

TOWN OF WESTERLY, RHODE ISLAND
Comprehensive Annual Financial Report
For the Fiscal Year Ended
June 30, 2011

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For the Fiscal Year Ended
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Steven T. Hartford
Town Manager

James Lathrop
Finance Director

Prepared by: Finance Department

INTRODUCTORY SECTION

**THIS SECTION CONTAINS
THE FOLLOWING:**

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- **Letter of Transmittal**
- **Town of Westerly Organizational Chart**
- **List of Town Officials**

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June 30, 2011

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Westerly Rhode Island

Finance Department

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tel: (401) 348-2516 fax: (401) 348-2607

January 6, 2012

To the Citizens of Westerly, Rhode Island

The comprehensive annual financial report of the Town of Westerly, Rhode Island, for the fiscal year ended June 30, 2011, is hereby submitted as mandated by state statute. State laws require that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants licensed to practice in the State of Rhode Island.

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

The Town of Westerly's financial statements have been audited by Bacon & Company, LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Westerly for the fiscal year ended June 30, 2011, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded based upon the audit, that there was a reasonable basis for rendering an unqualified opinion, that the Town of Westerly's financial statement for the fiscal year ended June 30, 2011, are fairly presented in conformity with GAAP. The independent auditor's report is present as the first component of the financial section of this report.

The independent audit of the financial statements of the Town of Westerly was part of the broader, federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentations of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are included in the Single Audit section of this report.

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

PROFILE OF THE GOVERNMENT

General

The Town of Westerly, incorporated in 1669, is in the southwest corner of the State of Rhode Island, bounded on the west by the town of Stonington, Connecticut, on the North by the towns of North Stonington, Connecticut and Hopkinton, Rhode Island, on the east by the town of Charlestown, Rhode Island, and on the south by the Atlantic Ocean. Covering 32.5 square miles, Westerly is located approximately 42 miles from Providence, Rhode Island, 60 miles from Hartford, Connecticut, 80 miles from Boston, Massachusetts, and 130 miles from New York City, New York.

The Town has a population of 17,936 (2010 Census) up 1.4% from the 2000 census. In 2009, the Town’s median family income was \$52,946, and the median value of owner occupied housing was \$310,000 (source US Census Bureau). Not reflected in the Census statistics is the above average income of the more than 17,000 summer inhabitants of the Town who contribute to the Town’s economy, nor the value of vacation homes located along the Town’s coastal areas.

Westerly is an economically diverse residential community with a well established commercial base, small pockets of industry and recreational facilities. Due to its many miles of salt water beaches and ocean frontage, the Town is a well known vacation and tourist center, and part of the Rhode Island’s South County summer vacation area. Stately summer residences located in the Watch Hill area along with summer cottage colonies located in the Misquamicut, Weekapaug and Shelter Harbor areas of the Town add substantially to the Town’s tax base.

Government

The Town of Westerly, established in 1669, operates under a Home Rule Charter adopted in 1968, which provides for a council/manager form of government. The Town Council, comprised of seven members elected at large who each serve two year terms, is vested by the Charter with all legislative powers of the Town, including the ordering of any tax, making appropriations, and transacting any other business pertaining to the financial affairs of the Town. The Charter grants to the Town Council all powers to enact, amend, or repeal ordinances related to the Town's property, affairs, and government. The Council also has the power relating to the Town's property, affairs, and government. The Council also has the power to authorize the issuance of bonds or notes by resolution, subject to approval by a majority of electors voting who are qualified to vote on financial matters of the Town.

The Town Council appoints the Town Manager for an indefinite term solely on the basis of his executive and administrative qualifications and experience. The Town Manager is the chief executive officer and the head of the administrative branch of the Town government. The Town Manager is responsible for carrying out the policies of the Town Council, for overseeing the day to day operations of the Town, and for appointing all other employees, except for School Department personnel.

The Town provides a full range of municipal services including public safety protection, the construction and maintenance of highways, streets and other infrastructure, libraries, recreational activities, planning and zoning, education and administrative services. In addition, the Town operates water, sewer and solid waste utility systems.

The annual budget serves as the foundation for the Town of Westerly's financial planning and control. All departments of the Town are required to submit requests for appropriation and revenue estimates to the Town Manager on or before the last day of October of each year. The School Committee submits the proposed school budget by the second Monday of January each year. The Town Manager uses these requests as the starting point for developing a proposed budget. It is the responsibility of the Town Manager to submit a proposed budget for the following fiscal year to the Town Council on or before the third Monday of January of each year. The Town Council and Board of Finance hold several budget work sessions to discuss the details of the proposed budget document. The Town council may revise and adopt a preliminary budget not later than April 8th of each year.

Following adoption of the preliminary budget by the Council, any qualified elector of the Town may circulate and file a petition contesting any of the proposed budget items, by April 22nd of each year. If no petition is filed by this date, the budget is considered

adopted. If there is a petition, a referendum must be held within 35 days of the date the Board of Canvassers validates the signatures on the budget petition.

The appropriated budget is prepared by fund, major program function (e.q., public safety) and department (e.q., police). Department heads may make transfer of appropriation within a department. Transfers with a major program function may be made by the Town Manager, provided that proper notification is given to the town Council.

Budget to actual comparisons are provided in this report for the general fund on pages 62 - 65.

Factors Affecting Financial Condition

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

Local Economy

Westerly was known for its granite and stone-cutting industry, a type of granite, known as Westerly granite, has been and continues to be quarried here. The granite is ideal for statuary, and has been used in numerous government buildings of states along the eastern seaboard.

Along the coast of Westerly lie salt ponds, which serve as shallow reef like pools, whose outer walls form the long, white beaches which the town is renowned for. These ponds, Maschaug Pond, Winnapaug Pond and the Ouocochontaug Pond are assets that the town continues to utilize. They are part of the Rhode Island's growing aquaculture industry. Portions of the ponds are leased to small commercial oyster farms.

With its coastline and beaches, Westerly was always a tourist destination. Despite the down economy, investment in Westerly continues. In 2010, the Ocean House's \$146 million dollar renovation was completed and it opened its door for business. The nearby Weekapaug Inn, closed in 2005, is currently in the midst of a similar renovation.

Being recognized as one of the Country's top new golf facilities, the Shelter Harbor Golf club was opened in 2005. This is just one of multiple public and private golf courses located in Westerly. Other recreation facilities include two yacht clubs, and several marinas and boat yards. The Westerly YMCA, located downtown, is currently halfway through a \$6.5 million renovation, and in 2011 started operating a downtown outdoor ice skating rink, funded with nearly \$1 million of private donations.

Westerly is home to the Westerly State Airport, a 321 acre facility that has more than 25,000 annual flights (averaging over 60 per day), and is also home to an Amtrak Station. In 2011 the town and area businesses started a free trolley service between the beaches and downtown area. This highly successful program provided an opportunity for the many summer beach day trippers to come to downtown to experience the many shops and restaurants, and famous Wilcox Park located in downtown Westerly.

Despite a downturn in State and national building, Westerly has continued to see commercial and residential building. Fieldstone is a recently approved 50+ lot sub division and currently a developer has approached the town about building a 200 lot RV Park.

Westerly just completed a \$30 million renovation of its high school. This was after building a \$28 million dollar middle school in 2006, a new \$12 million police station in 2007 and \$5 million public works facility in 2008. The town continues to make infrastructure improvements as needed, and is currently looking at expanding sewer service to costal commercial district, that will allow these areas to continue to expand, while providing protection for the habitat of the coastal area.

Pension and other postemployment benefits

Unlike most municipalities Westerly has moved away from defined benefit type pensions. Most town employees participate in a defined contribution (401 type) plan. There are only two groups, police and teachers, which still have defined benefit plans.

Teachers participate in the State plan. In November 2011, the State of Rhode Island passed major changes to this plan. Among the changes is the creation of a hybrid program with both defined benefit and defined contribution components. This legislation also changed the required length of service. As a result, Westerly will continue to see level funding for teacher pensions.

The police are in a town managed defined benefit plan. Assets are professionally managed. This pension is currently funded at 56%. The town will look at changes made to the state plan, and look to implement some of ideas into its plan.

Westerly has a small OPEB obligation, \$13 million, related to past and grandfathered employees. OPEB funds are currently part of pension funds and allocated by the actuary. The town plans to separate these funds in FY 2012 to provide a more transparent reporting of assets.

Other

Westerly believes that transparency and the accountability it inspires. This report is the towns first time the annual audit was presented in the form of a Comprehensive Annual Financial Report. The town has redesigned its monthly budget reports and started posting them, its non payroll check register, and pension actuary reports on its Town website. For FY 2012 Westerly combined the role of Town and School Finance Director position, and continues to look at other areas to combine services and expand report on its activities to the public.

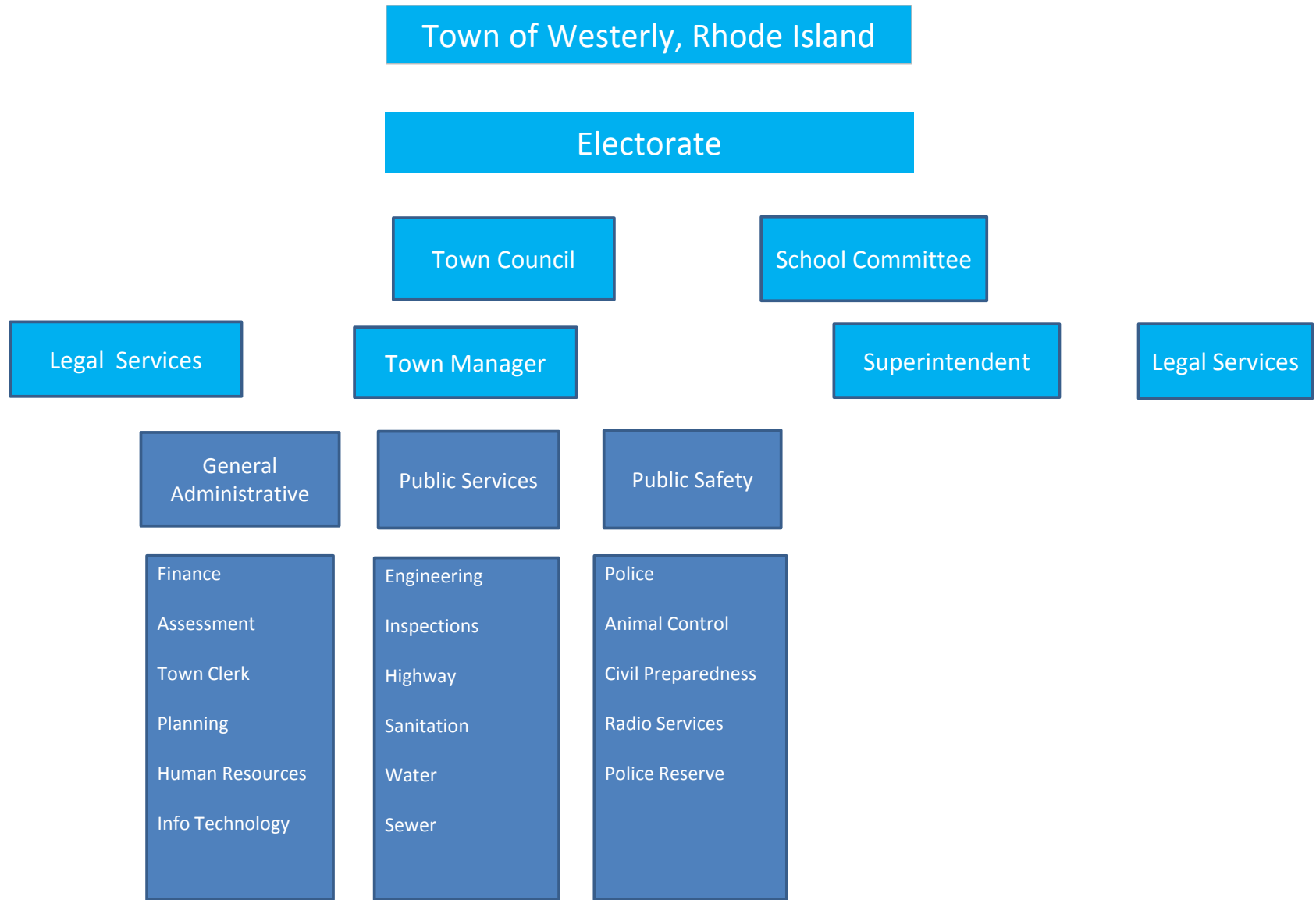
The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance department. We would like to express our appreciation to all members of the department. Credit must also be give to the Town Council and its President, and the School Committee and its Chairman, for the unfailing support for achieving and maintaining the highest standards of professionalism in the management of the Town of Westerly's finances.

Respectfully submitted,

Steven Hartford
Town Manager

Roy Seitsinger, PhD
School Superintendent

James Lathrop, CPA
Director of Finance



Town of Westerly, Rhode Island
Listing Elected and Appointed Officials
Fiscal Year Ended June 30, 2011

Elected

Town Council President

Diana L. Serra

School Committee Chair

David Patten Jr.

Town Council Vice President

Kenneth Parilla

School Committee Vice Chair

Gina T. Fuller

Councilors

Richard C. Anthony

Caswell Cooke, Jr.

Christopher A. Duhamel

Campbell D. Field

Brian H. McCuin

Committee Members

John Carson

Mario Ceilco

D. Jay Goodman

Patricia Hartford

James E. Murano, Jr.

Appointed

Town Manager

Superintendent of Schools

Director of Finance

Town Solicitor

School Solicitor

Town Clerk

Police Chief

Director of Public Works

Town Planner

Town Engineer

Utilities Superintendent

Director of Recreation

Assessor

Zoning Official

Tax Collector

Steven T. Hartford

Dr. Roy Seitsinger

James L. Lathrop

Michelle A. Buck

Jon Lallo

Donna L. Giordano, MMC

Edward St. Clair

Peter Chiaradio

Marilyn Shellman

Jonathan Pratt

Paul Corina

Paul Duffy

Charles E. Vacca

Elizabeth Burdick

Melina Boeglin

FINANCIAL SECTION

THIS SECTION CONTAINS THE FOLLOWING:

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

INDEPENDENT AUDITORS' REPORT

To the Honorable President
and Members of the Town Council
Westerly, Rhode Island

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Westerly, Rhode Island, as of and for the year ended June 30, 2011, which collectively comprise the Town's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Town of Westerly, Rhode Island's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Westerly, Rhode Island, as of June 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 6, 2012 on our consideration of the Town of Westerly, Rhode Island's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis, budgetary comparison information and supplementary pension and other postemployment benefit information on pages 3 through 12 and 60 through 70 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Westerly Rhode Island's basic financial statements. The introductory section, the combining nonmajor fund financial statements, the combining fiduciary fund financial statements, other supplementary information, the statistical tables and the schedule of expenditures of federal awards are presented for purposes of additional analysis and as required by the U.S. Office of Management and Budget Circular A-133, "*Audits of States, Local Governments, and Non-profit Organizations*" and are not a required part of the basic financial statements. The combining nonmajor fund financial statements, the combining fiduciary fund financial statements, other supplementary information and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in black ink that reads "Bacon & Company, LLC". The signature is written in a cursive, flowing style.

Warwick, Rhode Island
January 6, 2012

TOWN OF WESTERLY, RHODE ISLAND

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2011

As management of the Town of Westerly, we offer readers of the Town's financial statements this narrative overview and analysis of the Town's financial activities for the fiscal year ended June 30, 2011. We encourage the reads to consider the information presented here in conjunction with the letter of transmittal on pages i-vi of this report as well as the Town's basic financial statement that follow this section.

Financial Highlights

- The assets of the Town of Westerly exceeded its liabilities at the close of the most recent fiscal year by \$119,775,592. Of this amount \$15,442,332 is unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's net assets increased by \$776,152.
- As of the close of the current fiscal year, the Town of Westerly's governmental funds reported combined ending fund balances of \$13,123,349. Approximately 14.2% of the ending fund balance, \$1,866,458, is unassigned and available for use within the Town's designation and fiscal policies.
- At the end of the current fiscal year, the General Fund's unassigned fund balance was \$8,890,798, or 11.6% of the total General Fund budgeted expenditures for the 2012 fiscal year. The current fiscal year's General Fund revenues exceeded expenditures and transfers by \$1,320,540 on a GAAP basis and by \$1,068,634 on a budgetary basis.
- The Town's total bonded debt decreased by \$4,285,000 (6.7%) during the current fiscal year.

Overview of the Financial Statements

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

1. Government-Wide Financial Statements
2. Fund Financial Statements
3. Notes to the Financial Statements

This report also contains other supplementary information in addition to the basic financial statements themselves.

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

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with board overview of the Town's finances in a manner similar to a private-sector business.

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

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

Both of the government-wide financial statement distinguish functions of the Town of Westerly that are principally supported by taxes and intergovernmental revenue (governmental activities) from other functions that are intended to recover all or a significant portion of their cost through user fees and charges (business-type activities). The government activities of the Town include general government, public safety, streets and highways, libraries, education and recreation. The business-type activities of the Town include a water fund, sewer fund and beach fund.

The government wide financial statements are reported on pages 13 through 14.

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

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

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

The Town of Westerly maintains individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, School Bond Fund, and Capital Project Fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non major governmental funds is provided in the form of combining statements included in the other supplementary information.

The Town of Westerly adopts an annual appropriated budget for its General Fund and school fund. Budgetary comparison schedules have been provided for the General Fund and school fund to demonstrate compliance with this budget.

Proprietary Funds. The Town's proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements with the exception of the Internal Service Funds which are reported as governmental fund type activity. The Town has three enterprise funds. Water Fund accounts for the water system of the entire Town of Westerly as well as neighboring Pawcatuck, Connecticut. Sewer Fund operates seventy-eight (78) miles of sanitary sewers, which covers approximately 50% of the Town. Beach Fund accounts primarily for rental and parking activities for the waterfront property acquired in 2001.

The Town's internal service funds represent an accounting device used to accumulate and allocate cost internally among the Town's various functions. The Town has two internal service funds, Health Fund and Self-Insurance Fund. The Town is self insured in its health and dental coverage, and Health Fund reports the actual claims as well as the Town's contribution to the fund and employee deductions for the benefit program. Self-Insurance Fund records activities for the Town's commercial insurance deductibles and insurance claim receipts.

The basic proprietary fund financial statements are present on pages 19-22.

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

The basic fiduciary fund financial statement can be found on pages 23-24.

Notes to Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statement are presented on page 25-59.

Other Information. In addition to the basis financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town of Westerly.

Required Supplementary information is presented on pages 60-70.

The combining statements referred to earlier in connection with non major governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 71-82.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government’s financial position. In the case of the Town of Westerly, assets exceeded liabilities by \$119,775,592 as of June 30, 2011

TOWN OF WESTERLY, RHODE ISLAND NET ASSETS

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and Other Assets	\$ 35,279,986	\$ 28,284,848	\$ 7,295,535	\$ 8,245,825	\$ 42,575,521	\$ 36,530,673
Capital Assets	148,999,898	133,242,291	36,853,769	37,041,526	185,853,667	170,283,817
Total Assets	<u>184,279,884</u>	<u>161,527,139</u>	<u>44,149,304</u>	<u>45,287,351</u>	<u>228,429,188</u>	<u>206,814,490</u>
Current Liabilities	25,444,858	10,433,934	1,246,919	1,358,045	26,691,777	11,791,979
Long-term Liabilities	74,007,291	67,266,868	7,954,528	8,756,203	81,961,819	76,023,071
Total Liabilities	<u>99,452,149</u>	<u>77,700,802</u>	<u>9,201,447</u>	<u>10,114,248</u>	<u>108,653,596</u>	<u>87,815,050</u>
Net Assets:						
Invested in capital assets						
net of related debt	70,008,175	70,358,546	28,728,337	28,158,294	98,736,512	98,516,840
Restricted	5,596,748	4,271,819	-	-	5,596,748	4,271,819
Unrestricted	9,222,812	9,195,972	6,219,520	7,014,809	15,442,332	16,210,781
Total Net Assets	<u>84,827,735</u>	<u>83,826,337</u>	<u>34,947,857</u>	<u>35,173,103</u>	<u>119,775,592</u>	<u>118,999,440</u>

The largest portion of the Town’s net assets (82%) is its investment in capital assets (e.g. land, buildings, infrastructure, machinery and equipment); less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide service to citizens, consequently, these assets are not available for future spending. Although the Town’s investment in capital assets is report net of related debt, it should be noted that the resources to repay this debt must be provided from other sources, since the capital asset cannot be used to liquidate these liabilities.

An additional portion of the Town’s net assets, \$5,596,748, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets \$15,442,332, may be used to meet the government’s ongoing obligations to its citizens and creditors.

At the end of the current fiscal year, the Town of Westerly is able to report positive balance in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

The Town's net assets increased by \$776,152 during the current fiscal year. Of this amount governmental activities accounted for \$1,001,398 of the increase while business-type activities accounted for a decrease of \$225,246.

Governmental Activities. Governmental activities increased the Town's net assets by, \$1,001,398, thereby accounting for 129% of the total increase in net assets of the town.

TOWN OF WESTERLY, RHODE ISLAND CHANGES IN NET ASSETS

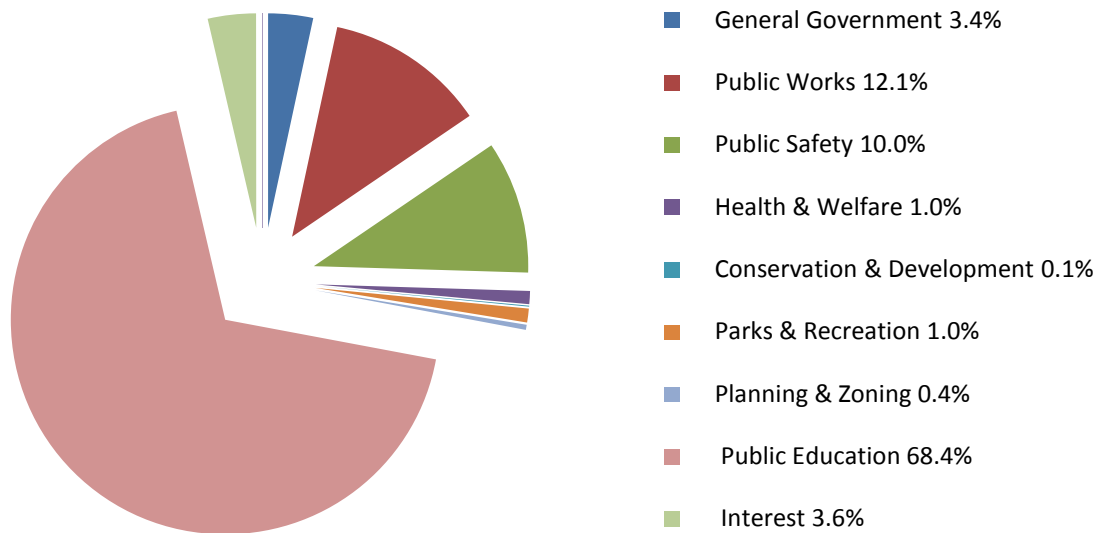
For the Fiscal Years ending June 30, 2011, and 2010

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues						
Program Revenues						
Charges for services	\$ 5,365,732	\$ 4,899,483	\$ 7,887,108	\$ 7,416,283	\$ 13,252,840	\$ 12,315,766
Operating grants & contributions	12,570,266	12,546,972	1,568	75,133	12,571,834	12,622,105
Capital grants and contributions	735,857	-	-	-	735,857	-
General Revenues						
Property Taxes	63,296,907	59,555,979	-	-	63,296,907	59,555,979
State aid not restricted for a specific purpose	1,801,556	3,965,697	-	-	1,801,556	3,965,697
Investment earnings	157,636	212,778	6,814	8,763	164,450	221,541
Miscellaneous	129,642	414,437	-	-	129,642	414,437
Total Revenues	84,057,596	81,595,346	7,895,490	7,500,179	91,953,086	89,095,525
Expenses						
General Government	2,781,707	3,466,233	-	-	2,781,707	3,466,233
Public Works	9,985,135	7,507,487	-	-	9,985,135	7,507,487
Public Safety	8,240,563	7,799,497	-	-	8,240,563	7,799,497
Health & Welfare	802,416	1,237,875	-	-	802,416	1,237,875
Conservation & Development	61,603	63,595	-	-	61,603	63,593
Parks & Recreation	851,085	715,016	-	-	851,085	715,016
Planning & Zoning	317,731	311,526	-	-	317,731	311,526
Public Education	56,373,765	53,346,773	-	-	56,373,765	53,346,773
Interest	3,001,369	2,834,606	-	-	3,001,369	2,834,606
Water Fund	-	-	5,107,553	4,999,866	5,107,553	4,999,866
Sewer Fund	-	-	3,390,936	3,224,296	3,390,936	3,224,296
Beach Fund	-	-	263,071	255,673	263,071	255,673
Total Expenses	82,415,374	77,282,606	8,761,560	8,479,835	91,176,934	85,762,441
Increase in net assets before transfers	1,642,222	4,312,740	(866,070)	(979,656)	776,152	3,333,084
Transfers	(640,824)	(649,764)	640,824	649,764	-	-
Increase(Decrease) in net assets	1,001,398	3,662,976	(225,246)	(329,892)	776,152	3,333,084
Net assets July 1, 2010, as restated	83,826,337	80,163,361	35,173,103	35,502,995	118,999,440	115,666,356
Net assets June 30, 2011	\$ 84,827,735	\$ 83,826,337	\$ 34,947,857	\$ 35,173,103	\$ 119,775,592	\$ 118,999,440

2011 Governmental Activities Revenue



2011 Governmental Activities Expenses



Business-type Activities - Net assets in business type activities decreased by \$225,246, resulting in a 0.6% decrease in business-type assets.

Charges for services for business-type activities accounted for 99% of the total revenue sources. The balance of revenues for business-type activities was from operating grants and contributions and investment income.

The total expenses within the business-type activities of the Town include the following: Water Fund 58.3%, wastewater treatment 38.7% and Beach Fund 3%.

Financial Analysis of the Town of Westerly's Funds

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

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

At the end of the current fiscal year, the Town's governmental funds reported a combined ending fund balance of \$13,123,349. Approximately 14.2% is available for spending at the government's discretion within the Town's total Fund Balance. The remaining fund balance of \$11,256,891 included \$5,207,703 of Restricted and Committed Fund Balance for Capital Projects, \$160,000 assigned to the 2012 budget, \$234,145 nonspendable for prepaid items, and \$5,655,043 restricted, and committed to specific programs.

The General Fund is the chief operating fund of the Town of Westerly. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$8,890,798 while total fund balance reached \$14,260,714. As a measure of the General Fund's liquidity it may be useful to compare both unassigned fund balance and total fund balance to total General Fund budgeted expenditures. Unassigned fund balance represents 11.6% of the 2012 FY Adopted General Fund Expenditure Budget. While total fund balance represents 18.6% of that same amount.

Key Factors in the change of the Town's Governmental Fund Balances

The major factor impacting Westerly's Governmental Fund balances was from the School Bond Fund. This fund operated at deficit of (\$9,015,370) and had a negative fund balance of (\$7,023,593) on June 30, 2011.

The School Restricted fund balance of \$4,953,087 of which \$1,469,528 has been committed to the 2012 FY budget, additionally \$265,190 is committed to liquidate contracts and purchase orders of the prior year, and \$800,000 is designated for supplementary assessments for unfunded pension liabilities. There is \$820,000 designated for maintenance, capital, and contingencies.

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

Unrestricted net assets in the water fund at the end of the fiscal year amounted to \$3,471,028, unrestricted net assets in the sewer fund was \$2,733,854 and the balance in the beach fund was \$14,073.

General Fund Budgetary Highlights

Overall the Town of Westerly, Rhode Island finished the 2011-2011 fiscal year with a budgetary surplus of \$1,068,634.

Major General Fund Revenue Factors:

General Property Taxes - Property taxes are the largest single revenue source for the General Fund and account for 82% of total revenues. The town budgeted current property tax conservatively at 97.2% collection rate, while the actual collection rate was at approximately 98.4%. Despite the weak economy tax collections remain strong.

Intergovernmental Revenues - The Town receives a portion of revenue from Meals and Hotel Tax collected by local establishments and remitted to the State of Rhode Island. Despite the weak economy, the addition of new business, and a good summer trade, more than offset this and is the main reason that the Town collected \$211,512 more than budgeted for Intergovernmental Revenues.

Licenses and Permits - The economy and downturn in new residential construction resulted in this item being under budget by \$143,926.

Interest on Investments - Lower interest rates and an increased demand for compensating balances to offset bank fees resulted in significantly lower interest income. This item was \$76,685 under budget.

Solid Waste Revenues - Transfer station receipts were under budget by \$421,625. This is due to weaker economy and decreased volumes of demolitions from construction and renovations, and increased efforts towards recycling. The reduction in revenue was partial offset by reduced expenditures in dumping fees at Rhode Island Resource Recovery.

Major Expenditure Factors:

Education Expense account for approximately 61.9% of the total expenditures within the General Fund of the Town of Westerly. Public Safety 6.5%, Public Works 7.2%, and General Government 8.8%. The other major expense is debt service which accounts for 10.5%.

General Government - Westerly is self funded for Healthcare. Positive results from claims are the main reason this item was \$484,748 under budget.

Debt Service - Lower than anticipated interest rate on debt resulted in lower than anticipated debt service for the fiscal year. This item was \$314,063 under budget

Capital Assets and Debt Administration

Capital Assets - The Town of Westerly's in capital assets for its governmental and business-type activities as of June 30, 2011 amounts to \$185,853,667 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, infrastructure, and construction in progress.

**TOWN OF WESTERLY'S CAPITAL ASSETS AT YEAR END
NET OF ACCUMULATED DEPRECIATION**

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 11,879,126	\$ 11,554,629	\$ 5,930,455	\$ 5,930,455	\$ 17,809,581	17,485,084
Buildings and Improvements	61,285,483	63,288,926	10,037,457	9,881,660	71,322,940	73,170,586
Construction in Progress	21,220,842	2,753,664	224,683	46,185	21,445,525	2,799,849
Mains, well, pumps and hydrants	-	-	10,898,997	11,133,205	10,898,997	11,133,205
Tanks and Structures	-	-	9,405,361	9,589,363	9,405,361	9,589,363
Motor Vehicles	2,542,338	2,905,075	-	-	2,542,338	2,905,075
Furniture & Equipment	1,492,354	1,741,479	356,816	460,658	1,849,170	2,202,137
Infrastructure	50,495,144	50,870,738	-	-	50,495,144	50,870,738
Software	84,611	127,780	-	-	84,611	127,780
Total	\$ 148,999,898	\$ 133,242,291	\$ 36,853,769	\$ 37,041,526	\$ 185,853,667	\$ 170,283,817

Major Capital Asset events during the current fiscal year included:

- High School Renovation Project
- Fleet Upgrades and Replacements
- Road Improvements

Debt Administration - At the end of the current fiscal year, the Town of Westerly had total bonded debt outstanding of \$59,810,000, entirely backed by the full faith and credit of the Town and \$776,135 of capital leases and \$21,721,864 loans payable. Bonds authorized but unissued totaled an additional \$6,500,000.

**TOWN OF WESTERLY'S OUTSTANDING DEBT AT YEAR END
BONDS, LOANS AND CAPITALIZED LEASES PAYABLE**

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
General Obligation						
Bonds Payable	\$ 57,875,000	\$ 62,015,000	\$ 1,935,000	\$ 2,080,000	\$ 59,810,000	\$ 64,095,000
Capital Leases Payable	776,135	1,388,312	-	-	776,135	1,388,312
Loans Payable	15,351,000	3,855,000	6,370,864	6,948,482	21,721,864	10,803,482
	<u>\$ 74,002,135</u>	<u>\$ 67,258,312</u>	<u>\$ 8,305,864</u>	<u>\$ 9,028,482</u>	<u>\$ 82,307,999</u>	<u>\$ 76,286,794</u>

State statutes limit the amount of general obligation bonded debt a town can issue to 3 percent of net assessed property values. However, all bonds approved through State enabling legislation and voter referendums are exempt from the limit. As of June 30, 2011, the Town had a debt limit of \$184,350,292.

In June 2010, Standard and Poor's upgraded the Town of Westerly's credit rating from AA - to AA. Moody's Investors Service recalibrated Rhode Island Municipal credit rating during FY 2010. Moody's upgraded the Town of Westerly from Aa3 to Aa2. These ratings were affirmed in July 2011.

In November 2010, Westerly electorates authorized to issue \$6,500,000 General Obligation Bonds and Notes for the purpose of financing the construction, renovation, and rehabilitation repair and or improvements of the Town roads, sidewalks, drainage facilities, and other Town infrastructure. A note was issued in December 2011, with a maturity date of August 2012. It is the Town's intent to issue Bonds at that time to retire the note.

