 103,751	\$ 132,669	\$ 370	\$ 249,137	\$ 116,974	\$ 1,025

(continued)

SUPPLEMENTARY INFORMATION
CITY OF WARWICK, RHODE ISLAND
Special Revenue Restricted City
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
For the fiscal year ended June 30, 2010

	Senior Center Gift Shop	Community Benefit Fund	JAG Grant	Excess Hotel Tax Fund	Special Detail Fund	Rescue Service Fund	Emergency Operations- City
REVENUES							
Intergovernmental	\$ -	\$ -	\$ 155,562	\$ -	\$ -	\$ -	\$ 588,259
Charges for services	23,251	-	-	-	2,485,935	3,488,990	-
Investment income	75	37	-	1,097	-	1,292	-
Contributions and private grants	-	-	-	-	-	-	-
Other revenue	7,021	-	-	-	-	65	344,492
Total Revenues	30,347	37	155,562	1,097	2,485,935	3,490,347	932,751
EXPENDITURES							
Current:							
Executive and administration	-	-	-	-	-	-	4,423
Public safety	-	-	96,017	-	2,048,066	1,119,388	542,992
Recreation	-	-	-	-	-	-	-
Public libraries	-	-	-	-	-	-	-
Social services	21,077	-	-	-	-	-	5,798
Planning and economic development	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	423,485
Total Expenditures	21,077	-	96,017	-	2,048,066	1,119,388	976,698
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	9,270	37	59,545	1,097	437,869	2,370,959	(43,947)
Other financing sources (uses)							
Transfers from other funds	-	-	-	-	-	-	43,947
Transfers to other funds	-	-	-	(46,798)	(418,213)	(2,370,959)	-
Total other financing sources (uses)	-	-	-	(46,798)	(418,213)	(2,370,959)	43,947
Net change in fund balances	9,270	37	59,545	(45,701)	19,656	-	-
FUND BALANCES - July 1, 2009	28,575	16,511	-	478,614	581,409	-	-
FUND BALANCES - June 30, 2010	\$ 37,845	\$ 16,548	\$ 59,545	\$ 432,913	\$ 601,065	\$ -	\$ -

(continued)

SUPPLEMENTARY INFORMATION
CITY OF WARWICK, RHODE ISLAND
Special Revenue Restricted City
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the fiscal year ended June 30, 2010

	Mooring Fee Reserve Fund	City Clerk Restricted Fund	State Asset Forfeiture Fund	Sewer Connection Grants	Lead Reduction Program	Totals
REVENUES						
Intergovernmental	\$ 35,065	\$ 4,000	\$ 10,250	\$ -	\$ 499,328	\$ 2,339,380
Charges for services	-	105,932	-	-	-	6,104,108
Investment income	206	-	45	85	-	3,920
Contributions and private grants	-	-	-	-	-	115,319
Other revenue	-	-	-	-	-	609,278
Total Revenues	35,271	109,932	10,295	85	499,328	9,172,005
EXPENDITURES						
Current:						
Executive and administration	-	63,918	-	-	-	68,341
Public safety	-	-	20,000	-	-	3,847,182
Recreation	47,065	-	-	-	-	47,065
Public libraries	-	-	-	-	-	124,904
Social services	-	-	-	-	-	26,875
Planning and economic development	-	-	-	36,000	178,172	2,293,353
Public works	-	-	-	-	-	423,485
Total Expenditures	47,065	63,918	20,000	36,000	178,172	6,831,205
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	(11,794)	46,014	(9,705)	(35,915)	321,156	2,340,800
Other financing sources (uses)						
Transfers from other funds	23,500	-	-	-	-	797,953
Transfers to other funds	-	-	-	-	(321,156)	(3,566,476)
Total other financing sources (uses)	23,500	-	-	-	(321,156)	(2,768,523)
Net change in fund balances	11,706	46,014	(9,705)	(35,915)	-	(427,723)
FUND BALANCES - July 1, 2009	103,503	858,791	25,225	48,385	-	3,446,215
FUND BALANCES - June 30, 2010	\$ 115,209	\$ 904,805	\$ 15,520	\$ 12,470	\$ -	\$ 3,018,492

(concluded)

**SUPPLEMENTARY INFORMATION
CITY OF WARWICK, RHODE ISLAND
Special Revenue Restricted School
Combining Balance Sheet
June 30, 2010**

	IDEA PL94-142	Preschool	School Support Plan Implementation	IDEA PART B ARRA	Preschool ARRA	Title I	Title I ARRA	Title II Professional Development
ASSETS								
Accounts receivable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due federal and state governments	916,189	36,460	20,000	367,111	42,023	441,212	174,146	176,832
Due from other funds	-	-	-	-	-	-	-	-
Total assets	\$ 916,189	\$ 36,460	\$ 20,000	\$ 367,111	\$ 42,023	\$ 441,212	\$ 174,146	\$ 176,832
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts payable and accrued expenditures	\$ 209,253	\$ 12,137	\$ 20,000	\$ 75,019	\$ 14,897	\$ 65,141	\$ 33,620	\$ 62,865
Due to other funds	706,936	24,323	-	292,092	27,126	376,071	140,526	113,967
Total liabilities	916,189	36,460	20,000	367,111	42,023	441,212	174,146	176,832
Fund Balances - unreserved	-	-	-	-	-	-	-	-
Total liabilities and fund balances	\$ 916,189	\$ 36,460	\$ 20,000	\$ 367,111	\$ 42,023	\$ 441,212	\$ 174,146	\$ 176,832

(continued)

**SUPPLEMENTARY INFORMATION
CITY OF WARWICK, RHODE ISLAND
Special Revenue Restricted School
Combining Balance Sheet
June 30, 2010**

	E2T2 MCI	Title III LEP	Title IV	Adult Learning	Perkins (Odd year)	Perkins (Even year)	Vocational Training for Adults	Homeless Children Youth-even
ASSETS								
Accounts receivable	\$ -	\$ -	\$ 90	\$ -	\$ -	\$ -	\$ -	\$ -
Due from federal and state governments	-	3,134	4,621	41,656	181,742	-	17,030	8,066
Due from other funds	-	-	-	-	-	-	-	-
Total assets	\$ -	\$ 3,134	\$ 4,711	\$ 41,656	\$ 181,742	\$ -	\$ 17,030	\$ 8,066
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts payable and accrued expenditures	\$ -	\$ 1,306	\$ 92	\$ 2,105	\$ 164,836	\$ -	\$ 504	\$ 3,862
Due to other funds	-	1,828	4,619	39,551	16,906	-	16,526	4,204
Total liabilities	-	3,134	4,711	41,656	181,742	-	17,030	8,066
Fund Balances - unreserved	-	-	-	-	-	-	-	-
Total liabilities and fund balances	\$ -	\$ 3,134	\$ 4,711	\$ 41,656	\$ 181,742	\$ -	\$ 17,030	\$ 8,066

(continued)

**SUPPLEMENTARY INFORMATION
CITY OF WARWICK, RHODE ISLAND
Special Revenue Restricted School
Combining Balance Sheet
June 30, 2010**

	Homeless Children Youth-odd	RI Emergency Management-1	RI Emergency Management-2	FEMA Flood	General Assembly Skills-USA	Arts Integration Curriculum	RI Arts Big Yellow Bus-Sher	RI Arts Big Yellow Bus-Nrwd
ASSETS								
Accounts receivable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from federal and state governments	-	-	11,640	2,349	-	-	-	-
Due from other funds	-	-	-	-	-	1,100	190	-
Total assets	\$ -	\$ -	\$ 11,640	\$ 2,349	\$ -	\$ 1,100	\$ 190	\$ -
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts payable and accrued expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,100	\$ -	\$ -
Due to other funds	-	-	11,640	2,349	-	-	-	-
Total liabilities	-	-	11,640	2,349	-	1,100	-	-
Fund Balances - unreserved	-	-	-	-	-	-	190	-
Total liabilities and fund balances	\$ -	\$ -	\$ 11,640	\$ 2,349	\$ -	\$ 1,100	\$ 190	\$ -

(continued)

**SUPPLEMENTARY INFORMATION
CITY OF WARWICK, RHODE ISLAND
Special Revenue Restricted School
Combining Balance Sheet
June 30, 2010**

	RI Arts Big Yellow Bus-Grnw	Arts Dalmantion Toll Gate	RI Arts Big Yellow Bus-Hxie	RI Dept of Labor & Training	Champlin Grants - Aldrich/Gorton	Feinstein Grant	Holliman Feinstein	RI Foundation
ASSETS								
Accounts receivable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from federal and state governments	-	-	-	-	-	-	-	-
Due from other funds	500	464	45	82,975	14,679	21,003	1,523	1,959
Total assets	\$ 500	\$ 464	\$ 45	\$ 82,975	\$ 14,679	\$ 21,003	\$ 1,523	\$ 1,959
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts payable and accrued expenditures	\$ -	\$ -	\$ -	\$ 82,975	\$ -	\$ 50	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	82,975	-	50	-	-
Fund Balances - unreserved	500	464	45	-	14,679	20,953	1,523	1,959
Total liabilities and fund balances	\$ 500	\$ 464	\$ 45	\$ 82,975	\$ 14,679	\$ 21,003	\$ 1,523	\$ 1,959

(continued)

**SUPPLEMENTARY INFORMATION
CITY OF WARWICK, RHODE ISLAND
Special Revenue Restricted School
Combining Balance Sheet
June 30, 2010**

	VSA Arts	Harrison Foundation	Verizon Thinkfinity	Walmart Teacher	Dorothy Rich Assoc.	WPS Defibrillators	Multi Media Lab Rhodes	Gorton After School Math
ASSETS								
Accounts receivable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from federal and state governments	-	-	-	-	-	-	-	-
Due from other funds	388	90	5,000	162	651	-	1,908	-
Total assets	\$ 388	\$ 90	\$ 5,000	\$ 162	\$ 651	\$ -	\$ 1,908	\$ -
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts payable and accrued expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-	-	-
Fund Balances - unreserved	388	90	5,000	162	651	-	1,908	-
Total liabilities and fund balances	\$ 388	\$ 90	\$ 5,000	\$ 162	\$ 651	\$ -	\$ 1,908	\$ -

(continued)

**SUPPLEMENTARY INFORMATION
CITY OF WARWICK, RHODE ISLAND
Special Revenue Restricted School
Combining Balance Sheet
June 30, 2010**

	RIPIN	Reading Excellence Oakland Beach	Social Skills for Life	Signs of Enlightenment	ALP Winman	City Science Olympiad Team	Cedar Hill Library Books	Winman After School Program
ASSETS								
Accounts receivable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from federal and state governments	2,788	-	-	-	-	-	-	-
Due from other funds	-	83	113	-	100	660	4,599	-
Total assets	\$ 2,788	\$ 83	\$ 113	\$ -	\$ 100	\$ 660	\$ 4,599	\$ -
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts payable and accrued expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 106	\$ -
Due to other funds	2,788	-	-	-	-	-	-	-
Total liabilities	2,788	-	-	-	-	-	106	-
Fund Balances - unreserved	-	83	113	-	100	660	4,493	-
Total liabilities and fund balances	\$ 2,788	\$ 83	\$ 113	\$ -	\$ 100	\$ 660	\$ 4,599	\$ -

(continued)

**SUPPLEMENTARY INFORMATION
CITY OF WARWICK, RHODE ISLAND
Special Revenue Restricted School
Combining Balance Sheet
June 30, 2010**

	C.A.S.IT. Italian Program	James Manson Memorial	Intra-Mural Grant	Injury Fund	One Capital Project Generator	TOTALS
ASSETS						
Accounts receivable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 90
Due from federal and state governments	-	-	-	-	-	2,446,999
Due from other funds	4,464	5,000	4,990	1,501	390	154,537
Total assets	\$ 4,464	\$ 5,000	\$ 4,990	\$ 1,501	\$ 390	\$ 2,601,626
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable and accrued expenditures	\$ 1,938	\$ 4,998	\$ -	\$ 5,833	\$ -	\$ 762,637
Due to other funds	-	-	-	-	-	1,781,452
Total liabilities	1,938	4,998	-	5,833	-	2,544,089
Fund Balances - unreserved	2,526	2	4,990	(4,332)	390	57,537
Total liabilities and fund balances	\$ 4,464	\$ 5,000	\$ 4,990	\$ 1,501	\$ 390	\$ 2,601,626

(concluded)

**SUPPLEMENTARY INFORMATION
CITY OF WARWICK, RHODE ISLAND
Special Revenue Restricted School
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
For the fiscal year ended June 30, 2010**

	IDEA PL94-142	Preschool	School Support Plan Implementation	IDEA PART B ARRA	Preschool ARRA	Title I	Title I ARRA	Title II Professional Development
REVENUES								
Intergovernmental revenues	\$ 2,566,400	\$ 105,816	\$ 20,000	\$ 1,203,005	\$ 79,127	\$ 1,192,911	\$ 475,679	\$ 625,952
Contributions and private grants	-	-	-	-	-	-	-	-
Other revenues	-	-	-	-	-	-	-	-
Total revenues	2,566,400	105,816	20,000	1,203,005	79,127	1,192,911	475,679	625,952
EXPENDITURES								
Salaries	1,726,289	60,623	-	470,759	41,603	809,642	344,290	440,091
Employee benefits	778,847	32,156	-	191,499	18,167	343,807	121,039	160,594
Purchased services	18,914	11,421	20,000	401,377	7,716	11,185	-	14,874
Supplies and materials	944	-	-	23,682	6,559	6,999	2,915	293
Capital outlay	-	-	-	97,856	3,868	7,716	-	-
Indirect costs	41,406	1,616	-	17,832	1,214	13,562	7,435	10,100
Other objects	-	-	-	-	-	-	-	-
Total expenditures	2,566,400	105,816	20,000	1,203,005	79,127	1,192,911	475,679	625,952
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	-	-	-	-
Net change in fund balances	-	-	-	-	-	-	-	-
FUND BALANCES - JULY 1, 2009	-	-	-	-	-	-	-	-
FUND BALANCES - JUNE 30, 2010	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(continued)

