TOWN OF WEST WARWICK

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2010

James H. Thomas
Town Manager

Malcolm A. Moore
Finance Director

Prepared by: Finance Department

WEST WARWICK, RHODE ISLAND

TOWN OF WEST WARWICK, RHODE ISLAND
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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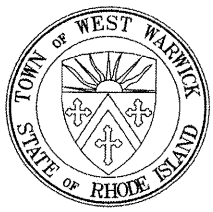
INTRODUCTORY SECTION

This Section Contains the Following Subsections:

Letter of Transmittal
Organizational Chart
List of Town Officials
Certificate of Achievement for Excellence in Financial Reporting

JAMES H. THOMAS
TOWN MANAGER

MALCOLM A. MOORE
DIRECTOR OF FINANCE



TOWN OF WEST WARWICK
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February 15, 2011

To: Citizens of West Warwick, Rhode Island
West Warwick Town Council
West Warwick Town Manager

The comprehensive annual financial report of the Town of West Warwick, Rhode Island for the fiscal year ended June 30, 2010, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to fairly present the financial position and results of operations of the various funds of the Town of West Warwick. The reader should see the following Managements Discussion & Analysis section of this report in order to gain a broader understanding of the Town and its activities.

The independent audit of the financial statements of the Town of West Warwick, Rhode Island included in section IV was part of broader, federal and state "Single Audits" designed to meet the special needs of the federal and state grantor agencies. The standards governing the Federal and State Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal and state awards.

THE TOWN OF WEST WARWICK

In February 1994, the Town of West Warwick adopted a Home Rule Charter that provides for a Council/Town Manager form of government with the Town Manager as head of the administrative branch of government. The superintendent of Schools and a five member School Committee oversee the operation of the public school system.

The Town of West Warwick's municipal government provides a full range of services including education, police and fire, planning, zoning, construction and maintenance of highways, streets, storm and sanitary sewers and infrastructure, social services, parks and recreational activities and cultural activities. Approximately 800 full-time municipal employees provide services to a community of 8.2 square miles and 29,581 residents.

The Town of West Warwick was incorporated as a Town in 1913. It is located about eleven miles south of the City of Providence and is bounded by the City of Cranston on the north, the City of Warwick on the east, by the Town of East Greenwich on the south and the Town of Coventry on the west.

The Town of West Warwick is a residential community with considerable industry. Villages in the Town developed very early as industrial and textile centers. Progress has been made in industrial diversification, with several larger former textile mills converted to multiple tenancies by smaller, newer businesses. Only two of the top twenty taxpayers in the Town are in the textile business. The Town has good transportation facilities and an abundant water supply.

LOCAL ECONOMIC CONDITIONS AND OUTLOOK

The economic outlook for the Town of West Warwick, along with the State of Rhode Island has slowed substantially. West Warwick is considered to be a densely populated community with its 8 square miles of land and a population of 30,000 residents. The long range planning effort of the current administration calls for a more diverse population from its current trend of 65% low to moderate income residents and 35% above low to moderate.

The Town Council recognizes the benefit of a diversified Commercial/Industrial tax base and support economic development efforts which will broaden the tax base. During the past twelve months the Town received an analysis for Local Economic Development Strategies from the Harvard Kennedy School of Government. This study included a SWOT analysis (Strengths Weakness Opportunity Threats) which included many recommendations to create economic development projects. Although the $150 million hotel/indoor/outdoor water park resort which will reside in the Business Park off Interstate 95 with great visibility has not come about we are still optimistic this may still be a reality in the future.

The Administration is working closely with the State of Rhode Island Legislative leadership, to ensure all financial avenues are being considered in supporting economic development opportunities related to our ethnic diverse population. The Town has developed master plans for our downtown business district which emphasizes the present of the Arctic Village historical character. Discussion has centered around expanding the commercial development of the downtown with goods and services which would allow for residents to support local businesses.

The Town currently is investing $5 million in repaving and upgrading local roads and storm water projects. The need for additional capital dollars supporting our infrastructure will require substantial investment going forward. The community is nearing its centennial celebration which will allow for a focused review of our future capital needs.

West Warwick's biggest concern relates to the affordability of a quality educational system. The Administration has commissioned a review of the school operations as we try to address long range strategic planning objectives. The Superintendent of Schools and the Town Manager have engaged in lengthy conversations relating to consolidation of administrative functions which are compatible to both school and administrative responsibilities.

The Administration continues to be concerned with high property tax rates and their affect on marketing West Warwick as an affordable community for young families or retirees. Our property tax structure takes into consideration the individual impacts of residential verses commercial and industrial properties. The Town Council adopted a tax policy which allows for market adjustments and tax classifications for property groupings ensuring a more equitable property tax distribution formula.

The amount of State aid for both the municipal and school operations has been reduced substantially in year FY 2010, and projected revenue shortfalls on the state level are unsettling as more state aid may be cut to narrow the estimated $2 Billion dollar shortfall the state anticipates over the next four years.

West Warwick's future is at the crossroads as it tries to develop new strategies which will provide its citizens the kind of responsive and affordable government in coming years. The current administration has taken on a conservative fiscal approach to the growth in government, consolidation of departments and creating efficiencies which will allow for fewer employees.

During the past twenty – four months more than 10% of the workforce has either been reduced through attritions or a reduction in force. It will be necessary to reduce the workforce by an additional 10% in the next fiscal year or develop new revenues sources. The Town Council has demonstrated a clear vision to minimize property tax increases thereby forcing a re-inventing of all municipal operations. The administration is committed to evaluating all options which include pay freezes, reduction–in force, pension reform, and health care which is affordable for the municipal employees.

Fiscal strategic planning of the costs relating to labor contracts has become the standard which has been overlooked in the past. All decisions will be made with a fiscal note attached to ensure both elected and appointed officials understand the financial impact for today as well as tomorrow. We are also costing out pension reform as we look to OPEB liability going forward.

To weather the current recession it will be in the best interest of both management and labor to engage in conversations regarding the future on a quarterly basis rather than past practice of once every three years. The same can be said of relationships with the School District Administration and School Committee. The past practice of the Town Administration picking up a higher annual percentage cost for education can no longer be sustained under the current financial strain being placed on the residents.

Finally, the floods of March 16 -17 and March 29-31 had a devastating impact on both residential homes and commercial businesses. The amount of flooding exceeded water measurements beyond anything the town had seen or had historical records for the past 100 years. The Town's Waste Water Sewer plant was over-run with water and caused more than $10 million in damages. The costs to rebuild the waste water treatment plant were covered by a separate insurance policy. We are currently working with State and Federal officials to assist businesses in rebuilding their damaged property.

The Administration is optimistic about our future as we plan for our Centennial Celebration in 2013. We will continue to support concepts of teamwork and communication with the school district, the business community, and the residents as we plan for our future.

ECONOMIC CHARACTERISTICS

Population

Ranked tenth in population among the thirty-nine cities and towns in State, the Town's 2000 population was 29,581, according to the U.S. census of that year.

	Town Population	% Change	State Population	% Change
2000	29,581	1.1%	1,048,319	4.5%
1990	29,268	7.7	1,003,464	5.6
1980	27,026	10.0	947,154	0.3
1970	24,323	12.0	949,723	9.5
1960	21,414	10.8	859,488	7.9
1950	19,096	4.8	791,896	10.0
1940	18,188	2.7	713,346	3.6
1930	17,696	12.6	687,497	12.1

Source: U.S. Bureau of the Census, 2000.

Income Levels

The following table lists the per capita and median family income according to the 2000 U.S. Census.

	Per Capita	Median Family
West Warwick	$14,392	$48,320
Rhode Island	14,981	48,100
United States	14,420	35,225

Source: U.S. Bureau of the Census, 2000.

Unemployment

The most recent labor market information summary indicates that annualized unemployment for the years indicated was as shown in the following table:

	Annualized									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Town of West Warwick	5.6%	5.6%	4.7%	4.6%	4.9%	5.2%	5.8%	5.7%	5.7%	5.5%
State of Rhode Island	5.1	4.9	4.1	4.3	4.8	5.3	5.4	5.1	5.2	5.1
United States	4.9	4.5	4.2	4.0	4.7	5.8	6.0	5.5	5.1	4.6

Source: Department of Labor, Bureau of Labor Statistics.

Employment

Through the 12 months ended December 31, 2008, the Town had 624 private business and industrial firms subject to the payment of employment security taxes. During that period, the average number of persons employed was 13.72. The following is a listing of the various types of industry in the Town covered by the Rhode Island Economic Development Corporation for the 12 months ended December 31, 2008.

	12 Months Ended December 31, 2006	
	No. of Units	No. of Employees
Agr., Forestry, Fishing	12	38
Construction	95	391
All Manufacturing	40	1,838
Trans., Comm., Utils.	18	1,157
Wholesale Trade	37	381
Retail Trade	177	1.566
Fin., Ins., Real Estate	55	1.118
Service Industries	190	2,073
Total	**624**	**8,562**

Housing

According to the 2000 U.S. Census, there were 13,186 housing units in the Town as of April 2000 as compared to 12,488 in 1990. This represents an increase of 698 housing units or 5.6%.

Occupied housing units totaled 12,498 in 2000, an increase of 776 units or 6.6% from the 11,722 occupied units reported in 1990. In 2000, 52% of the occupied housing units were owner-occupied.

Internal Controls

In developing and evaluating the Town's accounting control system, consideration is given to the adequacy of internal accounting controls. Accounting control comprises the plan of organization, procedures and records that are concerned with the safeguarding of assets and the reliability of financial records and consequently is designed to provide reasonable assurance that:

Transactions are executed in accordance with management's general or specific authorization.

Transactions are recorded as necessary (1) to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria, such as finance – related legal and contractual compliance requirements applicable to such statements, and (2) to maintain accountability of assets.

Access to assets is permitted only in accordance with management's authorization.

The recorded accountability of assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

The definition of accounting control presumes reasonable, but not absolute, assurance that the objectives expressed in it will be accomplished by the system. The concept of reasonable assurance recognizes that the cost of internal controls should not exceed the benefits to be derived. The benefits consist of reductions in the risk of failing to achieve the objectives implicit in the definition of accounting control.

All internal control evaluations occur within the above framework. We believe that the Town's internal accounting control adequately safeguards assets and provides reasonable assurance of proper recording of financial transactions.

GFOA Certificate of Achievement

The Government finance Officers Associations of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of West Warwick, Rhode Island for its comprehensive annual financial report for the fiscal years ended June 30, 2009. This was the fifth year that the government applied and received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgments

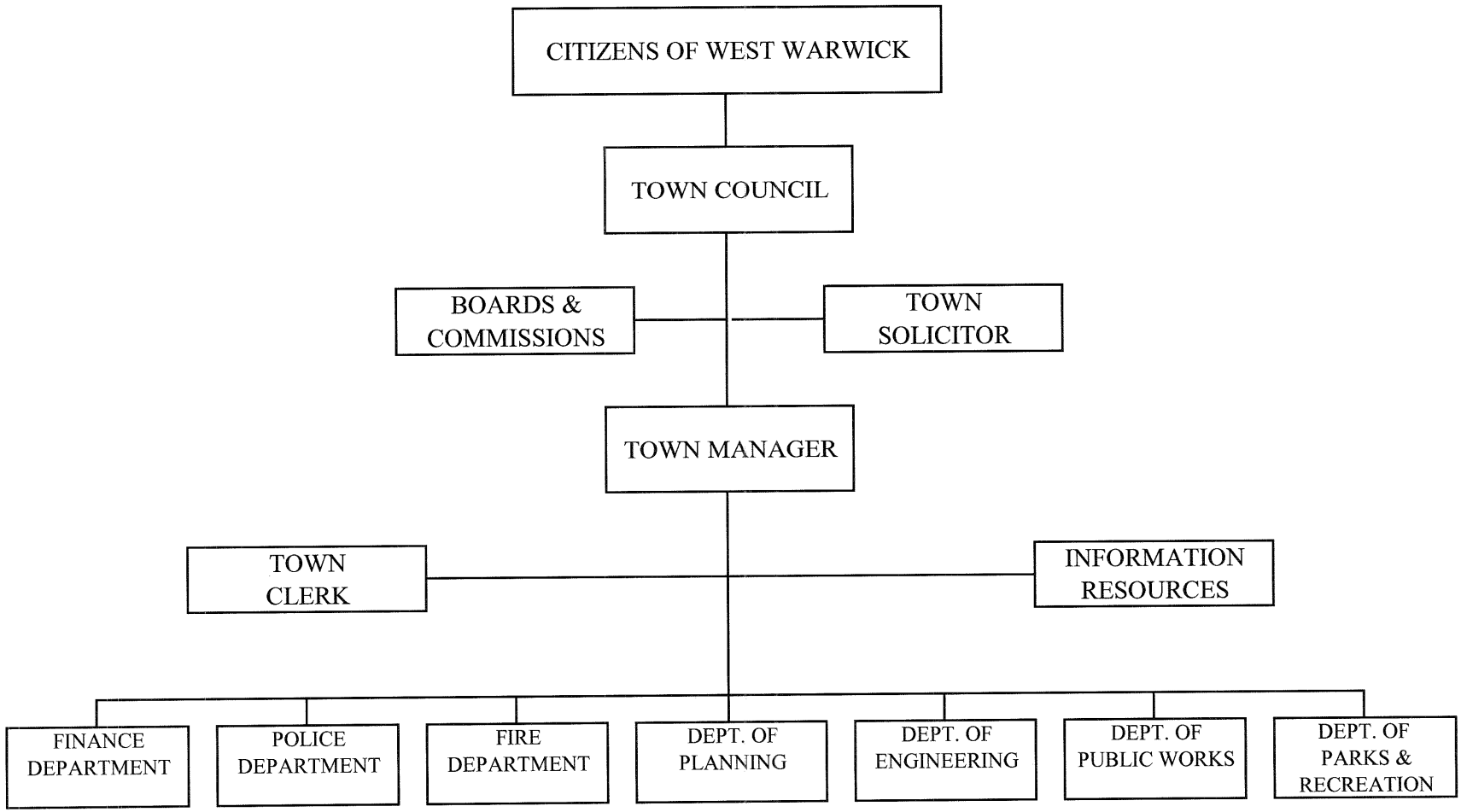
The preparation of this report could not have been accomplished without the dedication and hard work of the entire staff of the Finance Department. I also appreciate the assistance and dedication of the audit team from Parmelee, Poirier & Associates, LLP. Finally I would like to thank the Town Manager and the members of the Town Council for their professionalism and dedication to the Town of West Warwick.

Respectfully Submitted,

Malcolm A. Moore
Finance Director

THE TOWN OF WEST WARWICK

GOVERNMENTAL ORGANIZATION



TOWN OF WEST WARWICK, RHODE ISLAND

as of June 30, 2010

TOWN COUNCIL

David Gosselin - President
Angelo A. Padula, Jr. – Vice President
Edward A. Giroux
Peter F. Calci
Filomena Gustafson

TOWN MANAGER

James H. Thomas

FINANCE DIRECTOR

Malcolm A. Moore

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of West Warwick
Rhode Island

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

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

President

Executive Director

FINANCIAL SECTION

This Section Contains the Following Subsections:

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

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the Town of West Warwick, Rhode Island (Town) as of and for the year ended June 30, 2010, 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's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In accordance with *Government Auditing Standards,* we have also issued a report dated February 15, 2011 on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 12 and 55 through 62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an

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

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

Parmelee, Poirier & Associates, LLP

Parmelee, Poirier & Associates, LLP
February 15, 2011

Management's Discussion and Analysis

TOWN OF WEST WARWICK, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2010
(Un-audited)

Our discussion and analysis of the Town of West Warwick, Rhode Island's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2010. Please read it in conjunction with the letter of transmittal and the Town's financial statements that follow this section.

Financial Highlights

- The Town's primary government's net assets decreased $12,830,299 as a result of this year's current operations. Most of this decrease was due to increases in the town net pension obligation and net OPEB obligation. On a government-wide basis the assets of the Town of West Warwick exceeded its liabilities at the close of the most recent fiscal year by $51,071,347. Net assets of business activities increased by $1,179,476 or 1.9%, while net assets of Governmental Activities decreased by $14,009,775 or 542%. Most of this decrease was attributable to the application of the Governmental Accounting Standards Boards (GASB 45) which caused net assets to decrease by $5,743,166 and also an increase in the Towns Net Pension Obligation of $3,706,844.

- The Town's Government-wide (governmental and business activities) operating expenses were $112,979,831 a 3.5% increase from the prior year, while revenues collected were $100,149,532 a 6.8% increase.

- As of the close of the fiscal year, the Town's governmental funds reported combined ending fund balances of $6,356,858. Over 86% of this amount, $5,477,122 is unreserved and available for use within the Town's designation and fiscal policies.

- At the end of the current fiscal year, the general fund unreserved fund balance was $5,128,315 or 6% of the total general fund expenditures for the fiscal year. The current fiscal year's revenues and transfers exceeded expenditures and transfers by $2,252,333. On a budgetary basis revenues and transfers exceeded expenditures and transfers by the same amount.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories-governmental funds and proprietary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing

so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

Proprietary Funds - The Town's proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town has two enterprise funds. The West Warwick Sewer Commission, which accounts for the Town's sewer system and Municipal Court which collects and levies fines and fees.