The Town issued general obligation bond anticipation notes in advance of issuing debt, depositing the proceeds in its School Bond Fund. The notes mature on July 28, 2011. The amount issued was \$12,650,000.

Economic Factors and Next Year's Budget and Rates

The Town of Westerly's total General Fund budget for fiscal year 2012 amounts to \$76,480,485, which reflects an increase of \$849,800 (1.1%) over the fiscal 2011 budget. This was the first year the Town increased its budget after two years of decreases. Of the Town's \$76,480,485 budget, \$48,371,822 or 63% is budgeted for Westerly Public Schools. The Town is budgeted to receive \$5,271,093 from the State of Rhode Island for Aid to Education.

The Town's tax rate for fiscal year 2012 is \$9.74 versus \$9.62 for fiscal year 2011.

The Town's debt service will increase in fiscal year 2012 and fiscal year 2013 and level off and see significant reduction in fiscal year 2016. The primary cause of this increase is recently issued debt related to the High School renovation.

The Town is the first Rhode Island community to combine the Town and School Finance Director position. The Town and School continue to find ways to share services to reduce overall cost.

Request for Information: This financial report is designed to provide a general overview of the Town of Westerly's finances for all those with an interest in the town's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to the Office of the Finance Director, Town Hall 45 Broad Street, Westerly, RI 02891.

James L. Lathrop, CPA
Finance Director

BASIC FINANCIAL STATEMENTS

THE BASIC FINANCIAL STATEMENTS INCLUDE:

Government-Wide Financial Statements

Fund Financial Statements:

- **Governmental Funds**
- **Proprietary Funds**
- **Fiduciary Funds**

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

TOWN OF WESTERLY, RHODE ISLAND

*Statement of Net Assets
June 30, 2011*

	<i>Governmental Activities</i>	<i>Business-Type Activities</i>	<i>Total</i>
Assets:			
Current assets:			
Cash and cash equivalents	\$ 27,241,581	\$ 4,708,305	\$ 31,949,886
Investments	1,251,126	-	1,251,126
Real estate, personal property and sewer tax receivable	2,535,954	-	2,535,954
Water and sewer use and assessments	-	1,989,116	1,989,116
Due from federal and state governments	2,748,851	42,153	2,791,004
Other receivables	588,678	10,346	599,024
Internal balances	14,143	(14,143)	-
Inventory	-	168,980	168,980
Other assets - net	234,145	-	234,145
Total current assets	34,614,478	6,904,757	41,519,235
Noncurrent assets:			
Sewer assessment receivable	-	244,459	244,459
Capital assets:			
Land	11,879,126	5,930,455	17,809,581
Depreciable property, plant and equipment - net	115,899,930	30,698,631	146,598,561
Construction in progress	21,220,842	224,683	21,445,525
Other assets - net	665,508	146,319	811,827
Total noncurrent assets	149,665,406	37,244,547	186,909,953
Total assets	184,279,884	44,149,304	228,429,188
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	5,057,542	365,004	5,422,546
Accrued interest payable	1,359,957	89,554	1,449,511
Unearned revenue	93,984	-	93,984
Claims payable	640,239	-	640,239
Compensated absences payable	131,812	42,234	174,046
Bond anticipation note payable	12,650,000	-	12,650,000
Long-term debt - due within one year	5,511,324	750,127	6,261,451
Total current liabilities	25,444,858	1,246,919	26,691,777
Noncurrent liabilities:			
Unearned revenue	-	244,459	244,459
Compensated absences payable	1,589,854	146,293	1,736,147
Net other post-employment benefit obligations	308,476	-	308,476
Net pension obligation	3,143,035	-	3,143,035
Long-term debt - due in more than one year	68,965,926	7,563,776	76,529,702
Total noncurrent liabilities	74,007,291	7,954,528	81,961,819
Total liabilities	99,452,149	9,201,447	108,653,596
Net Assets:			
Invested in capital assets, net of related debt	70,008,175	28,728,337	98,736,512
Restricted for:			
Special projects and programs	5,596,748	-	5,596,748
Unrestricted	9,222,812	6,219,520	15,442,332
Total net assets	\$ 84,827,735	\$ 34,947,857	\$ 119,775,592

The accompanying notes are an integral part of the basic financial statements.

TOWN OF WESTERLY, RHODE ISLAND

Statement of Activities

For the Fiscal Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Legislative, judicial and general administrative	\$ 2,781,707	\$ 1,088,315	\$ 109,034	\$ 143,853	\$ (1,440,505)	\$ -	\$ (1,440,505)
Public works	9,985,135	2,107,314	101,417	592,004	(7,184,400)	-	(7,184,400)
Public safety	8,240,563	409,070	142,319	-	(7,689,174)	-	(7,689,174)
Health and welfare	802,416	-	60,238	-	(742,178)	-	(742,178)
Conservation and development	61,603	23,451	-	-	(38,152)	-	(38,152)
Parks and recreation	851,085	163,476	-	-	(687,609)	-	(687,609)
Planning and zoning	317,731	74,779	-	-	(242,952)	-	(242,952)
Public education	56,373,765	1,499,327	10,498,550	-	(44,375,888)	-	(44,375,888)
Interest on long-term debt	3,001,369	-	1,658,708	-	(1,342,661)	-	(1,342,661)
Total governmental activities	82,415,374	5,365,732	12,570,266	735,857	(63,743,519)	-	(63,743,519)
Business-Type Activities:							
Water fund	5,107,553	4,383,473	-	-	-	(724,080)	(724,080)
Sewer fund	3,390,936	3,398,737	-	-	-	7,801	7,801
Beach fund	263,071	104,898	1,568	-	-	(156,605)	(156,605)
Total business-type activities	8,761,560	7,887,108	1,568	-	-	(872,884)	(872,884)
Total	\$ 91,176,934	\$ 13,252,840	\$ 12,571,834	\$ 735,857	(63,743,519)	(872,884)	(64,616,403)
General Revenues:							
Property taxes levied for general purposes					63,296,907	-	63,296,907
State aid and in lieu of taxes not restricted for a specific purpose					1,801,556	-	1,801,556
Investment earnings					157,636	6,814	164,450
Miscellaneous					129,642	-	129,642
Transfers					(640,824)	640,824	-
Total general revenues					64,744,917	647,638	65,392,555
Change in net assets					1,001,398	(225,246)	776,152
Net assets - beginning of year, as restated					83,826,337	35,173,103	118,999,440
Net assets - end of year					\$ 84,827,735	\$ 34,947,857	\$ 119,775,592

The accompanying notes are an integral part of the basic financial statements.

TOWN OF WESTERLY, RHODE ISLAND

*Balance Sheet
Governmental Funds
June 30, 2011*

	<u>General Fund</u>	<u>School Bond Fund</u>	<u>Capital Project Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Cash	\$ 15,294,506	\$ 7,556,144	\$ 3,122,165	\$ 2,899,642	\$ 28,872,457
Investments	1,206,268	-	-	44,858	1,251,126
Property tax receivable	2,535,954	-	-	-	2,535,954
Due from federal and state governments	741,890	38,805	-	1,968,156	2,748,851
Other receivables	399,531	3,577	-	2,267	405,375
Due from other funds	77,280	-	-	-	77,280
Prepaid expenditures	203,645	-	-	30,500	234,145
Total assets	<u>\$ 20,459,074</u>	<u>\$ 7,598,526</u>	<u>\$ 3,122,165</u>	<u>\$ 4,945,423</u>	<u>\$ 36,125,188</u>
Liabilities and Fund Balances					
Liabilities:					
Cash overdraft	\$ -	\$ -	\$ -	\$ 1,844,849	\$ 1,844,849
Accounts payable and accrued expenditures	2,769,953	1,952,053	24,823	300,713	5,047,542
Due to other funds	368,989	20,066	-	10,975	400,030
Deferred revenues	2,927,606	-	-	-	2,927,606
Accrued compensated absences	131,812	-	-	-	131,812
Bond anticipation note payable	-	12,650,000	-	-	12,650,000
Total liabilities	<u>6,198,360</u>	<u>14,622,119</u>	<u>24,823</u>	<u>2,156,537</u>	<u>23,001,839</u>
Fund Balances:					
Nonspendable:					
Prepaid expenditures	203,645	-	-	30,500	234,145
Restricted for:					
Education programs	4,953,087	-	-	210,938	5,164,025
Historical records preservation	-	-	-	36,133	36,133
Public safety programs	-	-	-	340,256	340,256
Health and welfare programs	-	-	-	26,334	26,334
Capital projects	-	-	-	2,057,177	2,057,177
Other programs	-	-	-	30,000	30,000
Committed for:					
Town capital projects	53,184	-	3,097,342	-	3,150,526
Animal Shelter	-	-	-	45,665	45,665
Other programs	-	-	-	12,630	12,630
Assigned for:					
2012 budget	160,000	-	-	-	160,000
Unassigned	8,890,798	(7,023,593)	-	(747)	1,866,458
Total fund balance	<u>14,260,714</u>	<u>(7,023,593)</u>	<u>3,097,342</u>	<u>2,788,886</u>	<u>13,123,349</u>
Total liabilities and fund balances	<u>\$ 20,459,074</u>	<u>\$ 7,598,526</u>	<u>\$ 3,122,165</u>	<u>\$ 4,945,423</u>	<u>\$ 36,125,188</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF WESTERLY, RHODE ISLAND
*Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Assets
June 30, 2011*

Total Fund Balances - Total Governmental Funds	\$ 13,123,349
 <i>Amounts reported for Governmental Activities in the Statement of Net Assets are different because:</i>	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet.	148,999,898
Other departmental receivables are reported as revenue in Government-Wide Financial Statements in the period earned, but are reported as deferred revenue (a liability) in the Governmental Funds Financial Statements.	297,668
Delinquent taxes are recognized as revenue in the period for which levied in the Government-Wide Financial Statements, but are reported as deferred revenue (a liability) in Governmental Funds Financial Statements.	2,535,954
Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in Governmental Funds Balance Sheet.	(1,359,957)
The Internal Service Funds are used by management to charge the costs of health and dental insurance and other insurance to individual funds. The assets and liabilities of the Internal Service Fund are included in Governmental Activities in the Government-Wide Statement of Net Assets.	297,495
Long-term liabilities (including bonds and loans payable, capital leases, compensated absences, net pension obligation, and net other post-employment benefit obligation) are not due and payable in the current period and, therefore, are not reported in the Governmental Funds Balance Sheet.	(79,043,500)
Bond premium is reported as an other financing source in the Governmental Funds Financial Statements. Bond premium, net of accumulated amortization, is reflected as a reduction of bonds payable on the Government-Wide Financial Statements.	(475,115)
Bond issue costs are reported as expenditures in the Governmental Funds Financial Statements. The cost, net of accumulated amortization, is reflected as an other asset on the Government-Wide Financial Statements.	<u>451,943</u>
 Net Assets of Governmental Activities	 <u><u>\$ 84,827,735</u></u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF WESTERLY, RHODE ISLAND
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2011

	<i>General Fund</i>	<i>School Bond Fund</i>	<i>Capital Project Fund</i>	<i>Other Governmental Funds</i>	<i>Total Governmental Funds</i>
Revenues:					
General property taxes	\$ 63,167,374	\$ -	\$ -	\$ -	\$ 63,167,374
Intergovernmental and department revenues	12,211,494	-	-	5,779,364	17,990,858
License and permits	405,455	-	-	-	405,455
Fines and penalties	199,297	-	-	-	199,297
Interest on investments	123,344	29,389	-	4,820	157,553
Other revenues	1,295,274	-	-	120,961	1,416,235
Total revenues	<u>77,402,238</u>	<u>29,389</u>	<u>-</u>	<u>5,905,145</u>	<u>83,336,772</u>
Expenditures:					
Current:					
Legislative, judicial and general administrative	6,142,325	-	79,330	130,900	6,352,555
Public works	6,009,505	-	440,196	616,277	7,065,978
Public safety	4,503,644	-	-	107,815	4,611,459
Health and welfare	705,043	-	-	52,640	757,683
Conservations and development	45,776	-	-	-	45,776
Parks and recreation	680,016	-	-	-	680,016
Planning and zoning	236,902	-	-	-	236,902
Education	48,137,193	-	9,983	5,128,188	53,275,364
Capital improvements/restricted programs	884,772	20,516,331	-	-	21,401,103
Debt Service	7,519,714	203,464	130,103	-	7,853,281
Total expenditures	<u>74,864,890</u>	<u>20,719,795</u>	<u>659,612</u>	<u>6,035,820</u>	<u>102,280,117</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>2,537,348</u>	<u>(20,690,406)</u>	<u>(659,612)</u>	<u>(130,675)</u>	<u>(18,943,345)</u>
Other financing sources (uses):					
Loan proceeds	-	11,496,000	-	-	11,496,000
Lease proceeds	258,003	-	-	-	258,003
Premium on debt	-	179,036	-	-	179,036
Transfers from other funds	-	-	818,987	-	818,987
Transfers to other funds	(1,474,811)	-	-	-	(1,474,811)
Total other financing sources (uses)	<u>(1,216,808)</u>	<u>11,675,036</u>	<u>818,987</u>	<u>-</u>	<u>11,277,215</u>
Net change in fund balances	1,320,540	(9,015,370)	159,375	(130,675)	(7,666,130)
Fund balances - as restated, beginning of year	<u>12,940,174</u>	<u>1,991,777</u>	<u>2,937,967</u>	<u>2,919,561</u>	<u>20,789,479</u>
Fund balances, end of year	<u>\$ 14,260,714</u>	<u>\$ (7,023,593)</u>	<u>\$ 3,097,342</u>	<u>\$ 2,788,886</u>	<u>\$ 13,123,349</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF WESTERLY, RHODE ISLAND

*Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and
Changes in the Fund Balances to Government-Wide Statement of Activities
For the Year Ended June 30, 2011*

Net Changes in Fund Balances - Total Governmental Funds	\$ (7,666,130)
Amounts reported for Governmental Activities in the Statement of Activities are different because:	
Governmental Funds Financial Statements report capital outlay as expenditures. However, in the Government-Wide Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.	
This is the amount of capital assets recorded in the current period.	20,470,953
This is the amount of current year depreciation on capital assets.	(4,112,188)
Property taxes that are not collected in the current period do not represent current financial resources, however they are recognized as revenues in the Government-Wide Statement of Activities.	129,533
The long-term net pension obligation and net other post-employment benefit obligation are reported in the Government-wide Statement of Activities, but does not require the use of current financial resources. Therefore, the long-term net pension obligation and net other post-employment benefit obligation are not reported as an expenditure in the Governmental Funds Financial Statements.	(276,813)
Long-term compensated absences are reported in the Government-Wide Statement of Activities , but do not require the use of current financial resources. Therefore, long-term compensated absences are not reported as expenditures in Governmental Funds Financial Statements.	(179,056)
Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Government-Wide Statement of Net Assets. Repayment of debt principal is an expenditure in Government Funds, but the payments reduce long-term liabilities in the Government-Wide Statement of Net Assets.	
This amount represents long-term debt issued during the year.	(11,754,003)
This amount represents long-term debt payments.	5,010,180
Accrued interest on long-term debt is reported in the Government-Wide Statement of Activities , but does not require the use of current financial resources. Therefore, accrued interest expense is not reported as an expenditure in the Governmental Funds Financial Statements. The following amount represents the change in accrued interest from prior year.	(239,493)
The Internal Service Fund is used by management to charge the costs of health and dental insurance and other insurance to individual funds. The net revenues (expenses) of the Internal Service Fund is reported with Governmental Activities in the Government-Wide Financial Statements.	5,139
Bonds issued at a premium provide current financial resources to Governmental Funds, but are deferred and amortized in the Government-Wide Financial Statements. Debt issuance costs and loss on refundings are expenditures in the Governmental Funds, but are deferred and amortized in the Government-Wide Financial Statements.	
This amount represents current year premium received.	(60,204)
This amount represents the current year amortization of bond premium.	30,421
This amount represents current year bond issuance costs.	174,412
This amount represents current year amortization of bond issuance costs.	(33,852)
Revenues in the Statement of Activities that are not measurable and available in Governmental Funds are not reported as revenue in the Governmental Funds Financial Statements.	103,657
The disposal of a capital asset is reported in the Governmental Funds based on the total sale proceeds received. The disposal of a capital asset is reported in the Government-Wide Financial Statement net of the capital assets book value	(1,042,121)
Capital asset contributions are reported in the Government-Wide Statement of Activities, but not in the Governmental Funds financial statements since they do not provide current financial resources.	440,963
Change in Net Assets of Governmental Activities	<u><u>\$ 1,001,398</u></u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF WESTERLY, RHODE ISLAND

Statement of Net Assets

Proprietary Funds

June 30, 2011

	<i>Enterprise Funds</i>				<i>Internal Service Funds</i>
	<i>Water Fund</i>	<i>Sewer Fund</i>	<i>Beach Fund</i>	<i>Total</i>	
Assets					
Current assets:					
Cash and cash equivalents	\$ 2,451,609	\$ 2,202,444	\$ 54,252	\$ 4,708,305	\$ 213,973
Accounts receivable:					
Water and sewer use and assessments	1,171,330	817,786	-	1,989,116	-
Other receivables	952	4,529	4,865	10,346	2,209
Inventory	158,287	10,693	-	168,980	-
Due from federal and state government	-	42,153	-	42,153	-
Due from other funds	-	-	-	-	517,987
Total current assets	<u>3,782,178</u>	<u>3,077,605</u>	<u>59,117</u>	<u>6,918,900</u>	<u>734,169</u>
Noncurrent assets:					
Sewer assessment receivable	-	244,459	-	244,459	-
Capital assets:					
Land	2,190,615	597,320	3,142,520	5,930,455	-
Buildings and improvements	1,638,362	18,681,053	481,072	20,800,487	-
Mains, wells, pumps and hydrants	12,863,184	4,150,707	-	17,013,891	-
Tanks and structures	4,450,972	9,553,112	-	14,004,084	-
Equipment and machinery	2,660,235	574,582	-	3,234,817	-
Odor control plant	-	1,024,302	-	1,024,302	-
Construction in progress	224,683	-	-	224,683	-
Total capital assets	<u>24,028,051</u>	<u>34,581,076</u>	<u>3,623,592</u>	<u>62,232,719</u>	<u>-</u>
Less accumulated depreciation	<u>(8,352,616)</u>	<u>(16,871,434)</u>	<u>(154,900)</u>	<u>(25,378,950)</u>	<u>-</u>
Net capital assets	<u>15,675,435</u>	<u>17,709,642</u>	<u>3,468,692</u>	<u>36,853,769</u>	<u>-</u>
Other assets	-	132,738	13,581	146,319	213,565
Total noncurrent assets	<u>15,675,435</u>	<u>18,086,839</u>	<u>3,482,273</u>	<u>37,244,547</u>	<u>213,565</u>
Total assets	<u>19,457,613</u>	<u>21,164,444</u>	<u>3,541,390</u>	<u>44,163,447</u>	<u>947,734</u>
Liabilities					
Current liabilities:					
Accounts payable and accrued expenses	149,741	194,493	20,770	365,004	10,000
Accrued interest payable	-	65,280	24,274	89,554	-
Compensated absences	30,900	11,334	-	42,234	-
Due to other funds	11,134	3,009	-	14,143	-
Claims payable	-	-	-	-	640,239
Current portion of bonds and loans payable	-	604,591	145,536	750,127	-
Total current liabilities	<u>191,775</u>	<u>878,707</u>	<u>190,580</u>	<u>1,261,062</u>	<u>650,239</u>
Noncurrent liabilities:					
Unearned revenue	-	244,459	-	244,459	-
Compensated absences payable	118,810	27,483	-	146,293	-
Bonds and loans payable due in more than one year	-	5,766,273	1,797,503	7,563,776	-
Total noncurrent liabilities	<u>118,810</u>	<u>6,038,215</u>	<u>1,797,503</u>	<u>7,954,528</u>	<u>-</u>
Total liabilities	<u>310,585</u>	<u>6,916,922</u>	<u>1,988,083</u>	<u>9,215,590</u>	<u>650,239</u>
Net Assets					
Investment in capital assets, net of related debt	15,675,435	11,513,668	1,539,234	28,728,337	-
Unrestricted	3,471,593	2,733,854	14,073	6,219,520	297,495
Total net assets	<u>\$ 19,147,028</u>	<u>\$ 14,247,522</u>	<u>\$ 1,553,307</u>	<u>\$ 34,947,857</u>	<u>\$ 297,495</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF WESTERLY, RHODE ISLAND
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2011

	<i>Enterprise Funds</i>				<i>Internal Service Funds</i>
	<i>Water Fund</i>	<i>Sewer Fund</i>	<i>Beach Fund</i>	<i>Total</i>	
Operating revenues					
User fees and rental income	\$ 4,160,257	\$ 2,453,697	\$ 104,898	\$ 6,718,852	\$ -
Sewer assessments and taxes	-	711,564	-	711,564	-
Charges for insurance	-	-	-	-	7,965,192
Other revenues	223,216	233,476	-	456,692	46,588
Total operating revenues	<u>4,383,473</u>	<u>3,398,737</u>	<u>104,898</u>	<u>7,887,108</u>	<u>8,011,780</u>
Operating expenses					
Salaries and benefits	1,884,597	573,869	78,917	2,537,383	-
Materials and supplies	519,793	33,255	3,767	556,815	-
Repair and maintenance	1,662,552	171,314	34,743	1,868,609	-
Depreciation and amortization	382,058	476,584	24,563	883,205	-
Utilities	320,394	1,800	5,105	327,299	-
Administrative expense	27,532	10,006	397	37,935	-
Insurance	90,895	22,879	12,141	125,915	188,775
Claims	-	-	-	-	7,832,949
Contracted services	219,696	1,902,407	-	2,122,103	-
Total operating expenses	<u>5,107,517</u>	<u>3,192,114</u>	<u>159,633</u>	<u>8,459,264</u>	<u>8,021,724</u>
Operating income (loss)	<u>(724,044)</u>	<u>206,623</u>	<u>(54,735)</u>	<u>(572,156)</u>	<u>(9,944)</u>
Nonoperating revenues (expenses)					
Operating grant	-	-	1,568	1,568	-
Interest income	5,736	1,076	2	6,814	83
Interest expense	(36)	(198,822)	(103,438)	(302,296)	-
Total nonoperating revenues (expenses)	<u>5,700</u>	<u>(197,746)</u>	<u>(101,868)</u>	<u>(293,914)</u>	<u>83</u>
Income (loss) before transfers	<u>(718,344)</u>	<u>8,877</u>	<u>(156,603)</u>	<u>(866,070)</u>	<u>(9,861)</u>
Transfers in	<u>-</u>	<u>390,637</u>	<u>250,187</u>	<u>640,824</u>	<u>15,000</u>
Change in net assets	<u>(718,344)</u>	<u>399,514</u>	<u>93,584</u>	<u>(225,246)</u>	<u>5,139</u>
Total net assets, beginning of year	19,865,372	13,848,008	1,459,723	35,173,103	292,356
Total net assets, end of year	<u>\$ 19,147,028</u>	<u>\$ 14,247,522</u>	<u>\$ 1,553,307</u>	<u>\$ 34,947,857</u>	<u>\$ 297,495</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF WESTERLY, RHODE ISLAND

Statement of Cash Flows

Proprietary Funds

For the Fiscal Year Ended June 30, 2011

	<i>Enterprise Funds</i>				<i>Internal Service Funds</i>
	<i>Water Fund</i>	<i>Sewer Fund</i>	<i>Beach Fund</i>	<i>Total</i>	
<i>Cash flows from operating activities</i>					
Cash received from insurance and service charges	\$ -	\$ -	\$ -	\$ -	\$ 7,399,077
Claim payments	-	-	-	-	(7,931,999)
Cash received from customers	4,173,579	3,167,439	101,565	7,442,583	-
Cash payments to suppliers for goods and services	(3,109,441)	(2,086,338)	(52,566)	(5,248,345)	-
Cash payments to employees for services	(1,904,768)	(573,304)	(75,171)	(2,553,243)	-
Other operating cash receipts	223,577	228,947	-	452,524	44,379
Other operating cash disbursements	-	-	-	-	(217,940)
<i>Net cash provided by (used for) operating activities</i>	(617,053)	736,744	(26,172)	93,519	(706,483)
<i>Cash flows from non-capital financing activities</i>					
Operating grants received	34,412	40,721	1,568	76,701	-
Operating transfers from other funds	-	390,637	250,187	640,824	15,000
<i>Net cash provided by noncapital related financing activities</i>	34,412	431,358	251,755	717,525	15,000
<i>Cash flows from capital and related financing activities</i>					
Principal paid on bonds and loans	-	(577,618)	(145,000)	(722,618)	-
Additions to capital assets	(268,607)	(348,222)	-	(616,829)	-
Interest paid on long-term debt	-	(204,829)	(105,185)	(310,014)	-
<i>Net cash used for capital and related financing activities</i>	(268,607)	(1,130,669)	(250,185)	(1,649,461)	-
<i>Cash flows from investing activities</i>					
Interest income	5,736	1,076	2	6,814	83
<i>Net cash provided by investing activities</i>	5,736	1,076	2	6,814	83
<i>Net increase (decrease) in cash and cash equivalents</i>	(845,512)	38,509	(24,600)	(831,603)	(691,400)
<i>Cash and cash equivalents, beginning of year</i>	3,297,121	2,163,935	78,852	5,539,908	905,373
<i>Cash and cash equivalents, end of year</i>	\$ 2,451,609	\$ 2,202,444	\$ 54,252	\$ 4,708,305	\$ 213,973

(Continued)

The accompanying notes are an integral part of the basic financial statements.

TOWN OF WESTERLY, RHODE ISLAND

Statement of Cash Flows (Continued)

Proprietary Funds

For the Fiscal Year Ended June 30, 2011

	<i>Enterprise Funds</i>				<i>Internal Service Funds</i>
	<i>Water Fund</i>	<i>Sewer Fund</i>	<i>Beach Fund</i>	<i>Total</i>	
<i>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities</i>					
Operating income(loss)	\$ (724,044)	\$ 206,623	\$ (54,735)	\$ (572,156)	\$ (9,944)
<i>Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:</i>					
Depreciation and amortization	382,058	476,584	24,563	883,205	-
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	13,683	33,819	(3,333)	44,169	(2,209)
(Increase) decrease in inventory	1,979	(2,535)	-	(556)	-
Increase (decrease) in due to other funds	(8,497)	(2,396)	-	(10,893)	(566,114)
Increase (decrease) in accounts payable and accrued expenses	(265,113)	59,791	7,333	(197,989)	(91,925)
Increase (decrease) in unearned revenue	-	(36,170)	-	(36,170)	-
Increase (decrease) in compensated absences	(17,119)	1,028	-	(16,091)	-
(Increase) decrease in other assets	-	-	-	-	(36,291)
<i>Total adjustments</i>	<u>106,991</u>	<u>530,121</u>	<u>28,563</u>	<u>665,675</u>	<u>(696,539)</u>
<i>Net cash provided by (used for) operating activities</i>	<u>\$ (617,053)</u>	<u>\$ 736,744</u>	<u>\$ (26,172)</u>	<u>\$ 93,519</u>	<u>\$ (706,483)</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF WESTERLY, RHODE ISLAND

Statement of Fiduciary Net Assets

Fiduciary Funds

June 30, 2011

	<u>Pension Trust</u>	<u>Private- purpose Trusts</u>	<u>Agency Funds</u>
Assets			
Cash and cash equivalents	\$ 226,781	\$ 181,228	\$ 337,532
Accrued interest receivable	143,541	-	-
Investments, at fair value:			
US Government Obligations	1,283,342	-	-
Municipal obligations	1,299,004	-	-
Corporate Bonds	9,463,356	-	-
Mutual funds - equity	3,396,596	-	-
Mutual funds - fixed income	251,272	-	-
Common stock	8,541,406	-	-
Mortgage backed securities	486	-	-
Total investments	<u>24,235,462</u>	<u>-</u>	<u>-</u>
Total assets	<u>24,605,784</u>	<u>181,228</u>	<u>337,532</u>
Liabilities			
Due to other funds	181,094	-	-
Deposits held in custody for others	-	-	337,532
Total liabilities	<u>181,094</u>	<u>-</u>	<u>337,532</u>
Net Assets			
Held in trust for pension benefits	17,011,271	-	-
Held in trust for other postemployment benefits	7,413,419	-	-
Held in trust for other purposes	-	181,228	-
Total net assets	<u>\$ 24,424,690</u>	<u>\$ 181,228</u>	<u>\$ -</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF WESTERLY, RHODE ISLAND

Statement of Changes in Fiduciary Net Assets

Fiduciary Funds

For the Year Ended June 30, 2011

	<u>Pension Trust Fund</u>	<u>Private- purpose Trusts</u>
Additions		
Contributions:		
Employer - pension	\$ 1,275,000	\$ -
Employer - other postemployment	425,000	-
Plan members - pension	304,719	-
Private contributions	-	345
Total contributions	<u>2,004,719</u>	<u>345</u>
Investment earnings:		
Interest and dividends	838,788	286
Net increase in fair value of investments	2,475,485	-
Total investment earnings	3,314,273	286
Less investment expense	(48,191)	-
Net investment earnings	<u>3,266,082</u>	<u>286</u>
Total additions	<u>5,270,801</u>	<u>631</u>
Deductions		
Benefits - pension	1,608,393	-
Benefits - other postemployment	680,355	-
Miscellaneous	-	1,480
Total deductions	<u>2,288,748</u>	<u>1,480</u>
Change in net assets	2,982,053	(849)
Net assets - beginning of year	<u>21,442,637</u>	<u>182,077</u>
Net assets - end of year	<u>\$ 24,424,690</u>	<u>\$ 181,228</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF WESTERLY, RHODE ISLAND
Notes to Financial Statements
June 30, 2011

The financial statements of the Town of Westerly, Rhode Island, have been prepared in conformity with accounting 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 governmental accounting and financial reporting principles. The following notes to the financial statements are an integral part of the Town's financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The Town of Westerly was founded in 1669. The Town is governed largely under the 1968 Westerly Home Rule Charter. In some matters, including the issuance of short and long-term debt, the Town is governed by the general laws of the State of Rhode Island. The Town operates under a Town Council-Town Manager form of government and provides the following services as authorized by its charter: public safety (police, traffic safety, inspections); public works (sanitation, highways and streets, engineering and building maintenance); zoning and planning; parks and recreation; education; 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 Town 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 Town of Westerly does not have any component units.

B. BASIS OF PRESENTATION AND ACCOUNTING

The accounts of the Town 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 Town functions or activities.

Government-Wide Financial Statements

The Town’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 Town accompanied by a total column. Fiduciary activities of the Town are not included in these statements.

TOWN OF WESTERLY, RHODE ISLAND
Notes to Financial Statements
June 30, 2011

These statements are presented on an “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all the Town’s assets and liabilities, including capital assets, 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 earned while expenses are recognized in the period the liability is incurred. The types of transactions reported as program revenues for the Town are reported in three categories: 1) charges for services; 2) operating grants and contributions; and 3) capital grants and contributions.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to 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 Town 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 all major governmental funds and non-major funds aggregated. 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 on a 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 Sheet. 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 source, which has been treated as susceptible to accrual by the Town, is intergovernmental revenues. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

TOWN OF WESTERLY, RHODE ISLAND
Notes to Financial Statements
June 30, 2011

Major Governmental Funds:

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

Capital Project Fund – The Capital Project Fund is used to account for financial resources to be used for the acquisition and construction of major capital improvements (other than those financed by Proprietary or Trust Funds).

School Bond Fund – The School Bond Fund is used to account for debt proceeds to be used for the acquisition and construction of major School Department capital improvements.

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 presents increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period earned while expenses are recognized in the period 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.

The Town has three Enterprise Funds as follows:

Water Fund – The Water Fund is used to account for the operation of the Town’s water system.

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

Beach Fund – The Beach Fund is used to account for the operation of the Town’s beach.

The Town has two Internal Service Funds as follows:

Health Fund – The Health Fund is used to account for the Town’s self-insured health and dental care programs.

TOWN OF WESTERLY, RHODE ISLAND
Notes to Financial Statements
June 30, 2011

Self-Insurance Fund – The Self-Insurance Fund is used to account for insurance claims and deductibles not covered by the Town’s commercial insurance coverage.

Fiduciary Fund Financial Statements

Fiduciary Fund Financial Statements include a Statement of Net Assets and a Statement of Changes in Net Assets. The Town’s Fiduciary Funds are the Pension Trust Fund, Private Purpose Trust Funds and Agency Funds. Fiduciary Funds are used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations or other governments. The Fiduciary Funds are accounted for on a spending or “*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 Fund – The Pension Trust Fund accounts for the funding and payment of pension benefits provided to police officers.

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

Agency Funds – These funds account for assets held by the Town as agent for various student groups and other organizations, and for construction deposits held in escrow.