SUPPLEMENTARY INFORMATION
CITY OF WARWICK, RHODE ISLAND
Special Revenue Restricted School
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
For the fiscal year ended June 30, 2010

	E2T2 MCI	Title III LEP	Title IV	Adult Learning	Perkins (Even year)	Perkins (Odd year)	Vocational Training for Adults	Homeless Children Youth-even
REVENUES								
Intergovernmental revenues	\$ 194,265	\$ 11,493	\$ 52,636	\$ 97,838	\$ 235,021	\$ 11,510	\$ 44,017	\$ 22,829
Contributions and private grants	-	-	-	-	-	-	-	-
Other revenues	-	-	-	-	-	-	-	-
Total revenues	194,265	11,493	52,636	97,838	235,021	11,510	44,017	22,829
EXPENDITURES								
Salaries	-	4,222	-	81,030	31,983	-	36,983	10,260
Employee benefits	-	322	-	7,190	2,447	13	2,914	785
Purchased services	-	6,056	51,556	3,021	12,524	1,829	2,297	11,428
Supplies and materials	-	707	230	1,576	-	2,426	1,176	356
Capital outlay	194,265	-	-	3,499	187,104	7,242	-	-
Indirect costs	-	186	850	1,522	963	-	647	-
Other objects	-	-	-	-	-	-	-	-
Total expenditures	194,265	11,493	52,636	97,838	235,021	11,510	44,017	22,829
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	-	-	-	-
Net change in fund balances	-	-	-	-	-	-	-	-
FUND BALANCE - JULY 1, 2009	-	-	-	-	-	-	-	-
FUND BALANCE - JUNE 30, 2010	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(continued)

**SUPPLEMENTARY INFORMATION
CITY OF WARWICK, RHODE ISLAND
Special Revenue Restricted School
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
For the fiscal year ended June 30, 2010**

	Homeless Children Youth-odd	RI Emergency Management-1	RI Emergency Management-2	FEMA Flood	General Assembly Skills-USA	Arts Integration Curriculum	RI Arts Big Yellow Bus-Sher	RI Arts Big Yellow Bus-Nrwd
REVENUES								
Intergovernmental revenues	\$ 1,453	\$ 14,815	\$ 11,640	\$ 2,349	\$ 5,000	\$ 4,000	\$ -	\$ -
Contributions and private grants	-	-	-	-	-	-	400	315
Other revenues	-	-	-	-	-	-	-	-
Total revenues	1,453	14,815	11,640	2,349	5,000	4,000	400	315
EXPENDITURES								
Salaries	1,350	-	-	2,349	-	-	-	-
Employee benefits	103	-	-	-	-	-	-	-
Purchased services	-	14,815	11,640	-	3,000	4,000	210	315
Supplies and materials	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Indirect costs	-	-	-	-	-	-	-	-
Other objects	-	-	-	-	2,000	-	-	-
Total expenditures	1,453	14,815	11,640	2,349	5,000	4,000	210	315
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	-	-	190	-
Net change in fund balances	-	-	-	-	-	-	190	-
FUND BALANCE - JULY 1, 2009	-	-	-	-	-	-	-	-
FUND BALANCE - JUNE 30, 2010	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 190	\$ -

(continued)

SUPPLEMENTARY INFORMATION
CITY OF WARWICK, RHODE ISLAND
Special Revenue Restricted School
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
For the fiscal year ended June 30, 2010

	RI Arts Big Yellow Bus-Grnw	Arts Dalmantion Toll Gate	RI Arts Big Yellow Bus-Hxie	RI Dept of Labor & Training	Champlin Grants - Aldrich/Gorton	Feinstein Grant	Holliman Feinstein	RI Foundation
REVENUES								
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ 315,097	\$ -	\$ -	\$ -	\$ -
Contributions and private grants	500	1,000	360	-	-	4,121	-	-
Other revenues	-	-	-	-	-	-	-	-
Total revenues	500	1,000	360	315,097	-	4,121	-	-
EXPENDITURES								
Salaries	-	-	-	221,335	-	75	-	-
Employee benefits	-	-	-	17,648	-	6	-	-
Purchased services	-	-	315	29,975	-	3,990	-	1,094
Supplies and materials	-	536	-	46,139	-	58	-	1,215
Capital outlay	-	-	-	-	-	1,000	-	-
Indirect costs	-	-	-	-	-	-	-	-
Other objects	-	-	-	-	-	-	-	-
Total expenditures	-	536	315	315,097	-	5,129	-	2,309
Excess (deficiency) of revenues over (under) expenditures	500	464	45	-	-	(1,008)	-	(2,309)
Net change in fund balances	500	464	45	-	-	(1,008)	-	(2,309)
FUND BALANCE - JULY 1, 2009	-	-	-	-	14,679	21,961	1,523	4,268
FUND BALANCE - JUNE 30, 2010	\$ 500	\$ 464	\$ 45	\$ -	\$ 14,679	\$ 20,953	\$ 1,523	\$ 1,959

(continued)

SUPPLEMENTARY INFORMATION
CITY OF WARWICK, RHODE ISLAND
Special Revenue Restricted School
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
For the fiscal year ended June 30, 2010

	VSA Arts	Harrison Foundation	Verizon Thinkfinity	Walmart Teacher	Dorothy Rich Assoc.	WPS Defibrillators	Multi Media Lab Rhodes	Gorton After School Math
REVENUES								
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions and private grants	-	-	-	-	-	-	-	-
Other revenues	-	-	-	-	-	-	-	-
Total revenues	-	-	-	-	-	-	-	-
EXPENDITURES								
Salaries	-	-	-	-	-	-	-	-
Employee benefits	-	-	-	-	-	-	-	-
Purchased services	-	-	-	-	-	-	-	-
Supplies and materials	-	473	-	214	-	700	-	608
Capital outlay	-	-	-	-	-	-	-	-
Indirect costs	-	-	-	-	-	-	-	-
Other objects	-	-	-	-	-	-	-	-
Total expenditures	-	473	-	214	-	700	-	608
Excess (deficiency) of revenues over (under) expenditures	-	(473)	-	(214)	-	(700)	-	(608)
Net change in fund balances	-	(473)	-	(214)	-	(700)	-	(608)
FUND BALANCE - JULY 1, 2009	388	563	5,000	376	651	700	1,908	608
FUND BALANCE - JUNE 30, 2010	\$ 388	\$ 90	\$ 5,000	\$ 162	\$ 651	\$ -	\$ 1,908	\$ -

(continued)

SUPPLEMENTARY INFORMATION
CITY OF WARWICK, RHODE ISLAND
Special Revenue Restricted School
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
For the fiscal year ended June 30, 2010

	RIPIN	Reading Excellence Oakland Beach	Social Skills for Life	Signs of Enlightenment	ALP Winman	City Science Olympiad Team	Cedar Hill Library Books	Winman After School Program
REVENUES								
Intergovernmental revenues	\$ 3,796	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions and private grants	-	-	-	-	-	-	5,500	1,000
Other revenues	-	-	-	-	-	-	-	-
Total revenues	3,796	-	-	-	-	-	5,500	1,000
EXPENDITURES								
Salaries	3,091	-	-	-	-	-	-	-
Employee benefits	259	-	-	-	-	-	-	-
Purchased services	250	-	-	-	-	-	-	-
Supplies and materials	52	-	-	920	-	-	1,007	1,000
Capital outlay	-	1,329	235	-	-	-	-	-
Indirect costs	-	-	-	-	-	-	-	-
Other objects	-	-	-	-	-	-	-	-
Total expenditures	3,652	1,329	235	920	-	-	1,007	1,000
Excess (deficiency) of revenues over (under) expenditures	144	(1,329)	(235)	(920)	-	-	4,493	-
Net change in fund balances	144	(1,329)	(235)	(920)	-	-	4,493	-
FUND BALANCE - JULY 1, 2009	(144)	1,412	348	920	100	660	-	-
FUND BALANCE - JUNE 30, 2010	\$ -	\$ 83	\$ 113	\$ -	\$ 100	\$ 660	\$ 4,493	\$ -

(continued)

SUPPLEMENTARY INFORMATION
CITY OF WARWICK, RHODE ISLAND
Special Revenue Restricted School
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
For the fiscal year ended June 30, 2010

	C.A.S.I.T. Italian Program	James Manson Memoraial	Intra-Mural Grant	Injury Fund	One Capital Project Generaltor	TOTAL
REVENUES						
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,296,649
Contributions and private grants	6,000	5,000	-	-	-	24,196
Other revenues	-	-	-	8,931	-	8,931
Total revenues	6,000	5,000	-	8,931	-	7,329,776
EXPENDITURES						
Salaries	-	-	-	-	-	4,285,975
Employee benefits	-	-	-	-	-	1,677,796
Purchased services	1,536	-	-	12,964	-	658,302
Supplies and materials	1,938	-	-	-	-	102,723
Capital outlay	-	4,998	-	-	-	509,112
Indirect costs	-	-	-	-	-	97,333
Other objects	-	-	-	-	-	2,000
Total expenditures	3,474	4,998	-	12,964	-	7,333,241
Excess (deficiency) of revenues over (under) expenditures	2,526	2	-	(4,033)	-	(3,465)
Net change in fund balances	2,526	2	-	(4,033)	-	(3,465)
FUND BALANCE - JULY 1, 2009	-	-	4,990	(299)	390	61,002
FUND BALANCE - JUNE 30, 2010	\$ 2,526	\$ 2	\$ 4,990	\$ (4,332)	\$ 390	\$ 57,537

(concluded)

**SUPPLEMENTARY INFORMATION
CITY OF WARWICK, RHODE ISLAND
Capital Project Funds
Combining Balance Sheet
June 30, 2010**

	2006 City Buildings Bond Fund	2006 School Bond Fund	2000 Recreation Bond Fund	2002 Public Safety Bond Fund
ASSETS				
Investments	\$ 50,098	\$ 3,829,840	\$ -	\$ 6,377
Due from federal and state governments	-	-	-	-
Total assets	\$ 50,098	\$ 3,829,840	\$ -	\$ 6,377
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable and accrued expenditures	\$ -	\$ 315,700	\$ -	\$ -
Due to other funds	-	-	427,897	2
Deferred Revenue	50,098	-	-	-
Total liabilities	50,098	315,700	427,897	2
Fund balances (deficits)				
Reserve for Encumbrance	-	-	-	-
Unreserved	-	3,514,140	(427,897)	6,375
Total fund balances (deficits)	-	3,514,140	(427,897)	6,375
Total liabilities and fund balances	\$ 50,098	\$ 3,829,840	\$ -	\$ 6,377

(continued)

**SUPPLEMENTARY INFORMATION
CITY OF WARWICK, RHODE ISLAND
Capital Project Funds
Combining Balance Sheet
June 30, 2010**

	2002 Drainage Bond Fund	2000 Open Space Bond Fund	2000 School Bond Fund	Capital Leases	Totals
ASSETS					
Investments	\$ 600,386	\$ 468,810	\$ -	\$ -	\$ 4,955,511
Due from federal and state governments	-	16,200	-	43,962	60,162
Total assets	\$ 600,386	\$ 485,010	\$ -	\$ 43,962	\$ 5,015,673
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable and accrued expenditures	\$ -	\$ 18,000	\$ -	\$ -	\$ 333,700
Due to other funds	7,212	164	-	1,298,375	1,733,650
Deferred Revenue	-	-	-	-	50,098
Total liabilities	7,212	18,164	-	1,298,375	2,117,448
Fund balances (deficits)					
Reserve for Encumbrance	177,467	300,350	-	-	477,817
Unreserved	415,707	166,496	-	(1,254,413)	2,420,408
Total fund balances (deficits)	593,174	466,846	-	(1,254,413)	2,898,225
Total liabilities and fund balances	\$ 600,386	\$ 485,010	\$ -	\$ 43,962	\$ 5,015,673

(concluded)

**SUPPLEMENTARY INFORMATION
CITY OF WARWICK, RHODE ISLAND
Capital Project Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
For the fiscal year ended June 30, 2010**

	2006 City Buildings Bond Fund	2006 School Bond Fund	2000 Recreation Bond Fund	2002 Public Safety Bond Fund
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Other revenue	-	-	-	-
Total revenues	-	-	-	-
EXPENDITURES				
Public safety	-	-	-	-
Recreation	-	-	-	-
Public works	-	-	-	-
Education	-	393,860	-	-
Total expenditures	-	393,860	-	-
Deficiency of revenues under expenditures before other financing uses	-	(393,860)	-	-
Other financing sources				
Proceeds from bonds	-	3,908,000	-	-
Total other financing sources	-	3,908,000	-	-
Net change in fund balances	-	3,514,140	-	-
FUND BALANCES - July 1, 2009	-	-	(427,897)	6,375
FUND BALANCES - June 30, 2010	\$ -	\$ 3,514,140	\$ (427,897)	\$ 6,375

(continued)

SUPPLEMENTARY INFORMATION
CITY OF WARWICK, RHODE ISLAND
Capital Project Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
For the fiscal year ended June 30, 2010

	2002 Drainage Bond Fund	2000 Open Space Bond Fund	2000 School Bond Fund	Capital Leases	Totals
REVENUES					
Intergovernmental	-	44,435	-	43,962	88,397
Other revenue	-	300	-	-	300
Total revenues	-	44,735	-	43,962	88,697
EXPENDITURES					
Public safety	-	-	-	402,024	402,024
Recreation	-	18,000	-	84,151	102,151
Public works	6,993	-	-	812,200	819,193
Education	-	-	13,669	-	407,529
Total expenditures	6,993	18,000	13,669	1,298,375	1,730,897
Deficiency of revenues under expenditures before other financing uses	(6,993)	26,735	(13,669)	(1,254,413)	(1,642,200)
Other financing sources					
Proceeds from bonds	-	-	-	-	3,908,000
Total other financing sources	-	-	-	-	3,908,000
Net change in fund balances	(6,993)	26,735	(13,669)	(1,254,413)	2,265,800
FUND BALANCES - July 1, 2009	600,167	440,111	13,669	-	632,425
FUND BALANCES - June 30, 2010	\$ 593,174	\$ 466,846	\$ -	\$ (1,254,413)	\$ 2,898,225

(concluded)