The Town's internal service funds represent an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town is self-insured in its health coverage, and the Internal Service Fund reports the actual claims as well as the Town's contribution to the fund and employee deductions for the benefit program. The Internal Service Fund in combined with the Governmental Activities in the Government-Wide Financial Statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the West Warwick Sewer Commission since it is considered to be a major fund of the Town. The Internal Service Fund is presented as a Major Fund at the Towns' request. The Municipal Court fund, which are not major fund, is presented in the proprietary fund.

The basic proprietary fund financial statements are presented on pages 18 through 20.

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

The fiduciary fund financial statements can be found on pages 21 and 22.

Notes to Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are presented on pages 23 through 54.

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information pertinent to the Town's operations. Required Supplementary information is presented on pages 55 through 62.

The combining statements and supplementary information referred to earlier in connection with non-major governmental funds, and proprietary funds are presented on pages 63 through 92.

Government-wide Financial Analysis

Analysis of the Town of West Warwick's Net Assets

As noted earlier, over time net assets may serve as a useful indicator of a government's financial position and an important determinant of its ability to finance services in the future. The Town of West Warwick, governmental activities liabilities exceeded its assets by $11,427,379 as of June 30, 2010. This reflects a decrease of $14,427,379 from this current years activity. The Business Type Activities had an increase of $1,179,476. See page 3 financial highlights for a further explanation.

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

Town of West Warwick
Net Assets

	June 30, 2009			*June 30, 2010*		
	Govern-mental Activities	Business Type Activities	Total	Govern-mental Activities	Business Type Activities	Total
Current and Other Assets	$ 16,841,951	$ 18,827,221	$ 35,669,172	$ 19,147,799	$ 18,370,480	$ 37,518,279
Capital assets	54,536,900	82,723,100	137,260,000	51,989,345	82,610,404	134,599,749
Total Assets	71,378,851	101,550,321	172,929,172	71,137,144	100,980,884	172,118,028
Other Liabilities	11,887,734	12,317,071	24,204,805	11,121,683	12,254,158	23,375,841
Long-Term Liabilities	56,908,721	27,914,000	84,822,721	71,442,840	26,228,000	97,670,840
Total Liabilities	68,796,455	40,231,071	109,027,526	82,564,523	38,482,158	121,046,681
Net Assets:						
Invested in Capital Net of Related Debt	32,823,900	54,809,100	87,633,000	24,986,345	56,382,404	81,368,749
Restricted	2,088	-	2,088	2,099	-	2,099
Unrestricted	(30,243,592)	6,510,150	(23,733,442)	(36,415,823)	6,116,322	(30,299,501)
Total Net Assets	$ 2,582,396	$ 61,319,250	$ 63,901,646	$ (11,427,379)	$ 62,498,726	$ 51,071,347

The largest portion of the Town's net assets $81,368,749 consists of its investments in capital assets such as land, buildings and improvements, motor vehicles, furniture and equipment and infrastructure, less any debt used to acquire these assets, which is still outstanding. The Town uses these capital assets to provide services to its citizens. Consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves are unlikely to be used to liquidate these liabilities.

An additional portion of the Town's net assets, $2,099, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets may be used to meet the government's ongoing obligations to its citizens and creditors.

Analysis of the Town of West Warwick's Operations

The following analysis provides a summary of the Town's operations for the year ended June 30, 2010. The Town first implemented GASB Statement 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments for the fiscal year June 30, 2003. Therefore, comparative data is now available and is presented in the following schedules. Governmental activities decreased the Town's net assets by $14,009,775 for the current period, which is a decrease of 542% in the Town's governmental net assets, while business-type activities increased the Town's net assets by $1,179,476 accounting for 1.9% increase in business-type net assets. Overall the Town's net assets decreased by $11,925,376 which is a 18.66% decrease over the prior years net assets.

The net change in fund balance for the fiscal year ended June 30, 2010 was an increase of $2,979,762 for the Towns governmental fund types. In the statement of activities, expenses for capital items are not recorded as expenses but shown on the balance sheet, which resulted in an decrease of $(2,547,555) net of depreciation to our net assets; also increase revenues from the decrease in deferred revenues are recorded as revenues in the statement of activities but in the fund financial statements this resulted in a decrease of $1,132,198. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets, which increased net asstes by $3,580,000. Reductions in net assets included an increase in the Town's net pension obligation of $3,706,844 and the Town was required to record their liability for "Other Post Employment Benefits" per GASB 45, this liability resulted in reduction of net assets of $5,743,166. See page 17 of the basic financial statements for a more detailed explanation of changes in net assets.

TOWN OF WEST WARWICK, RHODE ISLAND
Management's Discussion and Analysis
For the Year Ended June 30, 2010
(Un-audited)

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

Town of West Warwick
Changes in Net Assets

	June 30, 2009			June 30, 2010		
	Govern-mental Activities	Business Type Activities	Total	Govern-mental Activities	Business Type Activities	Total
Revenues						
Program revenues						
Charges for services	$ 3,328,013	$ 7,611,256	$ 10,939,269	$ 3,984,331	$ 8,914,701	$ 12,899,032
Operating Grants and Contributions	28,377,670	-	28,377,670	30,641,384	-	30,641,384
Capital Grants and Contributions	25,362	-	25,362	236,987	-	236,987
General Revenues						
Property taxes	48,286,386	-	48,286,386	51,019,257	-	51,019,257
Investment earnings	307,535	-	307,535	34,696	-	34,696
State general revenue sharing	2,592,566	-	2,592,566	2,005,500	-	2,005,500
State motor vehicle phase-out	3,156,078	-	3,156,078	3,183,440	-	3,183,440
Miscellaneous	72,937	-	72,937	129,236	-	129,236
Total revenues	86,146,547	7,611,256	93,757,803	91,234,831	8,914,701	100,149,532
Expenses						
Legislative/judicial/admin	21,940,197	-	21,940,197	27,993,691	-	27,993,691
Financial Administrative	646,800	-	646,800	592,732	-	592,732
Public Safety	11,743,194	-	11,743,194	12,704,903	-	12,704,903
Public Works	4,465,217	-	4,465,217	4,776,671	-	4,776,671
Public Health and Welfare	965,347	-	965,347	960,592	-	960,592
Parks and Recreation	540,698	-	540,698	498,971	-	498,971
Library	752,387	-	752,387	750,945	-	750,945
Education	59,648,722	-	59,648,722	55,751,973	-	55,751,973
Other	-	-	-	-	-	-
Interest	962,963	-	962,963	1,224,128	-	1,224,128
Sewer Fund Expenses	-	6,886,267	6,886,267	-	7,517,909	7,517,909
Non-major business types	-	599,832	599,832	-	207,316	207,316
Total expenses	101,665,525	7,486,099	109,151,624	105,254,606	7,725,225	112,979,831
Excess/(deficiency) before transfers	(15,518,978)	125,157	(15,393,821)	(14,019,775)	1,189,476	(12,830,299)
Transfers	(171,544)	171,544	-	10,000	(10,000)	-
Change in net assets	(15,690,522)	296,701	(15,393,821)	(14,009,775)	1,179,476	(12,830,299)
Net assets - beginning	18,272,918	61,022,549	79,295,467	2,582,396	61,319,250	63,901,646
Net assets - ending	$ 2,582,396	$ 61,319,250	$ 63,901,646	$ (11,427,379)	$ 62,498,726	$ 51,071,347

Financial Analysis of the Town of West Warwick's Funds

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

At the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of $6,356,858. Approximately86% of the total amount, or $5,477,122 constituted unreserved fund balances. The remainder of the fund balance is reserved because of future commitments.

Reserved fund balances:

	General Fund	School Special Revenue	Other Non-Major Funds
Reserved by trust agreements	$ -	$ -	$ 2,099
Reserved for inventory	30,381		-
Reserved for capital projects	18,000		-
Reserved for bond sinking fund	762,888		
Reserved for prepaid	4,299	62,069	-
Total reserved in fund balances:	$ 815,568	$ 62,069	$ 2,099

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

Unrestricted net assets of the respective proprietary funds are $6,116,322.

General Fund Budgetary Highlights

Revenues:

Intergovernmental revenues – were under budget by $2,157,449 due to decreased aid to school by the state after Town's budget was finalized.

Fines and Interest on Late Payment – were over budget by $391,149 due to economic downturn leading to high unemployment rates.

General Fund Budgetary Highlights – (continued)

Expenditures:

Legislative, judicial and General Administrative – was over budget by $6,711,704 due to the settlement of the station fire lawsuit.

Public Works – was under budget by $283,538 due to a mild winter and staff reductions and cost saving measures.

Debt service – was over budget by $1,549,329 due to the payoff of a 1998 school bond which was refunded.

Other financing sources

Operating transfers to other funds – was under budget by $2,778,878 due to decreased aid to school by the state after Town's budget was finalized.

Issuance of debt – The Town issued $6,500,000 in bonds for the station fire settlement. The Town also refunded a 1998 school bond.

The Town of West Warwick's Capital Assets

The Town of West Warwick's investment in capital assets for its governmental and business-type activities amounts to $134,599,749 net of accumulated depreciation at June 30, 2010. Included are land, building and improvements, construction in progress, motor vehicles, furniture and equipment and infrastructure.

Additional information on the Town of West Warwick's capital assets is located in note 7 of the notes to the financial statements.

Town of West Warwick
Capital Assets (Net of Accumulated Depreciation)

	June 30, 2009			June 30, 2010		
	Govern-mental Activities	Business Type Activities	Total	Govern-mental Activities	Business Type Activities	Total
Land	6,089,514	52,900	6,142,414	6,089,514	52,900	6,142,414
Construction in Progress	3,461,265	2,325,735	5,787,000	3,565,690	1,688,688	5,254,378
Land improvements	21,804	-	21,804	30,779	-	30,779
Infrastructure	20,983,802	-	20,983,802	20,241,939	-	20,241,939
Buildings and improvements	22,254,763	53,228,534	75,483,297	20,285,541	54,305,692	74,591,233
Motor vehicles	835,492	-	835,492	824,456	-	824,456
Office furniture and equipment	862,509	-	862,509	833,350	-	833,350
Extensions and Mains	-	27,115,931	27,115,931	-	26,563,124	26,563,124
Machinery and equipment	27,751	-	27,751	118,076	-	118,076
Total	54,536,900	82,723,100	137,260,000	51,989,345	82,610,404	134,599,749

The Town of West Warwick's Debt Administration

At the end of the current fiscal year, the Town of West Warwick's Governmental Activities had a total bonded debt of $27,003,000. Of this amount, 100% comprises bonded debt backed by the full faith and credit of the government. The following is a summary of the Town's long-term debt.

Town of West Warwick
Outstanding Debt
General Obligation Bonds and Notes Payable

	June 30, 2009			*June 30, 2010*		
	Govern-mental Activities	Business Type Activities	Total	Govern-mental Activities	Business Type Activities	Total
General Obligation Bonds	21,713,000	-	21,713,000	27,003,000	-	27,003,000
Notes Payable	-	27,914,000	27,914,000	-	26,228,000	26,228,000
Totals	21,713,000	27,914,000	49,627,000	27,003,000	26,228,000	53,231,000

Additional information on the Town's long-term debt can be found in note 10 of the Notes to the Financial Statements and on pages 94 through 96.

The Town's general obligation bond rating as assigned by Moody's Investors Service in 2010 is A1 and B- by Fitch Rating Service. The State of Rhode Island imposes a limit of 3 percent of the fair value of all taxable Town property on the general obligation debt that a municipality can issue. The Town of West Warwick's limit is $81,517,919 at year-end. The Town's outstanding general obligation debt is $27,003,000 at year-end, which is $54,514,919 under the State imposed limitation.

Several of the Town's bonds are insured and thus hold a Triple A credit rating from both Moody's and Fitch Rating Service.

Economic Factors and Next Year's Budgets and Rates

The Town of West Warwick's total general fund budget for fiscal year 2011 amounts to $79,080,227 which reflects a decrease of $702,157 under the fiscal 2010 budget of $79,782,384. Of the Town's 2011 budget of $79,080,227, 61% is budgeted for educational purposes and 39% is budgeted for general government.

The State of Rhode Island is budgeted to contribute $18,369,914 to the Town's education department based on State Aide for a Town considered depressed due to population of the School District and the average level of wages earned by its citizens.

The Town's tax rate for fiscal 2011 is $20.40, with 39% allocated for general government and 61% allocated for education. For fiscal 2010, the Town's tax rate was $16.82, with 38% allocated for general government and 62% allocated for education.

Request for Information

The financial report is designed to provide our citizens, taxpayers and creditors with a general overview of the Town's finances and to show the Town's accountability for the tax dollars received. If you have questions about this report or need additional financial information, contact the Finance Director's Office, Town of West Warwick, 1170 Main Street, West Warwick, RI 02893.

Malcolm A. Moore
Finance Director

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements

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

	Primary Government		
	Governmental Activities	**Business-type Activities**	**Total**
ASSETS			
Cash and cash equivalents	$ 12,083,879	$ 4,817,684	$ 16,901,563
Accounts receivable:			
Accounts receivable net	2,153,547	5,388,216	7,541,763
Due from other governments	2,330,453	-	2,330,453
Other receivables	1,002,805	24,685	1,027,490
Inventory at cost	30,381	-	30,381
Deferred charges	1,546,734	-	1,546,734
Other assets			
Other assets - net	-	2,607,583	2,607,583
Long-term sewer assessment receivable	-	5,532,312	5,532,312
Capital assets:			
Property, plant and equipment	42,334,141	80,868,816	123,202,957
Construction in progress	3,565,690	1,688,688	5,254,378
Assets not being depreciated-Land	6,089,514	52,900	6,142,414
Total capital assets	51,989,345	82,610,404	134,599,749
TOTAL ASSETS	71,137,144	100,980,884	172,118,028
LIABILITIES			
Accounts payable	6,581,919	1,546,573	8,128,492
Accrued expenses	1,688,592	276,232	1,964,824
Unearned revenue	2,971,683	10,310,842	13,282,525
Internal balances	(120,511)	120,511	-
Long-term liabilities			
Due within one year	1,705,851	1,695,000	3,400,851
Due in more than one year	69,736,989	24,533,000	94,269,989
Total liabilities	82,564,523	38,482,158	121,046,681
NET ASSETS			
Invested in capital assets, net of related debt	24,986,345	56,382,404	81,368,749
Restricted for:			
Trust agreements	2,099	-	2,099
Unrestricted (deficit)	(36,415,823)	6,116,322	(30,299,501)
Total net assets	$ (11,427,379)	$ 62,498,726	$ 51,071,347

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

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

		Program revenues			Net (Expense) Revenue and Changes in Net Assets		
					Primary Government		
Functions/ Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-type Activities**	**Total**
Primary government							
Governmental activities:							
Legislative, judicial and general administrative	$ 27,993,691	$ 724,352	$ -	$ -	$ (27,269,339)		$ (27,269,339)
Financial administration	592,732	1,295,999	-	-	703,267		703,267
Public safety	12,704,903	770,412	1,933,483	-	(10,001,008)		(10,001,008)
Public works	4,776,671	241,746	-	-	(4,534,925)		(4,534,925)
Public Health and Welfare	960,592	418,465	846,500	-	304,373		304,373
Parks and recreation	498,971	4,515	-	236,987	(257,469)		(257,469)
Library	750,945	-	304,798	-	(446,147)		(446,147)
Education	55,751,973	528,842	27,556,603	-	(27,666,528)		(27,666,528)
Interest	1,224,128	-	-	-	(1,224,128)		(1,224,128)
Total governmental activities	105,254,606	3,984,331	30,641,384	236,987	(70,391,904)		(70,391,904)
Business type activities:							
Sewer fund	7,517,909	8,711,429	-	-	-	$ 1,193,520	1,193,520
Non-major business type activities	207,316	203,272	-	-	-	(4,044)	(4,044)
Total business-type activities	7,725,225	8,914,701	-	-	-	1,189,476	1,189,476
Total primary government	$ 112,979,831	$ 12,899,032	$ 30,641,384	$ 236,987	(70,391,904)	1,189,476	(69,202,428)
	General revenues:						
	Taxes:						
	Property taxes, levied for general purposes				51,019,257	-	51,019,257
	Unrestricted investment earnings				34,696	-	34,696
	State general revenue sharing				2,005,500	-	2,005,500
	State motor vehicle phase-out				3,183,440	-	3,183,440
	Miscellaneous				129,236	-	129,236
	Transfers				10,000	(10,000)	-
	Total general revenues and transfers				56,382,129	(10,000)	56,372,129
	Change in net assets				(14,009,775)	1,179,476	(12,830,299)
	Net assets-beginning				2,582,396	61,319,250	63,901,646
	Net assets-ending				$ (11,427,379)	$ 62,498,726	$ 51,071,347

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

Fund Financial Statements

TOWN OF WEST WARWICK, RHODE ISLAND
Balance Sheet
Governmental Funds
June 30, 2010