C. CASH EQUIVALENTS

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

D. INVESTMENTS

The Town has implemented Governmental Accounting Standards Board Statement Number 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 which were levied on July 1, of the current year and other delinquent balances are recorded as receivables.

F. UNBILLED SERVICES RECEIVABLE

Water and sewer revenue is recorded when earned. Customers are billed semi-annually and some commercial customers are billed quarterly. The estimated value of services provided but unbilled at year-end has been included in the accompanying financial statements.

TOWN OF WESTERLY, RHODE ISLAND
Notes to Financial Statements
June 30, 2011

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 capital assets are capitalized at historical or estimated historical cost. Donated capital assets are recorded at fair market value as of the date received. The Town follows the policy of not capitalizing assets with a cost of less than \$5,000 and a useful life of less than 1 year. The estimated historical costs of infrastructure assets (retroactive to January 1, 1979) have been included in the Governmental Activities capital assets.

Depreciation is calculated on the straight-line basis over the following useful lives:

<u>Description</u>	<u>Useful Life</u>
Tanks and structures	100 years
Mains, wells, pumps, hydrants, laterals, connections, filter beds	75 years
Buildings and improvements	25 – 40 years
Machinery and equipment	3 – 10 years
Vehicles	5 – 10 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 an “expenditure” and debt premiums are reflected as an “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 Governmental 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, deferred revenues relate to delinquent property tax receivables and other departmental receivables due as of the balance sheet date.

K. PROPERTY TAXES

The Town is permitted by state law to levy property taxes. Current tax collections for the Town were approximately 98.14% of the total 2010 levy.

TOWN OF WESTERLY, RHODE ISLAND
Notes to Financial Statements
June 30, 2011

The Town's fiscal 2010-2011 property taxes were levied on June 30, 2010 on assessed valuation as of December 31, 2009. Taxes are payable in full or quarterly, at the taxpayer's option. Installments dates are July 31, October 31, January 31 and April 30.

L. COMPENSATED ABSENCES

Under the terms of various contracts and agreements, Town employees are granted vacation and sick leave in varying amounts based on length of service. Vacation benefits are accrued as a liability based on the accumulated benefits earned at June 30. Sick leave benefits are based on the sick leave accumulated at June 30 by those employees who are currently eligible to receive termination payments and those employees for whom it is probable they will become eligible to receive termination benefits in the future. The liability is calculated at the rate of pay in effect at June 30, 2011.

The entire compensated absence liability is reported on the Government-Wide Financial Statements. For Governmental Fund Financial Statements, the amount of accumulated vacation and sick leave has been recorded as a current liability to the extent that the amounts are due to employees that have resigned or retired.

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.

TOWN OF WESTERLY, RHODE ISLAND
Notes to Financial Statements
June 30, 2011

NOTE 2 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities:				
Nondepreciable assets:				
Land	\$ 11,554,629	\$ 324,497	\$ -	\$ 11,879,126
Construction in progress	2,753,664	19,707,857	1,240,679	21,220,842
	<u>14,308,293</u>	<u>20,032,354</u>	<u>1,240,679</u>	<u>33,099,968</u>
Depreciable assets:				
Buildings and improvements	80,180,376	88,348	-	80,268,724
Motor vehicles	7,411,531	422,645	1,254,643	6,579,533
Machinery, equipment and furniture	5,617,965	180,903	552,958	5,245,910
Software	307,408	-	-	307,408
Infrastructure	74,747,236	440,963	-	75,188,199
	<u>168,264,516</u>	<u>1,132,859</u>	<u>1,807,601</u>	<u>167,589,774</u>
Total capital assets	<u>182,572,809</u>	<u>21,165,213</u>	<u>3,048,280</u>	<u>200,689,742</u>
Less accumulated depreciation for:				
Buildings and improvements	16,891,450	2,091,791	-	18,983,241
Motor vehicles	4,506,456	775,850	1,245,111	4,037,195
Machinery, equipment and furniture	3,876,486	384,821	507,751	3,753,556
Software	179,628	43,169	-	222,797
Infrastructure	23,876,498	816,557	-	24,693,055
Total accumulated depreciation	<u>49,330,518</u>	<u>4,112,188</u>	<u>1,752,862</u>	<u>51,689,844</u>
Governmental activities capital assets, net	<u>\$ 133,242,291</u>	<u>\$ 17,053,025</u>	<u>\$ 1,295,418</u>	<u>\$ 148,999,898</u>
Business-Type Activities:				
Nondepreciable assets:				
Land	\$ 5,930,455	\$ -	\$ -	\$ 5,930,455
Construction in progress	46,185	598,498	420,000	224,683
	<u>5,976,640</u>	<u>598,498</u>	<u>420,000</u>	<u>6,155,138</u>
Depreciable assets:				
Building and improvements	20,309,548	490,939	-	20,800,487
Mains, wells, pumps and hydrants	17,013,891	-	-	17,013,891
Tanks and structures	14,004,084	-	-	14,004,084
Machinery and equipment	3,219,102	15,715	-	3,234,817
Odor control plant	1,024,302	-	-	1,024,302
	<u>55,570,927</u>	<u>506,654</u>	<u>-</u>	<u>56,077,581</u>
Total capital assets	<u>61,547,567</u>	<u>1,105,152</u>	<u>420,000</u>	<u>62,232,719</u>
Less accumulated depreciation for:				
Building and improvements	10,427,888	335,142	-	10,763,030
Mains, wells, pumps and hydrants	5,880,686	234,208	-	6,114,894
Tanks and structures	4,414,721	184,002	-	4,598,723
Machinery and equipment	2,758,444	119,557	-	2,878,001
Odor control plant	1,024,302	-	-	1,024,302
Total accumulated depreciation	<u>24,506,041</u>	<u>872,909</u>	<u>-</u>	<u>25,378,950</u>
Business-Type activities capital assets, net	<u>\$ 37,041,526</u>	<u>\$ 232,243</u>	<u>\$ 420,000</u>	<u>\$ 36,853,769</u>

TOWN OF WESTERLY, RHODE ISLAND
Notes to Financial Statements
June 30, 2011

Depreciation expense was charged to governmental functions as follows:

Legislative, judicial and general administrative	\$ 77,858
Public works	1,354,989
Public safety	499,257
Health and welfare	24,733
Parks and recreation	17,137
Education	2,138,214
Total Depreciation Expense	<u><u>\$ 4,112,188</u></u>

NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. LEGAL DEBT MARGIN

The Town's legal debt margin as set forth by State Statute is limited to 3% of total taxable assessed value which approximates \$184,350,292. As of June 30, 2011, the Town's debt subject to the legal debt margin is \$57,013,711 and the Town is under the debt limit by \$127,336,581. The debt subject to the debt limitation is based on the type of debt that is issued.

NOTE 4 – DEFECIT FUND BALANCE OF INDIVIDUAL FUNDS

As of June 30, 2011 the following funds had deficit fund balances:

School Bond Fund	\$(7,023,593)
SOR Grant	\$(570)
Juvenile Justice	\$(177)

NOTE 5 – CASH DEPOSITS

DEPOSITS – are in four 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 Statements of Net Assets as “Cash and Cash Equivalents”.

	<i>Carrying</i>
	<i>Amount</i>
Total Deposits	<u>\$32,465,701</u>
Add: Petty Cash	2,940
Add: Investments classified as cash equivalents	<u>226,786</u>
Total Cash and Cash Equivalents Reported	<u><u>\$32,695,427</u></u>
in the Financial Statements	

TOWN OF WESTERLY, RHODE ISLAND
Notes to Financial Statements
June 30, 2011

CUSTODIAL CREDIT RISK – custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Town will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Town does not have a formal deposit policy for custodial credit risk, but is governed by State Laws as described below. As of June 30, 2011, \$21,403,350 of the Town’s bank balance of \$34,233,407 was exposed to custodial credit risk as follows:

	Bank Balance
Insured (Federal depository insurance funds)	\$ 12,830,057
Collateralized with securities held by pledging financial institution or its agent, in the Town’s name	21,403,350
Uninsured and uncollateralized	-
Total	\$34,233,407

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 (100%) of the deposits which are time deposits with maturities greater than sixty (60) 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 (100%) of the deposits, regardless of maturity. At June 30, 2011, the Town's uncollateralized deposits with institutions were \$0. These deposits are held by institutions that meet the minimum capital standards prescribed by the federal regulators.

NOTE 6 – INVESTMENTS

General Fund investments are governed by Title 35, Chapter 10, Section 11 of the State’s General Laws. This law generally allows for short-term investments, such as certificate of deposits, money market funds, and obligations guaranteed by the United States Government, etc., with the goal of seeking reasonable income while preserving capital. The Pension Trust Fund investments are not limited by a formal investment policy.

TOWN OF WESTERLY, RHODE ISLAND
Notes to Financial Statements
June 30, 2011

As of June 30, 2011 the Town had the following investments:

<u>Investments</u>	<u>Fair Value</u>	<u>Rating</u>
MBIA – RI Investment Pool	\$1,251,131	Not rated
Goldman Sachs Financial Square Federal Fund	226,781	Not rated
Federal National Mortgage Association	932,625	Aaa
Federal Home Loan Mortgage Corp.	148,377	Aaa
FFCB	202,340	Aaa
Mortgage Backed Securities	486	Not rated
Corporate Bonds	2,142,141	A1
Corporate Bonds	2,510,432	A2
Corporate Bonds	773,605	A3
Corporate Bonds	105,020	Aa1
Corporate Bonds	1,226,414	Aa2
Corporate Bonds	730,866	Aa3
Corporate Bonds	560,685	Aaa
Corporate Bonds	335,583	Ba1
Corporate Bonds	486,224	Baa1
Corporate Bonds	102,494	Baa2
Corporate Bonds	61,500	Baa3
Corporate Bonds	428,393	WR
Municipal Bonds	207,777	Aa1
Municipal Bonds	213,724	Aa2
Municipal Bonds	560,510	Aa3
Municipal Bonds	316,992	Not rated
Common Stock	8,541,406	Not rated
Mutual Funds – Equity	3,396,596	Not rated
Mutual Funds – Fixed Income	251,272	Average – B1
	<u>25,713,374</u>	
Less: Investments classified as cash and cash equivalents	<u>(226,786)</u>	
<i>Total investments reported in the financial statements</i>	<u>\$25,486,588</u>	

TOWN OF WESTERLY, RHODE ISLAND
Notes to Financial Statements
June 30, 2011

Interest Rate Risk – The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Town has made it a practice to limit the maturities on General Fund investments to sixty (60) days or less. Information about the exposure of the Town’s securities to this risk is presented below:

<u>Type of Investment</u>	<u>Fair value</u>	<u>Investment Maturities (In Years)</u>			
		<u>Less than 1 year</u>	<u>1-5 years</u>	<u>6-10 years</u>	<u>11-15 years</u>
Mutual Funds – Fixed Income	\$251,272	\$ -	\$ -	\$251,272	\$ -
U.S. Government Obligations	1,283,342	-	-	1,134,965	148,377
Municipal Bonds	1,299,003	-	103,008	213,724	982,271
Corporate Bonds	9,463,357	1,038,168	4,379,114	4,046,075	-
Mortgage Backed Securities	486	-	486	-	-
Total	<u>\$12,297,460</u>	<u>\$1,038,168</u>	<u>\$4,482,608</u>	<u>\$5,646,036</u>	<u>\$1,130,648</u>

Mutual Funds – Fixed Income is based on an average maturity of 7.83 years for the fund.

Credit Risk – The Town is governed by State Laws that limit investment choices to short-term investments for its public deposits (General Fund). The Town has no investment policy that would further limit its investment choices. The ratings for the Town’s investment are presented above.

Concentration of Credit Risk – The Town does not have any policies that limit the amount that can be invested in any one issuer.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a policy related to custodial credit risk. The Town’s investments held by the Town’s counterparty are held in the Town’s name.

TOWN OF WESTERLY, RHODE ISLAND
Notes to Financial Statements
June 30, 2011

NOTE 7 – LONG TERM LIABILITIES

A. LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2011, 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, loans and capital leases payable:					
General obligation bonds	\$62,015,000	\$ -	\$4,140,000	\$57,875,000	\$4,165,000
Loan payable	3,855,000	11,496,000	-	15,351,000	584,438
Capital leases payable	1,388,312	258,003	870,180	776,135	729,724
	<u>67,258,312</u>	<u>11,754,003</u>	<u>5,010,180</u>	<u>74,002,135</u>	<u>5,479,162</u>
Plus amortized premium on bonds and loans	445,332	60,204	30,421	475,115	32,162
Total bonds, loans and capital leases	<u>67,703,644</u>	<u>11,814,207</u>	<u>5,040,601</u>	<u>74,477,250</u>	<u>5,511,324</u>
Other liabilities:					
Compensated absences	1,524,325	221,642	24,301	1,721,666	131,812
Net pension obligation	2,924,196	218,839	-	3,143,035	-
Net other postemployment benefit obligation	250,502	57,974	-	308,476	-
Total Governmental Activities					
Long-Term Liabilities	<u>\$72,402,667</u>	<u>\$12,312,662</u>	<u>\$5,064,902</u>	<u>\$79,650,427</u>	<u>\$5,643,136</u>
Business Type Activities:					
Bonds and loans payable:					
General obligation bonds	\$ 2,080,000	\$ -	\$ 145,000	\$ 1,935,000	\$ 145,000
Loans payable	6,948,482	-	577,618	6,370,864	604,591
	<u>9,028,482</u>	<u>-</u>	<u>722,618</u>	<u>8,305,864</u>	<u>749,591</u>
Plus amortized premium on bonds	8,574	-	535	8,039	536
Total bonds and loans	<u>9,037,056</u>	<u>-</u>	<u>723,153</u>	<u>8,313,903</u>	<u>750,127</u>
Other liabilities:					
Compensated absences	204,618	13,438	29,529	188,527	42,234
Business-Type Activities					
Long-Term Liabilities	<u>\$ 9,241,674</u>	<u>\$ 13,438</u>	<u>\$ 752,682</u>	<u>\$ 8,502,430</u>	<u>\$ 792,361</u>

All debt of the Governmental Activities is general obligation debt. The payments on the bonds are made from the General Fund. The capital leases are also paid from an appropriation from the General Fund and the Capital Project Funds. The compensated absences from Governmental Activities are paid from the General Fund. All debt and compensated absences of the Business-Type Activities are paid from the Enterprise Funds.

TOWN OF WESTERLY, RHODE ISLAND
Notes to Financial Statements
June 30, 2011

B. GENERAL OBLIGATION BONDS DEBT SERVICE REQUIRMENTS

The debt service requirements at June 30, 2011, were as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Governmental Activities General Obligation Bonds</u>		<u>Business-Type Activities General Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2012	\$4,165,000	\$2,397,080	\$145,000	\$97,736
2013	4,195,000	2,201,916	145,000	90,199
2014	4,235,000	2,015,979	145,000	82,736
2015	4,280,000	1,833,926	145,000	75,336
2016	3,430,000	1,664,826	145,000	67,911
2017-2021	17,995,000	6,162,111	725,000	228,119
2022-2026	17,855,000	2,177,221	485,000	45,300
2027-2028	1,720,000	52,488	-	-
	<u>\$57,875,000</u>	<u>\$18,505,547</u>	<u>\$1,935,000</u>	<u>\$687,337</u>

C. CAPITAL LEASE COMMITMENTS

The Town acquired vehicles and machinery and equipment valued at \$2,294,469 that was financed with lease purchase agreements. Amortization of assets acquired under capital leases is included in depreciation expense for the year ended June 30, 2011.

Obligation of governmental activities under capital leases at June 30, 2011 was as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Lease Payment Requirements</u>
2012	\$758,915
2013	250,738
2014	33,693
2015	25,780
Total minimum lease payments	1,069,126
Less: Amount representing interest cost	(39,464)
Less: Lease proceeds remaining to be drawn down	(253,527)
Present value of minimum lease payments	<u>\$776,135</u>

TOWN OF WESTERLY, RHODE ISLAND
Notes to Financial Statements
June 30, 2011

D. LOANS PAYABLE

The Town of Westerly has entered into four 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>
December 15, 1995	\$1,849,000	2.958%	September 1, 1998 - 2 015
May 1, 2000	255,000	3.0365%	September 1, 2001 - 2020
December 19, 2000	7,995,000	2.864%	September 1, 2001 - 2020
December 16, 2004	1,724,300	0.775-1.545%	September 1, 2006 - 2025

The loan proceeds are to be used by the Town for the upgrade of the sewer treatment system. The Agency pays project invoices certified by the Town directly to the contractors or reimburses the Town for costs incurred on the projects. As of June 30, 2011, loans payable of \$6,370,864 are reflected in the Sewer Fund. A due from the Rhode Island Clean Water Protection Finance Agency of \$42,153 is shown for that portion of the loans which have not been advanced as of June 30, 2011. The Town is responsible to drawdown and to repay the full amount of the loan.

The Town has also entered into three loan agreements with the Rhode Island Health and Educational Building Corporation as follows:

<u>Loan Date</u>	<u>Original Loan Amount</u>	<u>Interest Rate</u>	<u>Matures</u>
June 15, 2010	\$3,855,000	5.75%	April 1, 2010 - 2027
December 2, 2010	5,496,000	6.286%	April 1, 2012 - 2027
February 3, 2011	6,000,000	2-5.5%%	April 1, 2013 - 2031

The Town will receive interest subsidies totaling \$3,449,807 for the June 15, 2010 loan and \$5,027,600 for the December 2, 2010 loan from the Federal government over the life of the loans.

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

<u>Fiscal Year Ending June 30,</u>	<u>Governmental Activities Loans Payable</u>		<u>Business-Type Activities Loans Payable</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 584,438	\$ 1,056,575	\$604,591	\$173,497
2013	904,437	826,629	618,605	156,309
2014	904,438	820,229	633,091	138,664
2015	904,437	810,628	648,066	120,563
2016	899,438	801,028	663,545	101,973
2017-2021	4,497,187	3,828,743	2,768,666	258,480
2022-2026	4,497,188	3,475,549	434,300	22,121
2027-2031	2,159,437	819,141	-	-
	<u>\$15,351,000</u>	<u>\$12,438,522</u>	<u>\$6,370,864</u>	<u>\$971,607</u>

TOWN OF WESTERLY, RHODE ISLAND
Notes to Financial Statements
 June 30, 2011

E. SCHEDULE OF BONDS, LOANS AND CAPITAL LEASES

	<u>Date of Issuance</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Authorized and Issued</u>	<u>Outstanding June 30, 2010</u>	<u>Additions</u>	<u>Maturities During Year</u>	<u>Outstanding June 30, 2011</u>
Governmental Activities								
General Obligation Bonds Payable								
Senior citizens center bond	10/1/1996	4.8-6.75%	10/1/2016	\$ 515,000	\$ 175,000	\$ -	\$ (25,000)	\$ 150,000
General obligation school bond	7/15/1998	5.0-7.5%	7/15/2018	560,000	230,000	-	(30,000)	200,000
School refunding bond	8/1/2001	3.3-5.0%	9/15/2014	13,635,000	4,640,000	-	(955,000)	3,685,000
Middle school bond	8/15/2004	3.0-5.0%	8/15/2024	27,000,000	23,410,000	-	(1,140,000)	22,270,000
High school renovations bond	8/15/2005	4.0-5.0%	8/15/2025	13,000,000	10,880,000	-	(680,000)	10,200,000
Police station and public works garage bond	7/1/2006	4.0-5.0%	7/1/2026	16,575,000	15,300,000	-	(900,000)	14,400,000
Road improvements and land acquisition	9/15/2007	3.7-4.0%	9/15/2027	8,000,000	7,380,000	-	(410,000)	6,970,000
Total general obligation bonds payable				<u>79,285,000</u>	<u>62,015,000</u>	<u>-</u>	<u>(4,140,000)</u>	<u>57,875,000</u>
Loans Payable								
High school renovations loan	6/15/2010	5.75%	4/1/2027	3,855,000	3,855,000	-	-	3,855,000
High school renovations loan	12/2/2010	6.29%	4/1/2027	5,496,000	-	5,496,000	-	5,496,000
High school renovations loan	2/3/2011	2.0-5.5%	4/1/2031	6,000,000	-	6,000,000	-	6,000,000
Total loans payable				<u>15,351,000</u>	<u>3,855,000</u>	<u>11,496,000</u>	<u>-</u>	<u>15,351,000</u>
Capital Leases Payable								
Master lease	8/3/2007	4.30%	8/3/2010	725,000	127,360	-	(127,360)	-
Master lease	8/3/2007	4.35%	8/3/2012	445,000	234,453	-	(90,767)	143,686
Master lease	9/18/2008	3.76%	9/1/2013	1,310,400	829,696	-	(364,800)	464,896
Master lease	6/5/2009	3.17%	6/1/2014	648,500	196,803	-	(217,253)	(20,450)
				<u>260,000</u>	<u>-</u>	<u>258,003</u>	<u>(70,000)</u>	<u>188,003</u>
Total capital leases payable				<u>3,388,900</u>	<u>1,388,312</u>	<u>258,003</u>	<u>(870,180)</u>	<u>776,135</u>
Total bonds, loans and capital leases - governmental activities					<u>\$ 67,258,312</u>	<u>\$ 11,754,003</u>	<u>\$ (5,010,180)</u>	<u>\$ 74,002,135</u>

TOWN OF WESTERLY, RHODE ISLAND
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June 30, 2011

	<u>Date of Issuance</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Authorized and Issued</u>	<u>Outstanding June 30, 2010</u>	<u>Additions</u>	<u>Maturities During Year</u>	<u>Outstanding June 30, 2011</u>
Business-Type Activities								
WESTERLY SEWER FUND								
Loans Payable								
RICWFA SRF	12/15/1995	2.958%	9/1/2015	\$ 1,849,000	\$ 616,334	\$ -	\$ (102,723)	\$ 513,611
RICWFA 00 SRF	5/1/2000	3.037%	9/1/2020	255,000	161,821	-	(12,279)	149,542
RICWFA 01 SRF	12/19/2000	2.864%	9/1/2020	7,995,000	4,790,027	-	(376,616)	4,413,411
RICWFA 04 SRF	12/16/2004	.78-1.55%	9/1/2025	1,724,300	1,380,300	-	(86,000)	1,294,300
Total loans payable				<u>11,823,300</u>	<u>6,948,482</u>	<u>-</u>	<u>(577,618)</u>	<u>6,370,864</u>
WESTERLY BEACH FUND								
General Obligation Bonds Payable								
General obligation bond	10/15/2003	5.0-6.0%	10/15/2023	2,300,000	1,610,000	-	(115,000)	1,495,000
Beach bond	8/15/2004	3.0-5.0%	8/15/2024	200,000	150,000	-	(10,000)	140,000
Beach bond	8/15/2005	4.0-5.0%	8/15/2025	400,000	320,000	-	(20,000)	300,000
Total general obligation bonds payable				<u>2,900,000</u>	<u>2,080,000</u>	<u>-</u>	<u>(145,000)</u>	<u>1,935,000</u>
Total bonds and loans payable - business-type activities					<u>\$ 9,028,482</u>	<u>\$ -</u>	<u>\$ (722,618)</u>	<u>\$ 8,305,864</u>

TOWN OF WESTERLY, RHODE ISLAND
Notes to Financial Statements
June 30, 2011

F. OPERATING LEASES

As of June 30, 2011, the Town has several leases for copiers. These leases are considered to be operating leases. Lease expenditures for the year ended June 30, 2011 amounted to \$157,436.

The future minimum rental commitments under the operating leases are as follows:

<i>Fiscal Year</i> <i>Ending June 30,</i>	<i>Lease</i> <i>Payment</i> <i>Requirements</i>
2012	\$111,077
2013	46,024
2014	2,473
	<u>\$159,574</u>

NOTE 8 – SHORT TERM DEBT

The Town issued general obligation bond anticipation notes in advance of issuing debt, depositing the proceeds in its School Bond Fund. The notes mature on July 28, 2011.

Short-term debt activity for the year ended June 30, 2011, was as follows:

	<i>Beginning</i> <i>Balance</i>	<i>Issued</i>	<i>Redeemed</i>	<i>Ending</i> <i>Balance</i>
Governmental Activities:				
General obligation bond anticipation notes	\$ -	\$12,650,000	\$ -	\$12,650,000

NOTE 9 – PROPERTY TAXES

The Town is responsible for assessing, collecting, and distributing property taxes in accordance with enabling State legislation. Property tax revenue for fund financial statement purposes is recognized in accordance with Section P70, “Property Taxes” of the Codification of Governmental Accounting and Reporting Standards, which states that such revenue is recorded when it becomes measurable and available. Available means due, or past due and receivable with the current period and collected no longer than 60 days after the close of the current period.

NOTE 10 – INTERFUND RECEIVABLES AND PAYABLES

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

TOWN OF WESTERLY, RHODE ISLAND
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	<i>Due From:</i>						<i>Total</i>
	<i>General Fund</i>	<i>School Bond Fund</i>	<i>Other Governmental Funds</i>	<i>Water Fund</i>	<i>Sewer Fund</i>	<i>Pension Trust Fund</i>	
<u>Due To:</u>							
General Fund	\$ -	\$ 20,066	\$ 10,975	\$ -	\$ -	\$ 46,239	\$ 77,280
Internal Service Fund	368,989	-	-	11,134	3,009	134,855	517,987
Total	<u>\$ 368,989</u>	<u>\$ 20,066</u>	<u>\$ 10,975</u>	<u>\$ 11,134</u>	<u>\$ 3,009</u>	<u>\$ 181,094</u>	<u>\$595,267</u>

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 11 – INTERFUND TRANSFERS

	<i>Transfer From:</i>	
	<i>General Fund</i>	<i>Total</i>
<u>Transfer To:</u>		
Sewer Fund	\$ 390,637	\$ 390,637
Beach Fund	250,187	250,187
Capital Project Fund	818,987	818,987
Internal Service Fund	15,000	15,000
Total	<u>\$1,474,811</u>	<u>\$1,474,811</u>

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.

NOTE 12 – 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.

TOWN OF WESTERLY, RHODE ISLAND
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Unrestricted Net Assets – This category represents net assets of the Town, not restricted for any project or other purpose.

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balance is reported in classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

Nonspendable Fund Balance – This classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The “not in spendable form” criteria includes items that are not expected to be converted to cash (e.g. inventories and tax title property).

Restricted Fund Balance – This classification includes amounts that have constraints placed on the use of resources that are either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town’s highest level of decision-making authority.

Assigned Fund Balance – This classification includes amounts constrained by the Town’s intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned Fund Balance – This classification is the residual fund balance for the General Fund. This classification represents fund balance that has not been assigned to another fund and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

Committed fund balances are established, modified or rescinded by an ordinance or resolution adopted by the Town Council. Assigned fund balances are authorized by the Finance Director. The Town considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The Town considers unrestricted fund balance classifications to be used in the following order when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used: 1) committed; 2) assigned; and 3) unassigned.

NOTE 13 – SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

A. LITIGATION

During the ordinary course of its operations, the Town is a party to various claims, legal actions and complaints. In the opinion of the Town's management and legal counsel, these matters are not anticipated to have a material financial impact on the Town.

B. FEDERALLY ASSISTED PROGRAMS - COMPLIANCE AUDITS

The Town and School Department participate in a number of federally assisted programs. The audits of these programs through the year ended June 30, 2011 were audited in connection with the accompanying financial statements under the Single Audit concept and the auditor's reports thereon are presented in the Single Audit Section of this report.

TOWN OF WESTERLY, RHODE ISLAND
Notes to Financial Statements
June 30, 2011

NOTE 14 – HEALTH FUND

The Town established a Health Fund to account for its health and dental care coverage programs which are accounted for in an Internal Service Fund.

The Town utilizes a "cost plus basis" plan under which the Town pays for the actual cost of covered health care services plus a fee to the provider for the administration of the program.

In order to avoid catastrophic losses, the Town purchases specific stop loss re-insurance. Under the stop loss re-insurance, the Town is covered for \$150,000 in medical claims per person per contract period.

The Town oversees the self-insured program and claims payment services are provided by Blue Cross and Blue Shield of Rhode Island and Delta Dental of Rhode Island, the plan administrators. All funds of the Town participate in the program and make payments to the Health Fund based on recommendations made by the plan administrators.

The claims liability of \$640,239 reported in the Health Fund at June 30, 2011 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.

Changes in the Health Fund's claims liability for the past three fiscal years were:

	<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>
2008-2009	\$525,524	\$8,124,140	\$7,814,691	\$834,973
2009-2010	834,973	8,331,063	8,426,747	739,289
2010-2011	739,289	7,778,126	7,877,176	640,239

NOTE 15 – RISK MANAGEMENT

The Town of Westerly is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors or omissions; injuries to employees; and natural disasters for which the Town carries commercial insurance. Settled claims resulting from these risks have not exceeded the Town's coverage in any of the past three fiscal years and there have been no significant reductions in insurance coverage from the prior year.

TOWN OF WESTERLY, RHODE ISLAND
Notes to Financial Statements
June 30, 2011

NOTE 16 – POST RETIRMENT BENEFITS

A. Police Other Postemployment Benefit Plan

Plan Description

The Town of Westerly administers a single-employer, defined benefit post-employment health insurance plan for its police officers through its Police Pension Trust Fund. This plan does not include the pension benefits discussed in Note 20. The plan provides medical and dental insurance for eligible retirees and their dependents through the Town's group health and dental insurance plan, which cover both active and retired members. Benefit provisions are established and amended by the union contract through negotiations between the Town and the Police Officers Union. The plan does not issue a publicly available financial report. The Town implemented GASB Statement No. 45 in fiscal year 2009 on a prospective basis.

Funding Policy

Contribution requirements are negotiated between the Town and the Police Officers Union. The Town is required to contribute the cost of medical and dental benefits for police officers who retire with at least 20 years of service less the amount of any applicable employee share of premiums as follows:

- Employees hired prior to July 1, 1993, shall, upon retirement, contribute the same percentage of medical coverage as they contribute at the time of retirement.
- Employees hired on or after July 1, 1993 and retiring after at least twenty (20) years of active service will pay 15% of the cost of health care coverage at the full mature working rate or monthly premium cost and the Town will pay the balance up to a maximum of \$6,000 per year (\$500 per month) until the employee reaches age 65, after which time the employee will pay 15% of the premium cost or fully mature working rate of Plan 65 and the Town will pay the balance up to a maximum of \$6,000 per year (\$500 per month). Any amounts in excess of \$6,000 shall be borne by the employee.
- Coverage to retirees and spouses includes dental insurance for life and a reimbursement of Medicare Part B premium to retirees only after age 65.

For the year ended June 30, 2011, the Town contribution to the plan was based on the budgeted amount which was less than the annual required contribution. For the fiscal year ended June 30, 2011, the Town contributed \$425,000 to the plan.

Annual OPEB Cost and Net OPEB Obligation

The Town's annual other post-employment benefit (OPEB) cost for the plan is calculated based on the annual required contribution (ARC) for the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial accrued liabilities (or funding excess) over a period not to exceed thirty years.

TOWN OF WESTERLY, RHODE ISLAND
Notes to Financial Statements
June 30, 2011

The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan, and the changes in the Town's net OPEB obligation:

Annual required contribution (ARC)	\$464,700
Interest on net OPEB obligation	8,080
Adjustment to annual required contribution	<u>(8,306)</u>
Annual OPEB cost	464,474
Contributions made	<u>(425,000)</u>
Increase in net OPEB obligation	39,474
Net OPEB obligation, beginning of year	<u>101,000</u>
Net OPEB obligation, end of year	<u>\$140,474</u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the past three fiscal years are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/09	\$433,200	84.5%	\$66,950
6/30/10	\$459,050	92.6%	\$101,000
6/30/11	\$464,474	91.5%	\$140,474

Funded Status and Funding Progress

The funded status of the Town's plan as of July 1, 2010, the most recent actuarial valuation, is as follows:

Actuarial Accrued Liability (AAL)	\$13,361,267
Actuarial Value of Plan Assets	<u>7,473,171</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$5,888,096</u>
Funded ratio (Actuarial Value of Plan Assets/AAL)	55.9%
Annual Covered Payroll (Active Plan Members)	\$2,838,895
UAAL as a Percentage of Covered Payroll	207.4%

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

TOWN OF WESTERLY, RHODE ISLAND
Notes to Financial Statements
June 30, 2011

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The Town's annual required OPEB contribution was determined as part of the July 1, 2009 actuarial valuation using the Entry Age Normal actuarial cost method. The actuarial assumptions included: a) 8% investment rate of return, net of expenses, compounded annually; b) medical cost trend rate – 10% per year graded off 1% per year to an ultimate rate of 5% per year for 2012 and after; and c) dental cost trend rate – 4%. The unfunded actuarial accrued liability as of July 1, 2009 is being amortized using the level dollar 30-year closed amortization basis. The actuarial value of assets is equal to fair market value with a 5-year phase-in of the difference between actual and expected investment return at 20% per year.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Examples include assumptions about employment, mortality and healthcare cost trends. Actuarial valuations are subject to continual revision as actual results are compared to past expectations and new estimates are formulated about the future.