CITY OF WARWICK, RHODE ISLAND
Combining Statement of Net Assets
Non-major Proprietary Funds
June 30, 2010

	Industrial Pretreatment Fund	On-site Revolving Loan Fund	Sewer Renewal & Replacement Fund	Sewer Infrastructure Replacement Fund	Water Renewal & Replacement Fund
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 1,183,876	\$ 277,823	\$ 947,093	\$ 233,553	\$ 40,789
Accounts receivable, net:					
Water and sewer use fees	291,494	-	-	-	-
Accrued interest	-	87,937	-	-	-
Other receivables	-	62,780	-	-	-
Due from other funds	-	-	1,970,077	387	600,000
Total current assets	1,475,370	428,540	2,917,170	233,940	640,789
Non-current assets:					
Construction in process	-	-	-	-	-
Depreciable capital assets, net	85,567	-	-	-	-
Total noncurrent assets	85,567	-	-	-	-
TOTAL ASSETS	\$ 1,560,937	\$ 428,540	\$ 2,917,170	\$ 233,940	\$ 640,789
LIABILITIES					
Current liabilities:					
Accounts payable and accrued expenses	\$ 4,306	\$ 4,000	\$ -	\$ -	\$ -
Due to other funds	166,553	12,000	102,006	-	-
Total current liabilities	170,859	16,000	102,006	-	-
Non-current liabilities:					
Accrued compensated absences	15,798	-	-	-	-
Net other post-employment benefit obligation	69,161	-	-	-	-
Total noncurrent liabilities	84,959	-	-	-	-
Total liabilities	255,818	16,000	102,006	-	-
NET ASSETS					
Invested in Capital assets, net of related debt	85,567	-	-	-	-
Unrestricted	1,219,552	412,540	2,815,164	233,940	640,789
Total net assets	\$ 1,305,119	\$ 412,540	\$ 2,815,164	\$ 233,940	\$ 640,789

(continued)

CITY OF WARWICK, RHODE ISLAND
Combining Statement of Net Assets
Non-major Proprietary Funds
June 30, 2010

	Water Restricted Emergency Fund	Water Infrastructure Replacement Fund	Emergency Operations Enterprise Fund	Totals
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 144,748	\$ 1,657,669	\$ -	\$ 4,485,551
Accounts receivable, net:				
Water and sewer use fees	-	-	-	291,494
Accrued interest	-	-	-	87,937
Other receivables	-	-	1,933,153	1,995,933
Due from other funds	200,000	2,000,000	-	4,770,464
Total current assets	344,748	3,657,669	1,933,153	11,631,379
Non-current assets:				
Construction in process	-	6,500	2,593,603	2,600,103
Depreciable capital assets, net	-	-	-	85,567
Total noncurrent assets	-	6,500	2,593,603	2,685,670
TOTAL ASSETS	\$ 344,748	\$ 3,664,169	\$ 4,526,756	\$ 14,317,049
LIABILITIES				
Current liabilities:				
Accounts payable and accrued expenses	\$ -	\$ -	\$ 1,159,347	\$ 1,167,653
Due to other funds	-	-	773,806	1,054,365
Total current liabilities	-	-	1,933,153	2,222,018
Non-current liabilities:				
Accrued compensated absences	-	-	-	15,798
Net other post-employment benefit obligation	-	-	-	69,161
Total noncurrent liabilities	-	-	-	84,959
Total liabilities	-	-	1,933,153	2,306,977
NET ASSETS				
Invested in Capital assets, net of related debt	-	6,500	-	92,067
Unrestricted	344,748	3,657,669	2,593,603	11,918,005
Total net assets	\$ 344,748	\$ 3,664,169	\$ 2,593,603	\$ 12,010,072

(concluded)

CITY OF WARWICK, RHODE ISLAND
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Non-major Proprietary Funds
For the Fiscal Year Ended June 30, 2010

	Industrial Pretreatment Fund	On-site Revolving Loan Fund	Sewer Renewal & Replacement Fund	Sewer Infrastructure Replacement Fund	Water Renewal & Replacement Fund
Operating revenues					
Assessments and user fees	\$ 357,202	\$ -	\$ -	\$ -	\$ -
Other revenues	11,348	5,436	4,773	29,910	-
Intergovernmental revenue	-	-	-	-	-
Total operating revenues	368,550	5,436	4,773	29,910	-
Operating expenses					
Salaries and benefits	300,707	-	-	-	-
Materials and supplies	4,559	-	76,147	1,230	-
Depreciation and amortization	10,316	-	-	-	-
Operations	76,326	-	-	-	-
Miscellaneous	-	52,000	-	-	-
Total operating expenses	391,908	52,000	76,147	1,230	-
Operating income (loss)	(23,358)	(46,564)	(71,374)	28,680	-
Non-operating revenues					
Interest income	2,077	670	2,353	565	92
Total non-operating revenues	2,077	670	2,353	565	92
Income (loss) before transfers	(21,281)	(45,894)	(69,021)	29,245	92
Transfers					
Operating transfers in	-	-	10,000	-	150,000
Operating transfers out	-	-	(168,510)	(36,379)	-
Total transfers	-	-	(158,510)	(36,379)	150,000
Change in Net Assets	(21,281)	(45,894)	(227,531)	(7,134)	150,092
Total Net Assets - July 1, 2009	1,326,400	458,434	3,024,077	241,074	490,697
<i>Prior period adjustment - see note 19</i>	-	-	18,618	-	-
Restated Total Net Assets - July 1, 2009	1,326,400	458,434	3,042,695	241,074	490,697
Total Net Assets - Ending June 30, 2010	\$ 1,305,119	\$ 412,540	\$ 2,815,164	\$ 233,940	\$ 640,789

(continued)

CITY OF WARWICK, RHODE ISLAND
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Non-major Proprietary Funds
For the Fiscal Year Ended June 30, 2010

	Water Restricted Emergency Fund	Water Infrastructure Replacement Fund	Emergency Operations Enterprise Fund	Totals
Operating revenues				
Assessments and user fees	\$ -	\$ -	\$ -	\$ 357,202
Other revenues	-	-	3,284,016	3,335,483
Intergovernmental revenue	-	-	142,564	142,564
Total operating revenues	-	-	3,426,580	3,835,249
Operating expenses				
Salaries and benefits	-	-	-	300,707
Materials and supplies	93,282	614	-	175,832
Depreciation and amortization	-	-	-	10,316
Operations	-	-	-	76,326
Miscellaneous	-	-	778,781	830,781
Total operating expenses	93,282	614	778,781	1,393,962
Operating income (loss)	(93,282)	(614)	2,647,799	2,441,287
Non-operating revenues				
Interest income	427	3,757	-	9,941
Total non-operating revenues	427	3,757	-	9,941
Income (loss) before transfers	(92,855)	3,143	2,647,799	2,451,228
Transfers				
Operating transfers in	50,000	-	15,840	225,840
Operating transfers out	-	(57,192)	(70,036)	(332,117)
Total transfers	50,000	(57,192)	(54,196)	(106,277)
Change in Net Assets	(42,855)	(54,049)	2,593,603	2,344,951
Total Net Assets - July 1, 2009	387,603	3,718,218	-	9,646,503
<i>Prior period adjustment - see note 19</i>	-	-	-	18,618
Restated Total Net Assets - July 1, 2009	387,603	3,718,218	-	9,665,121
Total Net Assets - Ending June 30, 2010	\$ 344,748	\$ 3,664,169	\$ 2,593,603	\$ 12,010,072

(concluded)

CITY OF WARWICK, RHODE ISLAND
Statement of Cash Flows - Non-major Proprietary Funds
For the Fiscal Year Ended June 30, 2010

	Industrial Pretreatment	On-site Revolving Loan Fund	Sewer Renewal & Replacement	Sewer Infrastructure Replacement Fund	Water Renewal & Replacement
Cash flows from operating activities					
Cash received from customers	\$ 646,623	\$ -	\$ -	\$ -	\$ -
Cash payments to suppliers for goods and services	(84,579)	4,000	(96,435)	(22,880)	-
Cash payments to employees for services	(281,401)	-	-	-	-
Other operating revenues	11,348	1	4,773	29,910	-
Other operating payments	-	(52,000)	-	-	-
Net cash provided by (used for) operating activities	291,991	(47,999)	(91,662)	7,030	-
Cash flows from non-capital financing activities					
Interfund loans	85,022	8,000	54,979	(47,491)	(150,000)
Operating transfers from other funds	-	-	10,000	-	150,000
Operating transfers to other funds	-	-	(149,892)	(36,379)	-
Net cash provided by (used for) non-capital financing activities	85,022	8,000	(84,913)	(83,870)	-
Cash flows from capital and related financing activities					
Additions to capital assets	-	-	-	-	-
Net cash provided (used for) capital and related financing activities	-	-	-	-	-
Cash flows from investing activities					
Interest and dividends on investment	2,077	670	2,353	565	92
Net cash provided by (used for) investing activities	2,077	670	2,353	565	92
Net increase (decrease) in cash and cash equivalents	379,090	(39,329)	(174,222)	(76,275)	92
Cash and cash equivalents at beginning of year	804,786	317,152	1,121,315	309,828	40,697
Cash and cash equivalents at end of year	\$ 1,183,876	\$ 277,823	\$ 947,093	\$ 233,553	\$ 40,789
Reconciliation of operating income to net cash provided by operating activities					
Operating income (Loss)	\$ (23,358)	\$ (46,564)	\$ (71,374)	\$ 28,680	\$ -
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation and amortization	10,316	-	-	-	-
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	289,421	-	-	-	-
(Increase) decrease in other receivable	-	-	-	-	-
(Increase) decrease in accrued interest receivable	-	(5,435)	-	-	-
Increase (decrease) in accounts payable and accrued expense	(3,694)	4,000	(20,288)	(21,650)	-
Increase (decrease) in compensated absences	(2,954)	-	-	-	-
Increase (decrease) in net other post-employment benefits	22,260	-	-	-	-
Total adjustments	315,349	(1,435)	(20,288)	(21,650)	-
Net cash provided by operating activities	\$ 291,991	\$ (47,999)	\$ (91,662)	\$ 7,030	\$ -

(continued)

CITY OF WARWICK, RHODE ISLAND
Statement of Cash Flows - Non-major Proprietary Funds
For the Fiscal Year Ended June 30, 2010

	Water Restricted Emergency Fund	Water Infrastructure Replacement Fund	Emergency Operations Enterprise Fund	Totals
Cash flows from operating activities				
Cash received from customers	\$ -	\$ -	\$ -	\$ 646,623
Cash payments to suppliers for goods and services	(93,282)	(2,196)	1,159,347	863,975
Cash payments to employees for services	-	-	-	(281,401)
Other operating revenues	-	-	1,493,427	1,539,459
Other operating payments	-	-	(778,781)	(830,781)
Net cash provided by (used for) operating activities	(93,282)	(2,196)	1,873,993	1,937,875
Cash flows from non-capital financing activities				
Interfund loans	(69,102)	-	773,806	655,214
Operating transfers from other funds	50,000	-	15,840	225,840
Operating transfers to other funds	-	(57,192)	(70,036)	(313,499)
Net cash provided by (used for) non-capital financing activities	(19,102)	(57,192)	719,610	567,555
Cash flows from capital and related financing activities				
Additions to capital assets	-	43,660	(2,593,603)	(2,549,943)
Net cash provided (used for) capital and related financing activities	-	43,660	(2,593,603)	(2,549,943)
Cash flows from investing activities				
Interest and dividends on investment	427	3,757	-	9,941
Net cash provided by (used for) investing activities	427	3,757	-	9,941
Net increase (decrease) in cash and cash equivalents	(111,957)	(11,971)	-	(34,572)
Cash and cash equivalents at beginning of year	256,705	1,669,640	-	4,520,123
Cash and cash equivalents at end of year	\$ 144,748	\$ 1,657,669	\$ -	\$ 4,485,551
Reconciliation of operating income to net cash provided by operating activities				
Operating income (Loss)	\$ (93,282)	\$ (614)	\$ 2,647,799	\$ 2,441,287
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	-	-	-	10,316
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	-	-	-	289,421
(Increase) decrease in other receivable	-	-	(1,933,153)	(1,933,153)
(Increase) decrease in accrued interest receivable	-	-	-	(5,435)
Increase (decrease) in accounts payable and accrued expense	-	(1,582)	1,159,347	1,116,133
Increase (decrease) in compensated absences	-	-	-	(2,954)
Increase (decrease) in net other post-employment benefits	-	-	-	22,260
Total adjustments	-	(1,582)	(773,806)	(503,412)
Net cash provided by operating activities	\$ (93,282)	\$ (2,196)	\$ 1,873,993	\$ 1,937,875

(concluded)

**COMBINING FINANCIAL STATEMENTS
FOR PRIVATE PURPOSE TRUST FUNDS**

Private Purpose Trust Funds
were established to account for assets held by the City in a fiduciary capacity for individuals, governmental entities and others. Trust funds are operated in accordance with specific requirements and/or governing regulations.

Employee Benefit Trust Fund - Established to account for monies held for various municipal union employee benefits.

Neighbors Helping Neighbors – Established to account for charitable donations and expenses related to local community program.

Jeannette Cram Scholarship Funds – Established to assist students majoring in various fields.