	General Fund	School Special Revenue Unrestricted Fund	Other Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 11,149,461	$ 137,641	$ 796,777	$ 12,083,879
Accounts receivable:				
Real estate and personal property taxes (net)	2,153,547	-	-	2,153,547
Due from other governments	-	314,092	2,016,361	2,330,453
Other receivables	328,192	671,124	-	999,316
Internal balances	1,654,995	2,358,473	2,775,756	6,789,224
Inventory	30,381	-	-	30,381
Other Assets - net	995,987	62,069	17,637	1,075,693
TOTAL ASSETS	$ 16,312,563	$ 3,543,399	$ 5,606,531	$ 25,462,493
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 798,659	$ 4,644,414	$ 649,911	$ 6,092,984
Accrued expenditures	1,271,311	101,694	-	1,373,005
Internal balances	3,813,223	1,506,759	1,834,177	7,154,159
Deferred revenue	4,485,487	-	-	4,485,487
Total liabilities	10,368,680	6,252,867	2,484,088	19,105,635
Fund balances:				
Reserve for:				
Reserved by trust agreements	-	-	2,099	2,099
Reserved for inventory	30,381	-	-	30,381
Reserved for capital projects	18,000	-	-	18,000
Reserved for bond sinking fund	762,888	-	-	762,888
Reserved for prepaid	4,299	62,069	-	66,368
Unreserved , undesignated, reported in:				
General fund	5,128,315			5,128,315
Capital projects funds	-	-	1,164,407	1,164,407
Special revenue funds	-	(2,771,537)	1,955,937	(815,600)
Total fund balances	5,943,883	(2,709,468)	3,122,443	6,356,858
TOTAL LIABILITIES AND FUND BALANCES	$ 16,312,563	$ 3,543,399	$ 5,606,531	

Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. (see note 8)	51,989,345
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. (see note 8)	1,669,258
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. (see note 8)	(71,442,840)
Net assets of governmental activities	$ (11,427,379)

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

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

	General Fund	School Special Revenue Unrestricted Fund	Other Non-Major Governmental Funds	Total Governmental Funds
Revenues				
General property tax	$ 50,791,982	$ -	$ -	$ 50,791,982
Intergovernmental and departmental revenues	24,873,238	1,777,141	7,086,782	33,737,161
Federal revenue - SFSF	-	1,354,139	-	1,354,139
License and permits	2,067,020	-	-	2,067,020
Fines and interest on late payments	641,149	-	-	641,149
Interest on investments	34,076	-	620	34,696
Other revenues	268,739	738,559	1,563,614	2,570,912
Total revenues	78,676,204	3,869,839	8,651,016	91,197,059
Expenditures				
Current:				
Legislative, judicial and general administrative	16,599,785	-	-	16,599,785
Financial administration	804,180	-	-	804,180
Public safety	11,622,542	-	852,371	12,474,913
Public works	3,770,788	-	889,516	4,660,304
Public Health and Welfare	194,300	-	827,167	1,021,467
Parks and recreation	243,357	-	-	243,357
Library	732,654	-	-	732,654
Education	-	49,973,068	5,190,867	55,163,935
Capital	32,390	-	551,244	583,634
Debt service:				
Principal	3,580,000	-	-	3,580,000
Interest	1,067,045	-	-	1,067,045
Other expenditures	166,023	-	-	166,023
Total expenditures	38,813,064	49,973,068	8,311,165	97,097,297
Excess of revenues over (under) expenditures before other financing sources (uses)	39,863,140	(46,103,229)	339,851	(5,900,238)
Other financing sources (uses)				
Transfers from other funds	10,000	46,464,298	54,587	46,528,885
Issuance of debt	8,870,000	-	-	8,870,000
Transfers to other funds	(46,490,807)	-	(28,078)	(46,518,885)
Total other financing sources (uses)	(37,610,807)	46,464,298	26,509	8,880,000
Net change in fund balances	2,252,333	361,069	366,360	2,979,762
Fund balances - beginning	3,691,550	(3,070,537)	2,756,083	3,377,096
Fund balances - ending	$ 5,943,883	$ (2,709,468)	$ 3,122,443	$ 6,356,858

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

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

Net change in fund balances-total governmental funds	$ 2,979,762
Amounts reported for governmental activities in the statement of activities are different from the amounts reported as fund expenditures because:	
Governmental funds reported capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense ($3,367,494) exceed capital outlays of ($819,939) in the current period.	(2,547,555)
Increases in deferred revenues provide current financial resources in the statement of activities, but are reported as decreases in revenues in the governmental funds.	227,275
Some expenditures reported in the governmental funds that require the use of current financial resources are not reported as expenditures in the statement of activities.	(135,138)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which long-term borrowings were reduced.	3,580,000
Net proceeds from the issuance of debt- Under the current financial resources measurement focus, proceeds from the issuance of debt are reported as a source of financing. In the government-wide financial statements, however, the issuance of debt is an increase in long-term liabilities in the statement of net assets.	(8,870,000)
Other certain accrued expenditures that do not use current financial resources are not reported in the fund financial statements. However, in the statement of activities these accrued expenses are recognized and charged to current activities.	(9,244,119)
Change in net assets of governmental activities	$ (14,009,775)

Please see Notes 8 and 9 in the Notes to Financial Statements for a more detailed explanation of the differences between the Government-Wide Financial Statements and the Fund Financial Statements

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

	Enterprise Funds			
	Sewer Fund	Non-Major Funds	Total	Internal Service Fund
ASSETS				
Current assets				
Cash and cash equivalents	$ 4,817,684	$ -	$ 4,817,684	$ -
Accounts receivable				
User fees (Net)	5,388,216	-	5,388,216	-
Other	24,685	-	24,685	-
Internal balances	-	75,318	75,318	1,183,912
Total current assets	10,230,585	75,318	10,305,903	1,183,912
Non-current assets				
Property, plant and equipment				
Plant facilities and equipment in service	77,928,879	-	77,928,879	-
Extensions and main	26,493,069	-	26,493,069	-
Land	52,900	-	52,900	-
Construction in progress	1,688,688	-	1,688,688	-
Total property, plant and equipment	106,163,536	-	106,163,536	-
Less accumulated depreciation	23,553,132	-	23,553,132	-
Net property, plant and equipment	82,610,404	-	82,610,404	-
Other Assets				
Other assets - net	2,607,583	-	2,607,583	-
Long-tern sewer assessment receivable	5,532,312	-	5,532,312	-
Total non-current assets	90,750,299	-	90,750,299	-
TOTAL ASSETS	100,980,884	75,318	101,056,202	1,183,912
LIABILITIES				
Current liabilities				
Accounts payable	1,540,260	6,313	1,546,573	488,935
Accrued expenses	275,384	848	276,232	-
Deferred revenues	4,778,530	-	4,778,530	-
Internal balances	195,829	-	195,829	694,977
Current portion of long-term debt	1,695,000	-	1,695,000	-
Total current liabilities	8,485,003	7,161	8,492,164	1,183,912
Non-current liabilities				
Notes and bonds payable	24,533,000	-	24,533,000	-
Deferred revenue	5,532,312	-	5,532,312	-
Total non-current liabilities	30,065,312	-	30,065,312	-
Total liabilities	38,550,315	7,161	38,557,476	1,183,912
Net Assets				
Invested in Capital assets, net of related debt	56,382,404	-	56,382,404	-
Unrestricted	6,048,165	68,157	6,116,322	-
Total Net Assets	$ 62,430,569	$ 68,157	$ 62,498,726	$ -

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

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

	Enterprise Funds			
	Sewer Fund	Non-Major Funds	Total	Internal Service Fund
Operating revenues				
Usage sales and fees	$ 6,593,342	$ 203,272	$ 6,796,614	$ -
Sewer assessment revenue	1,010,750	-	1,010,750	-
Other income	1,054,637	-	1,054,637	7,602,912
Total operating revenues	8,658,729	203,272	8,862,001	7,602,912
Operating expenses				
Salaries and benefits	2,054,777	121,632	2,176,409	-
Materials, supplies, repairs and maintenance	855,056	2,249	857,305	-
Depreciation and amortization	1,759,852	-	1,759,852	-
Other operating expenses	2,511,220	83,435	2,594,655	7,602,912
Total operating expenses	7,180,905	207,316	7,388,221	7,602,912
Operating income	1,477,824	(4,044)	1,473,780	-
Non-operating revenues (expenses)				
Investment income	52,700	-	52,700	-
Sewer bond interest expense	(337,004)	-	(337,004)	-
Total non-operating (expenses)	(284,304)	-	(284,304)	-
Income (loss) before transfers	1,193,520	(4,044)	1,189,476	-
Transfers				
Transfers from (to) funds	-	(10,000)	(10,000)	-
Total transfers	-	(10,000)	(10,000)	-
Change in Net Assets	1,193,520	(14,044)	1,179,476	-
Total Net Assets - Beginning	61,237,049	82,201	61,319,250	-
Total Net Assets - Ending	$ 62,430,569	$ 68,157	$ 62,498,726	$ -

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

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

	Enterprise Funds			
	Sewer Fund	Non-Major Funds	Total	Internal Service Fund
Cash flows from operating activities				
Cash received from customers	$ 8,488,125	$ 203,272	$ 8,691,397	$ 7,602,912
Cash payments to suppliers for goods and services	252,134	(2,708)	249,426	(6,703,637)
Cash payments to employees for services	(2,104,877)	(124,043)	(2,228,920)	-
Payment of administrative expense	(2,511,220)	(83,435)	(2,594,655)	-
Net cash provided by (used for) operating activities	4,124,162	(6,914)	4,117,248	899,275
Cash flows from non-capital financing activities				
Interfund loans	(517,748)	6,914	(510,834)	(899,275)
Net cash provided by (used for) non-capital financing activities	(517,748)	6,914	(510,834)	(899,275)
Cash flows from capital and related financing activities				
Acquisition and construction of capital assets	(1,634,441)	-	(1,634,441)	-
Principal paid on bonds, notes and loans	(1,686,000)	-	(1,686,000)	-
Interest paid on bonds, notes and loans	(342,806)	-	(342,806)	-
Net cash provided (used for) capital and related financing activities	(3,663,247)	-	(3,663,247)	-
Cash flows from investing activities				
Interest and dividends on investments	52,700	-	52,700	-
Net cash provided by (used for) investing activities	52,700	-	52,700	-
Net increase (decrease) in cash and cash equivalents	(4,133)	-	(4,133)	-
Cash and cash equivalents at beginning of year	4,821,817	-	4,821,817	-
Cash and cash equivalents at end of year	$ 4,817,684	$ -	$ 4,817,684	$ -
Reconciliation of operating income to net cash provided by operating activities				
Operating income	$ 1,477,824	$ (4,044)	$ 1,473,780	$ -
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	1,759,852	-	1,759,852	-
Changes in assets and liabilities:				
(Increase) decrease in use accounts receivable	439,893	-	439,893	-
Increase (decrease) in accounts payable and accrued expenses	1,057,090	(2,870)	1,054,220	899,275
(Decrease) in deferred revenues	(610,497)	-	(610,497)	-
Total adjustments	2,646,338	(2,870)	2,643,468	899,275
Net cash provided by operating activities	$ 4,124,162	$ (6,914)	$ 4,117,248	$ 899,275

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

TOWN OF WEST WARWICK, RHODE ISLAND
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2010

	Employee Retirement Plan	Agency Funds
ASSETS		
Cash	$ -	$ 127,038
Investments, at fair value:		
Cash management investment funds	3,724,317	-
Government bond funds	5,903,261	-
Corporate debt	3,796,425	-
Domestic stocks	18,199,591	-
Total investments	31,623,594	-
TOTAL ASSETS	31,623,594	127,038
LIABILITIES		
Deposits payable to others	-	127,038
Internal balances	3,489	-
Accounts payable and accrued expenses	185	-
TOTAL LIABILITIES	3,674	$ 127,038
NET ASSETS		
Held in trust for pension benefits and other purposes	$ 31,619,920	

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

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

	Employee Retirement Plan
Additions	
Contributions	
Employer contributions	$ 2,500,000
Plan members contributions	1,316,733
Total contributions	3,816,733
Investment earnings	
Net (decrease) in fair value of investments	2,743,634
Interest and dividends	833,622
Total investment earnings	3,577,256
Total additions	7,393,989
Deductions	
Benefits paid	6,383,259
Operating expenses	332,612
Total deductions	6,715,871
Change in net assets	678,118
Net assets - beginning	30,941,802
Net assets - ending	$ 31,619,920

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

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of West Warwick, Rhode Island, have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The government's significant accounting policies are described below.

Reporting Entity

The Town of West Warwick was founded in 1913. The Town is governed largely under the Home Rule Charter approved by the electorate on November 4, 1986 and effective December 5, 1988. In some matters, including the issuance of short and long-term debt, the general laws of the State of Rhode Island govern the Town. On February 8, 1994 a special election was held and the Towns' people voted to change the form of Town government from a Mayor to a Town Council/Manager form of government. The Town provides the following services as authorized by its charter: Public Safety (police, fire, traffic safety, inspections, zoning and building), Public Works (sanitation, highways and streets, engineering and building maintenance), Parks and Recreation, Education, Social Services, and General Administrative Services.

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

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

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

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

continued

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

The following entities were considered for classification as component units for fiscal year 2010:

* West Warwick School System
* West Warwick Library
* West Warwick Housing Authority
* West Warwick Senior Center

Although the West Warwick School System and the West Warwick Library meet certain criteria of the tests listed above, these entities are not deemed to have separate legal status apart from the Town. As a result, the financial data of these entities have been included as Special Revenue Funds within the Town's financial statements. The Housing Authority and Senior Center met none of the tests as described above and therefore, are not considered a component unit of the Town.

BASIS OF PRESENTATION

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for *fiduciary funds* (the activity of these funds are reported in the statements of fiduciary net assets and changes in fiduciary net assets). The government-wide financial statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which, is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, fund equity, revenues and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

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

continued

BASIS OF PRESENTATION (continued)

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

GOVERNMENTAL FUND TYPES

Major Governmental Funds

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

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

PROPRIETARY FUND TYPE

This fund type accounts for operations that are organized to be self-supporting through user charges. The fund included in this category is as follows:

Enterprise Funds - are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy management control, accountability, or other purposes.

Internal Service Fund - is used to account for operations that are financed and operated in a manner where employee medical plan costs are allocated to various Town departments for services provided.

Major Enterprise Funds – The Sewer Fund is used to account for sewer use fees and the expenses associated with providing sewer services to town residents and other communities.

FIDUCIARY FUND TYPES

These funds account for assets held by the Town as a trustee or agent for individuals, private organizations, and other units of governments. These funds are as follows:

Agency Funds - are used to account for funds that are to be used for educational and welfare expenditures and for funds held in escrow for other parties.

Pension Trust Fund - is used to account for funds that are to be used for the payment of retirement benefits to former employees. The Pension Committee oversees this fund.

continued

BASIS OF ACCOUNTING

Measurement Focus – Government Wide Financial Statements

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

Those revenues susceptible to accrual are property taxes, franchise taxes, special assessments, licenses, interest revenue and charges for services. Sales taxes collected and held by the state at year-end on behalf of the government also are recognized as revenue. Fines, permits, and parking meter revenues are not susceptible to accrual because generally they are not measurable until received in cash. In determining when to recognize intergovernmental revenues (grants and entitlements), the legal and contractual requirements of the individual programs are used as guidance. Revenues are recognized when the eligibility requirements have been met.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between fiduciary fund types. These charges have been reclassified as other receivables or other liabilities.

Amounts reported as program revenues included 1) charges to customers or applicants for goods, services, fines, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Measurement Focus – Fund Financial Statements

The accounting and financial reporting treatment applied to the ***fund financial statements*** is determined by its measurement focus. All Governmental Fund Types accounted for using a "current financial resources" measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All Proprietary Fund Types and Fiduciary Fund Types excluding agency funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net assets) is segregated amounts invested in capital net of related debt and unreserved net assets components. Agency funds, which are fiduciary funds have no measurement focus.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges for services. Operating expenses for enterprise funds include the cost of operations and maintenance, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

continued

BASIS OF ACCOUNTING ***(continued)***

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

Non-current portions of long-term receivables of Governmental Fund Types are reported on their balance sheets, in spite of their spending measurement focus. Special reporting treatments are used to indicate however, that they should not be considered "available expendable resources" since they do not represent net current assets. Recognition of Governmental Fund Type revenues represented by non-current receivables is deferred until they become current receivables.

Because of their spending measurement focus, expenditure recognition for Governmental Fund Types excludes amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as Governmental Fund Type expenditures or fund liabilities. They are instead reported as Long-term Liabilities – Governmental Activities.

In applying the "susceptible to accrual" concept to intergovernmental revenues the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of such revenues. For one type, amounts must be expended on the specific purpose or project before any amounts will be paid to the Town; therefore revenues are recognized based upon the expenditures recorded.

For the other type, revenues are virtually unrestricted as to purpose of expenditure and revocable only for failure to comply with the prescribed requirements, such as a Community Development Block Grant. These resources are reflected as revenues at the time of receipt or earlier if they meet the "available" criteria.

All Proprietary Funds and Pension Trust Funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

In accordance with Government Accounting Standards Board Statement No. 20, the Town of West Warwick has elected to apply to all Proprietary Fund Types and Similar Trust Funds all applicable GASB Pronouncements, as well as the following pronouncements issued on or before November 30, 1989; FASB Statements and Interpretations, APB opinions and ARBs unless these pronouncements conflict with or contradict GASB pronouncements.

Cash Equivalents

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

Investments

Investments are Government Securities, Commercial Paper and various types of corporate stocks and bonds held in the Governmental and Fiduciary Fund types, which are recorded at fair value. Fair value is determined wherever possible, by use of published quoted amounts, where quotes are not available, formal valuations are obtained.

continued

BASIS OF ACCOUNTING ***(continued)***

When discounts or premiums are present, the Town will capitalize and amortize the amount over the period of the related investment.