B. School Other Postemployment Benefit Plan

Plan Description

The Town of Westerly administers a single-employer, defined benefit post-employment health insurance plan for its teachers. This plan does not include the pension benefits discussed in Note 20. The plan provides medical and dental insurance for eligible retirees and their dependents through the Town's group health and dental insurance plan, which cover both active and retired members. Benefit provisions are established and amended by the union contract through negotiations between the Town and the Westerly Teachers' Association. The plan does not issue a publicly available financial report. The Town implemented GASB Statement No. 45 in fiscal year 2009 on a prospective basis.

Funding Policy

Contribution requirements are negotiated between the Town and the Westerly Teachers' Association (WTA). The Town is required to contribute the cost of medical and dental benefits for teachers who retire less the amount of any applicable employee share of premiums as follows:

- Participants that retired in the 2008/2009 school year receive health insurance coverage for two (2) years under the School Department's self-insured plan. The retiree contributes 20% of the premium per year. In addition, retired members can exchange 35 sick days per year and the contribution of 20% of the annual premium for three (3) additional years of coverage.
- Participants that retired in the 2007/2008 school year receive health insurance coverage for three (3) years under the School Department's self-insured plan. The retiree contributes 10%

TOWN OF WESTERLY, RHODE ISLAND
Notes to Financial Statements
June 30, 2011

of the premium per year. In addition, retired members can exchange 35 sick days per year and the contribution of 10% of the annual premium for two (2) additional years of coverage.

- Participants that retired in the 2006/2007 school year receive health insurance coverage for four (4) years under the School Department’s self-insured plan. The retiree contributes 10% of the premium per year. In addition, retired members can exchange 35 sick days and the contribution of 10% of the premium for one (1) additional year of coverage.
- On May 18, 2011, there was an agreement between the Westerly School Department and the WTA to offer an Early Retirement Incentive (ERI). The ERI is applicable only to those members that agreed in writing to retire effective either: (a) at the end of the 2010/2011 school year, (b) at the end of the 2011/2012 first semester, or (c) at the end of the 2011/2012 school year. Members were required to notify the Superintendent’s office by June 1, 2011 in order to be eligible to participate in the ERI.

Members that elected to participate in the ERI will receive either (a) individual coverage of \$7,000 per year, (b) two persons or more coverage of \$10,000 per year, or (c) for members that weren’t covered by health insurance prior to retirement, a \$10,000 one-time payment, commencing after retirement. The duration of coverage under options (a) and (b) are limited to four (4) years for members who are not Medicare eligible. However, any retired WTA member who is age 65 on or before July 1st in any of the four (4) year period shall no longer be eligible for the payment. WTA members at or above Medicare eligible age at the time of retirement will receive a one-time payment of \$10,000.

For the year ended June 30, 2011, the Town contribution to the plan was on a pay-as-you-go basis. For the fiscal year ended June 30, 2011, the Town contributed \$431,316 to the plan.

Annual OPEB Cost and Net OPEB Obligation

The Town’s annual other post-employment benefit (OPEB) cost for the plan is calculated based on the annual required contribution (ARC) for the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial accrued liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the Town’s annual OPEB cost for the year, the amount actually contributed to the plan, and the changes in the Town’s net OPEB obligation:

Annual required contribution (ARC)	\$524,272
Interest on net OPEB obligation	5,980
Adjustment to annual required contribution	(80,436)
Annual OPEB cost	<u>449,816</u>
Contributions made	<u>(431,316)</u>
Increase in net OPEB obligation	18,500
Net OPEB obligation, beginning of year	149,502
Net OPEB obligation, end of year	<u><u>\$168,002</u></u>

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Notes to Financial Statements
June 30, 2011

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the past three fiscal years are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/09	\$532,439	78.7%	\$113,385
6/30/10	\$486,535	92.6%	\$149,502
6/30/11	\$449,816	95.9%	\$168,002

Funded Status and Funding Progress

The funded status of the Town's plan as of July 1, 2010, the most recent actuarial valuation, is as follows:

Actuarial Accrued Liability (AAL)	\$974,441
Actuarial Value of Plan Assets	-
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$974,441</u>
Funded ratio (Actuarial Value of Plan Assets/AAL)	0%
Annual Covered Payroll (Active Plan Members)	N/A
UAAL as a Percentage of Covered Payroll	N/A

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

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

TOWN OF WESTERLY, RHODE ISLAND
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The Town's annual required OPEB contribution was determined as part of the July 1, 2010 actuarial valuation using the projected unit credit actuarial cost method (with service proration). The actuarial assumptions included: a) 4 % discount rate; and b) medical cost trend rate – 8.5% in 2010 graded down by .50% per year until an ultimate rate of 5% in 2017. The unfunded actuarial accrued liability as of July 1, 2010 is being amortized using the level dollar amortization method over 1.9697 years on a closed basis. There is no asset valuation method or investment rate of return assumption since the plan is currently unfunded.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Examples include assumptions about employment, mortality and healthcare cost trends. Actuarial valuations are subject to continual revision as actual results are compared to past expectations and new estimates are formulated about the future.

NOTE 17 – DISAGGREGATION OF RECEIVABLE AND PAYABLE BALANCES

A. ACCOUNTS RECEIVABLE

The Town disaggregates significant components of receivables in the financial statements. Receivable balances determined immaterial are included as other receivables. The Town expects to receive all receivables within the subsequent year. The real estate and personal property tax receivable included an allowance for doubtful accounts of \$1,520,299.

B. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The accounts payable and accrued liabilities at June 30, 2011, were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Other</u>	<u>Total</u>
Governmental activities:				
General Fund	\$ 1,967,716	\$ 767,833	\$ 34,404	\$ 2,769,953
School Bond Fund	1,952,053	-	-	1,952,053
Capital Project Fund	24,823	-	-	24,823
Other Governmental Funds	300,490	223	-	300,713
Internal Service Fund	10,000	-	-	10,000
Total	<u>\$ 4,255,082</u>	<u>\$ 768,056</u>	<u>\$ 34,404</u>	<u>\$ 5,057,542</u>
Business-type activities:				
Water Fund	\$ 97,657	\$ 52,048	\$ 36	\$ 149,741
Sewer Fund	178,846	15,647	-	194,493
Beach Fund	8,887	11,883	-	20,770
Total	<u>\$ 285,390</u>	<u>\$ 79,578</u>	<u>\$ 36</u>	<u>\$ 365,004</u>

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NOTE 18 – PRIOR PERIOD ADJUSTMENTS AND RESTATEMENTS

A prior period adjustment in the amount of \$1,520,299 was recorded in the Government-Wide Financial Statements - Governmental Activities to correct the property tax receivable allowance for doubtful accounts.

The following restatements were recorded to beginning fund balances in the Governmental Fund Financial Statements:

	<i>General Fund</i>	<i>School Unrestricted Fund</i>	<i>Other Governmental Funds</i>
Fund balance - June 30, 2010, as previously reported	\$ 9,157,164	\$ 3,556,115	\$ 3,146,456
Reclassification of funds due to implementation of GASB Statement No. 54	3,783,010	(3,556,115)	(226,895)
Fund balances - June 30, 2010, as restated	\$ 12,940,174	\$ -	\$ 2,919,561

NOTE 19 – SUBSEQUENT EVENTS

- A. On July 14, 2011, the Town entered into a loan agreement in the amount of \$14,645,000 with Rhode Island Health and Education Building Cooperation pursuant to Rhode Island General Laws Section 45-12-2, a resolution duly passed by the Town Council on August 4, 2009 and referendum approved by the Town Electorate at a general election on November 4, 2008 for the purpose of financing the renovation, rehabilitation, repair, improvement, furnishing and equipping of the Westerly High School.
- B. The Town entered into a capital lease in the amount of \$180,000 to be funded on or after December 1, 2011 to finance a fire alarm system.
- C. On December 1, 2011 the Town issued \$6,500,000 in General Obligation Bond Anticipation Notes, at an interest rate of 1.55% and maturity date of August 1, 2012.

NOTE 20 – PENSION PLANS

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

All Town of Westerly certified school personnel participate in the Employees' Retirement System of the State of Rhode Island ("ERS"), a cost-sharing multiple-employer defined benefit plan administered by the State of Rhode Island. The payroll for employees covered by the ERS for the year ended June 30, 2011 was \$23,782,362.

The State of Rhode Island Employees' Retirement System issues a publicly available annual financial report that includes financial statements and required supplementary information. That report may be obtained from the administrative offices of the State of Rhode Island Retirement Board, 40 Fountain Street, Providence, Rhode Island.

TOWN OF WESTERLY, RHODE ISLAND
Notes to Financial Statements
June 30, 2011

Plan Description

The following eligibility and benefit provisions are established by Rhode Island General Laws, Title 16, Chapter 16-16. All Westerly School Department 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. Superintendents, principals, business agents and other administrators participate as teachers. Employees are vested in their retirement benefits upon completion of 10 years of service.

Retirement Eligibility:

(i) Grandfathered Schedule A members – members with at least 10 years of contributory service at June 30, 2005 and eligible for retirement at September 30, 2009 – are eligible to retire on or after age 60 if they have credit for 10 years of service, or at any age if they have credit for 28 years of service.

(ii) Schedule B members – members with less than 10 years of contributory service as of June 30, 2005 and members hired on or after that date – are eligible for retirement on or after age 65 if they have credit for 10 years of service, or on or after age 62 if they have credit for 29 years of service. In addition, a member who attains age 62 with at least 20 years of service credit may retire with an actuarially reduced retirement benefit. The reduction is based on the difference between 65 and the member’s age of retirement.

(iii) Schedule A members who are not grandfathered i.e., members who had at least 10 years of creditable service at June 30, 2005 but who were not eligible to retire on September 30, 2009, will be eligible for retirement at an individually determined age. This age is the result of interpolating between the retirement age under the rules applicable to grandfathered employees in (i) above and the retirement age applicable to members hired after September 30, 2009 in (ii) above. The interpolation is based on service as of September 30, 2009 divided by projected service at the retirement age under (i) above.

Monthly Benefit:

The retirement benefit is a percentage of the member’s monthly final average compensation (FAC). For members eligible to retire as of September 30, 2009, their FAC will be based on the highest three consecutive annual salaries. For members not eligible to retire as of September 30, 2009, their FAC will be based on the highest five consecutive years of salary. Monthly benefits are based on one-twelfth of this amount. The percentage is a function of the member’s service as described below.

(i) For grandfathered Schedule A members (members with at least 10 years of contributory service at June 30, 2005 and eligible for retirement as September 30, 2009), benefits are based on the following schedule (Schedule A):

<u>For Service In:</u>	<u>Years</u>	<u>Benefit Percentage Earned</u>
The first 10 years of service	1-10	1.7% per year
The next 10 years of service	11-20	1.9% per year
The next 14 years of service	21-34	3.0% per year
The next 1 year of service	35	2.0% per year

The maximum benefit is 80% of FAC.

TOWN OF WESTERLY, RHODE ISLAND
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June 30, 2011

(ii) For Schedule B members (members with less than 10 years of contributory service as of June 30, 2005) and for all future hires, benefits are based on the following schedule (Schedule B):

<u>For Service In:</u>	<u>Years</u>	<u>Benefit Percentage Earned</u>
The first 10 years of service	1-10	1.6% per year
The next 10 years of service	11-20	1.8% per year
The next 5 years of service	21-25	2.0% per year
The next 5 years of service	26-30	2.25% per year
The next 7 years of service	31-37	2.50% per year
The next 1 year of service	38	2.25% per year

The maximum benefit is 75% of FAC.

(iii) For Schedule A members who are not grandfathered, i.e., members who had at least 10 years of creditable service at June 30, 2005 but who were not eligible to retire on September 30, 2009, benefits are based on Schedule A (under (i) above) for service through September 30, 2009 and on Schedule B (under (ii) above) for service after September 30, 2009. The maximum benefit is 80% of FAC.

Post-Retirement Benefit Increase:

(i) For members with at least 10 years of contributory service as of June 30, 2005 who are retired or eligible to retire as of September 30, 2009, and for all members receiving a disability retirement benefit on that date: a 3.00% compound increase in their retirement benefit each year, beginning in January of the year in which the member reaches the third anniversary of retirement. This increase is not a function of actual increases in the cost of living.

(ii) For other members who retired or were eligible to retire as of June 30, 2010: a compound increase in their retirement benefit each year equal to the increase in the CPI, effective on each anniversary date beginning on the third anniversary of retirement. This increase is limited to 3.00%.

(iii) For other members who were not retired or were not eligible to retire as of June 30, 2010: a compound increase in their first \$35,000 of annual retirement benefit each year equal to the increase in the CPI, effective on each anniversary date beginning on the later of the member's third anniversary of retirement and the month following their 65th birthday. This increase is limited to 3.00%. Additionally, the \$35,000 annual COLA limit is applicable for benefits paid in 2010 and would be indexed annually to increase in the same manner as COLAs for Schedule B members (CPI for the year, not greater than 3.0%).

Funding Policy

Covered employees are required by State Statute to contribute 9.5% of their salary to the plan. The State and the School Department are required to contribute an amount determined annually by the actuary and as provided by State Statute. The split between State and the School Department is specified by State Statute. The contribution requirement for fiscal 2010-2011 is 19.01%. The Teachers' Plan cost is paid 60% by the School Department and 40% by the State. However, the State will pay the total cost of the contribution deferrals which were .26%. This results in a contribution requirement for the School of 11.25% and a contribution requirement for the State of 7.76%.

TOWN OF WESTERLY, RHODE ISLAND
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The State contribution for the cut-off year ended June 30, 2011 was \$1,807,048 which represented 7.6% of covered payroll. The payments made by the State to the Employees' Retirement System are considered on-behalf payments and are reported as a revenue and as an expenditure in the financial statements. The School's contribution requirement for the cut-off year ended June 30, 2011 was \$4,973,303 which consisted of \$2,713,979 from the School Department, and \$2,259,324 from employees. These contributions represented 11.41% and 9.5% of covered payroll respectively. The annual required contribution was determined as part of the June 30, 2008 actuarial valuation.

The School Department does not have any investments or related party investments with the ERS. The School Department contribution represented 2.22% of total contributions required of all participating entities.

Three-Year Trend Information

<i>Fiscal Year</i>	<i>Annual Required Contribution</i>	<i>Percentage Contributed</i>
2009	\$2,920,341	100%
2010	\$2,639,227	100%
2011	\$2,713,979	100%

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

The Town of Westerly participates in the Municipal Employees' Retirement System ("MERS"), an agent multiple employer defined benefit plan administered by the State of Rhode Island. One current Town employee and eight retirees participate in the MERS. The payroll for the employee covered by the MERS for the year ended June 30, 2011 was \$65,976.

The State of Rhode Island's Municipal Employees' Retirement System issues a publicly available annual financial report that includes financial statements and required supplementary information. That report may be obtained from the administrative offices of the State of Rhode Island Retirement Board, 40 Fountain Street, Providence, Rhode Island.

Plan Description

The following eligibility and benefit provisions are established by Rhode Island General Laws, Title 45, Chapter 19, 19.1, 21, 21.1, 21.2 and 21.3 and may be amended by State Statute. The MERS generally provides retirement benefits equal to 2% of a member's final average compensation multiplied by the number years of total service up to 37.5 years, with a maximum benefit of 75% of final average compensation. Final average compensation is the average of the three highest consecutive years of annual earned compensation exclusive of overtime, bonuses or severance pay. Such benefits are available to general members at or after age 58 with 10 years of service or after 30 years regardless of age. Under the 25-year service normal pension plan, police and firefighters may retire with unreduced accrued benefits at or after age 55 with 10 years of service or after 25 years regardless of age. The benefit accrual rate is 2% of final average compensation per year of service. If the municipality elects the 20-year retirement provisions, police and firefighters may retire at any age

TOWN OF WESTERLY, RHODE ISLAND
Notes to Financial Statements
June 30, 2011

after 20 years of service. This optional plan provides a benefit equal to 2.5% of final average compensation per year of service up to 30 years. The maximum benefit is 75% of final average compensation under both the normal plan and the optional plan. Early retirement is only available to police and firefighters under the normal plan. The plan also provides non-service connected disability benefits after 5 years of service, service connected disability benefits with no minimum service requirement, survivors' benefits, and certain lump sum death benefits. Employees are vested in their retirement benefits upon the completion of 10 years of service. Members employed by municipalities who elect one of the optional COLA provisions receive an increase equal to 3% of the original retirement benefit each year, beginning January 1 following the member's retirement.

Funding Policy

General employees are required by State Statute to contribute 6% of their annual earnings. The contribution rate is increased to 7% with the optional cost-of-living provision. Police and firefighters are required by State Statute to contribute 7%. The contribution rate is increased to 8% with the optional cost-of-living provision. The contribution rate is increased by an additional 1% for the 20-year service plan. The Town is required to contribute based on an actuarially determined amount and as provided by State Statute for each participating municipality. The Town's rate for fiscal year 2010-2011 was 53.4% for general employees.

Annual Pension Cost

For 2010-2011, the Town's annual pension cost of \$35,208 for the MERS was equal to the Town's required and actual contributions.

Three-Year Trend Information
General Municipal Employees

<u>Fiscal Year</u>	<u>Annual Pension Cost</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2009	\$40,802	100%	-
2010	\$33,939	100%	-
2011	\$35,208	100%	-

The required contribution was determined as part of the June 30, 2008 actuarial valuation. The actuarial method used is the entry age actuarial cost method. Under this method, the employer contribution rate is the sum of (i) the employer normal cost rate, and (ii) a rate that will amortize the unfunded actuarial accrued liability. Significant actuarial assumptions used in the June 30, 2008 valuation include the following:

- 1) Investment return – 8.25% per year, compounded annually, composed of an assumed 3.0% inflation rate and a 5.25% net real rate of return
- 2) Projected salary increases – for general employees, the sum of a 4.5% wage inflation assumption (composed of a 3% price inflation assumption and a 1.5% additional general increase) and a service related component

TOWN OF WESTERLY, RHODE ISLAND
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June 30, 2011

- 3) Cost of living adjustment – 3%, not compounded

The actuarial value of assets is based on market value of assets with a five year phase-in of actual investment return in excess of (less than) expected investment income. The MERS' unfunded actuarial accrued liability is being amortized over 30 years as a level percentage of payroll on a closed basis. The remaining amortization period at June 30, 2008 was 21 years.

Funded Status and Funding Progress

As of June 30, 2010, the most recent actuarial valuation date, the general employees plan was 33.5% funded. The actuarial accrued liability for benefits was \$1,014,788, and the actuarial value of assets was \$339,662, resulting in an unfunded actuarial accrued liability (UAAL) of \$675,126. The covered payroll (annual payroll of active employees covered by the plan) was \$64,658, and the ratio of the UAAL to the covered payroll was 1044.2%. The June 30, 2010 actuarial valuation used the same methods and assumptions described above under Annual Pension Cost, except the investment rate of return was reduced to 7.5% and projected salary increases for general employees were reduced to 4%.

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

C. LABORERS' INTERNATIONAL UNION OF NORTH AMERICA NATIONAL PENSION FUND

All Town non-salaried general employees participate in the Laborers' International Union of North America National Pension Fund, a cost sharing multiple-employer defined benefit plan.

Plan Description

All Town non-salaried general employees are eligible to participate in the Plan. An employee is eligible to receive pension benefits if they have attained age 62, have five or more years of pension credit and have earned at least one of the years of pension credit during the period that his or her employer is contributing to the Plan. The amount of regular pension benefits payable to an employee is determined by the highest contribution rate at which he or she earned pension credit and years of pension credits earned (up to a maximum of 30 years of pension credits). The regular monthly benefit is payable for each year of pension credit at each contribution rate accepted by the Plan up to \$1.86 per hour. The Plan also provides death and disability benefits. Information regarding the Plan can be obtained from the Fund Office maintained by the Board of Trustees at the following address: Laborers' International (Industrial) Pension Fund, 905 16th Street, N.W., Washington, DC 20006-1765 or on the internet at www.lnipf.org.

Funding Policy – The contribution requirements of the Town and employees are established by contract and may be amended by union negotiation. Employees are not required to contribute to the plan. The Town was required to contribute the following amounts for fiscal year 2011: bus drivers and aides - \$1.26 per hour up to a maximum of 40 hours per week; School maintenance, secretarial and clerical employees - \$1.59 per hour; and Town public works and secretarial employees - \$1.59 per hour for employee's normal workweek. The total Town contribution for fiscal year 2011 was \$570,512.

TOWN OF WESTERLY, RHODE ISLAND
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Three-Year Trend Information

<i>Fiscal Year</i>	<i>Annual Required Contribution</i>	<i>Percentage Contributed</i>
2009	\$619,762	100%
2010	\$610,157	100%
2011	\$570,512	100%

D. POLICE PENSION PLAN

Plan Description

The Town of Westerly is the administrator of a single-employer defined benefit pension plan established and administered by the Town to provide pension benefits for its police officers. The Plan is considered to be a part of the Town of Westerly's financial reporting entity and is included in the Town's financial statements as a pension trust fund. The Town does not issue a separate report for the Police Plan that includes financial statements and required supplementary information (RSI). At July 1, 2010, employee membership related to the plan was as follows:

Retirees and beneficiaries currently receiving benefits	45
Terminated employees entitled to benefits but not yet receiving them	1
Active members	45
Total	<u>91</u>

The Police Pension Plan provides retirement, death and disabilities benefits. All regular police officers are eligible to participate. Members are 100% vested after 10 years of service. Normal retirement is after the completion of 20 years of service. The retirement benefit is calculated at 50% of annual pay for 20 years of service plus 2% times annual pay for each year of service over 20 years (maximum service equals 25 years). Annual pay at retirement is a sum equal to the base salary received for the 12 months immediately preceding retirement. The normal form of benefit is 67.5% Joint and Survivor. If a member leaves covered employment or dies before vesting, accumulated member contributions are refunded with interest. If a member dies in the line of duty, the member's heirs shall receive the same benefits as though they had been members of the bargaining unit for 20 years. Retired members are entitled to a 3% cost of living adjustment, not compounded, each year (2 1/2% if retired before July 1, 1998). Disability retirement for occupational causes equals 50% of annual pay at time of disability. Non-occupational causes receive a lower percentage varying by years of service at time of disability. Members who retire with 25 or more years of service shall receive severance pay based on 1.5 days for each year of service at retirement.

Benefit provisions are established by contract and may be amended by union negotiation.

Summary of Significant Accounting Policies

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

TOWN OF WESTERLY, RHODE ISLAND
Notes to Financial Statements
June 30, 2011

Method Used to Value Investments – Investments are reported at fair value.

Funding Policy

The contribution requirements of the members and the Town are established by contract and may be amended by union negotiation. Active plan members contribute 11% of their covered earnings. The Town has an actuarial valuation to determine the annual required contribution, but does not fund the plan based on the valuation. The Town funds the plan based on the annual budget.

Annual Pension Cost and Net Pension Obligation – The Town’s annual pension cost and net pension obligation to the Police Plan for the current year were as follows:

Annual required contribution	\$1,500,380
Interest on net pension obligation	233,936
Adjustment to ARC	<u>(240,477)</u>
Annual pension cost	1,493,839
Contributions made	<u>(1,275,000)</u>
Increase in net pension obligation	218,839
Net pension obligation – beginning of year	<u>2,924,196</u>
Net pension obligation – end of year	<u><u>\$3,143,035</u></u>

Three-Year Trend Information

<i>Fiscal Year</i>	<i>Annual Pension Cost (APC)</i>	<i>Percentage of APC Contributed</i>	<i>Net Pension Obligation</i>
2009	\$1,243,881	88.3%	\$2,746,841
2010	\$1,452,355	87.8%	\$2,924,196
2011	\$1,493,839	85.4%	\$3,143,035

The required contribution was determined as part of the July 1, 2009 actuarial valuation using the Entry Age Normal actuarial cost method. The actuarial assumptions included (a) 8% investment rate of return, net of expenses, compounded annually; (b) projected salary increases of 3-16% based on years of service; and (c) cost of living adjustment of 3%, not compounded, for members retiring after July 1, 1998 and 2.5%, not compounded, for members retiring before July 1, 1998. The actuarial value of assets is the market value of assets with a 5-year phase-in at 20% per year of actual investment return in excess of (less than) expected investment return (prior valuations used market value). The unfunded actuarial accrued liability is being amortized using the level dollar method on a closed basis. The amortization period remaining as of July 1, 2009 was 30 years.

Funded Status and Funding Progress – As of July 1, 2010, the most recent actuarial valuation, the Police Plan was 55.2% funded. The actuarial accrued liability for benefits was \$29,257,507, and the actuarial value of assets was \$16,145,954, resulting in an unfunded actuarial accrued liability (UAAL) of \$13,111,553. The covered payroll (annual payroll of active employees covered by the plan) was \$2,838,895, and the ratio of the UAAL to covered payroll was 461.9%. The July 1, 2010 actuarial valuation used the same assumptions and methods discussed above under Annual Pension Cost and Net Pension Obligation.

TOWN OF WESTERLY, RHODE ISLAND
Notes to Financial Statements
June 30, 2011

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 is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

E. INTERNATIONAL CITY MANAGEMENT ASSOCIATION (ICMA) PENSION PLAN

General salaried employees hired after February, 1981 were eligible to participate in this defined contribution plan. This plan was then deemed ineligible by IRS codification. As of September 1, 1995 a new plan was initiated with International City Management Association. At that time all employees of the old plan were required to contribute to the new plan. The old plan (E) will remain open because the funds cannot be transferred to the new plan (see F below). Benefits depend solely on amounts contributed to the plan plus investment earnings. Employees were required to contribute 6% or more of their income to a maximum of 25% not to exceed \$7,500. The Town contributed 10% of the qualified salary.

F. INTERNATIONAL CITY MANAGEMENT ASSOCIATION (ICMA) PENSION PLAN

General salaried employees hired after February, 1981 were eligible to participate in this defined contribution plan created as of September 1, 1995. Previously, these employees contributed to a defined contribution plan with the International City Management Association established as a 457(b) deferred compensation plan (see E above). The benefits in this plan, a 401(a) qualified pension plan, depend solely on amounts contributed to the plan plus investment earnings. Employees contribute 6% or more of their qualified salary to a maximum of 25% not to exceed \$30,000. The Town contributes 10% of the qualified salary. Plan provisions and contribution requirements are established and may be amended by the Town Council.

G. SCHOOL DEPARTMENT PENSION PROGRAM

All School Department unaffiliated, classified, appointed employees participate in an agreed-upon pension program, which is funded by the School Department. The School Department's contribution is 10% of the qualified employee's salary per year. The employees do not contribute to the plan. The contributions are made to an eligible plan of the employee's choice. All School employees are eligible by federal law to participate in a payroll deduction tax deferred plan, which must be arranged by a broker or private insurance carrier. Contributions for fiscal year 2011 amounted to \$110,409.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- **Schedule of Funding Progress - Pension Plans and Other Postemployment Benefit Plans**
- **Budgetary Comparison Schedule - General Fund**

In addition, the notes to the required supplementary information are included to provide information that is essential to a user's understanding of the required supplementary information.

TOWN OF WESTERLY, RHODE ISLAND

*Required Supplementary Information - Pension Plans and Other Postemployment Benefit Plans
Schedule of Funding Progress
"Unaudited"*

	<i>Actuarial Valuation Date</i>	<i>Actuarial Value of Assets (AVA)</i>	<i>Actuarial Accrued Liability (AAL)</i>	<i>Unfunded Liability/ (Funding Excess)</i>	<i>Funded Ratio</i>	<i>Covered Payroll</i>	<i>Unfunded Liability/ (Funding Excess) as a Percentage of Covered Payroll</i>
Police Pension Plan (1) (2):	07/01/05	\$18,221,293	\$23,358,221	\$5,136,928	78.0%	\$2,397,868	214.2%
	07/01/06	\$19,301,326	\$24,323,095	\$5,021,769	79.4%	\$2,606,387	192.7%
	07/01/07	\$14,221,033	\$24,466,878	\$10,245,845	58.1%	\$2,624,354	390.4%
	07/01/08	\$14,135,584	\$26,013,800	\$11,878,216	54.3%	\$2,976,831	399.0%
	07/01/09	\$15,309,491	\$27,733,064	\$12,423,573	55.2%	\$2,854,292	435.3%
	07/01/10	\$16,145,954	\$29,257,507	\$13,111,553	55.2%	\$2,838,895	461.9%
General Municipal Employees Pension Plan:	06/30/08	\$492,478	\$979,933	\$487,455	50.3%	\$64,034	761.2%
	06/30/09	\$439,397	\$962,696	\$523,299	45.6%	\$64,591	810.2%
	06/30/10	\$339,662	\$1,014,788	\$675,126	33.5%	\$64,658	1044.2%
Police Other Postemployment Benefit Plan (2):	07/01/07	\$7,587,224	\$11,364,770	\$3,777,546	66.8%	\$2,624,354	143.9%
	07/01/08	\$7,301,108	\$11,319,636	\$4,018,528	64.5%	\$2,976,831	135.0%
	07/01/09	\$7,978,431	\$12,379,627	\$4,401,196	64.4%	\$2,854,292	154.2%
	07/01/10	\$7,473,171	\$13,361,267	\$5,888,096	55.9%	\$2,838,895	207.4%
School Other Postemployment Benefit Plan:	07/01/08	\$0	\$1,576,553	\$1,576,553	0.0%	N/A	N/A
	07/01/10	\$0	\$974,441	\$974,441	0.0%	N/A	N/A

(1) Prior to July 1, 2007, UAAL was the Unfunded Frozen Initial Liability (UFIL) under the Frozen Initial Liability actuarial cost method. UFIL is the Present Value of Future Amortization Payments. AAL under that method was not directly calculated. It is set to AVA + UFIL.

As of July 1, 2007, the funding method was changed to the Entry Age Actuarial Cost Method. UAAL is directly calculated under this method.

(2) Effective July 1, 2007, assets and liabilities for the pension and OPEB portions of the plan will be tracked separately and separate Annual Required Contributions (ARC'S) under GASB 25/27 and GASB 43/45 will be calculated.

TOWN OF WESTERLY, RHODE ISLAND
Required Supplementary Information
Police Pension Plan and Police Other Postemployment Benefit Plan
Schedule of Annual Required Contributions
 "Unaudited"

	<u>Year Ended June 30,</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
Police Pension Plan:	2006	\$ 1,355,800	96%
	2007	\$ 1,502,900	86%
	2008	\$ 1,651,100	79%
	2009	\$ 1,249,700	88%
	2010	\$ 1,458,500	87%
	2011	\$ 1,500,380	85%
Police Other Postemployment Benefit Plan (2):	2009	\$ 433,200	85%
	2010	\$ 459,200	93%
	2011	\$ 464,700	91%

(1) The annual required contributions were obtained from a separate valuation prepared by the actuaries.

(2) 2008-2009 is the first fiscal year for GASB 43/45 reporting.