SUPPLEMENTARY INFORMATION
CITY OF WARWICK, RHODE ISLAND
Private Purpose Trust Funds
Combining Statement of Fiduciary Net Assets
For the Fiscal Year Ended June 30, 2010

	Employee Benefit Trust Fund	Neighbors Helping Neighbors	Jeanette Cram Scholarship Fund	Totals
ASSETS				
Cash	\$ -	\$ -	\$ 31,004	\$ 31,004
Investments	97,826	17,640	-	115,466
Due from other funds	-	8,087	-	8,087
Total assets	\$ 97,826	\$ 25,727	\$ 31,004	\$ 154,557
Liabilities				
Due to other funds	\$ 39	\$ -	\$ -	\$ 39
Account Payable	-	-	-	-
Total liabilities	39	-	-	39
Net Assets				
Held in trust for benefits and other purposes	\$ 97,787	\$ 25,727	\$ 31,004	\$ 154,518

SUPPLEMENTARY INFORMATION
CITY OF WARWICK, RHODE ISLAND
Private Purpose Trust Funds
Combining Statement of Changes in Fiduciary Net Assets
For the Fiscal Year Ended June 30, 2010

	Employee Benefit Trust Fund	Neighbors Helping Neighbors	Jeanette Cram Scholarship Fund	Totals
ADDITIONS				
Investment income	\$ 236	\$ 31	\$ 477	\$ 744
Other income	8,486	28,979	-	37,465
Total additions	8,722	29,010	477	38,209
DEDUCTIONS				
	18,514	23,057	-	41,571
Change in net assets	(9,792)	5,953	477	(3,362)
Net assets beginning of year July 1, 2009	107,579	19,774	30,527	157,880
Net assets end of year June 30, 2010	\$ 97,787	\$ 25,727	\$ 31,004	\$ 154,518

AGENCY FUNDS

Agency Funds

account for assets held by the City as an agent for individuals, organizations or other governmental units.

Apponaug Sewer Easement – Established as an interest bearing escrow account to hold funds for contested sewer land easements pending legal opinion.

Treasurer's Agent – Established to account for money held in trust for various parties.

Funds in Registry of Probate Court – Established to account for funds held for various estates.

Sewer Line Agency – Established to account for monies held for private parties in connection with various sewer construction projects.

Realty Tax Fund – Established to account for tax revenues generated from sale of realty.

Student Activity Funds – Established to account for funding of school activities such as field trips, yearbooks and proms.

SUPPLEMENTARY INFORMATION
CITY OF WARWICK, RHODE ISLAND
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended June 30, 2010

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2010</u>
APPONAUG SEWER EASEMENT				
Assets				
Investments	\$ 47,619	\$ 107	\$ -	\$ 47,726
Total assets	<u>\$ 47,619</u>	<u>\$ 107</u>	<u>\$ -</u>	<u>\$ 47,726</u>
Liabilities				
Deposits held in custody for others	\$ 47,619	\$ 107	\$ -	\$ 47,726
Total liabilities	<u>\$ 47,619</u>	<u>\$ 107</u>	<u>\$ -</u>	<u>\$ 47,726</u>
TREASURER'S AGENT				
Assets				
Cash	\$ 82,391	\$ 10,960	\$ 8,808	\$ 84,543
Investments	303,959	42,370	183,055	163,274
Due from other funds	-	4,949	-	4,949
Total assets	<u>\$ 386,350</u>	<u>\$ 58,279</u>	<u>\$ 191,863</u>	<u>\$ 252,766</u>
Liabilities				
Accounts payable and accrued expenditures	\$ 1,543	\$ 35,113	\$ 31,204	\$ 5,452
Due to other funds	33,201	-	33,201	-
Deposits held in custody for others	351,606	89,142	193,434	247,314
Total liabilities	<u>\$ 386,350</u>	<u>\$ 124,255</u>	<u>\$ 257,839</u>	<u>\$ 252,766</u>
FUNDS IN REGISTRY OF PROBATE COURT				
Assets				
Cash	\$ 285,929	\$ 2,477	\$ 21,357	\$ 267,049
Total assets	<u>\$ 285,929</u>	<u>\$ 2,477</u>	<u>\$ 21,357</u>	<u>\$ 267,049</u>
Liabilities				
Deposits held in custody for others	\$ 285,929	\$ 2,477	\$ 21,357	\$ 267,049
Total liabilities	<u>\$ 285,929</u>	<u>\$ 2,477</u>	<u>\$ 21,357</u>	<u>\$ 267,049</u>

(continued)

SUPPLEMENTARY INFORMATION
CITY OF WARWICK, RHODE ISLAND
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended June 30, 2010

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2010</u>
SEWER LINE AGENCY				
Assets				
Investments	\$ 223,870	\$ 11,312	\$ 11,142	\$ 224,040
Due from other funds	-	-	-	-
Total assets	<u>\$ 223,870</u>	<u>\$ 11,312</u>	<u>\$ 11,142</u>	<u>\$ 224,040</u>
Liabilities				
Accounts payable and accrued expenditures	\$ 2,865	\$ 65,643	\$ 68,508	\$ -
Due to other funds	3,466	76,697	73,901	6,262
Deposits held in custody for others	217,539	59,894	59,655	217,778
Total liabilities	<u>\$ 223,870</u>	<u>\$ 202,234</u>	<u>\$ 202,064</u>	<u>\$ 224,040</u>
REALTY TAX FUND				
Assets				
Cash	\$ 103,199	\$ 1,236,577	\$ 1,231,730	\$ 108,046
Total assets	<u>\$ 103,199</u>	<u>\$ 1,236,577</u>	<u>\$ 1,231,730</u>	<u>\$ 108,046</u>
Liabilities				
Due to state governments	\$ 46,412	\$ 556,345	\$ 554,150	\$ 48,607
Due to other funds	56,787	680,232	677,580	59,439
Total liabilities	<u>\$ 103,199</u>	<u>\$ 1,236,577</u>	<u>\$ 1,231,730</u>	<u>\$ 108,046</u>
WINMAN STUDENT ACTIVITY FUND				
Assets				
Cash	\$ 31,125	\$ 50,584	\$ 56,071	\$ 25,638
Total assets	<u>\$ 31,125</u>	<u>\$ 50,584</u>	<u>\$ 56,071</u>	<u>\$ 25,638</u>
Liabilities				
Deposits held in custody for others	\$ 31,125	\$ 50,584	\$ 56,071	\$ 25,638
Total liabilities	<u>\$ 31,125</u>	<u>\$ 50,584</u>	<u>\$ 56,071</u>	<u>\$ 25,638</u>
CAREER CENTER STUDENT ACTIVITY				
Assets				
Cash	\$ 25,339	\$ 113,530	\$ 100,938	\$ 37,931
Total assets	<u>\$ 25,339</u>	<u>\$ 113,530</u>	<u>\$ 100,938</u>	<u>\$ 37,931</u>
Liabilities				
Deposits held in custody for others	\$ 25,339	\$ 113,530	\$ 100,938	\$ 37,931
Total liabilities	<u>\$ 25,339</u>	<u>\$ 113,530</u>	<u>\$ 100,938</u>	<u>\$ 37,931</u>

(continued)

SUPPLEMENTARY INFORMATION
CITY OF WARWICK, RHODE ISLAND
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended June 30, 2010

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2010</u>
PILGRIM STUDENT ACTIVITY				
Assets				
Cash	\$ 109,509	\$ 238,178	\$ 248,923	\$ 98,764
Total assets	<u>\$ 109,509</u>	<u>\$ 238,178</u>	<u>\$ 248,923</u>	<u>\$ 98,764</u>
Liabilities				
Deposits held in custody for others	\$ 109,509	\$ 238,178	\$ 248,923	\$ 98,764
Total liabilities	<u>\$ 109,509</u>	<u>\$ 238,178</u>	<u>\$ 248,923</u>	<u>\$ 98,764</u>
GORTON STUDENT ACTIVITY				
Assets				
Cash	\$ 20,664	\$ 60,037	\$ 59,751	\$ 20,950
Total assets	<u>\$ 20,664</u>	<u>\$ 60,037</u>	<u>\$ 59,751</u>	<u>\$ 20,950</u>
Liabilities				
Deposits held in custody for others	\$ 20,664	\$ 60,037	\$ 59,751	\$ 20,950
Total liabilities	<u>\$ 20,664</u>	<u>\$ 60,037</u>	<u>\$ 59,751</u>	<u>\$ 20,950</u>
TOLL GATE STUDENT ACTIVITY				
Assets				
Cash	\$ 196,214	\$ 182,553	\$ 193,039	\$ 185,728
Total assets	<u>\$ 196,214</u>	<u>\$ 182,553</u>	<u>\$ 193,039</u>	<u>\$ 185,728</u>
Liabilities				
Deposits held in custody for others	\$ 196,214	\$ 182,553	\$ 193,039	\$ 185,728
Total liabilities	<u>\$ 196,214</u>	<u>\$ 182,553</u>	<u>\$ 193,039</u>	<u>\$ 185,728</u>
ALDRICH STUDENT ACTIVITY				
Assets				
Cash	\$ 56,651	\$ 91,562	\$ 106,680	\$ 41,533
Total assets	<u>\$ 56,651</u>	<u>\$ 91,562</u>	<u>\$ 106,680</u>	<u>\$ 41,533</u>
Liabilities				
Deposits held in custody for others	\$ 56,651	\$ 91,562	\$ 106,680	\$ 41,533
Total liabilities	<u>\$ 56,651</u>	<u>\$ 91,562</u>	<u>\$ 106,680</u>	<u>\$ 41,533</u>

(continued)

SUPPLEMENTARY INFORMATION
CITY OF WARWICK, RHODE ISLAND
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended June 30, 2010

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2010</u>
WARWICK VETERANS				
STUDENT ACTIVITY				
Assets				
Cash	\$ 48,562	\$ 181,786	\$ 172,169	\$ 58,179
Total assets	<u>\$ 48,562</u>	<u>\$ 181,786</u>	<u>\$ 172,169</u>	<u>\$ 58,179</u>
Liabilities				
Due to other funds	\$ -	\$ -	\$ -	\$ -
Deposits held in custody for others	48,562	181,786	172,169	58,179
Total liabilities	<u>\$ 48,562</u>	<u>\$ 181,786</u>	<u>\$ 172,169</u>	<u>\$ 58,179</u>
 TOTAL AGENCY FUNDS				
Assets				
Cash	\$ 959,583	\$ 2,168,244	\$ 2,199,466	\$ 928,361
Investments	575,448	53,789	194,197	435,040
Due from other funds	-	4,949	-	4,949
Total assets	<u>\$ 1,535,031</u>	<u>\$ 2,226,982</u>	<u>\$ 2,393,663</u>	<u>\$ 1,368,350</u>
Liabilities				
Accounts payable and accrued expenditures	\$ 4,408	\$ 100,756	\$ 99,712	\$ 5,452
Due to state governments	46,412	556,345	554,150	48,607
Due to other funds	93,454	756,929	784,682	65,701
Deposits held in custody for others	1,390,757	1,069,850	1,212,017	1,248,590
Total liabilities	<u>\$ 1,535,031</u>	<u>\$ 2,483,880</u>	<u>\$ 2,650,561</u>	<u>\$ 1,368,350</u>

(concluded)

CITY OF WARWICK, RHODE ISLAND
Schedule of Tax Collections
For the Fiscal Year Ended June 30, 2010

Assessment of	Balance Uncollected July 1, 2009	Current Year Assessment	Additions & Adjustments	Tax Titles	Authorized Abatements	Amount to Be Collected	Current Year Collections	Balance Uncollected June 30, 2010
2009	\$ -	\$ 204,173,334	\$ 127,555	\$ (276,406)	\$ (574,788)	\$ 203,449,695	\$ 199,718,193	\$ 3,731,502
2008	3,612,644	-	13,922	(29,143)	(274,140)	3,323,283	2,527,598	795,685
2007	948,159	-	6,774	(3,693)	(43,390)	907,850	(33,941)	941,791
2006	552,716	-	1,121	(3)	(120)	553,714	26,731	526,983
2005	378,649	-	1,087	(3)	-	379,733	13,967	365,766
2004	356,116	-	1,041	(3)	-	357,154	6,399	350,755
2003	281,583	-	1,002	(3)	(35)	282,547	5,944	276,603
2002	270,469	-	968	(3)	(147)	271,287	5,013	266,274
2001	299,192	-	929	-	(251)	299,870	2,414	297,456
2000	378,715	-	894	-	(245)	379,364	3,229	376,135
1999	1,392,935	-	-	-	(33)	1,392,902	1,682	1,391,220
1998	1,395,830	-	-	-	-	1,395,830	537	1,395,293
1997	396,354	-	-	-	-	396,354	181	396,173
1996	433,608	-	-	-	-	433,608	-	433,608
1995	400,383	-	-	-	-	400,383	21	400,362
1994	437,700	-	-	-	-	437,700	35	437,665
1993	469,823	-	-	-	-	469,823	205	469,618
1992	663,444	-	-	-	-	663,444	-	663,444
1991	766,007	-	-	-	-	766,007	-	766,007
1990	847,440	-	-	-	-	847,440	-	847,440
1989	514,741	-	-	-	-	514,741	-	514,741
prior	4,416,418	-	-	-	-	4,416,418	-	4,416,418
TOTALS	\$ 19,212,926	\$ 204,173,334	\$ 155,293	\$ (309,257)	\$ (893,149)	\$ 222,339,147	\$ 202,278,208	\$ 20,060,939

Schedule of most recent property net assessed property value by category as of December 31, 2008

Reconciliation of current year property tax revenue:

	<u>Valuations</u>	<u>Levy</u>
Real property	\$ 11,236,287,800	\$ 179,737,923
Motor vehicles (excise)	693,858,253	24,007,496
Other personal property	468,842,000	13,258,839
Total real and personal property	12,398,988,053	217,004,258
Less:		
Hold harmless, state exemptions, state phase-out, and adjustments	357,909,372	12,830,924
Net assessed value	\$ 12,041,078,681	\$ 204,173,334

Current year collections	\$ 202,278,208
Adjustments / refunds in transit	140,664
Revenue received 60 days subsequent to fiscal year ended June 30, 2010	973,402
	203,392,274
Prior year revenue 60 days subsequent to prior year ended June 30, 2009	(898,168)
Current year property tax revenue	\$ 202,494,106

CITY OF WARWICK, RHODE ISLAND
Analysis of Prior Years Tax Collections
For the Fiscal Year Ended June 30, 2010

Tax Years	Collections (refunds netted)	Less Prior Year 60 Day Collections	Less Adjustments For Refunds and Redemptions in Transit	Plus Current Year 60 Day Collections	Net Total	
2009	199,718,192.51	-	(13,692.93)	958,428.44	200,662,928.02	
2008	2,527,597.91	(935,335.91)	158,510.19	11,620.30	1,762,392.49	} 1,831,177.48 Prior Year Collections
2007	(33,941.27)	48,041.30	(6,774.20)	(700.54)	6,625.29	
2006	26,730.85	(5,483.46)	(1,121.29)	1,504.09	21,630.19	
2005	13,966.65	(672.37)	8,575.94	1,022.67	22,892.89	
2004	6,399.27	(2,378.35)	(1,041.13)	894.66	3,874.45	
2003	5,944.40	(378.21)	(1,001.88)	243.08	4,807.39	
2002	5,013.39	68.14	(968.03)	72.43	4,185.93	
2002	2,413.61	(213.07)	(929.17)	309.89	1,581.26	
2000	3,229.52	(736.96)	(894.24)	6.98	1,605.30	
1999	1,682.30	(877.04)	-	-	805.26	
1998	536.88	(87.85)	-	-	449.03	
1997	181.14	(113.88)	-	-	67.26	
1996	-	-	-	-	-	
1995	20.86	-	-	-	20.86	
1994	34.87	-	-	-	34.87	
1993	205.01	-	-	-	205.01	
1992	-	-	-	-	-	
1991	-	-	-	-	-	
1990	-	-	-	-	-	
1989	-	-	-	-	-	
	202,278,207.90	(898,167.66)	140,663.26	973,402.00	202,494,105.50	

STATISTICAL SECTION

The Statistical Schedules differ from other financial Statement presentations because they generally disclose more than one fiscal year and may present non-accounting data such as social and economic data and financial trends of the City.