Receivables

Accounts receivable are recorded in the General, Special Revenue and Enterprise funds. The Town uses the direct write off method to account for bad debt in both the Government - Wide Financial Statements and the Fund Financial Statements. Allowances for uncollectible accounts receivables are based upon historical trends and the periodic aging of accounts receivable. The current years allowance is $720,360.

Inventories

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

Capital Assets

Capital assets in Governmental Fund type operations are accounted for using the "current financial resources" measurement focus. Capital assets, which include property, plant and equipment, and infrastructure (e.g. road, curbs and gutters, streets and sidewalks, and drainage systems), are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. The Town defines capital assets as assets with an individual cost of more than $10,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost (for certain assets acquired prior to 1960). Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets (retroactive to January 1, 1979) is included as part of the governmental capital assets reported in the government-wide statements. Donated assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are recorded as expenditures as incurred.

The Town capitalizes certain interest costs in accordance with GASB Code Section 1400 as part of constructed assets. Interest is capitalized throughout the construction period in the Capital projects fund prior to the assets being transferred to the governmental fund and placed in service.

Property, plant and equipment for Proprietary Fund Types are valued at historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance is expensed as incurred.

Property, plant and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

Description	Estimated Lives (years)
Autos and information processing equipment	5
Trucks	8
Equipment, furniture and fixtures	10
Heavy equipment	25
Buildings, infrastructure, water lines and fire hydrants	40
Sewer mains and certain water assets	75-100

continued

BASIS OF ACCOUNTING ***(continued)***

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

Designated Fund Balances
Designated fund balances represent amounts, which the Town intends to use in future years to pay for non-contracted expenditures at year-end.

Reserved Fund Balances
Reserved fund balances represent amounts, which the Town is contractually obligated to pay but has not as of the balance sheet date received the goods or services.

Fund Equity
The unreserved fund balances for governmental funds represent the amount available for budgeting future operations. The reserved fund balances for governmental funds represent the amount that has been legally identified for specific purposes. Unreserved net assets for proprietary funds represent net assets available for future operations or distribution.

Revenues, Expenditures and Expenses
Revenues for governmental funds are recorded when they are determined to be both measurable and available. Generally, tax revenues, fees and non-tax revenues are recognized when received. Grants from other governments are recognized when qualifying expenditures are incurred. Expenditures for governmental funds are recorded when the related liability is incurred. Revenues and expenses of proprietary fund types are recognized using the full accrual basis of accounting. Revenue is recognized when earned and expenses as incurred.

Program Revenues and Expenses
In the statement of activities specific revenues are allocated to program expenses due to their direct relationships. Collections for licenses, fees, tickets and fines are among some of the revenue sources that are program revenues. Indirect expenses are not allocated to functions in the statement of activities.

Property Taxes
The Town is permitted by state law to levy property taxes. Current tax collections for the Town were approximately 96.3% of the total December 31, 2008 levy net of adjustments.

The Town's fiscal 2010 property taxes were levied in July of 2009 on assessed valuation as of December 31, 2008. Upon levy, taxes are billed quarterly and are due on July 15, October 15, January 15, and April 15. Failure to mail payments by due dates will result in lien on taxpayer's property. Assessed values are established by Tax Assessor's Office and are currently calculated at 100% of assessed value for real estate and 100% of market value for motor vehicles. A revaluation of all real estate was completed as of December 31, 2003.

continued

BASIS OF ACCOUNTING ***(continued)***

Vacation, Sick Leave, and Other Compensated Absences
Unused vacation leave is paid upon an employee's termination. Sick leave not taken by municipal workers is paid 100% up to 100 days, for police and fire departments employees are paid 100% up to 130 days and 50% for the next 50 days and 25% for the next 50 days. School department employees are paid compensated absences based on various employee agreements. For Governmental Fund Types accrued compensated absences are presented as a current liability for those amounts expected to be paid with current financial resources. In governmental funds compensated absence expenditures are only reported when matured. For those compensated absences not to be paid with current financial resources the liability is recorded in the Statement of Net Assets of the Government-Wide Financial Statements. At June 30, 2010 the long-term portion that amount was $3,677,132. For Proprietary Fund Types accrued compensated absences are recorded as a liability within those funds. In past years and in future fiscal years the general fund has been used to liquidate the liability for compensated absences in governmental funds other than those which are liabilities on proprietary funds.

Inter-fund Transactions
Inter-fund transactions except advances are accounted for as transfers. Nonrecurring or non-routine transfers of equity between funds are considered transfers.

NOTE 2 – BUDGETARY DATA AND BUDGETARY COMPLIANCE

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

Appropriations in addition to those contained in the annual operating budgets, except for the purpose of meeting a public emergency, are made upon the recommendation of the Town Manager with the Director of Finance's certification as to General Fund surplus to meet such appropriations and with Town Council's approval and approval of the citizens at a Financial Town meeting. There were no additional supplemental

continued

BASIS OF ACCOUNTING ***(continued)***

appropriations for the year ended June 30, 2010. Amendments to the operating budgets that do not result in additional appropriations may be made within departments by means of a transfer. The Finance Director has authority to make such transfers within departments for the first nine months of the fiscal year. Any other departmental transfers made and transfers made outside the departmental level in the last three months of the fiscal year require Town Council approval by ordinance.

CHARTER PROVISION DESIGNATED FUND BALANCE

The Town has established a formal policy on the minimum level of unreserved fund balance that should be maintained in the general fund. The Town's Home Rule Charter Section 509 Cash Reserve fund states: The town council shall provide for a cash reserve fund which shall be used as a source of funds to meet Town obligations in anticipation of tax receipts, anticipated from state or federal government or other sources. The Town manager shall include in his budget recommendations a sum equal to no less than .35 percent of the total operating budget to be paid into the said cash reserve fund until said reserve shall equal 5 percent (.05) of the operating budget.

NOTE 3 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Legal Debt Margin

The Town's legal debt margin as set forth by State Statute is limited to three percent of total assessed value, which approximates $81,517,919 based on the December 31, 2008 assessment. As of June 30, 2010 the Town's debt is under the debt limit by $54,514,919. In addition to the bonding authority granted under §45-12-2 of the RI General Laws, the Town of West Warwick can authorize bond issues pursuant to a special act of the RI General Assembly. Bond issues authorized by a special act of the General Assembly are normally not subject to any legal debt limit, but are subject to financial constraints such as the Town's ability and willingness to service the bonded debt. See page 106 in the statistical section for computation of the legal debt margin.

NOTE 4 - DEFICIT FUND BALANCES OR NET ASSETS OF INDIVIDUAL FUNDS

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

Governmental Funds

Mobil Data Computer II	$	14,189	**
Mobil Data Computer I		52,526	**
JAG ARRA		11,190	**
School Unrestricted Fund		2,709,468	*
Energy Fund		9,264	**
School QZAB Bond Fund		12,955	**

* The deficit balance will require a future administration plan to fund this deficit.
** The deficits will be eliminated by future reimbursements from either another Town Fund the State or the Federal Government.

continued

NOTE 5 – CASH AND INVESTMENTS

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

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

Interest Rate Risk: The Town limits its exposure to fair value losses arising from changes in interest rates by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and investing operating funds primarily in shorter-term securities, money market funds, or similar investment pools, although the Government does not have a formal policy relating to a specific investment-related risk.

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

Custodial Credit Risk

Deposits: This is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2010, $0.00 of the Town's balance of $17,028,601 on deposit with financial institutions was uninsured and uncollateralized.

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

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

continued

NOTE 5 – CASH AND INVESTMENTS (continued)

Cash and investments of the Town consist of the following at June 30, 2010

Cash and Cash Equivalents	
Deposits with financial institutions	$ 17,028,601
Investments	
Pension Trust Fund:	
Cash and Money Funds	3,724,317
U.S. Government Bonds	5,903,261
Corporate Debt	3,796,425
Equities	18,199,591
Total Pension Investments	31,623,594
Total Cash and Investments	$ 48,652,195

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

Statement of Net Assets	
Cash and cash equivalents	$ 16,901,563
Fiduciary Funds	
Cash	127,038
Investments	31,623,594
	31,750,632
Total Cash and Investments	$ 48,652,195

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

		Investment Maturities (in Years)			
Type of Investment	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	Over 10 Years
Government Bonds	$ 5,903,261	$ -	$ 1,135,313	$ 1,925,804	$ 2,842,144
Corporate Debt	3,796,425	-	950,712	1,405,212	1,440,501
Total	$ 9,699,686	$ -	$ 2,086,025	$ 3,331,016	$ 4,282,645

continued

NOTE 5 – CASH AND INVESTMENTS (continued)

Credit Risk: Generally, credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure. The list below provides a rating of corporate debt.

Average Rating	Corporate Bonds
Aaa	$ 1,583,390
Aa1	32,632
Aa2	98,703
Aa3	259,288
A1	162,815
A2	556,065
A3	137,698
Baa1	307,265
Baa2	349,449
Baa3	309,120
	$ 3,796,425

NOTE 6 - PROPERTY TAXES

The Town is responsible for assessing, collecting, and distributing property taxes in accordance with enabling state legislation.

All property taxes for fund statement purposes are recognized in compliance with NCGA Interpretation-3 (Revenue Recognition - Property Taxes), which states that such revenue is recorded when it becomes measurable and available. Available means due, or past due and receivable within the current period and collected no longer than 60 days after the close of the current period. The Town does not use an allowance method for bad debts. It directly writes off receivables as they become un-collectible as per state law.

NOTE 7 – PROPERTY, PLANT & EQUIPMENT

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

continued

NOTE 7. INFORMATION ABOUT CAPITAL ASSETS (continued)

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

	Primary Government			
	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 6,089,514	$ -	$ -	$ 6,089,514
Construction in Progress	3,461,265	104,425	-	3,565,690
Total capital assets not being depreciated	9,550,779	104,425	-	9,655,204
Other capital assets:				
Land improvements	1,032,780	8,975	-	1,041,755
Infrastructure	47,227,484	488,909	-	47,716,393
Buildings and improvements	77,278,630	-	154,332	77,124,298
Motor vehicles	1,739,421	116,740	-	1,856,161
Office furniture and equipment	2,162,079	-	-	2,162,079
Machinery and equipment	3,412,560	100,890	-	3,513,450
Total other capital assets at historical cost	132,852,954	715,514	154,332	133,414,136
Less accumulated depreciation for:				
Land improvements	1,010,976	-	-	1,010,976
Infrastructure	26,243,682	1,230,772	-	27,474,454
Buildings and improvements	55,023,867	1,969,222	154,332	56,838,757
Motor vehicles	903,929	127,776	-	1,031,705
Office furniture and equipment	1,299,570	29,159	-	1,328,729
Machinery and equipment	3,384,809	10,565	-	3,395,374
Total accumulated depreciation	87,866,833	3,367,494	154,332	91,079,995
Governmental activities capital assets, net	$ 54,536,900	$ (2,547,555)	$ -	$ 51,989,345

Depreciation expense was charged to functions as follows:

Governmental activities:	
Legislative, judicial and general administrative	$ 1,983,764
Public safety	405,420
Public works	116,367
Parks and recreation	255,614
Library	18,291
Education	588,038
Total governmental activities depreciation expense	$ 3,367,494

continued

NOTE 7. INFORMATION ABOUT CAPITAL ASSETS (continued)

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

	Primary Government			
	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets not being depreciated:				
Land	$ 52,900	$ -	$ -	$ 52,900
Construction in progress	2,325,735	1,688,688	2,325,735	1,688,688
Total capital assets not being depreciated	2,378,635	1,688,688	2,325,735	1,741,588
Other capital assets:				
Plant facilities and equipment	64,891,846	2,446,892	405,655	66,933,083
Extensions and mains	37,481,319	7,546	-	37,488,865
Total other capital assets at historical cost	102,373,165	2,454,438	405,655	104,421,948
Less accumulated depreciation for:				
Plant facilities and equipment	11,663,312	1,173,022	208,943	12,627,391
Extensions and mains	10,365,388	560,353	-	10,925,741
Total accumulated depreciation	22,028,700	1,733,375	208,943	23,553,132
Business-type activities capital assets, net	$ 82,723,100	$ 2,409,751	$ 2,522,447	$ 82,610,404

Depreciation expense was charged to functions as follows:

Business-type activities:	
Sewer Fund	$ 1,733,375
Total business-type activities depreciation expense	$ 1,733,375

continued

NOTE 8 DIFFERENCES BETWEEN GOVERNMENTAL FUND BALANCE SHEET AND THE STATEMENT OF NET ASSETS.

"Total fund balances" of the Towns' governmental funds $6,356,858 differs from "net assets" of governmental activities $ ($10,522,456) reported in the statement of net assets. This difference primarily results from the long-term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheets. The effect of the differences is illustrated below.

Balance Sheet/Statement of Net Assets

	Total Governmental Funds	Long-term Assets/ Liabilities (1)	Reclassifications and Eliminations (2)	Statement Net Assets Totals
Assets				
Cash and cash equivalents	$ 12,083,879	$ -	$ -	$ 12,083,879
Receivables:				
Property taxes, net	2,153,547	-	-	2,153,547
Intergovernmental	2,330,453	-	-	2,330,453
Other	999,316	-	3,489	1,002,805
Internal balances	6,789,224	-	(6,789,224)	-
Inventory	30,381	-	-	30,381
Other assets (net)	1,075,693	-	-	1,075,693
Deferred charges	-	471,041	-	471,041
Property, plant and equipment - net	-	42,334,141	-	42,334,141
Assets not being depreciated-CIP	-	3,565,690	-	3,565,690
Assets not being depreciated-Land	-	6,089,514	-	6,089,514
Total assets	$ 25,462,493	$ 52,460,386	$ (6,785,735)	$ 71,137,144
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued items	$ 6,092,984	$ -	$ 488,935	$ 6,581,919
Cash overdraft	-	-	-	-
Accrued expenses	1,373,005	315,587	-	1,688,592
Internal balances	7,154,159	-	(7,274,670)	(120,511)
Deferred revenue	4,485,487	(1,513,804)	-	2,971,683
Long-term liabilities				
Due within one year	-	1,705,851	-	1,705,851
Due in more than one year	-	69,736,989	-	69,736,989
Total liabilities	19,105,635	70,244,623	(6,785,735)	82,564,523
Fund Balances/Net Assets				
Total fund balances/net assets	6,356,858	(17,784,237)	-	(11,427,379)
Total liabilities and fund balances/net assets	$ 25,462,493	$ 52,460,386	$ (6,785,735)	$ 71,137,144

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

Cost of capital assets	$ 143,069,340
Accumulated depreciation	(91,079,995)
	$ 51,989,345

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

Adjustment of deferred revenue	$ 1,790,282
Deferred bond cost	471,041
Bond premium	(276,478)
Accrued interest	(315,587)
	$ 1,669,258

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

Bonds payable	$ (27,003,000)
Accrued compensated absences	(3,677,132)
Net OPEB obligation	(11,515,448)
Net pension obligation	(29,247,260)
	$ (71,442,840)

(2) The Internal Service Fund is used by management to charge the costs of medical benefit claims. The assets and liabilities of the Internal Service Fund are included in the Governmental Activities in the Government-Wide Statement of Net Assets.

Accounts receivable	$ -
Accounts payable	(488,935)
Internal balances	1,183,912
Internal balances	(694,977)
	$ -

continued

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

The "net change in the fund balances" for governmental funds $2,979,762 differs from the "change in net assets" for governmental activities $(13,104,852) reported in the statement of activities. The differences arise primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The effect of the differences are illustrated below with explanations on page 39.

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

	Total Governmental Funds	Long-term Revenues/ Expenses (1)	Capital-related Items (2)	Long-term Debt Transactions (3)	Statement of Activities Totals
Revenues					
General property tax	$ 50,791,982	$ 227,275	$ -	$ -	$ 51,019,257
Intergovernmental and departmental revenues	33,737,161	-	-	-	33,737,161
Federal revenue SFSF	1,354,139	-	-	-	1,354,139
License and permits	2,067,020	-	-	-	2,067,020
Fines and interest on late payments	641,149	-	-	-	641,149
Interest on investments	34,696	-	-	-	34,696
Other revenues	2,570,912	-	-	(189,503)	2,381,409
Total revenues	91,197,059	227,275	-	(189,503)	91,234,831
Expenditures					
Current:					
Legislative, judicial and general administrative	16,599,785	-	1,983,764	9,244,119	27,827,668
Financial administration	804,180	-	-	(211,448)	592,732
Public safety	12,474,913	-	229,990	-	12,704,903
Public works	4,660,304	-	116,367	-	4,776,671
Public Health and Welfare	1,021,467	-	(60,875)	-	960,592
Parks and recreation	243,357	-	255,614	-	498,971
Library	732,654	-	18,291	-	750,945
Education	55,163,935	-	588,038	-	55,751,973
Capital	583,634	-	(583,634)	-	-
Long-term obligations:					
Principal	3,580,000	-	-	(3,580,000)	-
Interest	1,067,045	157,083	-	-	1,224,128
Other	166,023	-	-	-	166,023
Total expenditures	97,097,297	157,083	2,547,555	5,452,671	105,254,606
Other financing sources (uses)					
Transfers from other funds	46,528,885	-	-	-	46,528,885
Issuance of debt	8,870,000	-	-	(8,870,000)	-
Transfers to other funds	(46,518,885)	-	-	-	(46,518,885)
Total other financing sources (uses)	8,880,000	-	-	(8,870,000)	10,000
Net change for the year	$ 2,979,762	$ 70,192	$ (2,547,555)	$ (14,512,174)	$ (14,009,775)

continued

NOTE 9. DIFFERENCES BETWEEN GOVERNMENTAL FUND OPERATING STATEMENTS AND THE STATEMENT OF ACTIVITIES. (continued)

(1) Increases in deferred revenues do not provide current financial resources to governmental funds but are reported as revenues in the statement of activities.