TOWN OF WESTERLY, RHODE ISLAND

*Schedule of Revenues and Expenditures and Changes in Fund Balance - Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2011*

	<i>Budgeted Amounts</i>		<i>Actual Amounts (Budgetary Basis)</i>	<i>Variance With Final Budget Positive (Negative)</i>
	<i>Original</i>	<i>Final</i>		
Revenues				
General property taxes	\$ 59,636,983	\$ 62,407,383	\$ 63,167,374	\$ 759,991
Intergovernmental revenues	5,788,587	3,018,187	3,229,699	211,512
License and permits	549,381	549,381	405,455	(143,926)
Fines and penalties	185,045	185,045	199,297	14,252
Interest on investments	200,000	200,000	123,315	(76,685)
Other revenue	1,147,636	1,147,636	1,246,888	99,252
Recreation	170,500	170,500	163,476	(7,024)
Solid waste revenue	2,200,000	2,200,000	1,778,375	(421,625)
Prior year surplus	389,000	389,000	389,000	-
Total revenues	70,267,132	70,267,132	70,702,879	435,747
Expenditures				
Legislative, judicial and general administrative	6,627,068	6,627,068	6,142,320	484,748
Public works	4,916,809	4,914,020	4,982,772	(68,752)
Public safety	4,519,287	4,519,287	4,502,863	16,424
Health and welfare	708,200	708,200	705,043	3,157
Conservation and development	49,247	49,247	45,776	3,471
Parks and recreation	567,353	570,142	680,016	(109,874)
Planning and zoning	225,713	225,713	236,902	(11,189)
Education	43,100,729	43,100,729	43,100,729	-
Capital improvements/restricted programs	627,608	627,608	626,769	839
Debt service	7,646,841	7,646,841	7,332,778	314,063
Total expenditures	68,988,855	68,988,855	68,355,968	632,887
Excess of revenues over expenditures before other financing sources (uses)	1,278,277	1,278,277	2,346,911	1,068,634
Other financing uses				
Transfers to other funds	1,278,277	1,278,277	1,278,277	-
Total other financing uses	1,278,277	1,278,277	1,278,277	-
Excess of revenues over expenditures and other financing uses	\$ -	\$ -	\$ 1,068,634	\$ 1,068,634

The notes to the required supplementary information are an integral part of this schedule

TOWN OF WESTERLY, RHODE ISLAND
Schedule of Revenues and Expenditures - Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2011

	<i>Budgeted Amounts</i>		<i>Actual Amounts (Budgetary Basis)</i>	<i>Variance With Final Budget Positive (Negative)</i>
	<i>Original</i>	<i>Final</i>		
General property taxes				
Current property taxes	\$ 55,889,188	\$ 56,570,913	\$ 56,853,330	\$ 282,417
Motor vehicle - excise tax	2,458,082	4,546,757	4,501,540	(45,217)
Prior years property taxes	750,000	750,000	1,101,293	351,293
Pilot - RI Bowling Lane	26,000	26,000	19,618	(6,382)
Pilot - Housing authority	28,713	28,713	34,218	5,505
Pro-ration	100,000	100,000	147,555	47,555
Town tax interest, lien fees and other	385,000	385,000	509,820	124,820
Total general property taxes	<u>59,636,983</u>	<u>62,407,383</u>	<u>63,167,374</u>	<u>759,991</u>
Intergovernmental revenues				
State motor vehicle - excise tax phase out	3,000,000	229,600	227,772	(1,828)
State grants-in-aid - general	1,281,148	1,281,148	1,530,145	248,997
State grants-in-aid - school	1,507,439	1,507,439	1,471,782	(35,657)
Total intergovernmental revenues	<u>5,788,587</u>	<u>3,018,187</u>	<u>3,229,699</u>	<u>211,512</u>
Licenses and permits	549,381	549,381	405,455	(143,926)
Fines and penalties	185,045	185,045	199,297	14,252
Interest on investments	200,000	200,000	123,315	(76,685)
Other revenues	1,147,636	1,147,636	1,246,888	99,252
Recreation	170,500	170,500	163,476	(7,024)
Solid waste revenue	2,200,000	2,200,000	1,778,375	(421,625)
Prior year surplus	389,000	389,000	389,000	-
Total revenues	<u><u>70,267,132</u></u>	<u><u>70,267,132</u></u>	<u><u>70,702,879</u></u>	<u><u>435,747</u></u>

The notes to the required supplementary information are an integral part of this schedule

TOWN OF WESTERLY, RHODE ISLAND
Schedule of Revenues and Expenditures - Budget and Actual
General Fund (Continued)
For the Fiscal Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Legislative, judicial and general administrative				
Legislative:				
Town Council	\$ 71,760	\$ 71,760	\$ 84,361	\$ (12,601)
Finance Board	850	850	749	101
Judicial:				
Legal services	221,210	221,210	179,543	41,667
Probate court	48,756	48,756	48,259	497
Municipal court	53,041	53,041	53,166	(125)
Administrative:				
Board of canvassers	128,085	128,085	126,716	1,369
Town clerk	229,725	229,725	219,567	10,158
Town manager	179,134	179,134	180,061	(927)
Finance department	337,025	337,025	314,627	22,398
Town audit	25,000	25,000	24,840	160
Assessment administration	222,011	222,011	224,463	(2,452)
Management information systems	200,334	200,334	201,025	(691)
Human resources	56,814	56,814	55,184	1,630
Benefits:				
Insurance	403,100	403,100	314,277	88,823
Pensions and retirement	2,116,149	2,116,149	2,132,201	(16,052)
Social security	398,526	398,526	363,219	35,307
Employee group insurance	1,902,961	1,902,961	1,610,473	292,488
Unemployment insurance	32,587	32,587	9,589	22,998
Total legislative, judicial and general administrative	<u>6,627,068</u>	<u>6,627,068</u>	<u>6,142,320</u>	<u>484,748</u>
Public Works				
Town buildings	621,270	618,481	614,340	4,141
Public works administration	27,661	27,661	27,493	168
Code enforcement office	181,396	181,396	180,674	722
Tree warden	8,000	8,000	6,804	1,196
Highway and drainage	1,157,661	1,157,661	1,180,813	(23,152)
Snow and ice control	200,000	200,000	200,109	(109)
Street lighting	386,000	386,000	462,940	(76,940)
Sanitation	2,129,045	2,129,045	2,086,993	42,052
Equipment maintenance	205,776	205,776	222,606	(16,830)
Total public works	<u>4,916,809</u>	<u>4,914,020</u>	<u>4,982,772</u>	<u>(68,752)</u>
Public Safety				
Police department	4,404,899	4,404,899	4,397,854	7,045
Animal control	98,388	98,388	91,472	6,916
Civil preparedness	13,000	13,000	10,500	2,500
Police reserve	3,000	3,000	3,037	(37)
Total public safety	<u>4,519,287</u>	<u>4,519,287</u>	<u>4,502,863</u>	<u>16,424</u>

(Continued)

The notes to the required supplementary information are an integral part of this schedule

TOWN OF WESTERLY, RHODE ISLAND
Schedule of Revenues and Expenditures - Budget and Actual
General Fund (Continued)
For the Fiscal Year Ended June 30, 2011

	<i>Budgeted Amounts</i>		<i>Actual Amounts (Budgetary Basis)</i>	<i>Variance With Final Budget Positive (Negative)</i>
	<i>Original</i>	<i>Final</i>		
Health and welfare				
Subsidies	708,200	708,200	705,043	3,157
Total health and welfare	708,200	708,200	705,043	3,157
Conservation and development				
Conservation commission	4,775	4,775	1,548	3,227
Minimum housing	44,472	44,472	44,228	244
Total conservation and development	49,247	49,247	45,776	3,471
Parks and recreation				
Recreation and leisure	220,587	220,587	232,447	(11,860)
Town beach operation	104,708	104,708	154,458	(49,750)
Celebration of public events	2,700	2,700	720	1,980
Maintenance	239,358	242,147	292,391	(50,244)
Total parks and recreation	567,353	570,142	680,016	(109,874)
Planning and zoning				
Department of planning and zoning	225,713	225,713	236,902	(11,189)
Total planning and zoning	225,713	225,713	236,902	(11,189)
Capital improvements/restricted programs				
Restricted programs	463,601	463,601	463,595	6
Capital improvements	164,007	164,007	163,174	833
Total capital improvements and restricted programs	627,608	627,608	626,769	839
Debt service				
Town debt service	2,454,104	2,454,104	2,452,531	1,573
School debt service	5,192,737	5,192,737	4,880,247	312,490
Total debt service	7,646,841	7,646,841	7,332,778	314,063
Education				
	43,100,729	43,100,729	43,100,729	-
Total expenditures	68,988,855	68,988,855	68,355,968	632,887
Other financing uses				
Transfer to Capital Project Funds	622,453	622,453	622,453	-
Transfer to Beach Fund	250,187	250,187	250,187	-
Transfer to Sewer Fund	390,637	390,637	390,637	-
Transfer to Internal Service Fund	15,000	15,000	15,000	-
Total other financing uses	1,278,277	1,278,277	1,278,277	-
Total expenditures and other financing uses	\$ 70,267,132	\$ 70,267,132	\$ 69,634,245	\$ 632,887

The notes to the required supplementary information are an integral part of this schedule

TOWN OF WESTERLY, RHODE ISLAND
Notes to Required Supplementary Information
 June 30, 2011

NOTE 2 - BUDGETARY DATA AND BUDGETARY COMPLIANCE

In accordance with the Town’s Charter, the Town has formally established budgetary accounting control for its General Fund. It is the responsibility of the Town Manager to submit a proposed General Fund budget to the Town Council and the Board of Finance. The General Fund budget includes the Municipal budget and School Department budget. The proposed School Department budget is approved by the School Committee and presented to the Town Manager. The Board of Finance has the power to recommend revisions to any School Department budget item and must conduct one public hearing after a tentative School budget is formed. The Board of Finance must also review the proposed Municipal budget and make revisions as appropriate and hold one public hearing on the Municipal budget. The Town Council may then revise and adopt a recommended General Fund budget including changes to the School Department appropriation. At least two public hearings are conducted on the recommended General Fund budget and the final recommended budget is legally enacted through an ordinance by the Town Council prior to the start of the fiscal year. The General Fund’s annual operating budget is not in conformity with accounting principles generally accepted in the United States of America. The budget to actual presentation in the financial statements for the General Fund is presented on a 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 Town of Westerly makes use of carry forwards. Every appropriation, except an appropriation for a capital expenditure, lapses at the close of the fiscal year to the extent that it has not been expended or encumbered. An appropriation of a capital expenditure continues in force until the purpose for which it was made has been accomplished or abandoned. The purpose of any such appropriation is deemed abandoned if three years pass without any disbursement from or encumbrance of the appropriation.

Appropriations in addition to those contained in the annual operating budget require Town Council approval. Amendments to the operating budgets that do not result in additional appropriations may be made within a department by means of a transfer. The Town Manager has authority to make such transfers within departments. Transfers made outside the departmental level require Town Council approval. The level at which General Fund expenditures may not legally exceed appropriations is at the department level.

The table below shows the amounts by which certain municipal department expenditures exceeded fiscal year 2011 appropriations:

<u>Department</u>	<u>Fund</u>	<i>Expenditures In Excess of Budget</i>
Town Council	General	\$12,601
Municipal Court	General	125
Town Manager	General	927
Assessment Administration	General	2,452
Management Information Systems	General	691
Pensions and Retirement	General	16,052

TOWN OF WESTERLY, RHODE ISLAND
Notes to Required Supplementary Information
 June 30, 2011

<u>Department</u>	<u>Fund</u>	<i>Expenditures in Excess of Budget</i>
Highway and Drainage	General	\$23,152
Snow and Ice Control	General	109
Street Lighting	General	76,940
Equipment Maintenance	General	16,830
Police Reserve	General	37
Recreation and Leisure	General	11,860
Town Beach Operation	General	49,750
Parks and Recreation Maintenance	General	50,244
Planning and Zoning	General	11,189

Explanation of Differences Between Budgetary Revenues, Expenditures, and Other Financing Sources and Uses and GAAP Revenues, Expenditures, and Other Financing Sources and Uses

<u>Revenues and Other Financing Sources</u>	<u>General Fund</u>
Actual amounts (budgetary basis)	\$70,702,879
Differences – budget to GAAP:	
Prior year budgeted surplus is a budgetary revenue, but is not a current year revenue for financial reporting purposes.	(389,000)
The pension contributions made to the Employees Retirement System by the State on behalf of the Town of Westerly is not reported as budgetary revenue, but is a current year revenue for financial reporting purposes.	1,807,048
Capital lease proceeds are not budgetary revenues but are current year revenues for financial reporting purposes.	258,003
Unbudgeted revenues not included for budgetary purposes, but included for financial reporting purposes.	5,281,311
<i>Total revenues and other financing sources as reported on the statement of revenues, expenditures and changes in fund balances – governmental funds</i>	<u>\$77,660,241</u>

TOWN OF WESTERLY, RHODE ISLAND
Notes to Required Supplementary Information
 June 30, 2011

<u>Expenditures and Other Financing Uses</u>	<u>General Fund</u>
Actual amounts (budgetary basis)	\$69,634,245
Differences – budget to GAAP:	
Capital assets acquired with capital lease proceeds are not reported as budgetary expenditures, but are current year expenditures for financial reporting purposes.	258,003
The pension contributions made to the Employees Retirement System by the State on behalf of the Town of Westerly is not reported as a budgetary expenditure, but is a current year expenditure for financial reporting purposes.	1,807,048
Unbudgeted expenditures not included for budgetary purposes, but included for financial reporting purposes.	<u>4,640,405</u>
<i>Total expenditures and other financing uses as reported in the statement of revenues, expenditures and changes in fund balances – governmental funds</i>	<u><u>\$76,339,701</u></u>

OTHER SUPPLEMENTARY INFORMATION

The information provided herein contains schedules which the Town deems necessary to provide additional disclosures.

THIS SECTION CONTAINS THE FOLLOWING:

- **Combining Fund Financial Statements for Nonmajor Governmental Funds**
- **Combining Fund Financial Statements for Internal Service Funds**
- **Combining Fund Financial Statements for Private Purpose Trust Funds**
- **Combining Statement of Net Assets for Agency Funds**
- **Other Supplementary Information**

**COMBINING FUND FINANCIAL STATEMENTS -
NONMAJOR GOVERNMENTAL FUNDS**

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

Special Revenue Funds are used to account for resources allocated to specific purposes. A Special Revenue fund continues in existence as long as governmental resources are allocated to its specific purposes.

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

TOWN OF WESTERLY, RHODE ISLAND

*Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2011*

	<i>Special Revenue Funds</i>					
	<i>School Restricted Fund</i>	<i>School Lunch Fund</i>	<i>Animal Shelter Fund</i>	<i>Town Clerks Fund</i>	<i>Civil Defense Fund</i>	<i>Riverwalk Greenways Grant</i>
ASSETS						
Cash	\$ 201,843	\$ 40,115	\$ 45,499	\$ 36,356	\$ 40,951	\$ -
Investments	-	-	-	-	-	-
Accounts receivable	2,101	-	166	-	-	-
Due from federal and state governments	1,670,102	53,185	-	-	-	143,853
Prepaid expenditures	-	-	-	-	-	-
Total assets	<u>\$ 1,874,046</u>	<u>\$ 93,300</u>	<u>\$ 45,665</u>	<u>\$ 36,356</u>	<u>\$ 40,951</u>	<u>\$ 143,853</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Cash overdraft	\$ 1,642,332	\$ -	\$ -	\$ -	\$ -	\$ 143,853
Accounts payable and accrued expenditures	26,841	87,235	-	223	531	-
Due to other funds	-	-	-	-	-	-
Total liabilities	<u>1,669,173</u>	<u>87,235</u>	<u>-</u>	<u>223</u>	<u>531</u>	<u>143,853</u>
Fund balances (deficits)						
Nonspendable:						
Prepaid expenditures	-	-	-	-	-	-
Restricted for:						
Education programs	204,873	6,065	-	-	-	-
Historical records preservation	-	-	-	36,133	-	-
Public safety programs	-	-	-	-	40,420	-
Health and welfare programs	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-
Other programs	-	-	-	-	-	-
Committed for:						
Animal Shelter	-	-	45,665	-	-	-
Other programs	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances (deficits)	<u>204,873</u>	<u>6,065</u>	<u>45,665</u>	<u>36,133</u>	<u>40,420</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 1,874,046</u>	<u>\$ 93,300</u>	<u>\$ 45,665</u>	<u>\$ 36,356</u>	<u>\$ 40,951</u>	<u>143,853</u>

(Continued)

TOWN OF WESTERLY, RHODE ISLAND

Combining Balance Sheet

Nonmajor Governmental Funds (Continued)

June 30, 2011

	<i>Special Revenue Funds</i>					
	<i>Recycling Program</i>	<i>CDBG 2006</i>	<i>CDBG 2010</i>	<i>CDBG 2008</i>	<i>CDBG 2009</i>	<i>Department of Community Development</i>
ASSETS						
Cash	\$ 12,818	\$ 4,753	\$ -	\$ 4,393	\$ 820	\$ 3,576
Investments	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-
Due from federal and state governments	-	-	11,250	-	5,000	-
Prepaid expenditures	-	-	-	-	-	-
Total assets	<u>\$ 12,818</u>	<u>\$ 4,753</u>	<u>\$ 11,250</u>	<u>\$ 4,393</u>	<u>\$ 5,820</u>	<u>\$ 3,576</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Cash overdraft	\$ -	\$ -	\$ 2,125	\$ -	\$ -	\$ -
Accounts payable and accrued expenditures	188	-	1,125	69	5,000	-
Due to other funds	-	-	-	-	-	-
Total liabilities	<u>188</u>	<u>-</u>	<u>3,250</u>	<u>69</u>	<u>5,000</u>	<u>-</u>
Fund balances (deficits)						
Nonspendable:						
Prepaid expenditures	-	-	-	-	-	-
Restricted for:						
Education programs	-	-	-	-	-	-
Historical records preservation	-	-	-	-	-	-
Public safety programs	-	-	-	-	-	-
Health and welfare programs	-	4,753	8,000	4,324	820	3,576
Capital projects	-	-	-	-	-	-
Other programs	-	-	-	-	-	-
Committed for:						
Animal Shelter	-	-	-	-	-	-
Other programs	12,630	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances (deficits)	<u>12,630</u>	<u>4,753</u>	<u>8,000</u>	<u>4,324</u>	<u>820</u>	<u>3,576</u>
Total liabilities and fund balances	<u>12,818</u>	<u>4,753</u>	<u>11,250</u>	<u>4,393</u>	<u>5,820</u>	<u>\$ 3,576</u>

(Continued)

TOWN OF WESTERLY, RHODE ISLAND

Combining Balance Sheet

Nonmajor Governmental Funds (Continued)

June 30, 2011

	<i>Special Revenue Funds</i>					
	<i>GIS System</i>	<i>Secure Our Schools</i>	<i>Substance Abuse</i>	<i>Child Restraint</i>	<i>SOR Grant</i>	<i>BYRNE Grant</i>
ASSETS						
Cash	\$ 30,000	\$ -	\$ 6,411	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-
Due from federal and state governments	-	10,975	-	-	-	678
Prepaid expenditures	-	-	-	-	-	-
Total assets	<u>\$ 30,000</u>	<u>\$ 10,975</u>	<u>\$ 6,411</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 678</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Cash overdraft	\$ -	\$ -	\$ -	\$ -	\$ 570	\$ 292
Accounts payable and accrued expenditures	-	-	1,550	-	-	-
Due to other funds	-	10,975	-	-	-	-
Total liabilities	<u>-</u>	<u>10,975</u>	<u>1,550</u>	<u>-</u>	<u>570</u>	<u>292</u>
Fund balances (deficits)						
Nonspendable:						
Prepaid expenditures	-	-	-	-	-	-
Restricted for:						
Education programs	-	-	-	-	-	-
Historical records preservation	-	-	-	-	-	-
Public safety programs	-	-	-	-	-	386
Health and welfare programs	-	-	4,861	-	-	-
Capital projects	-	-	-	-	-	-
Other programs	30,000	-	-	-	-	-
Committed for:						
Animal Shelter	-	-	-	-	-	-
Other programs	-	-	-	-	-	-
Unassigned	-	-	-	-	(570)	-
Total fund balances (deficits)	<u>30,000</u>	<u>-</u>	<u>4,861</u>	<u>-</u>	<u>(570)</u>	<u>386</u>
Total liabilities and fund balances	<u>\$ 30,000</u>	<u>\$ 10,975</u>	<u>\$ 6,411</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 678</u>

(Continued)

TOWN OF WESTERLY, RHODE ISLAND

Combining Balance Sheet

Nonmajor Governmental Funds (Continued)

June 30, 2011

	Special Revenue Funds				
	<u>Federal Forfeiture</u>	<u>Homeland Security Reimbursable</u>	<u>Tobacco Grant</u>	<u>Juvenile Justice</u>	<u>Energy Efficiency Grant</u>
ASSETS					
Cash	\$ 253,214	\$ 1,378	\$ -	\$ -	\$ -
Investments	44,858	-	-	-	-
Accounts receivable	-	-	-	-	-
Due from federal and state governments	-	-	-	-	42,613
Prepaid expenditures	-	-	-	-	-
Total assets	<u>\$ 298,072</u>	<u>\$ 1,378</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,613</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Cash overdraft	\$ -	\$ -	\$ -	\$ 177	\$ 25,000
Accounts payable and accrued expenditures	-	-	-	-	17,613
Due to other funds	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>177</u>	<u>42,613</u>
Fund balances (deficits)					
Nonspendable:					
Prepaid expenditures	-	-	-	-	-
Restricted for:					
Education programs	-	-	-	-	-
Historical records preservation	-	-	-	-	-
Public safety programs	298,072	1,378	-	-	-
Health and welfare programs	-	-	-	-	-
Capital projects	-	-	-	-	-
Other programs	-	-	-	-	-
Committed for:					
Animal Shelter	-	-	-	-	-
Other programs	-	-	-	-	-
Unassigned	-	-	-	(177)	-
Total fund balances (deficits)	<u>298,072</u>	<u>1,378</u>	<u>-</u>	<u>(177)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 298,072</u>	<u>\$ 1,378</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,613</u>

(Continued)

TOWN OF WESTERLY, RHODE ISLAND

Combining Balance Sheet

Nonmajor Governmental Funds (Continued)

June 30, 2011

	<i>Special Revenue Funds</i>					
	<i>Drink Drive & Lose</i>	<i>Seatbelt Grants</i>	<i>Underage Drinking</i>	<i>GOHS DWI Grant</i>	<i>Pumpout Boat</i>	<i>Total Special Revenue Funds</i>
ASSETS						
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 682,127
Investments	-	-	-	-	-	44,858
Accounts receivable	-	-	-	-	-	2,267
Due from federal and state governments	-	-	-	-	30,500	1,968,156
Prepaid expenditures	-	-	-	-	30,500	30,500
Total assets	\$ -	\$ -	\$ -	\$ -	\$ 61,000	\$ 2,727,908
LIABILITIES AND FUND BALANCES						
Liabilities						
Cash overdraft	\$ -	\$ -	\$ -	\$ -	\$ 30,500	1,844,849
Accounts payable and accrued expenditures	-	-	-	-	-	140,375
Due to other funds	-	-	-	-	-	10,975
Total liabilities	-	-	-	-	30,500	1,996,199
Fund balances (deficits)						
Nonspendable:						
Prepaid expenditures	-	-	-	-	30,500	30,500
Restricted for:						
Education programs	-	-	-	-	-	210,938
Historical records preservation	-	-	-	-	-	36,133
Public safety programs	-	-	-	-	-	340,256
Health and welfare programs	-	-	-	-	-	26,334
Capital projects	-	-	-	-	-	-
Other programs	-	-	-	-	-	30,000
Committed for:						
Animal Shelter	-	-	-	-	-	45,665
Other programs	-	-	-	-	-	12,630
Unassigned	-	-	-	-	-	(747)
Total fund balances (deficits)	-	-	-	-	30,500	731,709
Total liabilities and fund balances	\$ -	\$ -	\$ -	\$ -	\$ 61,000	\$ 2,727,908

(Continued)

TOWN OF WESTERLY, RHODE ISLAND

Combining Balance Sheet

Nonmajor Governmental Funds (Continued)

June 30, 2011

	<i>Capital Project Funds</i>				<i>Total Capital Project Funds</i>	<i>Total All Nonmajor Governmental Funds</i>
	<i>Land Acquisition Fund</i>	<i>Public Works Garage</i>	<i>Police Station Fund</i>	<i>Roads and Sidewalks</i>		
ASSETS						
Cash	\$ 25,224	\$ 214,644	\$ 492,169	\$ 1,485,478	\$ 2,217,515	\$ 2,899,642
Investments	-	-	-	-	-	44,858
Accounts receivable	-	-	-	-	-	2,267
Due from federal and state governments	-	-	-	-	-	1,968,156
Prepaid expenditures	-	-	-	-	-	30,500
Total assets	<u>\$ 25,224</u>	<u>\$ 214,644</u>	<u>\$ 492,169</u>	<u>\$ 1,485,478</u>	<u>\$ 2,217,515</u>	<u>\$ 4,945,423</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Cash overdraft	-	-	-	-	-	1,844,849
Accounts payable and accrued expenditures	-	67,759	-	92,579	160,338	300,713
Due to other funds	-	-	-	-	-	10,975
Total liabilities	<u>-</u>	<u>67,759</u>	<u>-</u>	<u>92,579</u>	<u>160,338</u>	<u>2,156,537</u>
Fund balances (deficits)						
Nonspendable:						
Prepaid expenditures	-	-	-	-	-	30,500
Restricted for:						
Education programs	-	-	-	-	-	210,938
Historical records preservation	-	-	-	-	-	36,133
Public safety programs	-	-	-	-	-	340,256
Health and welfare programs	-	-	-	-	-	26,334
Capital projects	25,224	146,885	492,169	1,392,899	2,057,177	2,057,177
Other programs	-	-	-	-	-	30,000
Committed for:						
Animal Shelter	-	-	-	-	-	45,665
Other programs	-	-	-	-	-	12,630
Unassigned	-	-	-	-	-	(747)
Total fund balances (deficits)	<u>25,224</u>	<u>146,885</u>	<u>492,169</u>	<u>1,392,899</u>	<u>2,057,177</u>	<u>2,788,886</u>
Total liabilities and fund balances	<u>\$ 25,224</u>	<u>\$ 214,644</u>	<u>\$ 492,169</u>	<u>\$ 1,485,478</u>	<u>\$ 2,217,515</u>	<u>\$ 4,945,423</u>

TOWN OF WESTERLY, RHODE ISLAND
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Fiscal Year Ended June 30, 2011

	Special Revenue Funds					
	<i>School Restricted Fund</i>	<i>School Lunch Fund</i>	<i>Animal Shelter Fund</i>	<i>Town Clerks Fund</i>	<i>Civil Defense Fund</i>	<i>Riverwalk Greenways Grant</i>
Revenues						
State and federal aid and grants	\$ 4,201,196	\$ 518,911	\$ -	\$ -	\$ 3,500	\$ 143,853
Charges for services	-	406,235	13,861	38,521	-	-
Investment and interest income	-	-	190	39	94	-
Contributions and private grants	76,441	-	16,715	-	-	-
Other revenue	-	-	-	-	-	-
Total revenues	<u>4,277,637</u>	<u>925,146</u>	<u>30,766</u>	<u>38,560</u>	<u>3,594</u>	<u>143,853</u>
Expenditures						
Current:						
Legislative, financial, judicial and general administrative	-	-	-	35,473	-	-
Public works	-	-	-	-	-	-
Public safety	-	-	11,299	-	1,397	-
Health and welfare	-	-	-	-	-	-
Education	4,207,839	920,349	-	-	-	-
Total expenditures	<u>4,207,839</u>	<u>920,349</u>	<u>11,299</u>	<u>35,473</u>	<u>1,397</u>	<u>-</u>
Net change in fund balance	69,798	4,797	19,467	3,087	2,197	143,853
Fund balances (deficits) - as restated, beginning of year	<u>135,075</u>	<u>1,268</u>	<u>26,198</u>	<u>33,046</u>	<u>38,223</u>	<u>(143,853)</u>
Fund balances (deficits), end of year	<u>\$ 204,873</u>	<u>\$ 6,065</u>	<u>\$ 45,665</u>	<u>\$ 36,133</u>	<u>\$ 40,420</u>	<u>\$ -</u>

(Continued)

TOWN OF WESTERLY, RHODE ISLAND
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds (Continued)
 For the Fiscal Year Ended June 30, 2011

	<i>Special Revenue Funds</i>					<i>Department of Community Development</i>
	<i>Recycling Program</i>	<i>CDBG 2006</i>	<i>CDBG 2010</i>	<i>CDBG 2008</i>	<i>CDBG 2009</i>	
Revenues						
State and federal aid and grants	\$ -	\$ -	\$ 22,917	\$ -	\$ 5,000	\$ -
Charges for services	-	-	-	-	-	-
Investment and interest income	-	-	-	-	-	5
Contributions and private grants	23,503	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Total revenues	<u>23,503</u>	<u>-</u>	<u>22,917</u>	<u>-</u>	<u>5,000</u>	<u>5</u>
Expenditures						
Current:						
Legislative, financial, judicial and general administrative	-	-	-	-	-	-
Public works	10,873	-	-	-	-	-
Public safety	-	-	-	-	-	-
Health and welfare	-	1,247	14,917	69	5,180	-
Education	-	-	-	-	-	-
Total expenditures	<u>10,873</u>	<u>1,247</u>	<u>14,917</u>	<u>69</u>	<u>5,180</u>	<u>-</u>
Net change in fund balance	12,630	(1,247)	8,000	(69)	(180)	5
Fund balances (deficits) - as restated, beginning of year	<u>\$ -</u>	<u>6,000</u>	<u>-</u>	<u>4,393</u>	<u>1,000</u>	<u>3,571</u>
Fund balances (deficits), end of year	<u>\$ 12,630</u>	<u>\$ 4,753</u>	<u>\$ 8,000</u>	<u>\$ 4,324</u>	<u>\$ 820</u>	<u>\$ 3,576</u>

(Continued)

TOWN OF WESTERLY, RHODE ISLAND
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds (Continued)
For the Fiscal Year Ended June 30, 2011

	Special Revenue Funds					
	<i>GIS System</i>	<i>Secure Our Schools</i>	<i>Substance Abuse</i>	<i>Child Restraint</i>	<i>SOR Grant</i>	<i>BYRNE Grant</i>
Revenues						
State and federal aid and grants	\$ 15,000	\$ 10,975	\$ 28,191	\$ 549	\$ -	\$ 18,681
Charges for services	-	-	-	-	-	-
Investment and interest income	-	-	-	-	-	-
Contributions and private grants	-	-	4,130	-	-	-
Other revenue	-	-	-	-	-	-
Total revenues	<u>15,000</u>	<u>10,975</u>	<u>32,321</u>	<u>549</u>	<u>-</u>	<u>18,681</u>
Expenditures						
Current:						
Legislative, financial, judicial and general administrative	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Public safety	-	10,975	-	549	570	18,682
Health and welfare	-	-	31,227	-	-	-
Education	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>10,975</u>	<u>31,227</u>	<u>549</u>	<u>570</u>	<u>18,682</u>
Net change in fund balance	15,000	-	1,094	-	(570)	(1)
Fund balances (deficits) - as restated, beginning of year	<u>15,000</u>	<u>-</u>	<u>3,767</u>	<u>-</u>	<u>-</u>	<u>387</u>
Fund balances (deficits), end of year	<u>\$ 30,000</u>	<u>\$ -</u>	<u>\$ 4,861</u>	<u>\$ -</u>	<u>\$ (570)</u>	<u>\$ 386</u>

(Continued)

TOWN OF WESTERLY, RHODE ISLAND
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds (Continued)
For the Fiscal Year Ended June 30, 2011

	<i>Special Revenue Funds</i>				
	<i>Federal Forfeiture</i>	<i>Homeland Security Reimbursable</i>	<i>Tobacco Grant</i>	<i>Juvenile Justice</i>	<i>Energy Efficiency Grant</i>
Revenues					
State and federal aid and grants	\$ 5,356	\$ -	\$ 203	\$ 43,800	\$ 109,034
Charges for services	-	-	-	-	-
Investment and interest income	564	-	-	-	-
Contributions and private grants	-	-	-	-	-
Other revenue	-	-	-	-	-
Total revenues	<u>5,920</u>	<u>-</u>	<u>203</u>	<u>43,800</u>	<u>109,034</u>
Expenditures					
Current:					
Legislative, financial, judicial and general administrative	-	-	-	-	86,234
Public works	-	-	-	-	-
Public safety	11,626	-	203	41,168	-
Health and welfare	-	-	-	-	-
Education	-	-	-	-	-
Total expenditures	<u>11,626</u>	<u>-</u>	<u>203</u>	<u>41,168</u>	<u>86,234</u>
Net change in fund balance	(5,706)	-	-	2,632	22,800
Fund balances (deficits) - as restated, beginning of year	<u>303,778</u>	<u>1,378</u>	<u>-</u>	<u>(2,809)</u>	<u>(22,800)</u>
Fund balances (deficits), end of year	<u>\$ 298,072</u>	<u>\$ 1,378</u>	<u>\$ -</u>	<u>\$ (177)</u>	<u>\$ -</u>

(Continued)

TOWN OF WESTERLY, RHODE ISLAND
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds (Continued)
For the Fiscal Year Ended June 30, 2011

	<i>Special Revenue Funds</i>					<i>Total Special Revenue Funds</i>
	<i>Drink Drive & Lose</i>	<i>Seatbelt Grants</i>	<i>Underage Drinking</i>	<i>GOHS DWI Grant</i>	<i>Pumpout Boat</i>	
Revenues						
State and federal aid and grants	\$ 2,591	\$ 4,946	\$ -	\$ 4,503	\$ 30,500	\$ 5,169,706
Charges for services	-	-	-	-	-	458,617
Investment and interest income	-	-	-	-	-	892
Contributions and private grants	-	-	-	-	-	120,789
Other revenue	-	-	157	-	-	157
Total revenues	<u>2,591</u>	<u>4,946</u>	<u>157</u>	<u>4,503</u>	<u>30,500</u>	<u>5,750,161</u>
Expenditures						
Current:						
Legislative, financial, judicial and general administrative	-	-	-	-	-	121,707
Public works	-	-	-	-	-	10,873
Public safety	2,164	4,959	-	4,223	-	107,815
Health and welfare	-	-	-	-	-	52,640
Education	-	-	-	-	-	5,128,188
Total expenditures	<u>2,164</u>	<u>4,959</u>	<u>-</u>	<u>4,223</u>	<u>-</u>	<u>5,421,223</u>
Net change in fund balance	427	(13)	157	280	30,500	328,938
Fund balances (deficits) - as restated, beginning of year	<u>(427)</u>	<u>13</u>	<u>(157)</u>	<u>(280)</u>	<u>-</u>	<u>402,771</u>
Fund balances (deficits), end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,500</u>	<u>\$ 731,709</u>