STATISTICAL SECTION

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

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial position has changed over time.

Revenue Capacity

These schedules contain information to help the reader understand and assess the factors affecting the City's ability to generate its most significant local revenue sources, the real and personal property tax.

Debt Capacity

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

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Sources: unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.

CITY OF WARWICK, RHODE ISLAND
NET ASSETS BY COMPONENT
LAST NINE FISCAL YEARS
(Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Governmental Activities									
Invested in capital assets, net of related debt	\$83,863,676	\$79,552,755	\$76,707,132	\$70,288,544	\$71,961,458	\$66,647,101	\$67,828,026	\$64,184,519	\$64,258,323
Restricted	4,347,710	4,389,902	4,330,187	4,528,548	3,333,193	3,550,462	3,201,119	1,947,766	1,433,298
Unrestricted	3,954,201	5,233,818	8,106,875	10,091,930	369,491	(6,573,588)	(28,569,229)	(45,907,021)	(62,378,508)
Total Governmental Activities Net Assets	92,165,587	89,176,475	89,144,194	84,909,022	75,664,142	63,623,975	42,459,916	20,225,264	3,313,113
Business-type Activities									
Invested in capital assets, net of related debt	55,572,633	60,023,623	61,877,678	62,200,140	52,998,122	56,492,614	55,465,549	63,148,905	67,391,392
Restricted	-	-	-	-	1,593,899	2,142,194	2,987,060	3,010,672	3,094,095
Unrestricted	1,079,813	(1,032,723)	(691,907)	911,348	10,410,660	7,337,197	9,025,008	4,542,008	5,450,484
Total Business-type Activities Net Assets	56,652,446	58,990,900	61,185,771	63,111,488	65,002,681	65,972,005	67,477,617	70,701,585	75,935,971
Primary Government									
Invested in capital assets, net of related debt	139,436,309	139,576,378	138,584,810	132,488,684	124,959,580	123,139,715	123,293,575	127,333,424	131,649,715
Restricted	4,347,710	4,389,902	4,330,187	4,528,548	4,927,092	5,692,656	6,188,179	4,958,438	4,527,393
Unrestricted	5,034,014	4,201,095	7,414,968	11,003,278	10,780,151	763,609	(19,544,221)	(41,365,013)	(56,928,024)
Total Primary Government Net Assets	\$148,818,033	\$148,167,375	\$150,329,965	\$148,020,510	\$140,666,823	\$129,595,980	\$109,937,533	\$90,926,849	\$79,249,084

Source: City of Warwick Comprehensive Annual Financial Report

Note: GASB34 was implemented in 2002. Prior information is unavailable.

CITY OF WARWICK, RHODE ISLAND
CHANGE IN NET ASSETS
LAST NINE FISCAL YEARS
(Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Expenses:									
Governmental Activities:									
Executive & Administration	\$6,141,974	\$5,818,251	\$7,243,204	\$8,393,738	\$7,378,518	\$8,703,429	\$7,542,904	\$8,069,697	\$9,031,312
Public Safety	55,737,951	55,599,535	57,810,035	65,014,851	65,817,448	77,889,776	89,302,039	89,041,058	89,614,158
Recreation	3,218,367	3,695,254	3,396,139	4,092,981	3,168,229	3,338,239	3,358,547	3,330,999	3,353,999
Public Libraries	4,370,728	4,532,198	4,908,468	4,033,048	3,833,107	4,095,289	4,443,880	4,420,849	4,333,950
Social Services	2,337,110	2,781,989	2,817,879	2,693,806	2,860,603	2,719,927	2,973,994	2,875,875	2,658,015
Planning & E/D	2,594,966	2,131,408	2,778,799	1,737,103	3,563,021	3,221,363	3,314,008	3,405,639	3,856,439
Public Works	15,067,287	17,982,040	19,709,308	20,347,768	21,271,907	21,757,520	22,574,947	21,994,345	21,609,069
Education	133,645,580	145,433,755	146,855,093	147,447,982	163,926,829	168,839,482	175,918,003	174,286,188	171,897,294
Cafeteria Operations	2,342,711	2,549,202	2,658,550	2,800,341	2,916,762	2,841,531	2,908,848	3,005,016	2,647,559
Interest on Long Term Debt	3,019,067	3,018,153	3,222,417	3,090,420	3,672,548	3,009,586	2,902,909	2,360,516	2,347,813
<i>Total Governmental Activities Expenses:</i>	<i>228,475,741</i>	<i>243,541,785</i>	<i>251,399,892</i>	<i>259,652,038</i>	<i>278,408,972</i>	<i>296,416,142</i>	<i>315,240,079</i>	<i>312,790,182</i>	<i>311,349,608</i>
Business-type activities:									
Sewer	8,253,789	8,502,258	9,847,286	10,933,427	13,240,766	13,484,307	14,231,646	15,215,618	15,759,558
Sewer Assessment		5,127	-	-	-	-	-	-	-
Water	6,685,934	6,998,808	7,537,358	7,483,735	7,669,925	8,252,959	9,681,133	9,646,628	9,427,381
Non Major Enterprise Funds		311,745	360,938	433,085	-	-	-	-	-
<i>Total Business-type Activities Expenses:</i>	<i>14,939,723</i>	<i>15,817,938</i>	<i>17,745,582</i>	<i>18,850,247</i>	<i>20,910,691</i>	<i>21,737,266</i>	<i>23,912,779</i>	<i>24,862,246</i>	<i>25,186,939</i>
Total Primary Government Expenses:	\$243,415,464	\$259,359,723	\$269,145,474	\$278,502,285	\$299,319,663	\$318,153,408	\$339,152,858	\$337,652,428	\$336,536,547

CITY OF WARWICK, RHODE ISLAND
CHANGE IN NET ASSETS
LAST NINE FISCAL YEARS
(Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Program Revenues:									
Governmental Activities:									
Charges for Services:									
Executive & Administration	\$2,322,325	\$2,657,356	\$3,663,100	\$3,966,917	\$3,939,444	\$3,442,464	\$2,858,476	\$2,209,444	\$2,246,025
Public Safety	6,104,877	6,191,758	5,004,575	6,476,278	6,696,573	7,016,618	7,467,293	6,970,909	7,371,438
Recreation	760,813	682,084	485,560	722,964	806,442	792,374	828,017	900,225	894,380
Public Libraries	28,302	45,196	45,480	45,629	68,389	36,325	47,159	40,736	37,070
Social Services	77,895	288,085	99,752	91,821	80,482	79,007	100,956	126,658	139,649
Planning & E/D	279,958	1,340,512	1,338,976	2,008,862	2,503,643	1,798,343	1,599,877	1,681,609	2,081,026
Public Works	276,729	355,765	468,147	473,820	335,980	350,139	299,049	332,001	364,942
Education	2,474,248	1,384,899	1,330,313	1,228,659	3,397,605	3,006,444	2,778,367	3,497,123	3,776,975
Cafeteria Operations	1,451,562	1,622,975	1,655,212	1,728,102	1,774,566	1,751,231	1,542,363	1,368,341	1,045,893
Operating Grants/Contributions	43,852,738	49,198,187	50,716,742	51,120,778	51,182,760	54,912,922	55,130,733	51,258,003	53,474,747
Capital Grants/Contributions	144,945	373,200	5,250	32,337	700,043	1,442,541	3,600,000	-	-
<i>Total Governmental Activities Program Revenues:</i>	<i>57,774,392</i>	<i>64,140,017</i>	<i>64,813,107</i>	<i>67,896,167</i>	<i>71,485,927</i>	<i>74,628,408</i>	<i>76,252,290</i>	<i>68,385,049</i>	<i>71,432,145</i>
Business-type Activities:									
Charges for Services:									
Sewer	8,620,728	5,259,383	4,789,483	6,502,475	8,406,658	8,539,892	10,396,217	12,352,153	16,494,263
Sewer Assessment		4,862,965	5,259,468	5,327,729	5,834,912	6,072,270	6,078,049	5,646,954	5,414,375
Water	7,529,864	7,523,297	9,397,493	8,146,911	7,679,742	7,274,848	8,008,749	8,767,956	7,918,224
Non-major Enterprise Funds	-	394,525	389,022	571,662	-	-	-	-	-
Operating Grants/Contributions	6,240	-	-	-	9,511	121,916	39,153	-	-
Capital Grants/Contributions	747,591	-	-	-	-	-	326,620	1,238,170	541,403
<i>Total Business-type Activities Program Revenues:</i>	<i>16,904,423</i>	<i>18,040,170</i>	<i>19,835,466</i>	<i>20,548,777</i>	<i>21,930,823</i>	<i>22,008,926</i>	<i>24,848,788</i>	<i>28,005,233</i>	<i>30,368,265</i>
<i>Total Primary Government Program Revenues:</i>	<i>\$74,678,815</i>	<i>\$82,180,187</i>	<i>\$84,648,573</i>	<i>\$88,444,944</i>	<i>\$93,416,750</i>	<i>\$96,637,334</i>	<i>\$101,101,078</i>	<i>\$96,390,282</i>	<i>\$101,800,410</i>
Net (Expense) Revenue									
Governmental Activities	(\$170,701,349)	(\$179,401,768)	(\$186,586,785)	(\$191,755,871)	(\$206,923,045)	(\$221,787,734)	(\$238,987,789)	(\$244,405,133)	(\$239,917,463)
Business-type Activities	1,964,700	2,222,232	2,089,884	1,698,530	1,020,132	271,660	936,009	3,142,987	5,181,326
<i>Total Primary Government Net Expense</i>	<i>(\$168,736,649)</i>	<i>(\$177,179,536)</i>	<i>(\$184,496,901)</i>	<i>(\$190,057,341)</i>	<i>(\$205,902,913)</i>	<i>(\$221,516,074)</i>	<i>(\$238,051,780)</i>	<i>(\$241,262,146)</i>	<i>(\$234,736,137)</i>

CITY OF WARWICK, RHODE ISLAND
CHANGE IN NET ASSETS
LAST NINE FISCAL YEARS
(Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Revenues and Other Changes in Net Assets									
Governmental Activities									
Property Taxes	\$147,167,057	\$154,499,750	\$161,663,212	\$161,450,920	\$169,988,651	\$177,362,772	\$185,975,551	\$195,204,676	\$201,516,576
Interest on Property Taxes	1,251,002	1,539,331	223,682	240,711	1,502,221	1,484,500	1,591,941	1,728,716	(1,273,017)
State Aid & In Lieu of Tax	19,505,441	17,309,307	18,110,616	18,163,665	22,172,675	24,398,225	23,579,703	21,121,217	17,352,666
Investment Earnings	343,579	273,371	1,479,305	1,778,330	1,196,230	1,456,165	950,750	156,876	59,581
Tax Titles	18,586	20,907	73,383	47,530	61,804	7,823	33,212	20,334	155,168
Miscellaneous	613,253	3,005,576	5,004,306	5,701,306	2,811,911	4,710,191	5,650,040	4,470,760	5,194,338
Transfers						150,000	50,000	100,000	-
<i>Total Governmental Activities:</i>	<u>168,898,918</u>	<u>176,648,242</u>	<u>186,554,504</u>	<u>187,382,462</u>	<u>197,733,492</u>	<u>209,569,676</u>	<u>217,831,197</u>	<u>222,802,579</u>	<u>223,005,312</u>
Business-type Activities									
Investment Earnings	128,783	116,222	104,987	227,187	871,061	847,664	619,603	180,981	34,442
Transfers						(150,000)	(50,000)	(100,000)	
<i>Total Business-type Activities:</i>	<u>128,783</u>	<u>116,222</u>	<u>104,987</u>	<u>227,187</u>	<u>871,061</u>	<u>697,664</u>	<u>569,603</u>	<u>80,981</u>	<u>34,442</u>
Total Primary Government:	<u>\$169,027,701</u>	<u>\$176,764,464</u>	<u>\$186,659,491</u>	<u>\$187,609,649</u>	<u>\$198,604,553</u>	<u>\$210,267,340</u>	<u>\$218,400,800</u>	<u>\$222,883,560</u>	<u>\$223,039,754</u>
Change in Net Assets									
Governmental Activities	(\$1,802,431)	(\$2,753,526)	(\$32,281)	(\$4,373,409)	(\$9,189,553)	(\$12,218,058)	(\$21,156,592)	(\$21,602,554)	(\$16,912,151)
Business-type Activities	2,093,483	2,338,454	2,194,871	1,925,717	1,891,193	969,324	1,505,612	3,223,968	5,215,768
Total Primary Government:	<u>\$291,052</u>	<u>(\$415,072)</u>	<u>\$2,162,590</u>	<u>(\$2,447,692)</u>	<u>(\$7,298,360)</u>	<u>(\$11,248,734)</u>	<u>(\$19,650,980)</u>	<u>(\$18,378,586)</u>	<u>(\$11,696,383)</u>

Source: City of Warwick Comprehensive Annual Financial Report

Note: GASB34 was implemented in 2002. Prior information is unavailable.