Deferred revenue property tax	$ 227,275

Interest expense in the statement of activities differs from the amount reported in the governmental funds for two reasons. Accrued interest was reduced on the calculation for bonds payable. Cost associated with debt financing are expensed in the fund financial statements while in the government-wide financial statements they are capitalized and amortized over the life of the bond, also premiums received from bond issuance which are recorded in the governmental funds as revenue are amortized in the statement of activities.

Accrued interest	$ (157,083)
Amortization of bond premium	16,441
Bond premium	(205,944)
Deferred bond cost	249,301
Amortization bond issuance cost	(37,853)
Total expenditure adjustment	$ (135,138)

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

Capital outlay	$ 819,939
Depreciation expense	(3,367,494)
Difference	$ (2,547,555)

(3) Repayment of bond principal is reported as an expenditure in the governmental funds and, thus, has the effect of reducing fund balance because current financial resources have been used. For the town as a whole, however, the principal payments reduce the liabilities in the statement of net assets an do not result in an expense in the statement of activities. Net proceeds from the issuance of debt in the governmental funds is reported as a source of financing, in the government-wide financial it is an increase in long-term liabilities.

Issuance of debt	(8,870,000)
Principal payments made	3,580,000
	$ (5,290,000)

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

Net decrease in compensated absences	$ 205,891
Net increase in the OPEB obligation	(5,743,166)
Net increase in the net pension obligation	(3,706,844)
Change	$ (9,244,119)

continued

NOTE 10 - LONG-TERM DEBT

Governmental long-term liabilities do not appear in the fund financial statements but rather are a reconciling item in the presentation of the government-wide financial statements and are included in the statement of net assets. Long-Term liabilities directly related to and intended to be paid from the Proprietary Fund Types are included in the accounts of such fund.

NOTE 10. INFORMATION ABOUT LONG-TERM LIABILITIES

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

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

	Balance July 1, 2009	Additions	Retirements	Balance June 30, 2010	Amounts Due within One Year
Governmental Activities					
Bonds Payable	$ 21,713,000	$ 8,870,000	$ 3,580,000	$ 27,003,000	$ 1,580,000
Total bonds payable	21,713,000	8,870,000	3,580,000	27,003,000	1,580,000
Other liabilities:					
Accrued compensated absences	3,883,023	-	205,891	3,677,132	125,851
Net OPEB Obligation	5,772,282	5,743,166	-	11,515,448	-
Net Pension Benefit	25,540,416	3,706,844	-	29,247,260	-
Total other liabilities	35,195,721	9,450,010	205,891	44,439,840	125,851
Governmental Activities long-term liabilities	$ 56,908,721	$ 18,320,010	$ 3,785,891	$ 71,442,840	$ 1,705,851
Business-Type Activities					
Sewer Department notes payable	27,914,000	-	1,686,000	26,228,000	1,695,000
Total notes payable	27,914,000	-	1,686,000	26,228,000	1,695,000
Total long-term liabilities	$ 27,914,000	$ -	$ 1,686,000	$ 26,228,000	$ 1,695,000

The following schedule summarizes the Town's bonds and notes

	Interest Rates	Principal	Due Dates
Governmental bonds	1.47.% - 7.45%	$ 27,003,000	2011-2029
Enterprise Funds notes payable	0% - 1.565%	26,228,000	2011-2028
Total All Funds		$ 53,231,000	

continued

NOTE 10. INFORMATION ABOUT LONG-TERM LIABILITIES (continued)

The debt service through maturity for the above Governmental bonds are as follows:

Fiscal Year Ended June 30	Principal	Interest	Total
2011	1,580,000	995,461	2,575,461
2012	1,605,000	1,022,887	2,627,887
2013	1,630,000	958,046	2,588,046
2014	1,535,000	894,460	2,429,460
2015	1,495,000	832,658	2,327,658
2016	1,525,000	770,597	2,295,597
2017	1,555,000	705,216	2,260,216
2018	1,590,000	636,003	2,226,003
2019	1,395,000	564,441	1,959,441
Thereafter	13,093,000	2,149,284	15,242,284
TOTALS	$ 27,003,000	$ 9,529,053	$ 36,532,053

The debt service through maturity for the above Enterprise bonds are as follows:

Fiscal Year Ended June 30	Principal	Interest	Total
2011	1,695,000	322,693	2,017,693
2012	1,705,000	304,158	2,009,158
2013	1,716,000	285,048	2,001,048
2014	1,726,000	265,418	1,991,418
2015	1,735,000	245,289	1,980,289
2016	1,705,000	225,037	1,930,037
2017	1,717,000	204,678	1,921,678
2018	1,728,000	183,853	1,911,853
2019	1,740,000	162,572	1,902,572
Thereafter	10,761,000	531,972	11,292,972
TOTALS	$ 26,228,000	$ 2,730,718	$ 28,958,718

continued

NOTE 11 - INTERFUND RECEIVABLES AND PAYABLES

Inter-fund receivables represent loans to various funds when there are either timing differences between funds expended and revenue received for use in operations or operational revenue do not meet current year expenditures/expenses. These amounts are expected to be repaid at certain future dates. Below are balances at June 30, 2010.

NOTE 13 - INTERFUND RECEIVABLES AND PAYABLES (Continued)

	Due from other funds		Due to other funds	
General Fund		$ 1,654,995		$ 3,813,223
Special Revenue Funds:				
School Unrestricted	2,358,473		1,506,759	
School Restricted	218,902		1,073,337	
Town Restricted	1,209,329	3,786,704	760,700	3,340,796
Capital Projects:		1,347,525		140
Trust and Agency Funds:				
Pension Trust Fund		-		3,489
Proprietary Funds				
Sewer	-		195,829	
Municipal Court	75,318		-	
Civic Center	-		-	
Internal Service	1,183,912	1,259,230	694,977	890,806
Totals		$ 8,048,454		$ 8,048,454

Transfers are made to provide revenue for annual expenditures of various funds. Transfers are not expected to be repaid to the originating (source) fund. Listed below is the transfer activity for fiscal year ended June 30, 2010.

Fund / Department	Transfers from other funds	Transfers to other funds
General Fund	$ 10,000	$ 46,490,807
Special Revenue (School Department)	46,464,298	-
Special Revenue Funds (Town)	26,509	-
Capital Project Funds	28,078	28,078
Enterprise Funds	-	10,000
Totals	$ 46,528,885	$ 46,528,885

continued

NOTE 12 - FUND EQUITY RESERVES

The following reserves are recorded in the financial statements at June 30, 2010:

General Fund-Reserve for inventory - to reserve inventory that is not an available financial resource for the current year, but will be consumed in the subsequent year. General Fund reserve for inventory is $30,381.

General Fund-Reserve for capital projects – to reserve for planned roadway and building projects for the Town. General Fund reserve for capital projects is $18,000

General Fund-Reserve for prepaid items - to reserve for prepaid expenditures that are not an available financial resource for the current year, but will be reflected as an expenditure in the subsequent year. Reserve for prepaid items is $4,299

Special Revenue Funds-Reserve for trust agreements – to reserve trust funds in accordance with terms of trust agreements. This amount is $2,099.

General Fund-Reserve for bond sinking fund – to reserve for planned payment of bond sinking fund due in 2021. This amount is $762,888.

NOTE 13 - SEGMENT INFORMATION FOR THE ENTERPRISE FUNDS

Segment information for the Sewer Fund at June 30, 2010 and for the year then ended is presented as follows:

	Sewer Fund
Operating Revenues	$ 8,658,729
Depreciation and Amortization	1,759,852
Operating Income (loss)	1,477,824
Change in Net Assets	1,193,520
Net Working Capital	1,745,582
Total Assets	100,980,884
Total Indebtedness	26,228,000
Total Net Assets	62,430,569

NOTE 14 - SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

A. Litigation

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

continued

NOTE 14 - *SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES* *(continued)*

B. Federally Assisted Programs - Compliance Audits

The Town participates in a number of federally assisted programs. The audits of these programs through the year ended June 30, 2010 were audited in connection with the accompanying financial statements under the Single Audit Concept and the auditor's reports thereon are presented in the Single Audit Report. Management believes that the amounts, if any, of expenditures, which may be disallowed, will not be material to the financial position of the Town.

NOTE 15 – OTHER POST RETIREMENT BENEFITS

Plan Description

In addition to the pension benefits described below, the Town provides post employment health care benefits in accordance with Town union contracts. These benefits are for continued full family or individual health care for the employee groups as described below. A separate audited GAAP basis report is not issued for this plan.

Plan Types

Medical: Blue Cross/Blue Shield Classic or Healthmate
Dental: Delta Dental of Rhode Island

Eligibility

Police & Fire: Any age with 20 years.
School Certified: Any age with 15 years of service, any age with 25 years of service any age with 28 years of service. (cost sharing changes with each)
Municipal Employees: Any age with 25 years of service or age 60 with 10 years of service.
School Non-Certified: Any age with 25 years of service or age 60 with 20 years of service.

Benefit/Cost Sharing

Police Fire: The town pays 100% of the medical and dental premiums until eligible for Medicare. Then the Town pays 100% for Plan 65.
School Certified: The Town pays 100 % of medical premiums for 4 years after retirement for those who retire with 15 years of service. The Town pays 100% of the medical premium until eligible for Medicare for those who retire with 25 years of service. The Town pays 100% of both medical and dental premiums for those who retire with 28 years of service until Medicare eligible.
Municipal Employees: The Town pays 100% of the medical and dental premiums until eligible for Medicare.

continued

NOTE 15 – OTHER POST RETIREMENT BENEFITS (continued)

Benefit/Cost Sharing (continued)

School Non-Certified: The Town pays 100% of medical and dental premiums for 5 years after retirement

Spouse Benefit - Yes

Surviving Spouse Benefit – Yes until Medicare eligible

Membership

At May 1, 2010, active membership consisted of: 648 employees

Funding Policy

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

Annual OPEB Funded Status and net OPEB Obligation

Actuarial Actuarial Valuation Date July 1,	Actuarial Value of Assets (a)	Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2008	$ -0-	$136,587,286	$(136,587,286)	0.0%	N/A	N/A

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

Annual required contribution	$9,327,511
Interest on OPEB obligation	230,892
Adjustment to annual required contribution	(241,842)
Annual OPEB cost	9,316,561
Contributions made	3,573,395
Increase (decrease) in OPEB obligation	5,743,166
Net OPEB obligation beginning of year	5,772,282
Net OPEB obligation end of year	$11,515,448

continued

NOTE 15 – OTHER POST RETIREMENT BENEFITS (continued)

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 types of benefits provided at the time of each valuation and the historical pattern of sharing benefit cost between the employer and the 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. Below are the actuarial assumptions used to project future cost of the plan.

Valuation Date:	July 1, 2009
Interest Rate	4.00%
2008 Medical Trend Rate	9.00%
Ultimate Medical Trend Rate	5.00%
Year Ultimate Medical Trend Rate Reached	2012
Remaining Amortization Period	29 Years
Annual Payroll Increase	2.50%

NOTE 16 - PENSION PLANS

A. Employees' Retirement System of the State of Rhode Island (ERS)

All Town of West Warwick, Rhode Island certified school personnel participate in the Employees' Retirement System of the State of Rhode Island ("System"), a cost-sharing multiple-employer public employee retirement system.

Plan Description

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

Schedule A Benefits

Schedule A benefits are available to members who possessed 10 years or more of contributory service on or before July 1, 2005. Schedule A provides unreduced benefits of 1.7% of earnings for each of the first ten years of service; 1.9% for each of the next ten years; 3.0% per year for each of the next fourteen years; and 2% for the 35th year. Joint and survivor options are available as well as the Service Retirement Allowance (SRA) Plus option that provides for the payment of a larger benefit before the attainment of age sixty-two (62) and a reduced amount thereafter. The reduced amount is equal to the benefit before age sixty-two (62), including cost-of-living increases, minus the member's estimated social security benefit payable at age sixty-two (62). The maximum benefit is 80% of final average earnings

continued

NOTE 16 - PENSION PLANS (continued)

A. Employees' Retirement System of the State of Rhode Island (ERS) (continued)

Plan Description (continued)

after 35 years of service. Such benefits are available to members at least age 60 with 10 years of service, or after 28 years at any age. A different benefit formula applies to State correctional officers who may retire at age 50 if they have 20 years of service. Benefits for all employees are based on the average of the highest three consecutive years' earnings, exclusive of overtime. On the third January after retirement, a cost-of-living increase of 3% (compounded annually) is provided independent of actual changes in the consumer price index. The plan also provides non-service-connected disability benefits after five years of service; service-connected disability pensions with no minimum service requirement; vested benefits after ten years of service; survivor's benefits for service-connected death; and certain lump sum death benefits.

Schedule B Benefits

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

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

Funding Policy

Rhode Island general laws set the contribution rates for participating State employees at 9.5% of salary. Annual contributions by both employers and the State on behalf of those employees are determined by actuaries and assessed as percentage of participants' payroll. The Town was required to contribute 11.25%, 11.89%, and 13.04%, for all full-time employees for fiscal years 2010, 2009, and 2008, respectively. The required contributions include (a) normal costs; (b) payments to amortize the unfunded frozen actuarial accrued liability as of June 30, 1999 over 30 years; and (c) interest on the unfunded frozen actuarial liability. Normal cost is determined using the entry age normal cost method with frozen initial liability. Both employers and employees contribute 1% of the first $9,600 of salary for survivor benefits. A variety of significant actuarial assumptions are used and these assumptions are summarized below:

continued

NOTE 16 - PENSION PLANS (continued)

A. Employees' Retirement System of the State of Rhode Island (ERS) (continued)

Plan Description (continued)

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

As prescribed by Rhode Island general law, the State pays the entire portion of the annual required contribution attributable to the costs of contributions deferred by the State in prior years plus 40% of contributions assessed to employers on payroll not reimbursable through Federal programs. This resulted in contribution rates paid by the State on behalf of the School Department of 8.18% of non-federally reimbursable payrolls totaling $1,262,822 for the fiscal year ended June 30, 2010. These on-behalf payments of for the Town's employees were recognized as revenues and expenditures during the period.

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

Required contributions:

Fiscal Years Ending	Required Pension Cost	Percentage Contributed
June 30, 2008	$ 2,983,090	100%
June 30, 2009	$ 2,798,442	88%
June 30, 2010	$ 2,700,405	100%

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

The plans trend information showing the System's progress in accumulating sufficient assets to pay benefits when due is presented in the State of Rhode Island's Employee Retirement System's June 30, 2009 annual financial report which, may be obtained from the administrative offices of the State of Rhode Island Retirement Board, 40 Fountain Street, Providence, Rhode Island. This report is the most recent report available from the State who administers the Plan.

continued

B. Municipal Employees' Retirement System (Town Plan)

Plan Description

The Town contributes to the Town Plan, a single-employer public employee retirement plan established in accordance with Town Charter. The plan is considered part of the Town's financial reporting entity and is included in the Town's annual financial report as a pension trust fund and is *not* reported separately as a stand alone report. The information provided in this report is limited to the actuarial valuation as of July 1, 2009, the latest actuarial report available.

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving benefits	268
Inactive members	8
Active participants	374
TOTAL	650

The Plan's eligibility requirements are as follows:

Police and Fire – 1) Full-time permanent appointment to the departments and completion of one year of continuous service. 2) Fire members must be hired prior to their 31st birthday, Police members prior to their 28th birthday.

Other Departments - Full-time employee, completion of six months of continuous service, and employed prior to age 55. A full-time employee is one who is regularly employed by the Town for at least 1,000 hours during a Plan Year, excluding employees wholly or partially subsidized by the Federal or State government directly or indirectly.

The Plan's normal retirement requirements and pension benefits are as follows:

Normal Retirement Requirements:
Police and Fire - 20 years of service, or at age 62.
Other Departments – the earliest of:
Age 60 and completion of 10 years of service;
Completion of 25 years of service with no age requirement.

Plan Description

Monthly Pension:

Police and Fire – 2.50% for every year up to 20 years, plus 2.50% for every year after 20 years to a max of 70%.

Other Departments – 2.50% for every year up to 25 years, plus 2.50% for every year after 25 years.

continued

NOTE 16 - PENSION PLANS (continued)

B. Municipal Employees' Retirement System (Town Plan) (continued)

Plan Description

Average Monthly Compensation:

Police – The averaging period is based on one year and i8ncludes longevity, holiday pay and wellness.
Fire – The averaging period is based on one year and includes longevity, holiday pay and wellness.
Other Departments – The averaging period is based on one year and includes longevity.

Normal Form of Benefit:
Pensions for all unions are increased by 2.25% for 15 years.

Pensions for Police and Fire are increased by 2% annually for ten years.