(Continued)

TOWN OF WESTERLY, RHODE ISLAND

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
 Nonmajor Governmental Funds (Continued)
 For the Fiscal Year Ended June 30, 2011

	<i>Capital Project Funds</i>				<i>Total Capital Project Funds</i>	<i>Total All Nonmajor Governmental Funds</i>
	<i>Land Acquisition Fund</i>	<i>Public Works Garage</i>	<i>Police Station Fund</i>	<i>Roads and Sidewalks</i>		
Revenues						
State and federal aid and grants	\$ -	\$ -	\$ -	\$ 151,041	\$ 151,041	\$ 5,320,747
Charges for services	-	-	-	-	-	458,617
Investment and interest income	-	468	-	3,460	3,928	4,820
Contributions and private grants	-	-	-	-	-	120,789
Other revenue	15	-	-	-	15	172
Total revenues	<u>15</u>	<u>468</u>	<u>-</u>	<u>154,501</u>	<u>154,984</u>	<u>5,905,145</u>
Expenditures						
Current:						
Legislative, financial, judicial and general administrative	9,193	-	-	-	9,193	130,900
Public works	-	133,298	-	472,106	605,404	616,277
Public safety	-	-	-	-	-	107,815
Health and welfare	-	-	-	-	-	52,640
Education	-	-	-	-	-	5,128,188
Total expenditures	<u>9,193</u>	<u>133,298</u>	<u>-</u>	<u>472,106</u>	<u>614,597</u>	<u>6,035,820</u>
Net change in fund balance	(9,178)	(132,830)	-	(317,605)	(459,613)	(130,675)
Fund balances (deficits) - as restated, beginning of year	<u>34,402</u>	<u>279,715</u>	<u>492,169</u>	<u>1,710,504</u>	<u>2,516,790</u>	<u>2,919,561</u>
Fund balances (deficits), end of year	<u>\$ 25,224</u>	<u>\$ 146,885</u>	<u>\$ 492,169</u>	<u>\$ 1,392,899</u>	<u>\$ 2,057,177</u>	<u>\$ 2,788,886</u>

TOWN OF WESTERLY, RHODE ISLAND
Combining Balance Sheet
Special Revenue Funds - School Restricted Fund
June 30, 2011

	<i>Title I</i>	<i>Title II</i>	<i>Title III</i>	<i>IDEA Part B</i>	<i>Section 619 Preschool</i>
ASSETS					
Cash	\$ -	\$ -	\$ -	\$ 800	\$ -
Accounts receivable	-	-	-	-	-
Due from federal and state governments	265,040	107,778	5,755	377,311	15,004
<i>Total assets</i>	\$ 265,040	\$ 107,778	\$ 5,755	\$ 378,111	\$ 15,004
 LIABILITIES AND FUND BALANCES					
<i>Liabilities</i>					
Cash overdraft	\$ 265,040	\$ 107,058	\$ 5,755	\$ 359,684	\$ 15,004
Accounts payable and accrued expenditures	-	720	-	18,291	-
<i>Total liabilities</i>	265,040	107,778	5,755	377,975	15,004
<i>Fund balances -restricted</i>	-	-	-	136	-
<i>Total liabilities and fund balances</i>	\$ 265,040	\$ 107,778	\$ 5,755	\$ 378,111	\$ 15,004

(Continued)

TOWN OF WESTERLY, RHODE ISLAND
Combining Balance Sheet
Special Revenue Funds - School Restricted Fund (Continued)
June 30, 2011

	<u>ARRA IDEA Part B</u>	<u>ARRA Title I</u>	<u>ARRA Preschool</u>	<u>Volunteers</u>	<u>Child Opportunity Zone</u>	<u>Even Start</u>
ASSETS						
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable	-	-	-	-	-	-
Due from federal and state governments	417,800	52,204	2,535	655	5,309	74,034
Total assets	<u>\$ 417,800</u>	<u>\$ 52,204</u>	<u>\$ 2,535</u>	<u>\$ 655</u>	<u>\$ 5,309</u>	<u>\$ 74,034</u>
 LIABILITIES AND FUND BALANCES						
Liabilities						
Cash overdraft	\$ 411,900	\$ 51,529	\$ 2,000	\$ 617	\$ 3,626	\$ 73,442
Accounts payable and accrued expenditures	5,900	675	535	38	-	592
Total liabilities	<u>417,800</u>	<u>52,204</u>	<u>2,535</u>	<u>655</u>	<u>3,626</u>	<u>74,034</u>
Fund balances - restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,683</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 417,800</u>	<u>\$ 52,204</u>	<u>\$ 2,535</u>	<u>\$ 655</u>	<u>\$ 5,309</u>	<u>\$ 74,034</u>

(Continued)

TOWN OF WESTERLY, RHODE ISLAND
Combining Balance Sheet
Special Revenue Funds - School Restricted Fund (Continued)
June 30, 2011

	<u>Literacy Set Aside</u>	<u>Vocational Education</u>	<u>Early Childhood</u>	<u>Full Day Kindergarten</u>	<u>Student Equity</u>	<u>Charter School</u>
ASSETS						
Cash	\$ 58,497	\$ -	\$ -	\$ 28,054	\$ 20,763	\$ -
Accounts receivable	-	-	-	-	-	-
Due from federal and state governments	-	-	-	-	-	-
Total assets	<u>\$ 58,497</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,054</u>	<u>\$ 20,763</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Cash overdraft	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable and accrued expenditures	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - restricted	<u>58,497</u>	<u>-</u>	<u>-</u>	<u>28,054</u>	<u>20,763</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 58,497</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,054</u>	<u>\$ 20,763</u>	<u>\$ -</u>

(Continued)

TOWN OF WESTERLY, RHODE ISLAND
Combining Balance Sheet
Special Revenue Funds - School Restricted Fund (Continued)
 June 30, 2011

	<u>Language Assistance</u>	<u>Technology</u>	<u>Federal Stabilization</u>	<u>Algebra I Test</u>	<u>UCOA</u>	<u>United Way</u>
ASSETS						
Cash	\$ 5,977	\$ 7,211	\$ -	\$ -	\$ 1,030	\$ 900
Accounts receivable	-	-	-	-	-	-
Due from federal and state governments	-	-	334,892	11,785	-	-
Total assets	<u>\$ 5,977</u>	<u>\$ 7,211</u>	<u>\$ 334,892</u>	<u>\$ 11,785</u>	<u>\$ 1,030</u>	<u>\$ 900</u>
 LIABILITIES AND FUND BALANCES						
Liabilities						
Cash overdraft	\$ -	\$ -	\$ 334,892	\$ 11,785	\$ -	\$ -
Accounts payable and accrued expenditures	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>334,892</u>	<u>11,785</u>	<u>-</u>	<u>-</u>
Fund balances - restricted	<u>5,977</u>	<u>7,211</u>	<u>-</u>	<u>-</u>	<u>1,030</u>	<u>900</u>
Total liabilities and fund balances	<u>\$ 5,977</u>	<u>\$ 7,211</u>	<u>\$ 334,892</u>	<u>\$ 11,785</u>	<u>\$ 1,030</u>	<u>\$ 900</u>

(Continued)

TOWN OF WESTERLY, RHODE ISLAND
Combining Balance Sheet
Special Revenue Funds - School Restricted Fund (Continued)
June 30, 2011

	<u>RI Foundation</u>	<u>Perkins Vocational Education</u>	<u>Wal-Mart</u>	<u>RIPIN PERC Funds</u>	<u>DOH Mini Grants</u>
ASSETS					
Cash	\$ 53,185	\$ 1,951	\$ 294	\$ 2,522	\$ 2,195
Accounts receivable	-	-	-	2,101	-
Due from federal and state governments	-	-	-	-	-
Total assets	<u>\$ 53,185</u>	<u>\$ 1,951</u>	<u>\$ 294</u>	<u>\$ 4,623</u>	<u>\$ 2,195</u>
 LIABILITIES AND FUND BALANCES					
Liabilities					
Cash overdraft	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable and accrued expenditures	90	-	-	-	-
Total liabilities	<u>90</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - restricted	<u>53,095</u>	<u>1,951</u>	<u>294</u>	<u>4,623</u>	<u>2,195</u>
Total liabilities and fund balances	<u>\$ 53,185</u>	<u>\$ 1,951</u>	<u>\$ 294</u>	<u>\$ 4,623</u>	<u>\$ 2,195</u>

(Continued)

TOWN OF WESTERLY, RHODE ISLAND
Combining Balance Sheet
Special Revenue Funds - School Restricted Fund (Continued)
June 30, 2011

	<u>WISSP Center</u>	<u>Citigroup Foundation</u>	<u>RICAPP</u>	<u>E2T2</u>	<u>Total</u>
ASSETS					
Cash	\$ 17,940	\$ 255	\$ 269	\$ -	\$ 201,843
Accounts receivable	-	-	-	-	2,101
Due from federal and state governments	-	-	-	-	1,670,102
Total assets	<u>\$ 17,940</u>	<u>\$ 255</u>	<u>\$ 269</u>	<u>\$ -</u>	<u>\$ 1,874,046</u>
 LIABILITIES AND FUND BALANCES					
Liabilities					
Cash overdraft	\$ -	\$ -	\$ -	\$ -	1,642,332
Accounts payable and accrued expenditures	-	-	-	-	26,841
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,669,173</u>
Fund balances - restricted	<u>17,940</u>	<u>255</u>	<u>269</u>	<u>-</u>	<u>204,873</u>
Total liabilities and fund balances	<u>\$ 17,940</u>	<u>\$ 255</u>	<u>\$ 269</u>	<u>\$ -</u>	<u>\$ 1,874,046</u>

TOWN OF WESTERLY, RHODE ISLAND
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Special Revenue Funds - School Restricted Fund
For the Fiscal Year Ended June 30, 2011

	<u>Title I</u>	<u>Title II</u>	<u>Title III</u>	<u>IDEA Part B</u>	<u>Section 619 Preschool</u>
Revenues					
Federal and state aid and grants	\$ 503,208	\$ 203,311	\$ 14,148	\$ 747,139	\$ 22,494
Contributions and private grants	-	-	-	-	-
Total revenues	<u>503,208</u>	<u>203,311</u>	<u>14,148</u>	<u>747,139</u>	<u>22,494</u>
Expenditures					
Education	<u>503,208</u>	<u>203,311</u>	<u>14,148</u>	<u>747,139</u>	<u>22,494</u>
Total expenditures	<u>503,208</u>	<u>203,311</u>	<u>14,148</u>	<u>747,139</u>	<u>22,494</u>
Net change in fund balance	-	-	-	-	-
Fund balances beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>136</u>	<u>-</u>
Fund balances end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 136</u>	<u>\$ -</u>

(Continued)

TOWN OF WESTERLY, RHODE ISLAND
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Special Revenue Funds - School Restricted Fund (Continued)
For the Fiscal Year Ended June 30, 2011

	<u>ARRA IDEA Part B</u>	<u>ARRA Title I</u>	<u>ARRA Preschool</u>	<u>Volunteers</u>	<u>Child Opportunity Zone</u>	<u>Even Start</u>
Revenues						
Federal and state aid and grants	\$ 417,800	\$ 87,724	\$ 4,826	\$ 1,338	\$ 23,000	\$ 74,034
Contributions and private grants	-	-	-	-	-	-
Total revenues	<u>417,800</u>	<u>87,724</u>	<u>4,826</u>	<u>1,338</u>	<u>23,000</u>	<u>74,034</u>
Expenditures						
Education	<u>417,800</u>	<u>87,724</u>	<u>4,826</u>	<u>1,338</u>	<u>23,000</u>	<u>74,034</u>
Total expenditures	<u>417,800</u>	<u>87,724</u>	<u>4,826</u>	<u>1,338</u>	<u>23,000</u>	<u>74,034</u>
Net change in fund balance	-	-	-	-	-	-
Fund balances beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,683</u>	<u>-</u>
Fund balances end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,683</u>	<u>\$ -</u>

(Continued)

TOWN OF WESTERLY, RHODE ISLAND
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Special Revenue Funds - School Restricted Fund (Continued)
For the Fiscal Year Ended June 30, 2011

	<u>Literacy Set Aside</u>	<u>Vocational Education</u>	<u>Early Childhood</u>	<u>Full Day Kindergarten</u>	<u>Student Equity</u>	<u>Charter School</u>
Revenues						
Federal and state aid and grants	\$ 136,433	\$ 18,000	\$ 175,645	\$ 109,000	\$ 1,036,262	\$ 2,810
Contributions and private grants	-	-	-	-	-	-
Total revenues	<u>136,433</u>	<u>18,000</u>	<u>175,645</u>	<u>109,000</u>	<u>1,036,262</u>	<u>2,810</u>
Expenditures						
Education	<u>110,145</u>	<u>18,000</u>	<u>175,645</u>	<u>94,331</u>	<u>1,033,679</u>	<u>2,810</u>
Total expenditures	<u>110,145</u>	<u>18,000</u>	<u>175,645</u>	<u>94,331</u>	<u>1,033,679</u>	<u>2,810</u>
Net change in fund balance	26,288	-	-	14,669	2,583	-
Fund balances beginning of year	<u>32,209</u>	<u>-</u>	<u>-</u>	<u>13,385</u>	<u>18,180</u>	<u>-</u>
Fund balances end of year	<u>\$ 58,497</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,054</u>	<u>\$ 20,763</u>	<u>\$ -</u>

(Continued)

TOWN OF WESTERLY, RHODE ISLAND
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Special Revenue Funds - School Restricted Fund (Continued)
For the Fiscal Year Ended June 30, 2011

	<u>Language Assistance</u>	<u>Technology</u>	<u>Federal Stabilization</u>	<u>Algebra I Test</u>	<u>UCOA</u>	<u>United Way</u>
Revenues						
Federal and state aid and grants	\$ 102,455	\$ 84,538	\$ 389,417	\$ 11,785	\$ -	\$ -
Contributions and private grants	-	-	-	-	-	12,500
Total revenues	<u>102,455</u>	<u>84,538</u>	<u>389,417</u>	<u>11,785</u>	<u>-</u>	<u>12,500</u>
Expenditures						
Education	102,340	84,991	389,417	11,785	-	16,854
Total expenditures	<u>102,340</u>	<u>84,991</u>	<u>389,417</u>	<u>11,785</u>	<u>-</u>	<u>16,854</u>
Net change in fund balance	115	(453)	-	-	-	(4,354)
Fund balances beginning of year	<u>5,862</u>	<u>7,664</u>	<u>-</u>	<u>-</u>	<u>1,030</u>	<u>5,254</u>
Fund balances end of year	<u>\$ 5,977</u>	<u>\$ 7,211</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,030</u>	<u>\$ 900</u>

(Continued)

TOWN OF WESTERLY, RHODE ISLAND
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Special Revenue Funds - School Restricted Fund (Continued)
For the Fiscal Year Ended June 30, 2011

	<i>RI Foundation</i>	<i>Perkins Vocational Education</i>	<i>Wal-Mart</i>	<i>RIPIN PERC Funds</i>	<i>DOH Mini Grants</i>
Revenues					
Federal and state aid and grants	\$ -	\$ -	\$ -	\$ -	\$ 4,000
Contributions and private grants	57,172	-	-	6,769	-
Total revenues	<u>57,172</u>	<u>-</u>	<u>-</u>	<u>6,769</u>	<u>4,000</u>
Expenditures					
Education	21,246	-	-	6,769	1,805
Total expenditures	<u>21,246</u>	<u>-</u>	<u>-</u>	<u>6,769</u>	<u>1,805</u>
Net change in fund balance	35,926	-	-	-	2,195
Fund balances beginning of year	<u>17,169</u>	<u>1,951</u>	<u>294</u>	<u>4,623</u>	<u>-</u>
Fund balances end of year	<u>\$ 53,095</u>	<u>\$ 1,951</u>	<u>\$ 294</u>	<u>\$ 4,623</u>	<u>\$ 2,195</u>

(Continued)

TOWN OF WESTERLY, RHODE ISLAND
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Special Revenue Funds - School Restricted Fund (Continued)
For the Fiscal Year Ended June 30, 2011

	<i>WISSP Center</i>	<i>Citigroup Foundation</i>	<i>RICAPP</i>	<i>E2T2</i>	<i>Total</i>
Revenues					
Federal and state aid and grants	\$ -	\$ -	\$ -	\$ 31,829	\$ 4,201,196
Contributions and private grants	-	-	-	-	76,441
Total revenues	-	-	-	31,829	4,277,637
Expenditures					
Education	7,171	-	-	31,829	4,207,839
Total expenditures	7,171	-	-	31,829	4,207,839
 Net change in fund balance	 (7,171)	 -	 -	 -	 69,798
Fund balances beginning of year	25,111	255	269	-	135,075
Fund balances end of year	\$ 17,940	\$ 255	\$ 269	\$ -	\$ 204,873

**COMBINING FUND FINANCIAL STATEMENTS -
INTERNAL SERVICE FUNDS**

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

TOWN OF WESTERLY, RHODE ISLAND

Combining Statement of Net Assets

Internal Service Funds

June 30, 2011

	<u>Health Fund</u>	<u>Self Insurance Fund</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 122,088	\$ 91,885	\$ 213,973
Accounts receivable	-	2,209	2,209
Due from other funds	517,987	-	517,987
Total current assets	<u>640,075</u>	<u>94,094</u>	<u>734,169</u>
Noncurrent assets			
Other assets	213,565	-	213,565
Total noncurrent assets	<u>213,565</u>	<u>-</u>	<u>213,565</u>
Total assets	<u>853,640</u>	<u>94,094</u>	<u>947,734</u>
LIABILITIES			
Current liabilities:			
Accounts payable	-	10,000	10,000
Claims payable	640,239	-	640,239
Total current liabilities	<u>640,239</u>	<u>10,000</u>	<u>650,239</u>
NET ASSETS			
Unrestricted	213,401	84,094	297,495
Total net assets	<u>\$ 213,401</u>	<u>\$ 84,094</u>	<u>\$ 297,495</u>

TOWN OF WESTERLY, RHODE ISLAND
Combining Statement of Revenues, Expenses and Changes in Net Assets
Internal Service Funds
For the Fiscal Year Ended June 30, 2011

	<u>Health Fund</u>	<u>Self Insurance Fund</u>	<u>Total</u>
Operating revenues			
Charges for insurance	\$ 7,965,192	\$ -	\$ 7,965,192
Other	-	46,588	46,588
Total operating revenues	<u>7,965,192</u>	<u>46,588</u>	<u>8,011,780</u>
Operating expenses			
Claims	7,778,126	54,823	7,832,949
Other	150,775	38,000	188,775
Total operating expenses	<u>7,928,901</u>	<u>92,823</u>	<u>8,021,724</u>
Operating income (loss)	<u>36,291</u>	<u>(46,235)</u>	<u>(9,944)</u>
Nonoperating revenues			
Interest income	-	83	83
Total nonoperating revenues	<u>-</u>	<u>83</u>	<u>83</u>
Income (loss) before transfers	36,291	(46,152)	(9,861)
Transfers in	<u>-</u>	<u>15,000</u>	<u>15,000</u>
Change in net assets	36,291	(31,152)	5,139
Net assets - beginning of year	<u>177,110</u>	<u>115,246</u>	<u>292,356</u>
Net assets - end of year	<u>\$ 213,401</u>	<u>\$ 84,094</u>	<u>\$ 297,495</u>

TOWN OF WESTERLY, RHODE ISLAND

Combining Statement of Cash Flows

Internal Service Funds

For the Fiscal Year Ended June 30, 2011

	<i>Health Fund</i>	<i>Self Insurance Fund</i>	<i>Total</i>
<i>Cash flows from operating activities</i>			
Cash received from insurance charges	\$ 7,399,077	\$ -	\$ 7,399,077
Claims payments	(7,877,176)	(54,823)	(7,931,999)
Other operating cash receipts	-	44,379	44,379
Other operating cash disbursements	<u>(187,065)</u>	<u>(30,875)</u>	<u>(217,940)</u>
<i>Net cash used for operating activities</i>	<u>(665,164)</u>	<u>(41,319)</u>	<u>(706,483)</u>
<i>Cash flows from non-capital financing activities</i>			
Transfers from other funds	<u>-</u>	<u>15,000</u>	<u>15,000</u>
<i>Net cash provided by non-capital related financing activities</i>	<u>-</u>	<u>15,000</u>	<u>15,000</u>
<i>Cash flows from investing activities</i>			
Investment income	<u>-</u>	<u>83</u>	<u>83</u>
<i>Net cash provided by investing activities</i>	<u>-</u>	<u>83</u>	<u>83</u>
<i>Net decrease in cash and cash equivalents</i>	(665,164)	(26,236)	(691,400)
<i>Cash and cash equivalents - beginning of year</i>	<u>787,252</u>	<u>118,121</u>	<u>905,373</u>
<i>Cash and cash equivalents - end of year</i>	<u>\$ 122,088</u>	<u>\$ 91,885</u>	<u>\$ 213,973</u>
<i>Reconciliation of operating income (loss) to net cash used for operating activities</i>			
<i>Operating income (loss)</i>	\$ 36,291	\$ (46,235)	\$ (9,944)
<i>Adjustments to reconcile operating income (loss) to net cash used for operating activities:</i>			
Increase in other assets	(36,291)	-	(36,291)
Increase in accounts receivable	-	(2,209)	(2,209)
Increase in due from/to other funds	(566,114)	-	(566,114)
Increase (decrease) in accounts payable and accrued expenses	<u>(99,050)</u>	<u>7,125</u>	<u>(91,925)</u>
<i>Total adjustments</i>	<u>(701,455)</u>	<u>4,916</u>	<u>(696,539)</u>
<i>Net cash used for operating activities</i>	<u>\$ (665,164)</u>	<u>\$ (41,319)</u>	<u>\$ (706,483)</u>

**COMBINING FUND FINANCIAL STATEMENTS -
PRIVATE PURPOSE TRUST FUNDS**

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

TOWN OF WESTERLY, RHODE ISLAND

Combining Statement of Net Assets

Private-Purpose Trust Funds

June 30, 2011

	<i>Permanent Neighbor Committee</i>	<i>Honor Roll Fund</i>	<i>Brandywine Village Fund</i>	<i>Welfare Fund</i>	<i>Lois B. Stillmen Fund</i>	<i>Richmond Brewer Fund</i>
ASSETS						
Cash and cash equivalents	\$ 1,573	\$ 972	\$ 44,827	\$ 4,418	\$ 8,219	\$ 32,628
Total assets	<u>1,573</u>	<u>972</u>	<u>44,827</u>	<u>4,418</u>	<u>8,219</u>	<u>32,628</u>
 Net Assets						
Held in trust for other purposes	<u>\$ 1,573</u>	<u>\$ 972</u>	<u>\$ 44,827</u>	<u>\$ 4,418</u>	<u>\$ 8,219</u>	<u>\$ 32,628</u>

(Continued)

TOWN OF WESTERLY, RHODE ISLAND

*Combining Statement of Net Assets
Private-Purpose Trust Funds (Continued)
June 30, 2011*

	<i>Irene Vose Fund</i>	<i>Martha C. Babcock Memorial</i>	<i>Premio L. Russo Memorial</i>	<i>Class of 1886</i>	<i>Otis P. Chapman Fund</i>	<i>Municipal Court</i>
ASSETS						
Cash and cash equivalents	\$ 47,144	\$ 2,870	\$ 1,391	\$ 1,060	\$ 1,863	\$ 473
Total assets	<u>47,144</u>	<u>2,870</u>	<u>1,391</u>	<u>1,060</u>	<u>1,863</u>	<u>473</u>
 Net Assets						
Held in trust for other purposes	<u>\$ 47,144</u>	<u>\$ 2,870</u>	<u>\$ 1,391</u>	<u>\$ 1,060</u>	<u>\$ 1,863</u>	<u>\$ 473</u>

(Continued)

TOWN OF WESTERLY, RHODE ISLAND

Combining Statement of Net Assets

Private-Purpose Trust Funds (Continued)

June 30, 2011

	<i>Francis Pat Coyle Memorial</i>	<i>Betty Zerbarini Fund</i>	<i>Berardinelli Trust Fund</i>	<i>John J. & Mary C. Smith Scholarship</i>	<i>Robert F. Serra Fund</i>	<i>Total</i>
ASSETS						
Cash and cash equivalents	\$ 987	\$ 1,159	\$ 18,056	\$ 11,904	\$ 1,684	\$ 181,228
Total assets	<u>987</u>	<u>1,159</u>	<u>18,056</u>	<u>11,904</u>	<u>1,684</u>	<u>181,228</u>
 Net Assets						
Held in trust for other purposes	<u>\$ 987</u>	<u>\$ 1,159</u>	<u>\$ 18,056</u>	<u>\$ 11,904</u>	<u>\$ 1,684</u>	<u>\$ 181,228</u>

TOWN OF WESTERLY, RHODE ISLAND

Combining Statement of Changes in Net Assets

Private-Purpose Trust Funds

For the Fiscal Year Ended June 30, 2011

	<i>Permanent Neighbor Committee</i>	<i>Honor Roll Fund</i>	<i>Brandywine Village Fund</i>	<i>Welfare Fund</i>	<i>Lois B. Stillmen Fund</i>	<i>Richmond Brewer Fund</i>
<i>Additions</i>						
<i>Investment earnings</i>						
Interest income	\$ 20	\$ 2	\$ 133	\$ 8	\$ 9	\$ 30
Other revenue	-	345	-	-	-	-
<i>Total additions</i>	<u>20</u>	<u>347</u>	<u>133</u>	<u>8</u>	<u>9</u>	<u>30</u>
<i>Deductions</i>						
Miscellaneous	<u>100</u>	<u>270</u>	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>75</u>
<i>Total deductions</i>	<u>100</u>	<u>270</u>	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>75</u>
<i>Change in net assets</i>	(80)	77	133	8	(991)	(45)
<i>Nets assets - beginning of year</i>	<u>1,653</u>	<u>895</u>	<u>44,694</u>	<u>4,410</u>	<u>9,210</u>	<u>32,673</u>
<i>Nets assets - end of year</i>	<u>\$ 1,573</u>	<u>\$ 972</u>	<u>\$ 44,827</u>	<u>\$ 4,418</u>	<u>\$ 8,219</u>	<u>\$ 32,628</u>

(Continued)

TOWN OF WESTERLY, RHODE ISLAND

Combining Statement of Changes in Net Assets

Private-Purpose Trust Funds (Continued)

For the Fiscal Year Ended June 30, 2011

	<i>Irene Vose Fund</i>	<i>Martha C. Babcock Memorial</i>	<i>Premio L. Russo Memorial</i>	<i>Class of 1886</i>	<i>Otis P. Chapman Fund</i>	<i>Municipal Court</i>
Additions						
<i>Investment earnings</i>						
Interest income	\$ 47	\$ 2	\$ 1	\$ 1	\$ 2	\$ -
Other revenue	-	-	-	-	-	-
Total additions	<u>47</u>	<u>2</u>	<u>1</u>	<u>1</u>	<u>2</u>	<u>-</u>
Deductions						
Miscellaneous	-	-	35	-	-	-
Total deductions	<u>-</u>	<u>-</u>	<u>35</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	47	2	(34)	1	2	-
Nets assets - beginning of year	<u>47,097</u>	<u>2,868</u>	<u>1,425</u>	<u>1,059</u>	<u>1,861</u>	<u>473</u>
Nets assets - end of year	<u>\$ 47,144</u>	<u>\$ 2,870</u>	<u>\$ 1,391</u>	<u>\$ 1,060</u>	<u>\$ 1,863</u>	<u>\$ 473</u>

(Continued)

TOWN OF WESTERLY, RHODE ISLAND

Combining Statement of Changes in Net Assets

Private-Purpose Trust Funds (Continued)

For the Fiscal Year Ended June 30, 2011

	<i>Francis Pat Coyle Memorial</i>	<i>Betty Zerbarini Fund</i>	<i>Berardinelli Trust Fund</i>	<i>John J. & Mary C. Smith Scholarship</i>	<i>Robert F. Serra Fund</i>	<i>Total</i>
<i>Additions</i>						
<i>Investment earnings</i>						
Interest income	\$ 1	\$ 1	\$ 17	\$ 11	\$ 1	\$ 286
Other revenue	-	-	-	-	-	345
<i>Total additions</i>	<u>1</u>	<u>1</u>	<u>17</u>	<u>11</u>	<u>1</u>	<u>631</u>
<i>Deductions</i>						
Miscellaneous	-	-	-	-	-	1,480
<i>Total deductions</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,480</u>
<i>Change in net assets</i>	1	1	17	11	1	(849)
<i>Nets assets - beginning of year</i>	<u>986</u>	<u>1,158</u>	<u>18,039</u>	<u>11,893</u>	<u>1,683</u>	<u>182,077</u>
<i>Nets assets - end of year</i>	<u><u>\$ 987</u></u>	<u><u>\$ 1,159</u></u>	<u><u>\$ 18,056</u></u>	<u><u>\$ 11,904</u></u>	<u><u>\$ 1,684</u></u>	<u><u>\$ 181,228</u></u>

AGENCY FUNDS

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

TOWN OF WESTERLY, RHODE ISLAND

Combining Statement of Net Assets

Agency Funds

June 30, 2011

	<i>Title II P.W.E.A.</i>	<i>Babcock Middle School Student Activity Fund</i>	<i>Westerly High School Student Activity Fund</i>	<i>Construction Escrow Deposits</i>	<i>Probate Accounts</i>	<i>Total</i>
ASSETS						
Cash and cash equivalents	\$ 2,584	\$ 29,960	\$ 160,667	\$ 134,275	\$ 10,046	\$ 337,532
Total assets	<u>\$ 2,584</u>	<u>\$ 29,960</u>	<u>\$ 160,667</u>	<u>\$ 134,275</u>	<u>\$ 10,046</u>	<u>\$ 337,532</u>
 LIABILITIES						
Deposits held in custody for others	\$ 2,584	\$ 29,960	\$ 160,667	\$ 134,275	\$ 10,046	\$ 337,532
Total liabilities	<u>\$ 2,584</u>	<u>\$ 29,960</u>	<u>\$ 160,667</u>	<u>\$ 134,275</u>	<u>\$ 10,046</u>	<u>\$ 337,532</u>

TOWN OF WESTERLY, RHODE ISLAND
 Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 For the Fiscal Year Ended June 30, 2011

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2011</u>
TITLE II - P.W.E.A				
<i>Assets</i>				
Cash	\$ 2,581	\$ 3	\$ -	\$ 2,584
Total assets	<u>\$ 2,581</u>	<u>\$ 3</u>	<u>\$ -</u>	<u>\$ 2,584</u>
<i>Liabilities</i>				
Deposits held in custody for others	\$ 2,581	\$ 3	\$ -	\$ 2,584
Total liabilities	<u>\$ 2,581</u>	<u>\$ 3</u>	<u>\$ -</u>	<u>\$ 2,584</u>
BABCOCK MIDDLE SCHOOL STUDENT ACTIVITY FUND				
<i>Assets</i>				
Cash	\$ 24,439	\$ 82,641	\$ 77,120	\$ 29,960
Total assets	<u>\$ 24,439</u>	<u>\$ 82,641</u>	<u>\$ 77,120</u>	<u>\$ 29,960</u>
<i>Liabilities</i>				
Deposits held in custody for others	24,439	82,641	77,120	29,960
Total liabilities	<u>\$ 24,439</u>	<u>\$ 82,641</u>	<u>\$ 77,120</u>	<u>\$ 29,960</u>
WESTERLY HIGH SCHOOL STUDENT ACTIVITY FUND				
<i>Assets</i>				
Cash	\$ 132,069	\$ 406,973	\$ 378,375	\$ 160,667
Total assets	<u>\$ 132,069</u>	<u>\$ 406,973</u>	<u>\$ 378,375</u>	<u>\$ 160,667</u>
<i>Liabilities</i>				
Deposits held in custody for others	132,069	406,973	378,375	160,667
Total liabilities	<u>\$ 132,069</u>	<u>\$ 406,973</u>	<u>\$ 378,375</u>	<u>\$ 160,667</u>
CONSTRUCTION ESCROW DEPOSITS				
<i>Assets</i>				
Cash	\$ 293,089	\$ 9,072	\$ 167,886	\$ 134,275
Total assets	<u>\$ 293,089</u>	<u>\$ 9,072</u>	<u>\$ 167,886</u>	<u>\$ 134,275</u>
<i>Liabilities</i>				
Deposits held in custody for others	293,089	9,072	167,886	134,275
Total liabilities	<u>\$ 293,089</u>	<u>\$ 9,072</u>	<u>\$ 167,886</u>	<u>\$ 134,275</u>