(1) In Fiscal 2006 non-major enterprise funds were combined within Sewer and Water.

CITY OF WARWICK, RHODE ISLAND
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST NINE FISCAL YEARS
(Modified Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Fund									
Reserved	\$2,436,641	\$1,985,164	\$3,796,141	\$4,807,974	\$4,882,583	\$1,717,250	\$3,961,677	\$3,225,420	\$7,945,894
Unreserved	7,373,171	7,913,711	12,341,007	11,844,497	13,396,581	12,739,745	7,899,627	5,916,723	6,862,566
Total General Fund	<u>\$9,809,812</u>	<u>\$9,898,875</u>	<u>\$16,137,148</u>	<u>\$16,652,471</u>	<u>\$18,279,164</u>	<u>\$14,456,995</u>	<u>\$11,861,304</u>	<u>\$9,142,143</u>	<u>\$14,808,460</u>
All Other Governmental Funds									
Reserved	\$3,796,403	\$6,237,067	\$4,877,255	\$3,683,117	\$5,862,678	\$2,107,178	\$1,107,800	\$1,749,289	\$1,471,318
Unreserved, reported in:									
Special Revenue Funds	1,362,453	1,926,740	1,593,814	1,872,634	2,129,260	1,529,175	(585,186)	653,589	2,565,535
Capital Project Funds	5,603,416	6,197,356	(1,905,179)	5,758,721	(2,664,466)	1,984,818	1,344,428	383,425	2,420,408
Total All Other Governmental Funds	<u>\$10,762,272</u>	<u>\$14,361,163</u>	<u>\$4,565,890</u>	<u>\$11,314,472</u>	<u>\$5,327,472</u>	<u>\$5,621,171</u>	<u>\$1,867,042</u>	<u>\$2,786,303</u>	<u>\$6,457,261</u>
Total All Other Governmental Funds	<u>20,572,084</u>	<u>24,260,038</u>	<u>20,703,038</u>	<u>27,966,943</u>	<u>23,606,636</u>	<u>20,078,166</u>	<u>13,728,346</u>	<u>11,928,446</u>	<u>21,265,721</u>

Source: City of Warwick Comprehensive Annual Financial Report
Note: GASB34 was implemented in 2002. Prior information is unavailable.

CITY OF WARWICK, RHODE ISLAND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST NINE FISCAL YEARS
(Modified Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues									
General Property Taxes	148,268,974	154,766,488	161,966,558	161,536,866	169,763,615	177,052,585	185,121,502	194,214,398	202,494,106
Interest On Taxes	1,251,002	1,500,420	1,270,919	1,143,870	1,202,023	1,209,003	1,200,872	1,376,875	1,228,767
Intergovernmental Revenue	60,610,294	62,956,734	64,893,052	65,246,999	67,275,837	72,167,517	72,909,688	63,643,865	62,224,022
State Contribution to Pension Plan	2,662,377	3,303,239	3,808,127	3,948,000	4,460,664	5,848,558	7,045,104	6,319,011	5,928,125
Charges for Services	13,426,707	11,703,450	12,502,945	13,962,944	16,308,269	15,798,638	15,494,679	12,531,573	12,844,595
Investment Income	334,184	268,139	205,510	625,983	1,178,496	1,435,007	934,228	152,401	58,314
Contributions and Private Grants	199,953	500,713	39,641	89,228	166,177	532,283	181,631	187,375	139,515
Other Revenue	1,555,962	5,408,414	7,404,245	7,856,048	7,831,481	9,228,876	9,785,620	11,126,985	11,581,585
<i>Total Revenues</i>	<u>228,309,453</u>	<u>240,407,597</u>	<u>252,090,997</u>	<u>254,409,938</u>	<u>268,186,562</u>	<u>283,272,467</u>	<u>292,673,324</u>	<u>289,552,483</u>	<u>296,499,029</u>
Expenditures									
Executive and Administration	4,057,965	3,925,108	4,814,023	5,316,960	5,028,234	6,185,376	4,734,433	4,872,291	5,816,066
Public Safety	34,284,758	36,403,115	37,019,975	42,461,213	40,717,156	44,501,008	42,122,827	41,233,284	40,755,519
Recreation	2,288,801	2,604,336	4,548,564	2,872,391	2,265,365	2,598,519	6,262,255	1,812,641	1,780,946
Public Libraries	2,492,051	2,463,530	2,828,316	2,580,004	2,647,206	2,764,806	2,888,316	2,588,469	2,571,020
Social Services	1,834,989	2,226,501	2,134,076	2,094,469	2,180,058	2,059,600	2,189,436	2,079,240	1,854,240
Planning and Economic Development	2,532,713	1,888,260	2,423,356	2,002,003	3,321,767	2,940,637	2,793,048	2,716,404	3,242,502
Public Works	9,704,091	11,796,885	13,140,675	13,059,114	14,938,720	12,708,971	12,021,107	11,687,121	12,491,980
Employee Benefits, Fixed Costs, & Capital	25,995,064	26,291,236	28,664,462	31,608,948	34,811,318	39,097,834	38,889,504	40,692,687	41,079,075
Education	128,884,076	144,469,828	145,227,159	144,366,527	151,894,602	161,925,679	166,893,833	165,475,272	163,419,363
Cafeteria Operations	2,342,711	2,549,202	2,658,550	2,800,341	2,916,762	2,841,531	2,908,848	3,005,016	2,647,559
State Contribution to Pension Plan	2,662,377	3,303,239	3,808,127	3,948,000	4,460,664	5,848,558	7,045,104	6,319,011	5,928,125
Other	158,688	-	-	-	-	-	-	-	-
Capital Outlay	6,507,831	-	-	-	-	-	-	-	-
Debt Service-Principal *	6,362,858	6,473,793	5,988,683	5,603,242	6,328,283	6,255,060	7,165,403	6,444,241	6,920,994
Debt Service-Interest	2,862,939	2,722,722	3,085,831	3,111,185	3,151,446	3,045,599	3,080,272	2,313,451	2,300,365
<i>Total Expenditures</i>	<u>232,971,912</u>	<u>247,117,755</u>	<u>256,341,797</u>	<u>261,824,397</u>	<u>274,661,581</u>	<u>292,773,178</u>	<u>298,994,386</u>	<u>291,239,128</u>	<u>290,807,754</u>
Excess of Revenues Over (Under) Expenditures									
Before Other Financing Sources (Uses)	<u>(4,662,459)</u>	<u>(6,710,158)</u>	<u>(4,250,800)</u>	<u>(7,414,459)</u>	<u>(6,475,019)</u>	<u>(9,500,711)</u>	<u>(6,321,062)</u>	<u>(1,686,645)</u>	<u>5,691,275</u>

CITY OF WARWICK, RHODE ISLAND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST NINE FISCAL YEARS
(Modified Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Other Financing Sources (Uses)									
Transfers From Other Funds	99,123,446	106,204,261	108,633,349	113,255,478	116,360,126	125,495,249	131,403,144	136,243,765	133,734,780
Transfers To Other Funds	(99,472,293)	(106,551,389)	(109,055,549)	(113,581,839)	(116,731,115)	(125,726,008)	(131,626,361)	(136,357,020)	(133,996,780)
Proceeds From Bonds	9,668,729	11,000,000	-	11,500,000	2,500,000		201,926	-	3,908,000
Proceeds From Capital Lease	1,370,000	-	1,116,000	3,504,725		6,203,000	-	-	-
<i>Total Other Financing Sources (Uses)</i>	10,689,882	10,652,872	693,800	14,678,364	2,129,011	5,972,241	(21,291)	(113,255)	3,646,000
Net Change in Fund Balances	6,027,423	3,942,714	(3,557,000)	7,263,905	(4,346,008)	(3,528,470)	(6,342,353)	(1,799,900)	9,337,275
Debt Service As A Percentage of Noncapital Expenditures	4.11%	3.85%	3.70%	3.44%	3.59%	3.27%	3.49%	3.01%	3.20%

Source: City of Warwick Comprehensive Annual Financial Report
Note: GASB34 was implemented in 2002. Prior information is unavailable.

CITY OF WARWICK, RHODE ISLAND
ASSESSED VALUE & ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Real Property						
Fiscal Year	Residential	Commercial	Less Tax-Exempt Property	Total Taxable Assessed Value	Estimated Actual Value	Tax Rate Res/Comm
2001	3,051,265,000	1,249,134,700	52,193,100	4,248,206,600	5,310,258,250	\$24.84 / \$33.12
2002	3,070,748,900	1,267,019,600	51,539,100	4,286,229,400	5,714,972,533	\$25.81 / \$34.41
2003	3,095,621,600	1,286,381,700	48,964,100	4,333,039,200	7,221,732,000	\$26.89 / \$35.85
2004	3,111,897,200	1,307,742,200	48,449,100	4,371,190,300	7,947,618,727	\$27.83 / \$37.11
2005	6,220,219,600	2,076,887,200	70,960,000	8,226,146,800	8,226,146,800	\$14.81/ \$22.22
2006	6,241,260,800	2,098,104,400	69,168,000	8,270,197,200	9,397,951,364	\$15.46/ \$23.18
2007	6,281,527,400	2,129,669,100	67,760,000	8,343,436,500	10,913,586,004	\$15.95/ \$23.93
2008	8,079,072,500	3,212,249,600	66,586,000	11,224,736,100	11,224,736,100	\$12.75/ \$19.13
2009	8,082,766,300	3,188,308,100	94,720,900	11,176,353,500	9,086,466,260	\$13.41/ \$20.12
2010	8,097,688,900	3,203,401,900	64,803,000	11,236,287,800	11,236,287,800	\$14.14/ \$21.21

Personal Property						
Tangible						
Fiscal Year	Tangible Personal Property	Less Tax-Exempt Property	Total Tangible Taxable Assessed Value	Estimated Actual Value	Tax Rate Tangible/ Inventory	
2001	461,758,480	2,000	461,756,480	461,756,480	\$33.12/ \$25.46	
2002	494,394,530	2,000	494,392,530	494,392,530	\$34.41/ \$22.28	
2003	505,710,630	2,000	505,708,630	505,708,630	\$35.85/ \$19.10	
2004	522,734,110	8,000	522,726,110	522,726,110	\$37.82/ \$15.92	
2005	595,492,890	30,030	595,462,860	595,462,860	\$29.62/ \$12.73	
2006	626,759,280	12,000	626,747,280	626,747,280	\$30.91/ \$9.55	
2007	678,223,300	19,830	678,203,470	678,203,470	\$31.90/ \$6.37	
2008	672,374,200	12,000	672,362,200	672,362,200	\$25.50/ \$3.18	
2009	464,491,800	12,000	464,479,800	464,479,800	\$26.82/ \$0.00	
2010	468,844,000	2,000	468,842,000	468,842,000	\$28.28/ \$0.00	

Notes:

(1) During Fiscal Years 1998-1999, Residential and Commercial Real Estate Information Was Combined.

(2) City completed a full revaluation in 2008

Source: Tax Assessor's Official Tax Certification List

CITY OF WARWICK, RHODE ISLAND
ASSESSED VALUE & ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	Personal Property					Tax Rate Motor Vehicles
	Motor Vehicles	Less Tax-Exempt Property	Less State M/V Phaseout	Total Motor Vehicle Taxable Assessed Value	Estimated Actual Value	
2001	586,727,431	21,154,723	157,209,299	408,363,409	408,363,409	\$34.60
2002	623,396,269	20,496,619	209,834,409	393,065,241	393,065,241	\$34.60
2003	618,834,373	17,971,143	258,692,872	342,170,358	342,170,358	\$34.60
2004	657,795,263	17,751,203	269,352,802	370,691,258	370,691,258	\$34.60
2005	635,241,587	16,206,433	266,395,881	352,639,273	352,639,273	\$34.60
2006	705,512,480	16,780,014	276,222,602	412,509,864	412,509,864	\$34.60
2007	760,806,808	16,121,945	347,776,394	396,908,469	396,908,469	\$34.60
2008	762,431,180	15,453,410	354,906,174	392,071,596	392,071,596	\$34.60
2009	777,437,990	14,629,711	357,954,774	404,853,505	404,853,505	\$34.60
2010	706,836,093	13,698,497	357,188,715	335,948,881	335,948,881	\$34.60

Fiscal Year	Total All		
	Assessed Value	Estimated Actual Value	Ratio
2001	5,118,326,489	6,180,378,139	82.82%
2002	5,173,687,171	6,602,430,304	78.36%
2003	5,180,918,188	8,069,610,988	64.20%
2004	5,264,607,668	8,841,036,095	59.55%
2005	9,174,248,933	9,174,248,933	100.00%
2006	9,309,454,344	10,437,208,508	89.19%
2007	9,418,548,439	11,988,697,943	78.56%
2008	12,289,169,896	12,289,169,896	100.00%
2009	12,045,686,805	9,955,799,565	120.99%
2010	12,041,078,681	12,041,078,681	100.00%

Notes:

- (1) During Fiscal Years 1998-1999, Residential and Commercial Real Estate Information Was Combined.
- (2) City completed a full revaluation in 2008
- (3) Inventory Tax was phased out after fiscal 2008

Source: City of Warwick Tax Assessor - Official Tax Certification List

CITY OF WARWICK, RHODE ISLAND
PROPERTY TAX RATES
(PER \$1000 OF ASSESSED VALUE)
LAST TEN FISCAL YEARS
(Unaudited)