The Plan also provides death and disability benefits. Benefits are established by terms of the Plan document.

Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Town of West Warwick PERS are prepared on the accrual basis of accounting. Under this method revenues are recorded when earned and expenses are recorded when incurred. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the each plan. Dividend income is recorded on the ex-dividend date.

Method Used to Value Investments

Investments are recorded in the financial statements at fair value. Fair value is the amount that a plan can reasonably expect to receive for an investment in a current sale between a willing buyer and a willing seller that is, other than a forced liquidation sale. The fair value of fixed income and domestic and international stocks are generally based on published market prices and quotations from national security exchanges and securities pricing services. Real estate is primarily valued on appraisals by independent appraisers or as adjusted by the general partner. Their respective fund manager values other securities and investments, which are not traded on a national security exchange. Short-term investments are stated at fair value. Investments transactions are recorded on a trade date basis. For valuation purposes an actuarial value of assets is calculated that smoothes market fluctuations over a five year period.

continued

NOTE 16 - PENSION PLANS (continued)

B. Municipal Employees' Retirement System (Town Plan) (continued)

Plan Description

Contributions and reserves

The Town Council has the authority to determine the Towns' obligation to contribute to the plan. The funding policy is based on the availability of Town assets. Plan administrative costs are paid from plan assets. Required contribution rates by plan members are negotiated through labor contracts. There were no long-term contracts for contributions to the plan or amounts outstanding as of the reporting date. There were no reserves or designations.

Actuarial Cost Method

The job of the plan's pension actuary is to use a "cost method" to distribute the cost of the pension benefits over each employee's working lifetime. The actuarial cost method can be thought of as a budgeting process that allocates the cost of benefits to all years, both past and future. This is done through a series of actuarial calculations:

1. The first step is to determine the plan's liability for the promised benefits. For employees, this involves estimating how large benefits will be when employees reach retirement age, and estimating how many employees will actually stay with the Town long enough to receive those benefits. Once benefits start being paid, an estimate must be made as to how long the retiree will live and continue to collect benefits. All of those future benefit payments are then stated in terms of today's dollars, and the end result is termed ***Represent value of future benefits.***
2. For current employees, a portion of those ***future benefits*** have already been earned, and the rest will be earned over their remaining working lifetime. The actuarial cost method divides the ***present value of future benefits*** into three pieces: the ***accrued liability,*** which is the portion allocated to past years, the ***normal cost,*** which is the piece allocated to the current year, and ***Represent value of future normal costs,*** which is the piece allocated to future years.
3. For terminated employees and retirees, all benefits have already been earned, so the actuarial cost method assigns the ***entire present value of future benefits*** to the ***accrued liability.***
4. Once the liabilities have been determined, the next step is to look at the plan's assets. These are held in a trust and are invested in a variety of stocks and bonds. Because of financial market conditions, the market value of the plan's assets can be volatile. The actuaries calculate an ***actuarial value of assets*** that smoothes out this volatility so that the Town's contribution does not swing about as much as the stock market does. Beginning July 1, 2001, the ***actuarial value of assets*** is determined by first projecting the ***actuarial*** *value from* the beginning of the prior fiscal year based on the actual cash flow during the fiscal year and the assumed interest rate. The difference between this expected ***actuarial value*** and the actual market value is recognized over a five year period, subject to the ***actuarial value*** remaining within + 15% of the Market Value. For prior years, the ***actuarial value of assets*** was equal to the Market Value of Assets.

continued

NOTE 16 - PENSION PLANS (continued)

B. Municipal Employees' Retirement System (Town Plan) (continued)

Plan Description

5. The plan's assets represent the accumulation of all contributions that have been made in past years. Similarly, the plan's accrued liability represents the accumulation of all benefits that have been earned in past years. If the assets exceed the liabilities, the Town has in effect paid more than necessary in past years, and so can pay ***less*** in future years. Likewise, if the assets are smaller than the liabilities, then the Town should pay ***more*** in future years to make up the shortfall. The actuarial cost method factors this into the contribution via the ***past service cost.*** First, we subtract the ***actuarial value of assets*** from the ***accrued liability.*** The result is called the ***unfunded accrued liability.*** The ***unfunded accrued liability*** is then amortized over a 26 year period (30 years starting with the July 1, 2000 valuation) to determine *the past* ***service cost.***
6. The Town's annual contribution is then calculated by adding together the ***normal cost*** and *\the past* ***service cost.*** The annual contribution is divided by the current annual payroll to get a ***contribution rate.*** The contribution rate should remain relatively stable over the years, unless there are unexpected changes in the employee and retiree populations, unusual investment results, or changes in the benefit provisions.

Actuarial Assumptions

Inflation Rate: The plan assumes a rate of 3.00% - 3.50%.
Investment Returns: The plan assumes a return rate of 8.25%.
Projected Salary Increases: Projected salary increases are assumed at 3.5%.
Post Retirement Benefit Increases: N/A
Amortization method: Level Percent
Amortization Period: 30 Year (decreasing)
Valuation type: Closed Group

Concentrations
There are no investments in any one organization that represents more than 5% of the plan net assets.

Annual Pension Cost and Net Pension Obligation: Below are the required pension obligation presentations per GASB 25 and 27 for the period ending June 30, 2010.

Annual required contribution	$5,799,056
Interest on net pension obligation	2,107,084
Adjustment to annual required contribution	(1,699,296)
Annual pension cost	6,206,844
Contributions made	2,500,000
Increase (decrease) in net pension obligation	3,706,844
Net pension obligation beginning of year	25,540,416
Net pension obligation end of year	$29,247,260

continued

NOTE 16 - PENSION PLANS (continued)

B. Municipal Employees' Retirement System (Town Plan) (continued)

REQUIRED SUPPLEMENTARY INFORMATION

Trend Information

Fiscal Year Ended June 30,	Annual Required Contribution	Percentage Contributed	NPO	Actual Contribution
2010	$5,799,056	43.11%	$29,247,260	$2,500,000
2009	4,676,096	21.30%	25,540,416	1,000,000
2008	4,082,436	55.83%	21,458,620	2,279,340
2007	3,553,780	56.31%	19,256,290	2,001,206
2006	3,100,394	47.42%	17,315,472	1,470,276
2005	2,617,422	00.00%	15,317,920	-0-

Funded Status

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c)
7/1/09	$35,588,039	$119,658,016	$84,069,977	29.74%	$16,891,909	497.69%
7/1/08	44,536,601	112,769,635	68,233,034	39.49%	17,047,080	400.26%
7/1/07	43,413,194	100,619,756	57,206,562	43.10%	16,862,318	339.30%
7/1/06	41,254,601	91,322,808	50,068,207	45.17%	15,720,077	318.50%
7/1/05	40,301,196	84,051,416	43,750,220	47.95%	14,781,683	295.98%
7/1/04	40,173,416	77,478,434	37,305,018	51.85%	14,354,371	259.89%

NOTE 17 - RISK MANAGEMENT

The Town of West Warwick 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. As a result, the Town participates in a non-profit, public entity risk pool (Rhode Island Inter-local Risk Management Trust, Inc.) that provides coverage for property/liability claims and workers' compensation claims. Upon joining the Trust, the Town signed a participation agreement that outlines the rights and responsibilities of both the Trust and the Town. The agreement states that for premiums paid by the Town, the Trust will assume financial responsibility for the Town's losses up to the maximum amount of insurance purchased, minus the Town's deductible amounts. The policy is not retrospectively rated, but rather, premiums are based on the ultimate cost of the groups experience to date. The pool is allowed to make additional assessments for claims that are reasonably possible and estimable.

continued

NOTE 17 - RISK MANAGEMENT (continued)

The Trust provides this insurance coverage through a pooled, self-insurance mechanism, which includes reinsurance purchased by the Trust to protect against large, catastrophic claims above the losses the Trust, retains internally for payment from the pooled contributions of its Members. Under the participation agreement, the Town is insured for a maximum of $5,000,000 per occurrence. Settled claims resulting from these risks have not exceeded the Trust coverage in any of the past three fiscal years. And it is not anticipated that the risks will exceed the trust coverage in the current year. There were no reductions in the insurance coverage during the fiscal year up and through the report date.

The town insures the entire risk arising from employee related health issues through the purchase of standard health insurance policies for all employees. Policy costs are charged in full to insurance expense in the general, special revenue and enterprise funds on a monthly basis. There are no retrospective adjustments to the monthly premiums charged to the town. The carrier, in advance of the new policy year and to account for the town's historical costs, adjusts the premiums annually.

NOTE 18 - RELATED PARTIES

The Town reviews its records on an annual basis to determine if any related party transactions exist that would represent a conflict of interest with parties related to its officers and department heads. No such transactions were noted in the fiscal year ended June 30, 2010.

NOTE 19 – STATE FISCAL STABILZATION FUNDS

State education aid to school districts was reduced for fiscal year 2010 as part of a State budget crisis. To offset this reduction in state aid, an equal amount of State Fiscal Stabilization Funds (SFSF) were allocated to each school district. The fiscal impact to school district operations aid was intended to be neutral. These Stabilization Funds were part of the American Recovery and Reinvestment Act of 2009 (ARRA) and under guidance provided by Rhode Island General Law R.I.G.L. 45-12-22.2, school districts were required to account for Stabilization Funds in a separate restricted fund, however for financial statement purposes districts are required to include expenditures covered by the Stabilization Funds as part of the School Unrestricted (General) Fund. For fiscal year 2010, the West Warwick Public School System was awarded and received $1,368,942 in Stabilization Funding.

NOTE 20 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 15, 2011 the date the financial statements were available to be issued. As a result of this review no material subsequent events were noted.

The floods of March 16-17 and March 29-31, 2010 had a devastating impact on both residential homes and commercial businesses. The amount of flooding exceeded water measurements beyond anything the town had seen for the past 100 years. The Town's Waste Water Sewer plant was over-run with water and caused more than $10 million in damages. The final cost and assessment of the damage is still being tallied and will continue into the 2010-2011 fiscal year. The total costs to rebuild the waste water treatment plant were covered by a separate insurance policy and cannot be measured at this time.

concluded

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION
TOWN OF WEST WARWICK, RHODE ISLAND
Budgetary Comparison Schedule - General Fund
Schedule of Revenues - (Budgetary Basis)
For the Fiscal Year Ended June 30, 2010

	Original Budget Revenues	Revised Budget Revenues	Actual Revenues	Variance
General property taxes				
Real estate and personal property tax	$ 50,522,576	$ 50,522,576	$ 50,791,982	$ 269,406
Total general property taxes	50,522,576	50,522,576	50,791,982	269,406
Intergovernmental and departmental revenues				
State of Rhode Island	26,714,037	26,714,037	24,538,402	(2,175,635)
Departmental	316,650	316,650	334,836	18,186
Total intergovernmental and departmental revenue	27,030,687	27,030,687	24,873,238	(2,157,449)
Licenses, permits and usage fees				
Business fees	1,633,156	1,633,156	2,012,505	379,349
Non-business fees	79,965	79,965	54,515	(25,450)
Total licenses, permits and usage fees	1,713,121	1,713,121	2,067,020	353,899
Fines and interest on late payments	250,000	250,000	641,149	391,149
Interest on investments	200,000	200,000	34,076	(165,924)
Other revenues	56,000	56,000	268,739	212,739
Total revenues	79,772,384	79,772,384	78,676,204	(1,096,180)
Other financing sources				
Transfer from other funds	10,000	10,000	10,000	-
Debt proceeds	-	-	8,870,000	8,870,000
Total other financing sources	10,000	10,000	8,880,000	8,870,000
Total revenue and other financing sources	$ 79,782,384	$ 79,782,384	$ 87,556,204	$ 7,773,820

REQUIRED SUPPLEMENTARY INFORMATION
TOWN OF WEST WARWICK, RHODE ISLAND
Budgetary Comparison Schedule - General Fund
For the Fiscal Year Ended June 30, 2010

	Original Budgeted Expenditures	Revised Budgeted Expenditures	Actual Expenditures	Variance
Legislative, judicial and general administrative				
Town council				
Salaries	$ 26,000	$ 26,000	$ 25,133	$ 867
Fees and supplies	2,000	2,000	3,713	(1,713)
Contribution - non profit	8,000	8,000	8,000	-
Total council	36,000	36,000	36,846	(846)
Town Administrator				
Salaries and wages	157,499	157,499	160,954	(3,455)
Office expense	6,900	6,900	5,043	1,857
Travel/training	3,000	3,000	4,077	(1,077)
Total Administrator	167,399	167,399	170,074	(2,675)
Clerks and records				
Salaries and wages	199,273	199,273	210,375	(11,102)
Office expense	19,000	19,000	19,046	(46)
Restoration of records	35,000	35,000	26,604	8,396
Total clerks	253,273	253,273	256,025	(2,752)
Legal				
Administration	172,500	172,500	193,896	(21,396)
Labor specialist	30,000	30,000	65,272	(35,272)
Claims paid	30,000	30,000	6,889,622	(6,859,622)
Probate	7,500	7,500	7,250	250
Total legal	240,000	240,000	7,156,040	(6,916,040)
Board of Canvassers				
Salaries and wages	42,903	42,903	54,660	(11,757)
Supplies & expense	5,500	5,500	4,747	753
Election expenses	20,000	20,000	4,056	15,944
Total board of canvassers	68,403	68,403	63,463	4,940
Emergency Management Agency				
Salaries and wages	7,500	7,500	7,250	250
Supplies & expense	1,000	1,000	227	773
Total board of emergency management agency	8,500	8,500	7,477	1,023
Law Enforcement				
Town sergeant	700	700	580	120
Total law enforcement	700	700	580	120
General Government				
Pensions	1,500,000	1,500,000	1,500,000	-
Employee benefits	1,555,997	1,555,997	1,414,875	141,122
Insurance	5,453,773	5,453,773	5,384,139	69,634
Unemployment	150,000	150,000	120,207	29,793
Services and utilities	230,011	230,011	406,904	(176,893)
Advertising	71,025	71,025	31,166	39,859
Cash Reserve Fund	90,000	90,000	-	90,000
Total general government	9,050,806	9,050,806	8,857,291	193,515

(continued)

REQUIRED SUPPLEMENTARY INFORMATION
TOWN OF WEST WARWICK, RHODE ISLAND
Budgetary Comparison Schedule - General Fund
For the Fiscal Year Ended June 30, 2010

	Original Budgeted Expenditures	Revised Budgeted Expenditures	Actual Expenditures	Variance
Town Planner				
Salaries and wages	60,500	60,500	48,035	12,465
Fees, supplies and postage	2,500	2,500	3,954	(1,454)
Total town planner	63,000	63,000	51,989	11,011
Total Legislative, judicial and general administrative	9,888,081	9,888,081	16,599,785	(6,711,704)
Financial Administration				
Salaries and wages	220,800	220,800	218,332	2,468
IT Consultant	38,000	38,000	38,000	-
Fees, supplies and postage	12,250	12,250	9,760	2,490
Total financial administration	271,050	271,050	266,092	4,958
Audit of Accounts				
Professional services	23,100	23,100	21,825	1,275
Total audit of accounts	23,100	23,100	21,825	1,275
Total for Financial Administration	294,150	294,150	287,917	6,233
Tax Collector				
Salaries and wages	161,411	161,411	156,734	4,677
Fees and supplies	10,860	10,860	7,225	3,635
Advertising, postage and printing	14,819	14,819	7,875	6,944
Total Tax Collector	187,090	187,090	171,834	15,256
Tax Assessor				
Salaries and wages	111,463	111,463	111,441	22
Fees and supplies	7,196	7,196	6,592	604
Professional services	224,700	224,700	224,721	(21)
Total Tax Assessor	343,359	343,359	342,754	605
Board of Assessment Review				
Salaries and wages	1,930	1,930	1,484	446
Fees and supplies	300	300	191	109
Total Board of Assessment Review	2,230	2,230	1,675	555
Public Safety				
Police Department				
Salaries and wages	4,124,492	4,124,492	3,955,408	169,084
Police benefits overtime and sick leave	689,000	689,000	750,387	(61,387)
Insurance	23,600	23,600	23,600	-
Education	-	-	31,034	(31,034)
Supplies and services	341,819	341,819	354,657	(12,838)
Maintenance of police cars	57,500	63,500	76,380	(12,880)
Gas and tires	90,000	90,000	85,899	4,101
Total police department	5,326,411	5,332,411	5,277,365	55,046

(continued)

REQUIRED SUPPLEMENTARY INFORMATION
TOWN OF WEST WARWICK, RHODE ISLAND
Budgetary Comparison Schedule - General Fund
For the Fiscal Year Ended June 30, 2010