TOWN OF WESTERLY, RHODE ISLAND
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2011

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2011</u>
PROBATE ESCROW				
<i>Assets</i>				
Cash	\$ 10,036	\$ 10	\$ -	\$ 10,046
Total assets	<u>\$ 10,036</u>	<u>\$ 10</u>	<u>\$ -</u>	<u>\$ 10,046</u>
<i>Liabilities</i>				
Deposits held in custody for others	\$ 10,036	\$ 10	\$ -	\$ 10,046
Total liabilities	<u>\$ 10,036</u>	<u>\$ 10</u>	<u>\$ -</u>	<u>\$ 10,046</u>
TOTAL AGENCY FUNDS				
<i>Assets</i>				
Cash	\$ 462,214	\$ 498,699	\$ 623,381	\$ 337,532
Total assets	<u>\$ 462,214</u>	<u>\$ 498,699</u>	<u>\$ 623,381</u>	<u>\$ 337,532</u>
<i>Liabilities</i>				
Deposits held in custody for others	462,214	498,699	623,381	\$ 337,532
Total liabilities	<u>\$ 462,214</u>	<u>\$ 498,699</u>	<u>\$ 623,381</u>	<u>\$ 337,532</u>

TOWN OF WESTERLY, RHODE ISLAND

Tax Collector's Annual Report

For the Fiscal Year Ended June 30, 2011

Real Estate and Personal Property Taxes

<u>Fiscal Year</u>	<u>Balance June 30, 2010</u>	<u>Current year Assessment</u>	<u>Additions</u>	<u>Abatements</u>	<u>Amount to be Collected</u>	<u>Current Year Collections</u>	<u>Balance June 30, 2011</u>
2011	\$ -	\$ 62,933,570	\$ 162,635	\$ 154,320	\$ 62,941,885	\$ 61,760,687	\$ 1,181,198
2010	1,083,949	-	-	36,716	1,047,233	791,147	256,086
2009	282,532	-	410	31,138	251,804	157,415	94,389
2008	106,713	-	-	39,015	67,698	(15,285)	82,983
2007	77,365	-	-	33,057	44,308	(28,816)	73,124
2006	73,710	-	-	31,742	41,968	(30,376)	72,344
2005	59,103	-	-	10,371	48,732	(8,882)	57,614
2004	46,564	-	-	-	46,564	576	45,988
2003	43,486	-	-	-	43,486	500	42,986
2002	57,123	-	-	-	57,123	274	56,849
2001	75,625	-	-	-	75,625	862	74,763
2000	93,173	-	-	-	93,173	784	92,389
1999	86,518	-	-	-	86,518	567	85,951
1998	76,746	-	-	-	76,746	367	76,379
1997	72,390	-	-	-	72,390	258	72,132
1996	77,803	-	-	-	77,803	270	77,533
1995	93,620	-	-	-	93,620	374	93,246
Suspense	1,520,299	-	-	-	1,520,299	-	1,520,299
	<u>\$ 3,926,719</u>	<u>\$ 62,933,570</u>	<u>\$ 163,045</u>	<u>\$ 336,359</u>	<u>\$ 66,686,975</u>	<u>\$ 62,630,722</u>	<u>4,056,253</u>
					Allowance for doubtful accounts		<u>(1,520,299)</u>
					<i>Net property tax receivable</i>		<u><u>\$ 2,535,954</u></u>

Schedule of Most Recent Net Assessed Property Value by Category

<u>Description of Property</u>	<u>Valuation</u>	<u>Levy</u>
Real property	\$ 5,968,175,200	\$ 57,891,299
Motor vehicles	196,704,453	5,836,221
Tangible personal property	103,394,190	1,003,084
<i>Total</i>	<u>6,268,273,843</u>	<u>64,730,604</u>
Exemptions and tax freeze	<u>(123,264,095)</u>	<u>(1,797,034)</u>
Net assessed value	<u><u>\$ 6,145,009,748</u></u>	<u><u>\$ 62,933,570</u></u>

TOWN OF WESTERLY, RHODE ISLAND
Schedule of Revenues and Expenditures - Budget and Actual
School Department Operating Budget
For the Fiscal Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>(Budgetary</u> <u>Basis)</u>	<u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
Revenues				
Town Appropriation	\$ 43,100,729	\$ 43,100,729	\$ 43,100,729	\$ -
State aid	3,698,420	3,698,420	3,894,954	196,534
Medicaid revenue	443,779	767,890	726,851	(41,039)
Other revenues	208,747	315,961	378,755	62,794
Total revenues	<u>47,451,675</u>	<u>47,883,000</u>	<u>48,101,289</u>	<u>218,289</u>
Expenditures				
District, Administration, Curriculum				
Payroll	28,957,384	28,967,820	28,667,925	299,895
Purchased professional and technical services	328,606	340,411	208,793	131,618
Purchased property services	22,585	22,585	159,336	(136,751)
Other purchased services	861,842	861,842	1,027,035	(165,193)
Supplies and materials	136,701	136,701	59,105	77,596
Property	2,394	2,394	67,996	(65,602)
Other	23,065	23,065	31,397	(8,332)
Total district, administration, curriculum	<u>30,332,577</u>	<u>30,354,818</u>	<u>30,221,587</u>	<u>133,231</u>
Pupil Personnel				
Purchased professional and technical services	422,954	422,954	637,928	(214,974)
Purchased property services	2,350	2,350	9,366	(7,016)
Other purchased services	1,503,344	1,503,344	1,540,324	(36,980)
Supplies and materials	44,441	44,441	28,371	16,070
Property	15,331	15,331	46,056	(30,725)
Other	100	100	1,473	(1,373)
Total pupil personnel	<u>1,988,520</u>	<u>1,988,520</u>	<u>2,263,518</u>	<u>(274,998)</u>
Finance				
Purchased professional and technical services	17,325	17,325	25,042	(7,717)
Purchased property services	8,684	8,684	8,089	595
Other purchased services	37,410	37,410	-	37,410
Supplies and materials	3,037	3,037	3,231	(194)
Property	2,085	2,085	50,480	(48,395)
Other	415	415	705	(290)
Total finance	<u>68,956</u>	<u>68,956</u>	<u>87,547</u>	<u>(18,591)</u>
Technology				
Purchased professional and technical services	4,670	4,670	29,324	(24,654)
Purchased property services	18,694	18,694	33,645	(14,951)
Other purchased services	261	261	557	(296)
Supplies and materials	75,881	75,881	669	75,212
Property	91,878	91,878	158,261	(66,383)
Other	-	-	750	(750)
Total technology	<u>191,384</u>	<u>191,384</u>	<u>223,206</u>	<u>(31,822)</u>

(Continued)

TOWN OF WESTERLY, RHODE ISLAND
Schedule of Revenues and Expenditures - Budget and Actual
School Department Operating Budget (Continued)
For the Fiscal Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Building & Grounds				
Purchased professional and technical services	15,760	15,760	530	15,230
Purchased property services	31,725	31,725	56,020	(24,295)
Other purchased services	245,997	245,997	245,218	779
Supplies and materials	149,227	149,227	2,494	146,733
Property	-	-	7,323	(7,323)
Other	30	30	-	30
Total building & grounds	<u>442,739</u>	<u>442,739</u>	<u>311,585</u>	<u>131,154</u>
Transportation				
Purchased professional and technical services	10,282	10,282	8,666	1,616
Purchased property services	31,294	31,294	57,911	(26,617)
Other purchased services	126,105	126,105	50,380	75,725
Supplies and materials	351,598	351,598	376,367	(24,769)
Property	3,923	3,923	59,000	(55,077)
Other	75	75	955	(880)
Total transportation	<u>523,277</u>	<u>523,277</u>	<u>553,279</u>	<u>(30,002)</u>
Westerly High School				
Purchased professional and technical services	59,371	59,371	41,960	17,411
Purchased property services	477,227	477,227	614,790	(137,563)
Other purchased services	22,789	22,789	24,691	(1,902)
Supplies and materials	403,252	411,758	548,165	(136,407)
Property	25,323	33,187	145,830	(112,643)
Other	12,772	12,772	16,273	(3,501)
Total westerly high school	<u>1,000,734</u>	<u>1,017,104</u>	<u>1,391,709</u>	<u>(374,605)</u>
Westerly Middle School				
Purchased professional and technical services	44,826	44,826	14,096	30,730
Purchased property services	327,833	327,833	456,823	(128,990)
Other purchased services	22,853	22,853	22,240	613
Supplies and materials	257,886	257,886	251,742	6,144
Property	14,214	14,214	37,901	(23,687)
Other	575	575	3,797	(3,222)
Total westerly middle school	<u>668,187</u>	<u>668,187</u>	<u>786,599</u>	<u>(118,412)</u>
Westerly Elementary Schools				
Purchased professional and technical services	64,725	64,725	26,104	38,621
Purchased property services	322,041	322,041	521,883	(199,842)
Other purchased services	2,036	2,036	2,939	(903)
Supplies and materials	378,807	378,807	374,077	4,730
Property	7,350	333,932	325,476	8,456
Other	2,100	2,100	6,405	(4,305)
Total elementary schools	<u>777,059</u>	<u>1,103,641</u>	<u>1,256,884</u>	<u>(153,243)</u>

(Continued)

TOWN OF WESTERLY, RHODE ISLAND
Schedule of Revenues and Expenditures - Budget and Actual
School Department Operating Budget (Continued)
For the Fiscal Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<i>Tower Street Community Center</i>				
Purchased professional and technical services	13,806	13,806	66,510	(52,704)
Purchased property services	22,805	22,805	87,266	(64,461)
Other purchased services	10,495	10,495	7,493	3,002
Supplies and materials	147,787	147,787	51,140	96,647
Property	345	345	30,125	(29,780)
Other	1,252	1,252	1,252	-
<i>Total tower street community center</i>	<u>196,490</u>	<u>196,490</u>	<u>243,786</u>	<u>(47,296)</u>
<i>Benefits</i>	11,261,752	11,327,884	9,103,346	2,224,538
<i>Total expenditures</i>	<u>47,451,675</u>	<u>47,883,000</u>	<u>46,443,046</u>	<u>1,439,954</u>
<i>Excess of revenues over expenditures before other financing uses</i>	<u>-</u>	<u>-</u>	<u>1,658,243</u>	<u>1,658,243</u>
<i>Other financing uses</i>				
Transfer to Capital Project Fund	<u>-</u>	<u>-</u>	<u>(196,534)</u>	<u>(196,534)</u>
<i>Total other financing uses</i>	<u>-</u>	<u>-</u>	<u>(196,534)</u>	<u>(196,534)</u>
<i>Excess of revenues and other sources over expenditures</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,461,709</u>	<u>\$ 1,461,709</u>

TOWN OF WESTERLY, RHODE ISLAND
Schedule of General Fund - Fund Balance - Restricted for Education Programs
June 30, 2011

Restricted for Education:

School Committee designation for staff development	\$ 105,000
School Committee designation for deferred maintenance	210,000
School Committee designation for 2012 budget	1,469,528
School Committee designation for unfunded renovation costs	105,000
School Committee designation for litigation	300,000
School Committee designation for supplementary assessments for unfunded pension liabilities	800,000
School Committee designation for acquisition of replacement of school busses and school bus equipment	100,000
Encumbrances	265,190
Undesignated	1,598,369
Total	<u><u>\$ 4,953,087</u></u>

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 Town.

Statistical Section

This part of the Town of Westerly'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 Town's overall financial health.

<u>Contents</u>	<u>Page(s)</u>
------------------------	-----------------------

Financial Trends	112-116
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These schedules contain trend information to help the reader understand how the Town's financial position has changed over time.

Revenue Capacity	117-120
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These schedules contain information to help the reader understand and assess the factors affecting the Town's ability to generate its most significant local revenue sources, the real and personal property tax .

Debt Capacity	121-123
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These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.

Economic and Demographic Information	124-126
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These schedules offer economic and demographic indicators to help the reader understand the environment within which the Town's financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.

Operating Information	127-128
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These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the annual financial statements for the relevant year. The Town implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

TOWN OF WESTERLY, RHODE ISLAND

*Net Assets by Component
Last Nine Fiscal Years
(accrual basis of accounting)
(Unaudited)*

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Governmental Activities:									
Invested in Capital Assets, Net of Related Debt	\$ 9,334,967	\$ 8,248,897	\$ 4,865,793	\$ 15,493,365	\$ 58,664,590	\$ 66,693,303	\$ 68,746,769	\$ 70,358,546	\$ 70,008,175
Restricted	-	-	-	-	-	840,250	609,887	4,271,819	5,596,748
Unrestricted	<u>3,746,894</u>	<u>8,739,837</u>	<u>16,629,831</u>	<u>10,956,556</u>	<u>19,014,340</u>	<u>11,328,955</u>	<u>10,806,705</u>	<u>9,195,972</u>	<u>9,222,812</u>
Total Governmental Activities Net Assets	<u>13,081,861</u>	<u>16,988,734</u>	<u>21,495,624</u>	<u>26,449,921</u>	<u>77,678,930</u>	<u>78,862,508</u>	<u>80,163,361</u>	<u>83,826,337</u>	<u>84,827,735</u>
Business-Type Activities:									
Invested in Capital Assets, Net of Related Debt	20,582,098	19,390,285	20,474,067	21,546,814	22,556,484	26,692,977	27,988,005	28,158,294	28,728,337
Unrestricted	<u>4,453,961</u>	<u>5,475,892</u>	<u>6,928,573</u>	<u>8,448,158</u>	<u>11,257,392</u>	<u>9,382,408</u>	<u>7,514,990</u>	<u>7,014,809</u>	<u>6,219,520</u>
Total Business-Type Activities Net Assets	<u>25,036,059</u>	<u>24,866,177</u>	<u>27,402,640</u>	<u>29,994,972</u>	<u>33,813,876</u>	<u>36,075,385</u>	<u>35,502,995</u>	<u>35,173,103</u>	<u>34,947,857</u>
Primary Government:									
Invested in Capital Assets, Net of Related Debt	29,917,065	27,639,182	25,339,860	37,040,179	81,221,074	93,386,280	96,734,774	98,516,840	98,736,512
Restricted	-	-	-	-	-	840,250	609,887	4,271,819	5,596,748
Unrestricted	<u>8,200,855</u>	<u>14,215,729</u>	<u>23,558,404</u>	<u>19,404,714</u>	<u>30,271,732</u>	<u>20,711,363</u>	<u>18,321,695</u>	<u>16,210,781</u>	<u>15,442,332</u>
Total Primary Government Net Assets	<u>\$ 38,117,920</u>	<u>\$ 41,854,911</u>	<u>\$ 48,898,264</u>	<u>\$ 56,444,893</u>	<u>\$ 111,492,806</u>	<u>\$ 114,937,893</u>	<u>\$ 115,666,356</u>	<u>\$ 118,999,440</u>	<u>\$ 119,775,592</u>

Note: Prior to implementation of GASB 34 in 2003, this information was not compiled and is unavailable.

Source: Town of Westerly Annual Financial Statements

TOWN OF WESTERLY, RHODE ISLAND
Changes in Net Assets
Last Nine Fiscal Years
(accrual basis of accounting)
(Unaudited)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Expenses									
Governmental Activities:									
Legislative , judicial & general administrative	\$ 4,596,794	\$ 4,898,122	\$ 5,087,026	\$ 5,478,223	\$ 6,873,513	\$ 3,236,593	\$ 3,129,637	\$ 3,466,233	\$ 2,781,707
Public works	4,253,178	4,515,948	4,883,892	4,903,462	5,062,292	9,912,789	7,424,188	7,507,487	9,985,135
Public safety	3,360,844	3,853,057	3,743,339	4,073,352	4,427,133	7,814,959	7,761,483	7,799,497	8,240,563
Health and welfare	635,011	665,059	655,110	666,425	678,933	886,803	1,647,960	1,237,875	802,416
Conservation and development	4,916	3,549	41,802	41,923	43,976	57,013	83,398	63,593	61,603
Parks and recreation	355,997	384,887	407,522	515,258	559,495	670,797	671,243	715,016	851,085
Planning and zoning	189,764	187,898	194,530	211,016	210,824	300,666	315,979	311,526	317,731
Public education	40,577,447	43,346,028	46,426,481	48,708,393	51,584,096	56,538,216	55,623,925	53,346,773	56,373,765
Other	482,115	931,695	782,610	90,061	434,573	-	-	-	-
Capital improvements/restricted programs	1,338,692	539,613	570,434	659,008	1,538,354	-	-	-	-
Interest	733,503	682,169	1,973,585	2,168,881	2,861,227	2,991,507	2,921,665	2,834,606	3,001,369
Total Governmental Activities Expenses	<u>56,528,261</u>	<u>60,008,025</u>	<u>64,766,331</u>	<u>67,516,002</u>	<u>74,274,416</u>	<u>82,409,343</u>	<u>79,579,478</u>	<u>77,282,606</u>	<u>82,415,374</u>
Business-Type Activities:									
Water	2,971,872	3,167,368	2,930,748	3,165,920	3,631,349	3,519,078	4,427,003	4,999,866	5,107,553
Sewer	2,522,323	3,391,749	2,943,612	3,050,394	3,245,491	3,399,750	3,524,297	3,224,296	3,390,936
Beach	189,311	240,861	242,907	303,394	374,356	279,941	271,973	255,673	263,071
Total Business-Type Activities Expenses	<u>5,683,506</u>	<u>6,799,978</u>	<u>6,117,267</u>	<u>6,519,708</u>	<u>7,251,196</u>	<u>7,198,769</u>	<u>8,223,273</u>	<u>8,479,835</u>	<u>8,761,560</u>
Total Primary Government Expenses	<u>\$ 62,211,767</u>	<u>\$ 66,808,003</u>	<u>\$ 70,883,598</u>	<u>\$ 74,035,710</u>	<u>\$ 81,525,612</u>	<u>\$ 89,608,112</u>	<u>\$ 87,802,751</u>	<u>\$ 85,762,441</u>	<u>\$ 91,176,934</u>
Program Revenues									
Governmental Activities:									
Charges for services:									
Legislative , judicial & general administrative	\$ 1,342,420	\$ 807,190	\$ 480,209	\$ 1,902,781	\$ 644,390	\$ 1,206,498	\$ 940,220	\$ 986,339	\$ 1,088,315
Public works	2,036,651	2,576,508	3,304,537	2,558,277	2,377,169	2,667,752	2,554,611	2,040,910	2,107,314
Public safety	156,020	166,822	349,865	258,348	296,686	317,389	338,429	360,359	409,070
Health and welfare	-	-	-	-	-	-	-	-	-
Conservation and development	-	-	-	-	-	-	-	5,250	23,451
Parks and recreation	94,670	111,724	123,010	118,030	141,985	136,770	143,383	163,233	163,476
Planning and zoning	-	-	614,966	62,784	783,768	674,096	63,457	76,959	74,779
Public education	982,678	298,706	1,063,868	1,572,384	1,865,487	1,209,848	1,424,345	1,266,433	1,499,327
Other	95,487	-	-	60,171	315,942	-	-	-	-
Capital improvements/restricted programs	-	-	-	179,064	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Operating grants and contributions	9,555,800	5,802,033	10,113,918	10,944,457	13,122,333	13,448,568	11,992,674	12,546,972	12,570,266
Capital grants and contributions	-	-	-	411,677	1,394,603	301,712	498,774	-	735,857
Total Governmental Activities Program Revenues	<u>14,263,726</u>	<u>9,762,983</u>	<u>16,050,373</u>	<u>18,067,973</u>	<u>20,942,363</u>	<u>19,962,633</u>	<u>17,955,893</u>	<u>17,446,455</u>	<u>18,671,855</u>

(continued)

**Note: Prior to implementation of GASB 34 in 2003
this information was not compiled and is unavailable.**

Source: Town of Westerly Annual Financial Statements

TOWN OF WESTERLY, RHODE ISLAND
Changes in Net Assets (continued)
Last Nine Fiscal Years
(accrual basis of accounting)
(Unaudited)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Business-Type Activities:									
Charges for Services:									
Water	2,766,035	3,183,629	3,669,897	4,480,849	6,144,478	4,245,768	3,950,767	3,814,045	4,383,473
Sewer	1,767,667	2,569,121	3,561,988	3,766,637	3,864,384	3,495,261	3,152,629	3,483,850	3,398,737
Beach	88,339	278,179	507,251	105,217	96,428	86,664	84,533	118,388	104,898
Operating grants and contributions	-	-	-	-	-	-	25,000	75,133	1,568
Total Business-Type Activities Program Revenues	<u>4,622,041</u>	<u>6,030,929</u>	<u>7,739,136</u>	<u>8,352,703</u>	<u>10,105,290</u>	<u>7,827,693</u>	<u>7,212,929</u>	<u>7,491,416</u>	<u>7,888,676</u>
Total Primary Government Program Revenues	<u>\$ 18,885,767</u>	<u>\$ 15,793,912</u>	<u>\$ 23,789,509</u>	<u>\$ 26,420,676</u>	<u>\$ 31,047,653</u>	<u>\$ 27,790,326</u>	<u>\$ 25,168,822</u>	<u>\$ 24,937,871</u>	<u>\$ 26,560,531</u>
Net (Expense)/Revenue									
Governmental Activities	\$(42,264,535)	\$(50,245,042)	\$(48,715,958)	\$(49,448,029)	\$(53,332,053)	\$(62,446,710)	\$(61,623,585)	\$(59,836,151)	\$(63,743,519)
Business-Type Activities	(1,061,465)	(769,049)	1,621,869	1,832,995	2,854,094	628,924	(1,010,344)	(988,419)	(872,884)
Total Primary Government Net (Expense)/Revenue	<u>\$(43,326,000)</u>	<u>\$(51,014,091)</u>	<u>\$(47,094,089)</u>	<u>\$(47,615,034)</u>	<u>\$(50,477,959)</u>	<u>\$(61,817,786)</u>	<u>\$(62,633,929)</u>	<u>\$(60,824,570)</u>	<u>\$(64,616,403)</u>
General Revenues and Other Changes in Net Assets									
Governmental Activities:									
Property Taxes	\$ 37,505,693	\$ 44,110,152	\$ 47,768,204	\$ 50,057,187	\$ 52,511,864	\$ 55,992,277	\$ 59,323,341	\$ 59,555,979	\$ 63,296,907
State aid and in lieu of taxes not restricted	-	-	-	-	-	4,838,487	4,614,007	3,965,697	1,801,556
Unrestricted investment earnings	157,579	295,071	733,053	849,315	1,463,137	1,055,249	510,798	212,778	157,636
Miscellaneous	3,630,348	10,232,200	5,194,788	4,461,337	3,549,691	62,343	277,017	414,437	129,642
Transfers	(372,601)	(474,723)	(330,423)	(676,965)	(759,794)	(738,532)	(695,931)	(649,764)	(640,824)
Loss on disposal of capital assets	-	(45,672)	(261,182)	(288,548)	(581,020)	-	-	-	-
Total Governmental Activities	<u>40,921,019</u>	<u>54,117,028</u>	<u>53,104,440</u>	<u>54,402,326</u>	<u>56,183,878</u>	<u>61,209,824</u>	<u>64,029,232</u>	<u>63,499,127</u>	<u>64,744,917</u>
Business-Type Activities:									
Unrestricted investment earnings	82,892	59,966	87,889	99,982	143,792	130,235	62,955	8,763	6,814
Miscellaneous	38,253	51,578	46,554	12,247	198,262	-	-	-	-
Transfers	381,770	487,623	330,423	676,965	759,794	738,532	695,931	649,764	640,824
Loss/gain on disposal of capital assets	-	-	-	(29,857)	(137,038)	1,497,569	-	-	-
Total Business-Type Activities	<u>502,915</u>	<u>599,167</u>	<u>464,866</u>	<u>759,337</u>	<u>964,810</u>	<u>2,366,336</u>	<u>758,886</u>	<u>658,527</u>	<u>647,638</u>
Total Primary Government	<u>41,423,934</u>	<u>54,716,195</u>	<u>53,569,306</u>	<u>55,161,663</u>	<u>57,148,688</u>	<u>63,576,160</u>	<u>64,788,118</u>	<u>64,157,654</u>	<u>65,392,555</u>
Governmental Activities	(1,343,516)	3,871,986	4,388,482	4,954,297	2,851,825	(1,236,886)	2,405,647	3,662,976	1,001,398
Business-Type Activities	(558,550)	(169,882)	2,086,735	2,592,332	3,818,904	2,995,260	(251,458)	(329,892)	(225,246)
Total Primary Government Changes in Net Assets	<u>\$ (1,902,066)</u>	<u>\$ 3,702,104</u>	<u>\$ 6,475,217</u>	<u>\$ 7,546,629</u>	<u>\$ 6,670,729</u>	<u>\$ 1,758,374</u>	<u>\$ 2,154,189</u>	<u>\$ 3,333,084</u>	<u>\$ 776,152</u>

Note: Prior to implementation of GASB 34 in 2003 this information was not compiled and is unavailable.

TOWN OF WESTERLY, RHODE ISLAND
Fund Balances, Governmental Funds
Last Nine Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General Fund									
Reserved	\$ 13,000	\$ 10,913	\$ 35,607	\$ 729,809	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	3,042,937	3,503,080	4,976,795	6,210,739	7,439,653	8,980,861	9,020,357	9,157,164	-
Nonspendable	-	-	-	-	-	-	-	-	203,645
Restricted	-	-	-	-	-	-	-	-	4,953,087
Committed	-	-	-	-	-	-	-	-	53,184
Assigned	-	-	-	-	-	-	-	-	160,000
Unassigned	-	-	-	-	-	-	-	-	8,890,798
Total General Fund	<u>3,055,937</u>	<u>3,513,993</u>	<u>5,012,402</u>	<u>6,940,548</u>	<u>7,439,653</u>	<u>8,980,861</u>	<u>9,020,357</u>	<u>9,157,164</u>	<u>14,260,714</u>
All Other Governmental Funds									
Reserved	12,935	80,982	13,569	50	11,719	14,320	30,703	358,515	-
Unreserved, Undesignated, Reported in:									
Special Revenue Funds	618,258	1,304,646	964,599	1,636,802	1,727,363	839,165	1,104,125	3,827,266	-
Capital Projects Funds	1,559,436	4,784,600	11,479,682	3,483,872	11,277,246	7,310,686	6,972,328	7,446,534	-
Nonspendable	-	-	-	-	-	-	-	-	30,500
Restricted	-	-	-	-	-	-	-	-	2,700,838
Committed	-	-	-	-	-	-	-	-	3,155,637
Unassigned	-	-	-	-	-	-	-	-	(7,024,340)
Total All Other Governmental Funds	<u>2,190,629</u>	<u>6,170,228</u>	<u>12,457,850</u>	<u>5,120,724</u>	<u>13,016,328</u>	<u>8,164,171</u>	<u>8,107,156</u>	<u>11,632,315</u>	<u>(1,137,365)</u>
Total Governmental Funds	<u>\$ 5,246,566</u>	<u>\$ 9,684,221</u>	<u>\$ 17,470,252</u>	<u>\$ 12,061,272</u>	<u>\$ 20,455,981</u>	<u>\$ 17,145,032</u>	<u>\$ 17,127,513</u>	<u>\$ 20,789,479</u>	<u>\$ 13,123,349</u>

Notes:

- 1.) Prior to implementation of GASB 34 in 2003 this information was not compiled and is unavailable.
- 2.) In 2011 the Town implemented GASB No. 54, reserved and unreserved fund balances are no longer used. Fund balances are now reported as nonspendable, restricted, committed, assigned and unassigned.

Source: Town of Westerly Annual Financial Statements

TOWN OF WESTERLY, RHODE ISLAND
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Revenues										
General property taxes	\$ 37,300,241	\$ 39,270,222	\$ 43,540,071	\$ 46,181,886	\$ 50,076,395	\$ 52,469,223	\$ 56,483,800	\$ 58,903,866	\$ 59,229,983	\$ 63,167,374
Intergovernmental revenues	13,295,892	13,186,148	13,913,014	15,172,917	16,227,115	16,621,209	22,090,229	20,896,628	19,659,330	17,990,858
Recreation	93,939	-	-	-	-	-	-	-	-	-
License and permits	318,960	431,518	460,721	480,209	597,521	802,650	705,272	520,627	470,593	405,455
Fines and penalties	186,647	156,020	166,822	172,222	156,807	152,349	170,050	190,165	174,040	199,297
Interest on investments	290,497	157,579	295,071	733,053	849,315	1,463,137	1,046,500	509,652	212,743	157,553
Other revenues	3,726,858	4,120,388	5,454,626	5,408,697	5,536,166	6,887,987	2,134,342	2,042,198	1,666,900	1,416,235
Total Revenues	<u>55,213,034</u>	<u>57,321,875</u>	<u>63,830,325</u>	<u>68,148,984</u>	<u>73,443,319</u>	<u>78,396,555</u>	<u>82,630,193</u>	<u>83,063,136</u>	<u>81,413,589</u>	<u>83,336,772</u>
Expenditures										
Current:										
Legislative, judicial & general administrative	3,853,995	4,585,284	4,847,143	5,001,042	5,233,953	5,570,881	8,682,345	6,236,470	7,007,720	6,352,555
Public works	3,875,081	4,327,565	4,429,143	4,732,271	4,692,128	4,806,646	12,964,052	6,762,533	6,049,632	7,065,978
Public safety	3,303,838	3,493,828	3,713,288	3,587,213	3,876,252	4,192,612	6,793,941	4,539,777	4,533,085	4,611,459
Health and welfare	1,204,013	635,011	652,144	642,195	650,033	664,999	862,972	1,603,577	1,198,722	757,683
Conservation and development	4,027	4,916	3,549	41,802	41,923	43,976	44,068	44,213	46,096	45,776
Parks and recreation	338,403	355,997	370,933	393,344	498,563	540,505	600,031	593,784	549,637	680,016
Planning and zoning	158,024	189,764	187,898	194,530	211,016	210,824	255,638	236,329	237,589	236,902
Education	37,303,827	39,669,769	42,221,079	46,201,201	47,648,202	50,014,112	55,464,548	54,605,925	53,152,473	53,275,364
Other	1,039,958	482,115	978,762	1,161,177	701,643	1,467,117	-	-	-	-
Capital improvements/restricted programs	3,016,014	1,338,692	4,779,437	23,510,945	16,320,264	12,771,572	2,332,971	2,049,818	1,154,114	21,401,103
Debt service:										
Principal	2,009,219	1,974,755	2,057,884	8,119,601	9,242,650	3,059,281	3,882,392	4,505,271	4,940,981	5,010,180
Interest	806,486	718,545	676,687	669,527	2,405,242	2,474,527	2,439,049	2,466,811	2,423,780	2,843,101
Total Expenditures	<u>56,912,885</u>	<u>57,776,241</u>	<u>64,917,947</u>	<u>94,254,848</u>	<u>91,521,869</u>	<u>85,817,052</u>	<u>94,322,007</u>	<u>83,644,508</u>	<u>81,293,829</u>	<u>102,280,117</u>
Excess of Revenues Over (Under) Expenditures										
Before Other Financing Sources (Uses)	<u>(1,699,851)</u>	<u>(454,366)</u>	<u>(1,087,622)</u>	<u>(26,105,864)</u>	<u>(18,078,550)</u>	<u>(7,420,497)</u>	<u>(11,691,814)</u>	<u>(581,372)</u>	<u>119,760</u>	<u>(18,943,345)</u>
Other Financing Sources (Uses)										
Bond and loan proceeds	13,635,000	-	6,012,900	34,222,318	13,346,535	16,575,000	-	-	3,855,000	11,496,000
Lease proceeds	-	-	-	-	-	-	-	1,259,784	396,970	258,003
Premium on debt	-	-	-	-	-	-	14,685	-	-	179,036
Issuance of debt	-	-	-	-	-	-	9,104,712	-	-	-
Payment to refunding bond escrow agent	(13,609,366)	-	-	-	-	-	-	-	-	-
Operating transfers from other funds	36,462,487	35,491,940	38,771,447	40,720,379	43,148,612	45,842,591	48,253,434	48,349,039	47,183,318	818,987
Operating transfers to other funds	(36,886,292)	(35,864,541)	(39,259,070)	(41,050,802)	(43,825,577)	(46,602,385)	(48,991,966)	(49,044,970)	(47,893,082)	(1,474,811)
Total Other Financing Sources (Uses)	<u>(398,171)</u>	<u>(372,601)</u>	<u>5,525,277</u>	<u>33,891,895</u>	<u>12,669,570</u>	<u>15,815,206</u>	<u>8,380,865</u>	<u>563,853</u>	<u>3,542,206</u>	<u>11,277,215</u>
Net Change in Fund Balances	<u>\$ (2,098,022)</u>	<u>\$ (826,967)</u>	<u>\$ 4,437,655</u>	<u>\$ 7,786,031</u>	<u>\$ (5,408,980)</u>	<u>\$ 8,394,709</u>	<u>\$ (3,310,949)</u>	<u>\$ (17,519)</u>	<u>\$ 3,661,966</u>	<u>\$ (7,666,130)</u>
Debt Service as a percentage of noncapital expenditures	5.22%	4.72%	4.41%	12.27%	15.16%	7.20%	7.65%	8.63%	9.49%	9.60%