<u>Fiscal Year</u>	<u>General Fund</u>	<u>Fiscal Year</u>	<u>General Fund</u>
2001	Real Estate Residential 24.84	2006	Real Estate Residential 15.46
	Real Estate Commercial 33.12		Real Estate Commercial 23.18
	Tangible Personal Property 33.12		Tangible Personal Property 30.91
	Manufacturers' Machinery 25.46		Manufacturers' Machinery 9.55
	Motor Vehicles 34.60		Motor Vehicles 34.60
2002	Real Estate Residential 25.81	2007	Real Estate Residential 15.95
	Real Estate Commercial 34.41		Real Estate Commercial 23.93
	Tangible Personal Property 34.41		Tangible Personal Property 31.90
	Manufacturers' Machinery 22.28		Manufacturers' Machinery 6.37
	Motor Vehicles 34.60		Motor Vehicles 34.60
2003	Real Estate Residential 26.89	2008	Real Estate Residential 12.75
	Real Estate Commercial 35.85		Real Estate Commercial 19.13
	Tangible Personal Property 35.85		Tangible Personal Property 25.50
	Manufacturers' Machinery 19.10		Manufacturers' Machinery 3.18
	Motor Vehicles 34.60		Motor Vehicles 34.60
2004	Real Estate Residential 27.83	2009	Real Estate Residential 13.41
	Real Estate Commercial 37.11		Real Estate Commercial 20.12
	Tangible Personal Property 37.82		Tangible Personal Property 26.82
	Manufacturers' Machinery 15.92		Manufacturers' Machinery -
	Motor Vehicles 34.60		Motor Vehicles 34.60
2005	Real Estate Residential 14.81	2010	Real Estate Residential 14.14
	Real Estate Commercial 22.20		Real Estate Commercial 21.21
	Tangible Personal Property 29.62		Tangible Personal Property 28.28
	Manufacturers' Machinery 12.73		Manufacturers' Machinery -
	Motor Vehicles 34.60		Motor Vehicles 34.60

Source: City of Warwick Tax Assessor - Official Tax Certification List

CITY OF WARWICK, RHODE ISLAND
PRINCIPAL TAXPAYERS
June 30, 2010
(Unaudited)

Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Narragansett Electric Co.	76,460,540	1	0.64%
Warwick Mall LLC	64,536,500	2	0.54%
GLL Rhode Island Mall LP	56,383,300	3	0.47%
CAR WAR LLC	51,202,700	4	0.43%
Metropolitan Life Insurance	48,978,180	5	0.41%
R S Picerme Pool LLC	42,049,800	6	0.35%
DDRTC Warwick Center LLC	35,742,000	7	0.30%
Warwick Mall OP LLC	33,574,200	8	0.28%
Warwick Associates	32,284,400	9	0.27%
Sears Roebuck & Co	31,903,600	10	0.27%
	473,115,220		3.94%

Total Assessed Value 2010 12,008,132,981

Source: City of Warwick Tax Assessor
Information from 2000 was unavailable

**CITY OF WARWICK, RHODE ISLAND
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year Ended	Original Tax Levy	Cumulative Adjustments	Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Cumulative Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
2001	143,163,870	(710,732)	142,453,138	140,293,424	97.99%	1,769,777	142,063,201	99.7%
2002	149,304,181	(368,407)	148,935,774	146,686,973	98.25%	1,948,626	148,635,599	99.8%
2003	154,467,467	(313,946)	154,153,521	152,466,406	98.70%	1,415,301	153,881,707	99.8%
2004	162,075,109	203,498	162,278,607	160,736,584	99.17%	1,259,766	161,996,350	99.8%
2005	161,867,391	(525,835)	161,341,556	160,009,037	98.85%	978,919	160,987,956	99.8%
2006	171,526,009	(1,181,061)	170,344,948	168,617,003	98.30%	1,289,174	169,906,177	99.7%
2007	178,109,831	(422,392)	177,687,439	175,814,548	98.71%	1,347,412	177,161,960	99.7%
2008	187,228,328	(1,220,170)	186,008,158	183,684,242	98.1%	1,379,275	185,063,517	99.5%
2009	195,989,706	(801,994)	195,187,713	192,642,378	98.3%	1,762,393	194,404,771	99.6%
2010	204,173,334	(736,287)	203,437,047	200,662,928	98.3%	-	200,662,928	98.6%

Note: This table has been revised to include information pertaining to 60 day collections and cumulative adjustments.
(60 day collection data was unavailable for 1999.)

Source: City of Warwick Finance Department - Comprehensive Annual Financial Reports

**CITY OF WARWICK, RHODE ISLAND
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year	Governmental Activities		Business-type Activities				Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Capital Leases	General Obligation Bonds	RICWFA Loans	Sewer BAN	Capital Leases			
2001	58,115,111	4,569,333	15,949,890	60,871,506	-	-	139,505,840	6.94%	\$1,625.79
2002	63,553,872	4,469,000	16,346,128	70,706,160	-	-	155,075,160	7.72%	\$1,807.23
2003	69,827,645	2,902,000	16,857,355	87,863,133	15,000,000	-	177,450,133	8.71%	\$2,038.74
2004	65,171,217	2,816,000	15,173,783	104,515,674	15,000,000	-	187,676,674	9.21%	\$2,156.24
2005	72,369,424	5,109,725	14,720,576	120,260,838	15,000,000	-	212,460,563	10.39%	\$2,431.87
2006	70,174,747	3,634,725	28,225,254	120,055,206	-	-	222,089,932	11.04%	\$2,584.70
2007	65,316,412	8,662,725	26,238,588	123,389,963	-	-	223,607,688	11.12%	\$2,602.36
2008	60,851,033	6,306,818	24,963,967	127,795,468	-	-	219,917,286	10.93%	\$2,559.41
2009	56,854,016	3,736,393	23,725,984	120,531,506	-	-	204,847,899	10.18%	\$2,384.03
2010	55,841,597	1,844,974	22,316,403	113,952,310	-	-	193,955,284	7.47%	\$2,288.29

Source: City of Warwick Finance Department - Comprehensive Annual Financial Reports
Long Term Debt Amortization Schedules

CITY OF WARWICK, RHODE ISLAND
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	General Obligation Bonds	Less; Amounts Reimbursed By State	Net Bonded Debt	Percentage of Estimated Actual Taxable Value Of Property	Per Capita
2001	58,115,111	1,309,069	56,806,042	0.92%	\$662.01
2002	63,553,872	1,271,498	62,282,374	0.94%	\$725.83
2003	69,827,645	1,248,910	68,578,735	0.85%	\$787.91
2004	65,171,217	1,388,508	63,782,709	0.72%	\$732.81
2005	72,369,424	1,465,965	70,903,459	0.77%	\$811.58
2006	70,174,747	1,563,909	68,610,838	0.66%	\$798.50
2007	65,316,412	1,542,099	63,774,313	0.53%	\$742.21
2008	60,851,033	1,505,114	59,345,919	0.48%	\$690.67
2009	56,854,016	1,472,550	55,381,466	0.56%	\$644.53
2010	55,841,597	1,377,090	54,464,507	0.45%	\$642.57

Source: City of Warwick Finance Department and Tax Assessor's Office
State Reimbursement relates to School Housing Aid and Library Debt Reimbursement.

**CITY OF WARWICK, RHODE ISLAND
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt Limit	153,549,795	155,210,615	155,427,546	157,938,230	275,227,468	279,283,630	282,556,453	368,675,097	361,370,604	361,232,360
Total Net Debt Applicable To Limit	58,115,111	63,553,872	69,827,645	65,171,217	72,369,424	70,174,747	65,316,412	60,851,033	56,854,016	55,841,597
Legal Debt Margin	95,434,684	91,656,743	85,599,901	92,767,013	202,858,044	209,108,883	217,240,041	307,824,064	304,516,588	305,390,763
Total Net Debt Applicable To The Limit As A Percentage of Debt Limit	37.85%	40.95%	44.93%	41.26%	26.29%	25.13%	23.12%	16.51%	15.73%	15.46%

Legal Debt Margin Calculation for Fiscal Year 2010	
Assessed Value:	12,041,078,681
Debt Limit (3% of total assessed value)	361,232,360
Debt Applicable to limit:	
General Obligation Bonds-Governmental	55,841,597
Legal Debt Margin	305,390,763

**THE CITY OF WARWICK
PLEGGED-REVENUE COVERAGE
LAST FIVE FISCAL YEARS**

Sewer Revenue Bonds

Fiscal Year	Sewer Charges and Other	Less Operating Expenses	Net Available Revenue	Principal	Debt Service Interest	Coverage
2005	11,763,679	4,104,554	7,659,125	0	5,468	140067.68%
2006	15,082,662	4,765,154	10,317,508	0	189,952	5431.63%
2007	14,341,775	4,460,088	9,881,687	853,000	408,242	783.49%
2008	16,782,480	5,303,709	11,478,771	1,113,000	498,354	712.37%
2009	18,045,494	5,701,591	12,343,903	1,725,000	792,526	490.32%
2010	18,040,847	5,437,372	12,603,475	2,089,000	855,929	427.97%

The Warwick Sewer Authority has Issued the following revenue bonds:

December 31, 2004	\$20,000,000
December 15, 2005	\$5,000,000
December 21, 2006	\$9,500,000
December 12, 2007	\$6,942,000
April 30, 2008	\$4,000,000
October 6, 2009	\$1,169,026 *

Debt Service only includes Principal and Interest related to Sewer Revenue Bonds.

Principal Payments on Revenue Bonds began in fiscal 2007

Debt Payments relating to Sewer General Obligation Debt has not been included.

Sewer Charges and Other includes Interest Income and Transfer from Sewer Assessment.

Operating Expenses do not include Depreciation or Debt Interest Expense.

* SRF/Stimulus Loan-Shown Net of \$178,601.10 Principal Forgiveness

Source: City of Warwick Finance Department

**THE CITY OF WARWICK
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year	Population	Personal Income	Median Family Income	Per Capita Personal Income	School Enrollment	Unemployment Rate
2000	85,808	2,008,765,280	\$56,225	\$23,410	12,375	3.90%
2001	85,808	2,008,765,280	\$56,225	\$23,410	12,382	4.60%
2002	85,808	2,008,765,280	\$56,225	\$23,410	12,205	4.70%
2003	87,039	2,037,582,990	\$56,225	\$23,410	12,078	5.70%
2004	87,039	2,037,582,990	\$56,225	\$23,410	12,003	5.50%
2005	87,365	2,045,214,650	\$56,225	\$23,410	11,709	5.30%
2006	85,925	2,011,504,250	\$56,225	\$23,410	11,385	5.50%
2007	85,925	2,011,504,250	\$56,225	\$23,410	10,944	4.85%
2008	85,925	2,011,504,250	\$58,087	\$23,410	10,818	5.60%
2009	85,925	2,011,504,250	\$59,445	\$23,410	10,525	9.18%
2010	84,760	2,597,724,480	\$75,029	\$30,648	10,507	11.50%

Sources: US Census Bureau Population Finder
US Census Bureau, 2005-2009 American Community Survey
US Dept of Labor, Bureau of Labor Statistics
MuniNet Guide

**THE CITY OF WARWICK
PRINCIPAL EMPLOYERS
June 30, 2010
(Unaudited)**

Employer	Employees	Rank	Percentage of Total City Employment
City of Warwick/Warwick School Dept	2398	1	5.53%
Kent County Memorial Hospital	2300	2	5.30%
United Parcel Service, Inc.	1000	3	2.31%
Community College of RI	850	4	1.96%
Inskip Automotive Group	525	5	1.21%
J. Arthur Trudeau Memorial Center	500	6	1.15%
Stop & Shop	450	7	1.04%
Wal-Mart	450	8	1.04%
Sears, Roebuck & Co	430	9	0.99%
Kelly Services	425	10	0.98%

**Source: R.I. Economic Development Corporation-February 2010 Report
R.I. Department of Labor and Training-Total Employment Statistics**
(Historical data for nine years prior was unavailable)

CITY OF WARWICK
FULL TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS
(Unaudited)

Function	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Municipal Administration	87	91	95	95	95	92	90	89	89	90
Public Safety										
Police Civilians	77	77	74	79	79	81	84	83	83	83
Officers	163	163	180	178	178	178	178	178	171	169
Fire Civilians	11	12	12	12	12	12	12	12	12	12
Firefighters/Officers	209	217	218	218	218	214	213	213	212	204
Municipal	17	17	18	18	17	16	16	16	17	16
Social Services	22	23	27	25	29	30	31	28	26	27
Library/Recreation	66	67	72	72	73	88	88	87	87	87
Developmental Resources	17	19	20	21	20	20	17	15	16	15
Public Works										
Administration	3	4	4	5	5	5	6	6	6	6
Maintenance/Automotive	39	42	46	46	42	27	27	27	27	27
Engineering	4	4	7	7	7	7	6	6	6	6
Sanitation/Recycling	24	24	25	25	27	28	27	26	25	24
Highway	61	62	64	65	64	64	64	66	64	64
Water	35	35	37	37	37	38	38	36	33	33
Sewer	32	33	36	35	33	33	34	33	31	29

Source : City of Warwick Finance Department - Personnel Supplements

**THE CITY OF WARWICK
OPERATING INDICATORS BY FUNCTION
LAST SEVEN FISCAL YEARS
(Unaudited)**

<u>Function</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Legislative and Executive							
Number of Resolutions	198	186	194	212	201	222	214
Number of Ordinances	48	48	72	62	37	47	38
Number of Meetings	22	22	22	22	22	22	22
Board of Elections							
Number of Registered Voters	56,734	49,306	52,017	56,555	58,122	59,928	61,133
Purchasing							
Number of bid contracts	383	377	323	378	312	301	317
Number of purchase orders issued	5,568	5,015	5,086	4,818	3,855	3,152	3,374
Building Department							
Number of permits issued	5,464	5,000	5,774	5,388	5,468	4,152	5,210
Permit Value	83,989,758	127,211,666	98,359,758	83,667,292	115,293,674	47,712,906	53,664,975
Public Safety							
Calls for Service	86,187	80,565	79,026	96,124	89,145	78,136	90,509
Arrests	3,907	3,804	3,061	1,993	3,970	3,559	3,290
Accidents	6,001	6,093	5,510	5,217	4,838	4,929	4,653
Parking Violations	16,528	13,490	13,933	14,853	15,520	12,455	10,973
EMS Responses	10,278	10,719	10,314	9,554	10,785	10,411	9,953
Highway and Sanitation							
Miles of Streets-Local Paved	395	395	395	395	400	398	398
Miles of Streets-State Paved	69	69	69	69	70	68	68
Miles of Streets-Private Paved	19	19	19	19	20	19	19
Refuse Collected (Annual Tonnage)	31,787	31,376	30,700	29,607	29,622	25,897	27,050
Recyclables Collected (Annual Tonnage)	10,746	10,734	11,252	11,146	10,981	9,372	8,939
Public Skating Admissions-Thayer Ice Arena	6,197	5,568	6,660	4,568	7,651	6,193	6,137
McDermott Pool Daily Passes	5,370	5,578	6,673	6,912	7,444	5,413	5,358
McDermott Pool Monthly Passes	533	575	844	1,070	1,068	953	1,082
Library							
Registered Borrowers	43,524	44,187	45,045	42,623	40,921	40,169	45,451
Print Materials	207,955	204,746	217,429	218,009	211,267	194,376	185,293
Non-Print	9,857	9,862	10,083	13,329	14,731	15,861	11,920
Circulation	415,406	461,922	426,635	372,530	367,197	386,078	445,656
Programs	781	685	877	877	863	894	864
Program Attendance	13,055	10,809	12,202	17,017	14,883	13,061	15,013
Water							
Total Connections	26,300	26,850	27,100	26,993	27,102	27,109	27,132
New Connections	200	550	250	56	42	34	25
Water Main Breaks	101	116	134	117	31	29	28
Average Daily Consumption (Gallons)	8.3M	6.57M	6.74M	7.768M	7.51M	6.314M	5.554M
Wastewater							
Average Daily Sewer Treatment (Gallons)	4.486M	5.073M	5.326M	5.315M	4.76M	5.13M	4.82M
Accounts Billed	n/a	14,313	16,844	18,007	18,696	19,769	20,133