	Original Budgeted Expenditures	Revised Budgeted Expenditures	Actual Expenditures	Variance
Public Safety (continued)				
Fire Department				
Salaries and wages	4,458,340	4,458,340	4,350,083	108,257
Benefits overtime and sick leave	1,029,223	1,029,223	1,201,641	(172,418)
Education	-	-	24,956	(24,956)
Insurance	29,200	29,200	28,000	1,200
Supplies & expense	61,785	61,785	55,390	6,395
Clothing allowance	137,250	137,250	118,766	18,484
Fuel	54,000	54,000	59,303	(5,303)
Utilities	19,500	19,500	25,543	(6,043)
Hydrants	346,833	346,833	341,680	5,153
Maintenance	59,833	59,833	55,189	4,644
Ambulance	30,000	30,000	66,923	(36,923)
Alarm and radio	17,000	17,000	17,703	(703)
Total fire department	6,242,964	6,242,964	6,345,177	(102,213)
Total Public Safety	11,569,375	11,575,375	11,622,542	(47,167)
Public Works				
Administration				
Salaries and wages	1,784,180	1,784,180	1,734,838	49,342
Supplies and expense	294,000	294,000	192,995	101,005
Dumping fees	400,000	400,000	322,694	77,306
Fuel	140,000	140,000	127,723	12,277
Fleet maintenance	202,000	202,000	205,133	(3,133)
Maintenance	195,000	195,000	194,624	376
Total administration	3,015,180	3,015,180	2,778,007	237,173
Recycling				
Salaries and wages	188,216	188,216	182,967	5,249
Fuel	20,000	20,000	-	20,000
Supplies	10,000	10,000	8,492	1,508
Total recycling	218,216	218,216	191,459	26,757
Engineering				
Salaries and wages	40,000	40,000	-	40,000
Consulting	-	-	12,383	(12,383)
Supplies and fuel	2,000	2,000	35,277	(33,277)
Total engineering	42,000	42,000	47,660	(5,660)
Street Lighting				
Electric	370,000	370,000	385,196	(15,196)
Total street lighting	370,000	370,000	385,196	(15,196)
Other Public Works				
Zoning	5,800	5,800	3,300	2,500
Total other public works	5,800	5,800	3,300	2,500

(continued)

REQUIRED SUPPLEMENTARY INFORMATION
TOWN OF WEST WARWICK, RHODE ISLAND
Budgetary Comparison Schedule - General Fund
For the Fiscal Year Ended June 30, 2010

	Original Budgeted Expenditures	Revised Budgeted Expenditures	Actual Expenditures	Variance
Public Works (continued)				
Building Inspector				
Salaries and wages	217,037	217,037	215,210	1,827
Repairs and maintenance	78,184	78,184	71,729	6,455
Supplies heat and fuel	51,010	51,010	36,400	14,610
Other	29,969	29,969	14,897	15,072
Total building inspector	376,200	376,200	338,236	37,964
Total Public Works	4,027,396	4,027,396	3,743,858	283,538
Public Health and Welfare				
Tenant affairs	1,800	1,800	1,500	300
Senior center	192,800	192,800	192,800	-
Total Public Health and Welfare	194,600	194,600	194,300	300
Library				
Salaries and wages	512,610	512,610	481,623	30,987
Benefits overtime and sick leave	161,530	161,530	159,444	2,086
Repairs and maintenance	2,759	2,759	14,471	(11,712)
Supplies and utilities	45,860	45,860	67,116	(21,256)
Memberships	10,000	10,000	10,000	-
Total Library	732,759	732,759	732,654	105
Parks and Recreation				
Salaries and wages	214,822	214,822	167,622	47,200
Supplies	74,000	74,000	75,735	(1,735)
Total Parks and Recreation	288,822	288,822	243,357	45,465
Capital Budget				
Capitalized capital budget	18,500	12,500	32,390	(19,890)
Non-capitalized capital budget	-	-	26,930	(26,930)
Total Capital Budget	18,500	12,500	59,320	(46,820)
Total expenditures	27,546,362	27,546,362	33,999,996	(6,453,634)
Debt Service				
Principal	2,030,673	2,030,673	3,580,000	(1,549,327)
Interest	918,164	918,164	1,067,045	(148,881)
Other bond cost	17,500	17,500	166,023	(148,523)
Total Debt Service	2,966,337	2,966,337	4,813,068	(1,846,731)
Other financing uses				
Transfer to other funds				
West Warwick school appropriation	49,269,685	49,269,685	46,464,298	2,805,387
Transfer to open space & recreation fund	-	-	26,509	(26,509)
Total other financing uses	49,269,685	49,269,685	46,490,807	2,778,878
Total expenditures and other financing uses	$ 79,782,384	$ 79,782,384	$ 85,303,871	$ (5,521,487)

(concluded)

REQUIRED SUPPLEMENTARY INFORMATION
WEST WARWICK PUBLIC SCHOOLS
Budgetary Comparison Schedule - School Unrestricted Fund
Schedule of Revenues - Budgetary Basis
For the Fiscal Year Ended June 30, 2010

	Original Budgeted Revenues	Revised Budgeted Revenues	Actual Revenues	Variance
Revenues				
Medicaid	$ 347,000	$ 347,000	$ 551,018	$ 204,018
Other revenues	72,400	72,400	187,541	115,141
State aid - Permanent funds	-	-	14,122	14,122
Federal revenue - SFSF	1,368,942	1,368,942	1,354,139	(14,803)
Total revenues	1,788,342	1,788,342	2,106,820	318,478
Other financing sources				
Transfer from other funds				
Town appropriation	28,829,138	28,829,138	28,829,146	8
State and Federal Aid Transfers from Town				
General aid	15,009,374	15,009,374	13,906,417	(1,102,957)
Language assistance	98,620	98,620	98,620	-
Student equity	1,715,916	1,715,916	1,715,916	-
Early childhood	169,583	169,583	169,583	-
Technology	85,696	85,696	85,696	-
Targeted	1,571,420	1,571,420	1,571,420	-
Full day kindergarten	3,000	3,000	3,000	-
Vocational equity	84,500	84,500	84,500	-
Total other financing sources	47,567,247	47,567,247	46,464,298	(1,102,949)
Total revenue and other financing sources	**$ 49,355,589**	**$ 49,355,589**	**$ 48,571,118**	**$ (784,471)**

REQUIRED SUPPLEMENTARY INFORMATION
WEST WARWICK PUBLIC SCHOOLS
Budgetary Comparison Schedule - School Unrestricted Fund
Schedule of Expenditures - Budgetary Basis
Fiscal Year Ended June 30, 2010

	Original Budgeted Expenditures	Revised Budgeted Expenditures	Actual Expenditures	Variance
Expenditures				
Instructional Teachers	24,016,616	$ 24,016,616	23,142,786	$ 873,830
Substitute Teachers	770,657	770,657	811,611	(40,954)
Instructional Paraprofessionals	93,820	93,820	93,875	(55)
Pupil Use Technology and Software	262,950	262,950	265,106	(2,156)
Instructional Materials, Trips and Supplies	329,400	329,400	300,530	28,870
Guidance and Counseling	1,037,600	1,037,600	1,018,319	19,281
Libraries and Media	829,800	829,800	807,115	22,685
Extracurricular	424,013	424,013	438,786	(14,773)
Student Health and Services	872,600	872,600	951,652	(79,052)
Curriculum Development	465,400	465,400	459,195	6,205
In-Service, Staff Development and Support	385,707	385,707	402,215	(16,508)
Program Management	468,800	468,800	489,332	(20,532)
Therapists, Psychologists, Evaluators, Social Workers	4,335,542	4,335,542	3,867,223	468,319
Academic Student Assessments	59,005	59,005	43,030	15,975
Transportation	1,514,400	1,514,400	1,555,382	(40,982)
Safety	69,800	69,800	79,148	(9,348)
Building Upkeep, Utilities and Maintenance	3,441,829	3,441,829	3,101,243	340,586
Data Processing	111,750	111,750	125,237	(13,487)
Business Operations	700,000	700,000	720,338	(20,338)
Public, Parochial, Private and Charter Schools	2,554,500	2,554,500	2,546,225	8,275
Retiree Benefits and Other	3,464,400	3,464,400	3,951,649	(487,249)
Principals and Assistant Principals	1,232,100	1,232,100	1,188,497	43,603
School Office	1,086,900	1,086,900	1,034,050	52,850
Deputies, Senior Administrators	103,000	103,000	102,917	83
Superintendent and School Board	439,700	439,700	373,098	66,602
Legal	10,000	10,000	46,419	(36,419)
Workers' Compensation and Unemployment	275,300	275,300	295,071	(19,771)
Total expenditures	**$ 49,355,589**	**$ 49,355,589**	**$ 48,210,049**	**$ 1,145,540**

BUDGETARY - GAAP REPORTING RECONCILIATION

The accompanying Required Supplementary Information Statements of Revenues, Expenditures/Expenses (GAAP or Non-GAAP Basis) presents comparisons of the legally adopted budget (more fully described in Note 2) with actual data on a budgetary basis. Because accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with GAAP, a reconciliation of resultant basis, entity and timing differences in the excess (deficiency) of revenues and other sources of financial resources over expenditures/expenses and other uses of financial resources for the year ended June 30, 2010 is presented below:

	General Fund GAAP Basis	Special Revenue GAAP Basis
Excess (deficiency) of revenues and other sources over (under) expenditures/expenses and other uses (Budgetary Non-GAAP basis)	$ 2,252,333	$ 361,069
Adjustments:		
To adjust for use of appropriated fund balance	-	-
Excess (deficiency) of revenues and other sources over (under) expenditures/expenses and other uses (GAAP basis)	$ 2,252,333	$ 361,069

SUPPLEMENTARY INFORMATION

SUPPLEMENTARY INFORMATION
TOWN OF WEST WARWICK, RHODE ISLAND
Budgetary Comparison Schedule - General Fund
Schedule of Revenues and Expenditures
For the Fiscal Year Ended June 30, 2010

	Original Budget	Revised Budget	Actual	Variance
Revenues				
General property tax	$ 50,522,576	$ 50,522,576	$ 50,791,982	$ 269,406
Intergovernmental and departmental revenue	27,030,687	27,030,687	24,873,238	(2,157,449)
License and permits	1,713,121	1,713,121	2,067,020	353,899
Fines and interest on late payments	250,000	250,000	641,149	391,149
Interest on investments	200,000	200,000	34,076	(165,924)
Other revenue	56,000	56,000	268,739	212,739
Total Revenues	79,772,384	79,772,384	78,676,204	(1,096,180)
Expenditures				
Legislative, judicial, and general administrative	9,888,081	9,888,081	16,599,785	(6,711,704)
Financial administration, tax collection and assessment	826,829	826,829	804,180	22,649
Public safety	11,569,375	11,575,375	11,622,542	(47,167)
Public works	4,027,396	4,027,396	3,743,858	283,538
Public health & welfare	194,600	194,600	194,300	300
Parks and recreation	288,822	288,822	243,357	45,465
Library	732,759	732,759	732,654	105
Other capital	-	-	26,930	(26,930)
Capital budget	18,500	12,500	32,390	(19,890)
Debt service:				
Principal	2,030,673	2,030,673	3,580,000	(1,549,327)
Interest	918,164	918,164	1,067,045	(148,881)
Other	17,500	17,500	166,023	(148,523)
Total expenditures	30,512,699	30,512,699	38,813,064	(8,300,365)
Excess of revenues over expenditures before operating transfers	49,259,685	49,259,685	39,863,140	(9,396,545)
Other financing sources and (uses)				
Operating transfers to other funds	(49,269,685)	(49,269,685)	(46,490,807)	2,778,878
Operating transfers from other funds	10,000	10,000	10,000	-
Issuance of debt	-	-	8,870,000	8,870,000
Total operating transfers	(49,259,685)	(49,259,685)	(37,610,807)	11,648,878
Excess of revenues over expenditures and operating transfers	$ -	$ -	$ 2,252,333	$ 2,252,333

SUPPLEMENTARY INFORMATION
WEST WARWICK PUBLIC SCHOOLS
Budgetary Comparison Schedule - School Unrestricted Fund
Schedule of Revenues and Expenditures
For the Fiscal Year Ended June 30, 2010

	Original Budget	Revised Budget	Actual	Variance
Revenues				
Intergovernmental revenue	$ 347,000	$ 347,000	$ 551,018	$ 204,018
State aid - Permanent funds	-	-	14,122	14,122
Federal revenue - SFSF	1,368,942	1,368,942	1,354,139	(14,803)
Other	72,400	72,400	187,541	115,141
Total revenue	1,788,342	1,788,342	2,106,820	318,478
Expenditures				
Operating	49,355,589	49,355,589	48,210,049	1,145,540
Total expenditures	49,355,589	49,355,589	48,210,049	1,145,540
Excess of revenues over (under) expenditures before other financing sources	(47,567,247)	(47,567,247)	(46,103,229)	1,464,018
Other financing sources				
Operating transfer from other funds	47,567,247	47,567,247	46,464,298	(1,102,949)
Total other financing sources	47,567,247	47,567,247	46,464,298	(1,102,949)
Excess revenues and other sources over (under) expenditures and other sources	$ -	$ -	$ 361,069	$ 361,069

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

	Town Special Revenue Funds	School Special Revenue Funds	Capital Project Funds	Total Non-Major Governmental Funds
ASSETS				
Cash and cash equivalents	$ 513,454	$ 283,323	$ -	$ 796,777
Due from other governments	718,243	1,298,118	-	2,016,361
Other Assets	17,637	-	-	17,637
Due from other funds	1,209,329	218,902	1,347,525	2,775,756
Total assets	$ 2,458,663	$ 1,800,343	$ 1,347,525	$ 5,606,531
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable and accrued expenses	$ 214,336	$ 252,597	$ 182,978	$ 649,911
Due to other funds	760,700	1,073,337	140	1,834,177
Total liabilities	975,036	1,325,934	183,118	2,484,088
Fund balances (deficits)				
Reserved by trust agreement	2,099	-	-	2,099
Unreserved, reported in:				
Special revenue funds	1,481,528	474,409	-	1,955,937
Capital projects funds	-	-	1,164,407	1,164,407
Total fund balances	1,483,627	474,409	1,164,407	3,122,443
Total liabilities and fund balances	$ 2,458,663	$ 1,800,343	$ 1,347,525	$ 5,606,531

SUPPLEMENTARY INFORMATION
TOWN OF WEST WARWICK, RHODE ISLAND
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2010

	Town Special Revenue Funds	School Special Revenue Funds	Capital Project Funds	Total Non-Major Governmental Funds
Revenues				
Intergovernmental revenue	$ 2,337,417	$ 4,749,365	$ -	$ 7,086,782
Earnings on investments	-	-	620	620
Other revenue	984,351	579,263	-	1,563,614
Total revenues	3,321,768	5,328,628	620	8,651,016
Expenditures				
Public safety	852,371	-	-	852,371
Public works	889,516	-	-	889,516
Public Health and Welfare	827,167	-	-	827,167
Capital	-	-	551,244	551,244
Education	-	5,122,355	68,512	5,190,867
Total expenditures	2,569,054	5,122,355	619,756	8,311,165
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	752,714	206,273	(619,136)	339,851
Other financing sources (uses)				
Transfers from other funds	26,509	-	28,078	54,587
Transfers to other funds	-	-	(28,078)	(28,078)
Total other financing sources (uses)	26,509	-	-	26,509
Net change in fund balances	779,223	206,273	(619,136)	366,360
Fund balances (deficits) - unreserved July 1, 2009	704,404	268,136	1,783,543	2,756,083
Fund balances - unreserved June 30, 2010	$ 1,483,627	$ 474,409	$ 1,164,407	$ 3,122,443

SUPPLEMENTARY INFORMATION
TOWN OF WEST WARWICK, RHODE ISLAND
Combining Balance Sheet - Non-Major Governmental Funds
Special Revenue Funds - Town
June 30, 2010

	RI Justice Gems 2002	Tricentennial Committee	Benjamin R. Vaughn	Economic Development Revolving Loan Fund	Bramley Bill Fund	Police Title V
ASSETS						
Cash	$ -	$ 1,004	$ 1,095	$ 15,865	$ 1,603	$ -
Due from other governments	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
Due from other funds	-	-	-	-	51,429	8,435
Total assets	$ -	$ 1,004	$ 1,095	$ 15,865	$ 53,032	$ 8,435
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable and accrued expenses	$ -	$ -	$ -	$ -	$ 39,305	$ 189
Due to other funds	-	-	-	-	-	-
Total liabilities	-	-	-	-	39,305	189
Fund balances (deficits)						
Reserved by trust agreement	-	1,004	1,095	-	-	-
Unreserved:						
Undesignated	-	-	-	15,865	13,727	8,246
Total fund balances (deficits)	-	1,004	1,095	15,865	13,727	8,246
Total liabilities and fund balances	$ -	$ 1,004	$ 1,095	$ 15,865	$ 53,032	$ 8,435

(Continued)

SUPPLEMENTARY INFORMATION
TOWN OF WEST WARWICK, RHODE ISLAND
Combining Balance Sheet - Non-Major Governmental Funds
Special Revenue Funds - Town
June 30, 2010

	Comstar	Assitance to Fire Truck	LLEBG 2004	JAG ARRA	Moblie Data Computer Project I	Open Space Recreation
ASSETS						
Cash	$ -	$ -	$ -	$ -	$ -	$ -
Due from other governments	-	-	-	-	-	31,201
Other assets	-	-	-	-	-	-
Due from other funds	298,281	6,102	-	-	-	299,399
Total assets	$ 298,281	$ 6,102	$ -	$ -	$ -	$ 330,600
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable and accrued expenses	$ -	$ -	$ -	$ 11,190	$ -	$ 3,311
Due to other funds	-	-	-	-	52,526	-
Total liabilities	-	-	-	11,190	52,526	3,311
Fund balances (deficits)						
Reserved by trust agreement	-	-	-	-	-	-
Unreserved:						
Undesignated	298,281	6,102	-	(11,190)	(52,526)	327,289
Total fund balances (deficits)	298,281	6,102	-	(11,190)	(52,526)	327,289
Total liabilities and fund balances	$ 298,281	$ 6,102	$ -	$ -	$ -	$ 330,600