TOWN OF WESTERLY, RHODE ISLAND
Assessed Value and Actual Values of Taxable Property
Last Ten Years
(Unaudited)

<i>Levy Year</i>	<i>Real Property</i>	<i>Tangible Property</i>	<i>Inventory</i>	<i>Motor Vehicles</i>	<i>Less Exemptions</i>	<i>Total Taxable Assessed Value</i>	<i>Tax Rate Real</i>	<i>Tax Rate MV</i>
2011	\$ 6,003,921,400	\$ 109,834,014	\$ -	\$ 199,010,668	\$ 125,761,643	\$ 6,187,004,439	\$9.74	\$29.67
2010	5,968,175,200	103,394,190	-	196,704,453	123,264,095	6,145,009,748	9.62	29.67
2009	6,409,080,500	103,052,933	-	165,920,358	187,658,148	6,490,395,643	8.87	29.67
2008	6,328,033,730	96,273,051	-	182,725,179	185,143,059	6,421,888,901	8.87	29.67
2007	6,224,102,400	94,064,493	31,563,795	175,020,389	192,699,255	6,332,051,822	8.60	29.67
2006	4,601,087,750	87,707,322	31,945,246	174,601,784	167,505,669	4,727,836,433	10.71	29.67
2005	4,540,847,900	80,535,101	32,244,011	158,160,264	136,454,285	4,675,332,991	10.30	29.67
2004	4,477,987,000	76,606,495	32,751,784	142,400,951	130,107,792	4,599,638,438	9.64	29.67
2003	2,607,031,700	70,495,224	33,533,291	144,252,276	101,261,416	2,754,051,075	15.25	29.67
2002	2,559,768,900	67,485,736	30,076,423	132,840,289	95,155,696	2,695,015,652	13.98	29.67

TOWN OF WESTERLY, RHODE ISLAND
Property Tax Rates
 (per \$1,000 of assessed value)
 Last Ten Fiscal Years
 (Unaudited)

<i>Levy Year</i>	<i>Real Estate & Personal Property</i>	<i>Motor Vehicle</i>
2002	\$13.98	\$29.67
2003	15.25	29.67
2004	9.64	29.67
2005	10.30	29.67
2006	10.71	29.67
2007	8.60	29.67
2008	8.87	29.67
2009	8.87	29.67
2010	9.62	29.67
2011	9.74	29.67

Source: Finance Department, Westerly, Rhode Island

TOWN OF WESTERLY, RHODE ISLAND
Property Tax Levies and Collections
Last Ten Fiscal Years
(Unaudited)

<u><i>Fiscal Year</i></u>	<u><i>Taxes Levied (net abatements)</i></u>	<u><i>Collected within the Fiscal Year Amount</i></u>	<u><i>% of Levy</i></u>	<u><i>Collected in Subsequent Years</i></u>	<u><i>Total Collections Amount</i></u>	<u><i>Balance Remaining</i></u>	<u><i>% of Levy</i></u>
2002	\$ 36,770,796	\$ 35,900,656	97.63%	\$ 813,291	\$ 36,713,947	\$ 56,849	99.85%
2003	38,750,651	38,020,051	98.11%	687,614	38,707,665	42,986	99.89%
2004	43,307,885	42,546,293	98.24%	715,604	43,261,897	45,988	99.89%
2005	45,819,871	45,107,888	98.45%	654,369	45,762,257	57,614	99.87%
2006	49,558,714	48,875,918	98.62%	610,452	49,486,370	72,344	99.85%
2007	52,055,765	51,428,447	98.79%	554,194	51,982,641	73,124	99.86%
2008	56,226,442	55,596,246	98.88%	547,213	56,143,459	82,983	99.85%
2009	58,934,410	57,978,492	98.38%	861,529	58,840,021	94,389	99.84%
2010	59,188,131	58,104,182	98.17%	827,863	58,932,045	256,086	99.57%
2011	62,941,885	61,760,687	98.12%	n/a	61,760,687	1,181,198	98.12%

TOWN OF WESTERLY, RHODE ISLAND
Principal Property Taxpayers
Current Year and Ten Years Ago
(Unaudited)

2011				2002			
<i>Name</i>	<i>Assessed Value</i>	<i>Rank</i>	<i>% Net Taxable Grand List</i>	<i>Name</i>	<i>Assessed Value</i>	<i>Rank</i>	<i>% Net Taxable Grand List</i>
Ocean House Hotel Partners, LLC	\$ 36,004,400	1	0.569%	Compuvest Mgmt	\$ 12,494,500	1	0.464%
Bluff Ave LLC	28,370,500	2	0.448%	Narragansett Electric	10,963,225	2	0.407%
Washington Trust Company	23,916,579	3	0.378%	Miller, Louis & Co	9,913,300	3	0.368%
National Grid	22,687,651	4	0.358%	Misquamicut Club	9,042,205	4	0.336%
Franklin Plaza LLC	19,877,780	5	0.314%	Washington Trust Company	7,186,800	5	0.267%
Westerly Ventures, LLC	18,699,100	6	0.295%	New Babson Assoc	6,358,100	6	0.236%
Misquamicut Club	17,866,585	7	0.282%	Moore Company	6,100,865	7	0.226%
Kahuna RI, LLC	17,743,400	8	0.280%	Westerly Commercial	6,099,830	8	0.226%
Home Depot USA	15,350,021	9	0.242%	Wall, Thomas	6,066,300	9	0.225%
Charles Royce	15,281,700	10	0.241%	Westerly Health Ctr	5,718,397	10	0.212%

TOWN OF WESTERLY, RHODE ISLAND
Ratios of Outstanding Debt By Type
Last Ten Fiscal Years
(Unaudited)

<i>Year</i>	<i>Governmental Activities</i>			<i>Business-Type Activities</i>		<i>Total Primary Government</i>	<i>Percentage of Personal Income</i>	<i>Per Capita</i>
	<i>General Obligation Bonds</i>	<i>Notes & Loan Payable</i>	<i>Capital Leases</i>	<i>General Obligation Bonds</i>	<i>Loans Payable</i>			
2002	\$ 16,891,025	\$ 962,500	\$ 162,636	\$1,553,975	\$ 9,219,759	\$ 28,789,895	5.06%	\$ 1,220
2003	15,264,325	825,000	307,356	1,486,375	7,712,546	25,595,602	4.28%	1,079
2004	13,655,475	6,550,000	213,209	3,390,085	9,999,262	33,808,031	5.43%	1,424
2005	39,069,475	7,137,500	92,108	3,110,945	8,550,488	57,960,516	8.98%	2,452
2006	50,255,250	-	972,679	3,125,030	8,801,179	63,154,138	9.51%	2,708
2007	64,328,875	-	1,641,615	2,801,265	8,617,107	77,388,862	11.08%	3,306
2008	69,315,350	-	1,877,460	2,479,650	8,071,301	81,743,761	11.50%	3,497
2009	65,815,000	-	2,132,323	2,225,000	7,515,192	77,687,515	10.74%	3,306
2010	62,015,000	3,855,000	1,388,312	2,080,000	6,948,482	76,286,794	10.87%	3,348
2011	57,875,000	15,351,000	776,135	1,935,000	6,370,864	82,307,999	9.80%	3,018

Source: Finance Department, Westerly, Rhode Island

TOWN OF WESTERLY, RHODE ISLAND
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(Unaudited)

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Notes & Loans Payable</u>	<u>Total</u>	<u>(a) Percentage of Estimated Actual Taxable Value of Property</u>	<u>Per Capita</u>
2002	\$ 16,891,025	\$ 962,500	\$ 17,853,525	0.66%	\$ 756
2003	15,264,325	825,000	16,089,325	0.58%	678
2004	13,655,475	6,550,000	20,205,475	0.44%	851
2005	39,069,475	7,137,500	46,206,975	0.99%	1,955
2006	50,255,250	-	50,255,250	1.06%	2,155
2007	64,328,875	-	64,328,875	1.02%	2,748
2008	69,315,350	-	69,315,350	1.08%	2,965
2009	65,815,000	-	65,815,000	1.01%	2,801
2010	62,015,000	3,855,000	65,870,000	1.07%	2,891
2011	57,875,000	15,351,000	73,226,000	1.18%	2,685

Source: Finance Department, Westerly, Rhode Island
(a) - Total taxable assessed value

TOWN OF WESTERLY, RHODE ISLAND

Computation of Legal Debt Margin

Last Ten Fiscal Years

(Unaudited)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Taxable Assessed Valuation	<u>\$ 2,665,269,563</u>	<u>\$ 2,695,015,652</u>	<u>\$ 2,754,051,075</u>	<u>\$ 4,599,638,438</u>	<u>\$ 4,675,332,990</u>	<u>\$ 4,727,836,433</u>	<u>\$ 6,332,051,822</u>	<u>\$ 6,421,889,238</u>	<u>\$ 6,490,395,643</u>	<u>\$ 6,145,009,748</u>
Debt Limit (1)	<u>\$ 79,958,087</u>	<u>\$ 80,850,470</u>	<u>\$ 82,621,532</u>	<u>\$ 137,989,153</u>	<u>\$ 140,259,990</u>	<u>\$ 141,835,093</u>	<u>\$ 189,961,555</u>	<u>\$ 192,656,677</u>	<u>\$ 194,711,869</u>	<u>\$ 184,350,292</u>
Amount of Debt Subject to Limit	<u>-</u>	<u>15,264,325</u>	<u>13,655,475</u>	<u>39,069,475</u>	<u>50,255,250</u>	<u>64,328,875</u>	<u>34,079,661</u>	<u>32,537,459</u>	<u>34,785,328</u>	<u>57,013,711</u>
Legal Debt Margin	<u>\$ 79,958,087</u>	<u>\$ 65,586,145</u>	<u>\$ 68,966,057</u>	<u>\$ 98,919,678</u>	<u>\$ 90,004,740</u>	<u>\$ 77,506,218</u>	<u>\$ 155,881,894</u>	<u>\$ 160,119,218</u>	<u>\$ 159,926,541</u>	<u>\$ 127,336,581</u>
Legal Debt Margin as a Percentage of the Debt Limit	100.00%	81.12%	83.47%	71.69%	64.17%	54.65%	82.06%	83.11%	82.13%	69.07%

Source: Finance Department, Westerly, Rhode Island

(1) The Town's legal debt margin as set forth by Rhode Island State Statute is limited to three percent of total taxable assessed value.

TOWN OF WESTERLY, RHODE ISLAND
Demographic and Economic Statistics
Last Ten Years
(Unaudited)

<u>Fiscal Year</u>	<u>Population</u>	<u>Per Capita Personal Income</u>	<u>Median Age</u>	<u>Education Level in Years of Schooling</u>	<u>School Enrollment</u>	<u>Unemployment</u>
2011	27,274	\$ 30,807	39	12	3079	10.5%
2010	22,787	30,807	39	12	3021	9.2
2009	23,500	30,777	38	12	3180	9.3
2008	23,377	30,415	38	12	3301	7
2007	23,408	29,850	37	12	3408	4.3
2006	23,318	28,466	37	12	3489	4.6
2005	23,635	27,299	37	12	3590	4.1
2004	23,739	26,242	37	12	3623	4
2003	23,715	25,232	36	12	3710	3.8
2002	23,606	24,092	36	12	3692	3.1

TOWN OF WESTERLY, RHODE ISLAND
Principal Employers
Current Year and Ten Years Ago
(Unaudited)

<i>2011</i>			<i>2002</i>		
<i>Employer</i>	<i>Employees</i>	<i>Rank</i>	<i>Employer</i>	<i>Employees</i>	<i>Rank</i>
Washington Trust Company	475	1	Westerly Hospital	500	1
Westerly Hospital	400	2	Washington Trust Company	427	2
Home Depot	250	3	George C Moore Company	280	3
Darlington Fabrics	238	4	Bradford Dyeing	220	4
Stop & Shop	225	5	Stop & Shop	215	5
Wal-Mart	225	6	Home Front Health Care	210	6
AGFA Healthcare	200	7	McQuades Marker	200	7
McQuades Market	200	8	Paragon Gifts	200	8
Ocean House	200	9	YMCA of Westerly	150	9
Bradford Dyeing	160	10	Westerly Health Center	130	10

TOWN OF WESTERLY, RHODE ISLAND
Full Time Equivalent Town Government Employees by Function/Program
Last Ten Fiscal Years
(Unaudited)

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
General Government										
Town Council	7	7	7	7	7	7	7	7	7	7
Town Manager	1	1	1	1	1	1	1	1	1	1
Town Solicitor	4	4	4	4	4	4	4	4	4	4
Canvassing	2	2	2	2	2	2	2	1	1	1
Finance	9	10	10	10	10	10	11	11	11	11
City Clerk	5	5	5	5	6	6	6	6	6	6
Planning	4	4	4	4	4	4	4	4	4	4
Assessment	5	5	6	6	6	6	6	6	6	6
Other	16	16	16	16	15	15	12	12	12	12
Public Safety										
Sworn Officers	50	50	50	51	51	51	50	50	50	50
Support	12	12	12	12	12	12	12	12	12	12
Public Health										
Public Works	43	44	44	44	44	44	44	44	44	44
Water & Sewer	29	30	30	30	30	30	30	30	30	30
Public Welfare										
Recreation	1	1	1	2	2	2	2	0	0	0
Public Education										
Teachers	302	300	312	340	336	334	n/a	n/a	n/a	n/a
Pupil Support	208	191	207	251	255	259	n/a	n/a	n/a	n/a
Administration	37	37	37	41	37	37	n/a	n/a	n/a	n/a

TOWN OF WESTERLY, RHODE ISLAND
Operating Indicators by Function/Program
Last Ten Fiscal Years
(Unaudited)

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
General Government										
Marriage Licenses Issued	185	196	183	202	182	203	241	n/a	n/a	n/a
Death Certificates Recorded	304	334	341	376	340	363	329	n/a	n/a	n/a
Land Records Recorded	5,237	6,670	6,959	6,271	6,516	8,322	9,916	9,711	13,206	10,615
Registered Voters	16,528	16,381	16,440	16,475	14,544	15,681	15,714	16,564	15,794	16,130
Elections & Referenda's	1	1	1	1	1	1	1	1	3	1
Planning & Development										
Building Permits Issued	1,791	1,680	1,660	1,944	2,249	2,018	1,963	1,967	1,661	1,645
Value of Building Permits	\$ 53,169,728	\$ 52,962,852	\$ 60,613,435	\$ 107,172,873	\$ 101,010,102	\$ 76,024,324	\$ 88,592,883	\$ 59,738,728	\$ 48,659,858	\$ 58,570,878
Police										
Arrest	1,015	1,037	1,236	1,008	1,038	1,121	1,151	1,191	1,318	n/a
Parking Violations	900+/-	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Calls for Service	28,000+/-	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Public Works										
Street Resurfacing(miles)										
Transfer station refuse (tons)	16,324	18,182	17,581	25,353	26,497	28,148	31,588	33,663	31,672	13,439
Transfer station recyclables(tons)	3,200	3,632	3,590	3,829	3,996	3,954	n/a	n/a	n/a	n/a
Parks & Recreation										
Programs Offered	59	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Beach Passes Issued	2,042	1,941	1,849	1,865	1,875	2,066	1,989	n/a	n/a	n/a
Education										
Number of Students	3,079	3,021	3,180	3,301	3,408	3,489	3,590	3,623	3,710	3,692
Water										
New Connections	53	64	60	110	237	144	158	138	115	166
Water Main Breaks	22	17	28	23	34	17	23	29	21	25
Avg daily consumption (thousands of gallons)	3,427	3,298	3,867	3,418	3,350	3,434	3,313	3,257	3,461	3,556
Sewer										
Average daily treatment (thousands of gallons)	2,250	2,520	2,670	2,390	2,410	2,850	2,750	2,410	2,540	2,190
Sewer treatment capacity (thousands of gallons)	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300

TOWN OF WESTERLY, RHODE ISLAND
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years
(Unaudited)

Function/Program	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	43	43	41	41	41	42	40	38	38	38
Fire	Fire Prevention is covered by five separate self tax Fire Districts									
Public Works										
Streets (miles)	192									
Street Lights	3,150	3,150	3,148	3,146	3,144	3,143	3,142	3,140	3,140	3,140
Traffic Lights										
Register Vehicles	99	95	93	93	93	93	93	93	93	93
Parks & Recreation										
Acreage	85	85	85	85	85	85	85	85	82	82
Parks & Playing Fields	6	6	6	6	6	6	6	6	6	6
Beaches	2	2	2	2	2	2	2	2	1	1
Community Centers	1	1	-	-	-	-	-	-	-	-
Senior Centers	1	1	1	1	1	1	1	1	1	1
Marina	1	1	1	1	1	1	1	1	1	1
Town Forest 54 Acres	1	1	1	1	1	1	1	1	1	1
Public Libraries										
Libraries	1	1	1	1	1	1	1	1	1	1
Schools										
Elementary Schools	3	3	3	4	4	4	4	4	4	4
Middle Schools	1	1	1	1	1	1	1	1	1	1
High Schools	1	1	1	1	1	1	1	1	1	1
School Buses	49	49	46	38	30	22	15	15	10	8
Water										
Water Mains (miles)	207	206	206	206	202	202	201	200	199	197
Fire Hydrants	1,085	1,064	1,047	1,037	1,023	1,004	991	984	975	962
Capacity (thousands of gallons)	164	147	136	135	124	113	107	107	104	100
Sewer										
Sanitary Sewers (miles)	61	61	61	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Storm sewers(miles)	65	65	65	65	65	65	65	65	65	65
Treatment capacity (thousand gallons)	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300

Source: Town capital asset records and various Town Departments

SINGLE AUDIT SECTION

This section contains information regarding grant activity for the year ended June 30, 2011 which was audited under the guidelines of the Single Audit Act of 1996 and the United States Office of Management and Budget's Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations".

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

To the Honorable President and
Members of the Town Council
Westerly, Rhode Island

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Westerly, Rhode Island, as of and for the year ended June 30, 2011, which collectively comprise the Town of Westerly, Rhode Island's basic financial statements and have issued our report thereon dated January 6, 2012. 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

Management of the Town of Westerly, Rhode Island is responsible for establishing and maintaining an effective internal control over financial reporting. In planning and performing our audit, we considered the Town of Westerly, Rhode Island's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Westerly, Rhode Island's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Westerly, Rhode Island's internal control over financial reporting.

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

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 11-01 to be a material weakness.

Compliance and Other Matters

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

We noted certain matters that we reported to the management of the Town of Westerly, Rhode Island in a separate letter dated January 6, 2012.

The Town of Westerly, Rhode Island's responses to the findings identified in our audit are described in the accompanying schedule and findings and questioned costs. We did not audit the Town of Westerly, Rhode Island's responses and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Town Council, the School Committee, the State of Rhode Island Auditor General 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.



Warwick, Rhode Island
January 6, 2012

***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***

To the Honorable President and
Members of the Town Council
Westerly, Rhode Island

Compliance

We have audited the Town of Westerly, Rhode Island's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Town of Westerly, Rhode Island's major federal programs for the year ended June 30, 2011. The Town of Westerly, Rhode Island's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Town of Westerly, Rhode Island's management. Our responsibility is to express an opinion on the Town of Westerly, Rhode Island's compliance based on our audit.

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

As described in item 11-02 in the accompanying schedule of findings and questioned costs, the Town of Westerly, Rhode Island did not comply with requirements regarding allowable costs/cost principles that are applicable to its Title II – Improving Teacher Quality program, Title I Part A Cluster and Special Education Cluster. Compliance with such requirements is necessary, in our opinion, for the Town of Westerly, Rhode Island to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the Town of Westerly, Rhode Island complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a material weakness.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 11-02 to be a material weakness.

The Town of Westerly, Rhode Island's responses to the findings in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Town of Westerly, Rhode Island's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, the Town Council, the School Committee, the State of Rhode Island Auditor General, 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.

Baer & Company, LLC

Warwick, Rhode Island
January 6, 2012

TOWN OF WESTERLY, RHODE ISLAND
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2011

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? X yes no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? yes X none reported
- Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? X yes no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? yes X none reported

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

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

Identification of major programs

CFDA Number

Name of Program or Cluster

84.027A	<i>Special Education Cluster – IDEA</i>
84.173A	<i>Special Education Cluster – Preschool</i>
84.391	<i>Special Education Cluster – IDEA ARRA</i>
84.392	<i>Special Education Cluster – Preschool ARRA</i>
84.394	<i>State Fiscal Stabilization Fund</i>
84.010A	<i>Title I, Part A Cluster – Title I</i>
84.389	<i>Title I, Part A Cluster – Title I ARRA</i>
84.367A	<i>Title II – Improving Teacher Quality</i>

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

- Auditee qualified as low-risk auditee? Yes X no

TOWN OF WESTERLY, RHODE ISLAND
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2011

SECTION II – FINANCIAL STATEMENT FINDINGS

Capital Assets

11-01 Material Weakness - The Town does not have formal policies and procedures in place to properly account for the Town's construction in progress, capital assets, accumulated depreciation and depreciation expense on a perpetual basis and only updates the detail schedule of capital assets after year-end. The Town also does not have procedures in place to account for the disposal of capital assets. As a result of the Town's lack of policies and procedures, we had to propose several material audit adjustments to add capital assets and construction in progress omitted from the Town's capital asset schedules.

The Town is also not recording the capital asset transactions to the Enterprise Funds on the general ledger. We had to propose audit adjustments to record all current year capital asset transactions, including additions and transfers from construction in progress, capital asset additions and depreciation expense.

Recommendation - We recommend that the Town establish formal policies and procedures to account for the addition, deletion and adjustments to capital assets, construction in progress and depreciation expense on a perpetual basis. The Town did complete a physical inventory of the Public Works Department capital assets and we recommend that the Town perform for all departments, at least an annual physical inventory that is reconciled to schedule of capital assets.

We also recommend that the Town record, at least at year-end, all capital assets transactions to the general ledger for all Enterprise Funds and reconcile the detail capital assets schedules to the general ledger.

These procedures are necessary to ensure that the proper recording and safeguarding of the Town's capital assets.

Management's Response - The Town has made and is in the process of reorganizing the finance department. These changes are in response to these issues. The purchasing agent, previously part of the Town Manager Department, has been moved into the Finance Department. Moving this position has improved the communication of purchase activity. Procedures in the accounts payable process have been put in place that when invoices are sent from departments they are reviewed and those items not identified as capital but are potentially capital items are flagged, and sent to accounting for a determination. The Town has contracted with its software vendor (MUNIS) for a review of existing software, and needed upgrades with a focus on the purchasing and capital asset maintenance area. This study is to be performed in February 2012.

TOWN OF WESTERLY, RHODE ISLAND
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2011

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding: 11-02 - Allowable Costs/Cost Principles
Agency: U.S. Department of Education
Programs: Special Education Cluster; Title I, Part A Cluster; Title II – Improving Teacher Quality
Pass-through entity: R.I. Department of Education
CFDA Number: 84.027A; 84.173A; 84.391; 84.392; 84.010A; 84.389; 84.367A

Criteria - Attachment B of OMB Circular A-87 “*Cost Principles for State, Local, and Indian Tribal Governments*” states that wages, salaries and fringe benefits charged to federal awards are allowable only to the extent that they are determined and documented as provided in Section 8(h). Specifically, where employees work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications must be prepared semi-annually and signed by the employee or supervisory official having first hand knowledge of the work performed by the employee. Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation. Personnel activity reports or equivalent documentation must reflect after-the-fact distribution of the actual activity of the employee and must account for the total activity for which the employee was compensated. Personnel activity reports must be prepared at least monthly and must coincide with one or more pay periods. Finally, personnel activity reports must be signed by the employee. Budget estimates or other distribution percentages determined before the services are performed **do not qualify** as support for the charges to Federal awards.

Condition - Although the School Department has established procedures to ensure compliance with time certification and documentation requirements, during the tests of controls and compliance, we noted that time certifications were not prepared for employees charged to the Title II - Improving Teacher Quality grant and five employees charged to the Title I, Part A Cluster and Special Education Cluster did not complete time certifications for the period January 2011 through June 2011. We also noted several instances where personnel activity reports were not signed by the employee and/or supervisor.

Questioned Costs – N/A

Recommendation - We recommend that the School Department ensure that all employees charged to Federal grants who work on a single cost objective complete semi-annual certifications and that all employees charged to Federal grants who work on multiple cost objectives complete personnel activity reports as required by OMB Circular A-87. The School Department should also review its procedures to ensure employees are completing the appropriate documentation (e.g. semi-annual certifications versus personnel activity reports) and that personnel activity reports coincide directly with pay periods. We also recommend that the School Department ensure all semi-annual certifications and personnel activity reports are signed by the employee or supervisor as required by OMB Circular A-87.

TOWN OF WESTERLY, RHODE ISLAND

Schedule of Findings and Questioned Costs

For the Fiscal Year Ended June 30, 2011

Management's Response - The School Department does not have a human resources department. As part of the finance department reorganization, a separate human resource department was established January 1, 2012. This department reports directly to the Superintendent and main charge is to insure that employees are properly classified, any required certifications are in place, and all time for employees is properly recorded and verified.

TOWN OF WESTERLY, RHODE ISLAND

Summary Schedule of Prior Audit Findings

For the Fiscal Year Ended June 30, 2011

Prior Year Finding: 10-02 - Allowable Costs/Cost Principles
Agency: U.S. Department of Education
Programs: Special Education Cluster; Title I, Part A Cluster; Title II – Improving Teacher Quality
Pass-through entity: R.I. Department of Education
CFDA Number: 84.027A; 84.173A; 84.391; 84.392; 84.010A; 84.389; 84.367A

Criteria - Attachment B of OMB Circular A-87 “*Cost Principles for State, Local, and Indian Tribal Governments*” states that wages, salaries and fringe benefits charged to federal awards are allowable only to the extent that they are determined and documented as provided in Section 8(h). Specifically, where employees work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications must be prepared semi-annually and signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee. Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation. Personnel activity reports or equivalent documentation must reflect after-the-fact distribution of the actual activity of the employee and must account for the total activity for which the employee was compensated. Personnel activity reports must be prepared at least monthly and must coincide with one or more pay periods. Finally, personnel activity reports must be signed by the employee. Budget estimates or other distribution percentages determined before the services are performed **do not qualify** as support for the charges to Federal awards.

Condition - Although the School Department has established procedures to ensure compliance with time certification and documentation requirements, during the tests of controls and compliance, the auditors noted that time certifications were not prepared for employees charged to the Title II - Improving Teacher Quality grant. The auditors also noted several instances where personnel activity reports were not signed by the employee and/or supervisor.

Questioned Costs - \$131,495

Recommendation - The auditors recommended that the School Department ensure that all employees charged to Federal grants who work on a single cost objective complete semi-annual certifications and that all employees charged to Federal grants who work on multiple cost objectives complete personnel activity reports as required by OMB Circular A-87. The School Department should also review its procedures to ensure employees are completing the appropriate documentation (e.g. semi-annual certifications versus personnel activity reports) and that personnel activity reports coincide directly with pay periods. The auditors also recommend that the School Department ensure all semi-annual certifications and personnel activity reports are signed by the employee or supervisor as required by OMB Circular A-87.

TOWN OF WESTERLY, RHODE ISLAND

Summary Schedule of Prior Audit Findings

For the Fiscal Year Ended June 30, 2011

Status – The School Department has established procedures to ensure compliance with time certification and documentation requirements. We believe that these procedures meet the requisites of Attachment B of OMB circular A-87, including Section 8(h) thereof, and the auditors have not suggested otherwise. We will, in the future, take all reasonable steps to assure full and uniform compliance with this requirement by all employees to whom the requirement applies. In this regard, we will conduct a periodic sample review and informal audit of pertinent documentation as to employees paid in whole or in part under this grant, and we will address promptly any issues which arise from them.

TOWN OF WESTERLY, RHODE ISLAND

Schedule of Expenditures of Federal Awards

For the Fiscal Year Ended June 30, 2011

<i>Federal Grantor/ Pass-Through Grantor/ Program Title</i>	<i>Federal CFDA Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Federal Expenditures</i>
<i>U.S. Department of Agriculture</i>			
Direct:			
Wetlands Reserve Program - Aguntaug Wetlands	10.072	6615356A01	\$ 189,972
Passed through R.I. Department of Education:			
<i>Child Nutrition Cluster:</i>			
National School Lunch Program	10.555	N/A	397,107
National School Breakfast Program	10.553	N/A	105,539
Food Distribution	10.550	N/A	46,197
<i>Total U.S. Department of Agriculture</i>			738,815
<i>U.S. Department of Housing and Urban Development</i>			
Passed through the Rhode Island Division of Planning, Office of Housing and Community Development:			
<i>CDBG- State Administered CDBG Cluster:</i>			
Community Development Block Grant-2010	14.228	10/36/29	14,917
Community Development Block Grant-2006	14.228	06/36/25	1,247
Community Development Block Grant-2008	14.228	08/36/27	69
Community Development Block Grant-2009	14.228	09/36/28	5,180
<i>Total U.S. Department of Housing and Urban Development</i>			21,413
<i>U.S. Department of Justice</i>			
Direct Program:			
<i>JAG Program Cluster:</i>			
Byrne/JAG	16.738	2010-DJ-BX-0990	8,334
Sex Offender Task Force	16.000	JLEOTFS4	570
Federal Seized Assets	16.000	N/A	11,626
Juvenile Justice Delinquency	16.000	N/A	41,168
Secure Our Schools	16.710	2010CKWX0672	10,975
Passed through R.I. Public Safety Grant Administration Office:			
Byrne Grant	16.579	GR-8254	10,347
<i>Total U.S. Department of Justice</i>			83,020
<i>U.S. Department of Transportation</i>			
Passed through the R.I. Department of Transportation:			
<i>Highway Safety Cluster:</i>			
State and Community Highway Safety	20.600	N/A	11,895
<i>Total U.S. Department of Transportation</i>			11,895

(Continued)

TOWN OF WESTERLY, RHODE ISLAND
Schedule of Expenditures of Federal Awards (Continued)
For the Fiscal Year Ended June 30, 2011

<i>Federal Grantor/ Pass-Through Grantor/ Program Title</i>	<i>Federal CFDA Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Federal Expenditures</i>
U.S. Department of Education			
Passed through R.I. Department of Education:			
<i>Title I, Part A Cluster:</i>			
Title I	84.010A	2725-11702-101	503,208
ARRA -Title I	84.389	4572-10102-101	87,724
<i>Special Education Cluster (IDEA):</i>			
IDEA Part B	84.027A	2725-13202-101	747,139
ARRA - IDEA Part B	84.391	4572-10202-101	417,800
Preschool	84.173A	2725-13502-101	22,494
ARRA- Preschool	84.392	4572-10802-101	4,826
COZ	84.027A	2720-10501-101	5,000
Even Start	84.213C	2725-12002-101	74,034
<i>State Fiscal Stabilization Cluster:</i>			
ARRA - State Fiscal Stabilization	84.394	4572-10502-101	389,417
<i>Educational Technology States Grant Cluster:</i>			
E2T2	84.318X	2725-12902-130	31,829
Title III	84.365A	2725-16502-101	14,148
Title II - Improving Teacher Quality	84.367A	2725-16402-101	203,311
Total U.S. Department of Education			<u>2,500,930</u>
U.S. Department of Health and Human Services			
Passed through R.I. Department of Health:			
MEDS	93.069	N/A	1,397
Total U.S. Department of Health and Human Services			<u>1,397</u>
U.S. Department of Energy			
Passed through R.I. Office of Energy Resources:			
ARRA- Energy Efficiency and Conservation Block Grant	81.128	EECBG ARRA 2010-01	86,234
Total U.S. Department of Energy			<u>86,234</u>
U.S. Department of Homeland Security			
Passed through R.I. Emergency Management Agency:			
Disaster Grants	97.036	N/A	20,340
SHSP - Active Shooter	97.073	38-115A-FY08	5,447
SHSP - Active Shooter	97.073	N/A	1,165
Total U.S. Department of Homeland Security			<u>26,952</u>
Total Expenditures of Federal Awards			<u><u>\$3,470,656</u></u>

TOWN OF WESTERLY, RHODE ISLAND
Notes to Schedule of Expenditures of Federal Awards
June 30, 2011

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Town of Westerly, Rhode Island and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *"Audits of States, Local Governments, and Non-Profit Organizations"*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.