Source: Various City Departments

THE CITY OF WARWICK
CAPITAL ASSET STATISTICS BY FUNCTION
LAST SEVEN FISCAL YEARS
(Unaudited)

Function	2004	2005	2006	2007	2008	2009	2010
General Government							
City Hall	2	2	2	2	2	2	2
Human Services	8	8	8	8	8	8	8
Public Works	2	2	2	2	2	2	2
Public Safety							
Police Stations	1	1	1	1	1	1	1
Fire Stations	9	9	9	9	9	9	9
Highway							
Streets (miles)	483	483	483	483	490	490	490
Streetlights	8,834	8,834	8,834	8,834	8,834	8,834	8,834
Traffic Lights (City)	27	27	27	27	27	27	27
Library							
Main	1	1	1	1	1	1	1
Branches	3	3	3	3	3	3	3
Recreation							
Parks	9	9	9	9	9	9	9
Bathing Beaches	6	6	6	6	6	6	6
Ice Arenas	2	2	2	2	2	2	2
Pools	2	2	2	2	2	2	2
Water/Wastewater							
Fire Hydrants	1,769	1,769	1,769	1,769	1,769	1,769	1,772
Max Daily Capacity (Gallons)-Water	12.57M	13.26M	13.3M	13.3M	13.3M	13.3M	13.3M
Max Daily Capacity (Gallons)-Sewer	7.7M	7.7M	7.7M	7.7M	7.7M	7.7M	7.7M
Education							
Elementary Schools	20	20	20	20	20	17	17
Middle Schools	3	3	3	3	3	3	3
High Schools	3	3	3	3	3	3	3
Career/Technical	1	1	1	1	1	1	1

Source: Various City Departments

(Historical data for ten years prior was unavailable)

CITY OF WARWICK

SINGLE AUDIT SECTION

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

The Honorable President and
Members of the City Council
City of Warwick
Warwick, Rhode Island

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Warwick (City), as of and for the year fiscal ended June 30, 2010, and have issued our report thereon dated March 22, 2011. 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 City of Warwick's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City'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 internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency in internal control over financial reporting. Finding: 2010-1 A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

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

We noted certain other matters that we reported to management of the City in a separate letter dated March 22, 2011.

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

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


Parmelee, Poirier & Associates, LLP
March 22, 2011

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB
CIRCULAR A-133**

The Honorable President and
Members of the City Council
City of Warwick
Warwick, Rhode Island

Compliance

We have audited the compliance of the City of Warwick (City), with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2010. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program

in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

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


Parmelee, Poirier & Associates, LLP
March 22, 2011

CITY OF WARWICK, RHODE ISLAND
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2010

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
U.S. Department of Agriculture			
Passed through State of Rhode Island Department of Education			
<i>Child Nutrition Cluster:</i>			
School Breakfast Program	10.553	N/A	\$ 124,206
National School Lunch Program	10.555	N/A	992,077
Food Donation - see note 4	10.550	N/A	144,025
Total U.S. Department of Agriculture			<u>\$ 1,260,308</u>
U.S. Department of Housing and Urban Development			
Direct Programs			
<i>Community Development Block Grant - Cluster</i>			
Community Development Block Grant/Entitlements Grant	14.218	B-08-MC-44-0004	\$ 1,543,489
ARRA - Community Development Block Grant/Entitlements Grant	14.253	N/A	139,900
Lead Based Paint Hazard Control in Privately Owned Housing	14.900	RILHB034006	499,056
Total U.S. Department of Housing and Urban Development			<u>\$ 2,182,445</u>
U.S. Department of Justice			
Direct Programs			
Federal Seized Assets	16.000	N/A	\$ 20,719
FBI Task Force	16.000	N/A	1,945
DEA Reimbursement	16.000	N/A	12,462
Comprehensive Approach to Sex Offender Management Grant	16.203	N/A	17,628
ARRA - Edward Byrne Memorial Justice Assistance Grant Program	16.738	Various	215,855
Edward Byrne Memorial Justice Assistance Grant Program	16.738	Various	7,340
Total U.S. Department of Justice			<u>\$ 275,949</u>
U.S. Environmental Protection Agency			
Direct Program:			
State Clean Diesel Grant Program	66.040	N/A	\$ 43,962
Congressionally Mandated Projects	66.202	N/A	404,033
Nonpoint Source Implementation Grants	66.460	N/A	178,601
Total U.S. Environmental Protection Agency			<u>\$ 626,596</u>
U.S. Department of Education			
Passed through State of Rhode Island Department of Education			
Adult Education - Basic grants to States	84.002	1440-51000-901	\$ 97,838
<i>Special Education Cluster:</i>			
Title I Grants to Local Educational Agencies	84.010	1420-51600-901	1,192,911
ARRA - Title I Grants to Local Educational Agencies	84.389	4572-10102-001	475,679
<i>Special Education Cluster:</i>			
Special Education - Grants to States	84.027	1430-50500-901	2,566,400
Special Education - Preschool Grants	84.173	1430-50800-901	125,816
ARRA - Special Education - Grants to States	84.391	4572-10202-001	1,203,005
ARRA - Special Education - Preschool Grants	84.392	4572-10802-001	79,127
Career and Technical Education - Basic Grants to States	84.048	Various	290,548
Safe and Drug Free Schools and Communities	84.186	1420-52900-901	52,636
Education for Homeless Children & Youth	84.196	1410-51200-910	24,282
Parental Information and Resource Centers	84.310	N/A	3,652
Education Technology State Grants	84.318	1420-53600-830	194,265
English Language Acquisition Grants	84.365	1420-54100-901	11,493
Improving Teacher Quality State Grants	84.367	1420-54000-901	625,952
ARRA State Fiscal Stabilization Education State Grants Recovery Act	84.394	4572-10502-901	2,554,650
Total U.S. Department of Education			<u>\$ 9,498,254</u>

CITY OF WARWICK, RHODE ISLAND
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2010

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
U.S. National Archives and Records Administration			
Direct Programs			
National Historical Publications and Records Grant	89.003	NAR09-RB-50069-09	\$ 4,474
Total U.S. National Archives and Records Administration			<u>\$ 4,474</u>
U.S. Department of Health and Human Services			
Direct Programs			
Substance Abuse and Mental Health Services	93.243	N/A	\$ 268,823
Total U.S. Department of Health and Human Services			<u>\$ 268,823</u>
U.S. Department of Homeland Security			
Passed through State of Rhode island Emergency Management Agency			
<i>State Homeland Security Cluster</i>			
State Domestic Preparedness Equipment Support Program	97.004	Various	\$ 403,292
Homeland Security Grant Program	97.067	Various	26,455
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	N/A	273,207
Port Security Grant Program	97.056	N/A	35,065
Total U.S. Department of Homeland Security			<u>\$ 738,019</u>
Total Expenditures of Federal Awards			<u>\$ 14,854,868</u>

(concluded)

CITY OF WARWICK
Schedule of Findings and Questioned Costs
For The Fiscal Year Ended June 30, 2010

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness (es) identified? yes no

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

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

Material weakness (es) identified? yes no

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

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

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

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
	<i>Community Development Block Grant Cluster</i>
14.222	Community Development Block Grant/Entitlements Grant
14.253	ARRA – Community Development Block Grant
	<i>Special Education Cluster</i>
84.010	Title I Grants to Local Educational Agencies
84.389	ARRA-Title I Grants to Local Educational Agencies
	<i>Special Education Cluster</i>
84.027	Special Education Grants to States
84.173	Special Education Preschool Grants
84.391	ARRA-Special Education Grants to States
84.392	ARRA- Special Education Preschool Grants
84.394	ARRA- State Fiscal Stabilization Fund (SFSF)

CITY OF WARWICK
Schedule of Findings and Questioned Costs
For The Fiscal Year Ended June 30, 2010
(continued)

Dollar threshold used to distinguish between Type A and Type B programs: \$ 445,646

Auditee qualified as low risk auditee? _____ yes X no

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

A. Significant Deficiency in Internal Control

Finding 2010-1 Financial Reporting

Criteria

Accounting systems are designed and dependent upon compliance with established policies and procedures for authorizing and recording transactions properly and consistently in accordance with generally accepted accounting principles.

Condition

During our audit it was noted that the internal balances between the City's General Fund and the School Department's fund activity were not in balance at the end of the fiscal year June 30, 2010. This situation has required the School Department to record an unreconciled liability on their financial records so the internal balances in the financial statements will be in balance.

Cause

The School Departments prior Controller resigned in February of 2010 and the School Department was not able to fill that position May of 2010. The prior Controller took with him the institutional knowledge that was required to reconcile the complex activity that is part of the internal balances of the School Department and City's General Fund. At this time the City and the School Department are working together to reconcile their balances.

Effect

The financial statements liabilities could be materially misstated.

Recommendation

We recommend that the City and School Department work together to resolve this outstanding issue and then on a monthly basis reconcile the internal balances so at the end of the fiscal year all accounts will be in balance.

CITY OF WARWICK
Schedule of Findings and Questioned Costs
For The Fiscal Year Ended June 30, 2010
(continued)

A. Significant Deficiency in Internal Control Reported (continued)

Finding 2010-1 Financial Reporting (continued)

Management Response - City

The City recognizes the importance of balancing inter-fund accounts and has adhered to internal control procedures which should ensure that all School transactions have been properly recorded. On the city side, the majority of our School transactions are recorded on a cash basis. Before wiring funds, we require a signed warrant from the School Department, along with a detailed account breakdown which is used for journalizing the transactions. The transactions are journalized on a timely basis, and our cash accounts are balanced regularly to ensure that the transfer of funds was correct. Additionally, to assist in the reconciliation process, the City will also process adjusting journal entries at the request of the School Department. Then, each month, the City forwards budgetary and trial balance reports to the School Department. These reports provide complete and detailed year to date transaction information and should provide the basis for balancing the inter-fund accounts. As a final step, we will now request that the School Department send a formal reconciliation report back to the City after reviewing the monthly reports. Further, to alleviate future inter-fund reconciliation issues, the City has recommended that the School Department alter its internal accounting procedures concerning the proper recording of cash transactions and the appropriate use of the inter-fund account. If these changes are implemented, the reconciliation process should be less complicated.

In terms of the reconciliation problem encountered this year, we feel that it was an accounting error more than a control issue. Subsequent information has revealed that the basis of the problem centered around a year end accrual that was not classified properly. We feel confident that the financial statements have been presented fairly.

Management Response – School Department

As mentioned above, Management was not able to dedicate adequate resources to the Due to/Due from reconciliation process for fiscal 2010 due to transition of staffing and other state mandated projects. However, Management recognizes the importance of reconciling with the City on a timely basis and has now committed resources to resolve the difference for fiscal 2010. School Administration and the City of Warwick are working together to reconcile the Due to/Due From on a monthly basis. It is anticipated that both of these tasks will be completed no later than June 30, 2011. It is Management's intent to perform the reconciliation process more timely going forward.

B. Compliance

None Reported

SECTION III – FINDINGS AND QUESTIONED COST FOR FEDERAL AWARDS

A. Findings

None Reported

B. Questioned Costs

None Reported

CITY OF WARWICK
Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2010

PRIOR YEAR FINDINGS AND QUESTIONED COST FOR FEDERAL AWARDS

A. Findings

None Reported

B. Questioned Costs

None Reported

CITY OF WARWICK
Notes to Schedule of Expenditures of Federal Awards
June 30, 2010

1. **General** - The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal programs of the City of Warwick, Rhode Island.
2. **Basis of Accounting** - The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting.
3. **Determination of Type A, Type B and Major Programs** - The determination of Type A and Type B federal programs was based upon the expenditures for all federal programs for the City of Warwick. As such, the threshold for determining Type A vs. Type B programs is determined at the entity level. For the fiscal year-ended June 30, 2010, grants with expenditures exceeding \$445,646 were determined to be Type A programs and all other grants were considered Type B programs. The following programs were considered major programs:

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>
	<i>Community Development Block Grant Cluster</i>
14.222	Community Development Block Grant/Entitlements Grant
14.253	ARRA – Community Development Block Grant
	<i>Special Education Cluster</i>
84.010	Title I Grants to Local Educational Agencies
84.389	ARRA-Title I Grants to Local Educational Agencies
	<i>Special Education Cluster</i>
84.027	Special Education Grants to States
84.173	Special Education Preschool Grants
84.391	ARRA-Special Education Grants to States
84.392	ARRA- Special Education Preschool Grants
84.394	ARRA- State Fiscal Stabilization Fund (SFSF)

4. **Non-Cash Assistance**

U.S.D.A. Contributions: The United States Department of Agriculture makes available commodities for donations to schools. The amount of \$144,025 represents the market value of such commodities used during the period.