(Continued)

SUPPLEMENTARY INFORMATION
TOWN OF WEST WARWICK, RHODE ISLAND
Combining Balance Sheet - Non-Major Governmental Funds
Special Revenue Funds - Town
June 30, 2010

	Revolving Fund	Library Grants	CDBG Block Grant	Homeland Security 2008	JAG GRANT 2007	JAG GRANT 2005
ASSETS						
Cash	$ -	$ 480,513	$ -	$ -	$ -	$ -
Due from other governments	-	-	292,000	-	-	-
Other assets	-	17,637	-	-	-	-
Due from other funds	397,661	4,906	-	2,132	-	-
Total assets	$ 397,661	$ 503,056	$ 292,000	$ 2,132	$ -	$ -
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable and accrued expenses	$ 2,008	$ 70,072	$ 9,877	$ 129	$ -	$ -
Due to other funds	-	37,389	252,290	-	-	-
Total liabilities	2,008	107,461	262,167	129	-	-
Fund balances (deficits)						
Reserved by trust agreement	-	-	-	-	-	-
Unreserved:						
Undesignated	395,653	395,595	29,833	2,003	-	-
Total fund balances (deficits)	395,653	395,595	29,833	2,003	-	-
Total liabilities and fund balances	$ 397,661	$ 503,056	$ 292,000	$ 2,132	$ -	$ -

(Continued)

SUPPLEMENTARY INFORMATION
TOWN OF WEST WARWICK, RHODE ISLAND
Combining Balance Sheet - Non-Major Governmental Funds
Special Revenue Funds - Town
June 30, 2010

	DARE Fund	Tower Rent Revolving Fund	Annie Livsey Fund	Greene Cemetery Fund	Riverwalk Fund	Assistance to Firefighters	FEMA Assistance
ASSETS							
Cash	$ 13,374	$ -	$ -	$ -	$ -	$ -	$ -
Due from other governments	-	-	-	-	-	-	395,042
Other assets	-	-	-	-	-	-	-
Due from other funds	-	46,644	-	-	7,500	78,255	-
Total assets	$ 13,374	$ 46,644	$ -	$ -	$ 7,500	$ 78,255	$ 395,042
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable and accrued expenses	$ -	$ -	$ -	$ -	$ -	$ 78,255	$ -
Due to other funds	-	-	-	-	-	-	395,042
Total liabilities	-	-	-	-	-	78,255	395,042
Fund balances (deficits)							
Reserved by trust agreement	-	-	-	-	-	-	-
Unreserved:							
Undesignated	13,374	46,644	-	-	7,500	-	-
Total fund balances (deficits)	13,374	46,644	-	-	7,500	-	-
Total liabilities and fund balances	$ 13,374	$ 46,644	$ -	$ -	$ 7,500	$ 78,255	$ 395,042

(Continued)

SUPPLEMENTARY INFORMATION
TOWN OF WEST WARWICK, RHODE ISLAND
Combining Balance Sheet - Non-Major Governmental Funds
Special Revenue Funds - Town
June 30, 2010

	Energy Fund	Bryne Grant JAG 2010	Bryne Grant JAG 2008	Bryne Grant JAG 2009	Moblie Data Computer Project II	State Homeland Exercise & Evaluation	Totals
ASSETS							
Cash	$ -	$ -	$ -	$ -	$ -	$ -	$ 513,454
Due from other governments	-	-	-	-	-	-	718,243
Other assets	-	-	-	-	-	-	17,637
Due from other funds	-	-	2,220	-	-	6,365	1,209,329
Total assets	$ -	$ -	$ 2,220	$ -	$ -	$ 6,365	$ 2,458,663
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable and accrued expenses	$ -	$ -	$ -	$ -	$ -	$ -	$ 214,336
Due to other funds	9,264	-	-	-	14,189	-	760,700
Total liabilities	9,264	-	-	-	14,189	-	975,036
Fund balances (deficits)							
Reserved by trust agreement	-	-	-	-	-	-	2,099
Unreserved:							
Undesignated	(9,264)	-	2,220	-	(14,189)	6,365	1,481,528
Total fund balances (deficits)	(9,264)	-	2,220	-	(14,189)	6,365	1,483,627
Total liabilities and fund balances	$ -	$ -	$ 2,220	$ -	$ -	$ 6,365	$ 2,458,663

(Concluded)

SUPPLEMENTARY INFORMATION
TOWN OF WEST WARWICK, RHODE ISLAND
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - Non-Major Governmental Funds
Special Revenue Funds - Town
For the Fiscal Year Ended June 30, 2010

	RI Justice Gems 2002	Tricentennial Committee	Benjamin R. Vaughn	Economic Development Revolving Loan Fund	Bramley Bill Fund	Police Title V
Revenues						
Intergovernmental revenue	$ -	$ -	$ -	$ -	$ 290,805	$ 900
Other revenue	-	5	6	-	-	-
Total revenues	-	5	6	-	290,805	900
Expenditures						
Public safety	10,025	-	-	-	280,355	3,028
Public works	-	-	-	-	-	-
Public Health and Welfare	-	-	-	-	-	-
Total expenditures	10,025	-	-	-	280,355	3,028
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	(10,025)	5	6	-	10,450	(2,128)
Other financing sources (uses)						
Operating transfers (to) from other funds	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(10,025)	5	6	-	10,450	(2,128)
Fund balances - unreserved July 1, 2009	10,025	999	1,089	15,865	3,277	10,374
Fund balances - unreserved June 30, 2010	$ -	$ 1,004	$ 1,095	$ 15,865	$ 13,727	$ 8,246

(Continued)

SUPPLEMENTARY INFORMATION
TOWN OF WEST WARWICK, RHODE ISLAND
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Non-Major Governmental Funds
Special Revenue Funds - Town
For the Fiscal Year Ended June 30, 2010

	Comstar	Assistance to Fire Truck	LLEBG 2004	JAG ARRA	Mobile Data Computer Project I	Open Space Recreation
Revenues						
Intergovernmental revenue	$ -	$ 6,102	$ -	$ -	$ -	$ 197,978
Other revenue	298,281	-	-	-	-	31,509
Total revenues	298,281	6,102	-	-	-	229,487
Expenditures						
Public safety	-	-	8,626	11,190	52,526	70,015
Public works	-	-	-	-	-	-
Public Health and Welfare	-	-	-	-	-	-
Total expenditures	-	-	8,626	11,190	52,526	70,015
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	298,281	6,102	(8,626)	(11,190)	(52,526)	159,472
Other financing sources (uses)						
Operating transfers (to) from other funds	-	-	-	-	-	26,509
Total other financing sources (uses)	-	-	-	-	-	26,509
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	298,281	6,102	(8,626)	(11,190)	(52,526)	185,981
Fund balances (deficits) - unreserved July 1, 2009	-	-	8,626	-	-	141,308
Fund balances (deficits) - unreserved July 1, 2010	$ 298,281	$ 6,102	$ -	$ (11,190)	$ (52,526)	$ 327,289

(Continued)

SUPPLEMENTARY INFORMATION
TOWN OF WEST WARWICK, RHODE ISLAND
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - Non-Major Governmental Funds
Special Revenue Funds - Town
For the Fiscal Year Ended June 30, 2010

	Revolving Fund	Library Grants	CDBG Block Grant	Homeland Security 2008	JAG GRANT 2007	JAG GRANT 2005
Revenues						
Intergovernmental revenue	$ -	$ 227,070	$ 846,500	$ 65,780	$ 21,807	$ -
Other revenue	566,923	77,728	-	-	-	-
Total revenues	566,923	304,798	846,500	65,780	21,807	-
Expenditures						
Public safety	-	-	-	63,288	-	24,061
Public works	456,378	-	-	-	-	-
Public Health and Welfare	-	306,729	494,256	-	-	-
Total expenditures	456,378	306,729	494,256	63,288	-	24,061
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	110,545	(1,931)	352,244	2,492	21,807	(24,061)
Other financing sources (uses)						
Operating transfers (to) from other funds	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	110,545	(1,931)	352,244	2,492	21,807	(24,061)
Fund balances (deficits) - unreserved July 1, 2009	285,108	397,526	(322,411)	(489)	(21,807)	24,061
Fund balances - unreserved June 30, 2010	$ 395,653	$ 395,595	$ 29,833	$ 2,003	$ -	$ -

(Continued)

SUPPLEMENTARY INFORMATION
TOWN OF WEST WARWICK, RHODE ISLAND
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - Non-Major Governmental Funds
Special Revenue Funds - Town
For the Fiscal Year Ended June 30, 2010

	Dare Fund	Tower Rent Revolving Fund	Annie Livsey Fund	Greene Cemetery Fund	Riverwalk Fund	Assistance to Firefighters	FEMA Assistance
Revenues							
Intergovernmental revenue	$ 13,388	$ -	$ -	$ -	$ 7,500	$ 101,970	$ 423,874
Other revenue	-	-	9,599	300	-	-	-
Total revenues	13,388	-	9,599	300	7,500	101,970	423,874
Expenditures							
Public safety	-	-	-	-	91,358	101,970	-
Public works	-	-	-	-	-	-	423,874
Public Health and Welfare	12,865	-	9,599	300	-	-	-
Total expenditures	12,865	-	9,599	300	91,358	101,970	423,874
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	523	-	-	-	(83,858)	-	-
Other financing sources (uses)							
Operating transfers (to) from other funds	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	523	-	-	-	(83,858)	-	-
Fund balances (deficits) - unreserved July 1, 2009	12,851	46,644	-	-	91,358	-	-
Fund balances - unreserved June 30, 2010	$ 13,374	$ 46,644	$ -	$ -	$ 7,500	$ -	$ -

(Continued)

SUPPLEMENTARY INFORMATION
TOWN OF WEST WARWICK, RHODE ISLAND
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - Non-Major Governmental Funds
Special Revenue Funds - Town
For the Fiscal Year Ended June 30, 2010

	Energy Fund	Bryne Grant JAG 2010	Bryne Grant JAG 2008	Bryne Grant JAG 2009	Mobile Data Computer Project II	State Homeland Exercise & Evaluation	Total
Revenues							
Intergovernmental revenue	$ -	$ 95,158	$ 2,220	$ 30,000	$ -	$ 6,365	$ 2,337,417
Other revenue	-	-	-	-	-	-	984,351
Total revenues	-	95,158	2,220	30,000	-	6,365	3,321,768
Expenditures							
Public safety	-	91,740	-	30,000	14,189	-	852,371
Public works	9,264	-	-	-	-	-	889,516
Public Health and Welfare	-	3,418	-	-	-	-	827,167
Total expenditures	9,264	95,158	-	30,000	14,189	-	2,569,054
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	(9,264)	-	2,220	-	(14,189)	6,365	752,714
Other financing sources (uses)							
Operating transfers (to) from other funds	-	-	-	-	-	-	26,509
Total other financing sources (uses)	-	-	-	-	-	-	26,509
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(9,264)	-	2,220	-	(14,189)	6,365	779,223
Fund balances (deficits) - unreserved July 1, 2009	-	-	-	-	-	-	704,404
Fund balances - unreserved June 30, 2010	$ (9,264)	$ -	$ 2,220	$ -	$ (14,189)	$ 6,365	$ 1,483,627

(Concluded)

SUPPLEMENTARY INFORMATION
WEST WARWICK PUBLIC SCHOOLS
Combining Balance Sheet - Non-Major Governmental Funds
Special Revenue Funds - School Restricted
June 30, 2010

	SCHOOL LUNCH PROGRAM	TITLE I	FRESH FRUITS AND VEGETABLES	CREATING COLLABORATIVE MODELS	E2T3 TRAINING	TITLE IV	SCHOOL HOMELAND SECUTIRY
ASSETS							
Cash	$ 283,323	$ -	$ -	$ -	$ -	$ -	$ -
Due from other funds	149,016	-	13,458	-	-	-	-
Due from Federal and State Governments	189,058	222,063	-	14,438	66,543	1,685	-
TOTAL ASSETS	$ 621,397	$ 222,063	$ 13,458	$ 14,438	$ 66,543	$ 1,685	$ -
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable and accrued expenses	$ 197,592	$ 7,968	$ -	$ 2,728	$ 17,967	$ -	$ -
Due to other funds	-	214,095	13,458	11,710	48,576	1,685	-
Total liabilities	197,592	222,063	13,458	14,438	66,543	1,685	-
Fund Balances	423,805	-	-	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	$ 621,397	$ 222,063	$ 13,458	$ 14,438	$ 66,543	$ 1,685	$ -

(Continued)

SUPPLEMENTARY INFORMATION
WEST WARWICK PUBLIC SCHOOLS
Combining Balance Sheet - Non-Major Governmental Funds
Special Revenue Funds - School Restricted
June 30, 2010

	TITLE III	PERKINS	DMS PLAYERS	E2T3 URI	I.D.E.A. PART B	PRE-SCHOOL SECT. 619	WALLACE LEADERSHIP
ASSETS							
Cash	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Due from other funds	-	-	29,651	2,198	-	-	3,714
Due from Federal and State Governments	1,229	31,660	-	-	260,259	1,150	-
TOTAL ASSETS	$ 1,229	$ 31,660	$ 29,651	$ 2,198	$ 260,259	$ 1,150	$ 3,714
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable and accrued expenses	$ 100	$ -	$ -	$ 2,198	$ 7,514	$ -	$ -
Due to other funds	1,129	31,660	-	-	$ 252,745	1,150	-
Total liabilities	1,229	31,660	-	2,198	260,259	1,150	-
Fund Balances	-	-	29,651	-	-	-	3,714
TOTAL LIABILITIES AND FUND BALANCES	$ 1,229	$ 31,660	$ 29,651	$ 2,198	$ 260,259	$ 1,150	$ 3,714

(Continued)

SUPPLEMENTARY INFORMATION
WEST WARWICK PUBLIC SCHOOLS
Combining Balance Sheet - Non-Major Governmental Funds
Special Revenue Funds - School Restricted
June 30, 2010

	ARRA IDEA	ARRA PRE-SCHOOL SECTION.619	ARRA TITLE I	ARRA E2T2 MCI	KITCHEN EQUIPMENT	CORPORATE GRANTS	PRIVATE GRANTS
ASSETS							
Cash	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Due from other funds	-	-	-	2,209	-	5,433	8,740
Due from Federal and State Governments	288,900	2,230	52,773	-	-	-	-
TOTAL ASSETS	$ 288,900	$ 2,230	$ 52,773	$ 2,209	$ -	$ 5,433	$ 8,740
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable and accrued expenses	$ 237	$ -	$ 5,794	$ 2,209	$ -	$ -	$ 492
Due to other funds	288,663	2,230	46,979	-	-	-	-
Total liabilities	288,900	2,230	52,773	2,209	-	-	492
Fund Balances	-	-	-	-	-	5,433	8,248
TOTAL LIABILITIES AND FUND BALANCES	$ 288,900	$ 2,230	$ 52,773	$ 2,209	$ -	$ 5,433	$ 8,740

(Continued)

SUPPLEMENTARY INFORMATION
WEST WARWICK PUBLIC SCHOOLS
Combining Balance Sheet - Non-Major Governmental Funds
Special Revenue Funds - School Restricted
June 30, 2010

	E2T2 MCI	DISTRICT NEGOTIATED AGREEMENT	MIDDLE SCHOOL SPORTS	GENERAL ASSEMBLY	TITLE II	ACHIEVE ALGEBRA II	TOTALS
ASSETS							
Cash	$ -	$ -	$ -	$ -	$ -	$ -	$ 283,323
Due from other funds	-	4,031	-	452	-	-	218,902
Due from Federal and State Governments	-	32,230	-	-	112,814	21,086	1,298,118
TOTAL ASSETS	$ -	$ 36,261	$ -	$ 452	$ 112,814	$ 21,086	$ 1,800,343
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable and accrued expenses	$ -	$ 4,282	$ -		$ 3,516	$ -	$ 252,597
Due to other funds	-	28,873	-	-	109,298	21,086	1,073,337
Total liabilities	-	33,155	-	-	112,814	21,086	1,325,934
RESERVE FUND BALANCE							
Fund Balances	-	3,106	-	452	-	-	474,409
TOTAL LIABILITIES AND FUND BALANCES	$ -	$ 36,261	$ -	$ 452	$ 112,814	$ 21,086	$ 1,800,343

(Concluded)

SUPPLEMENTARY INFORMATION
WEST WARWICK PUBLIC SCHOOLS
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Non-Major Governmental Funds
Special Revenue Funds - School Restricted
For the Fiscal Year Ended June 30, 2010

	SCHOOL LUNCH PROGRAM	TITLE I	FRESH FRUITS AND VEGETABLES	CREATING COLLABORATIVE MODELS	E2T3 TRAINING	TITLE IV	SCHOOL HOMELAND SECUTIRY
Revenues							
Intergovernmental revenue	$ 749,974	$ 1,081,945	$ 13,458	$ 14,438	$ 297,632	$ 25,086	$ 13,849
Other	528,842	-	-	-	-	-	-
Total revenues	1,278,816	1,081,945	13,458	14,438	297,632	25,086	13,849
Expenditures							
Salaries	-	681,911	-	6,405	2,000	-	-
Employee Benefits	-	395,092	-	490	200	-	-
Purchased services	1,085,495	-	-	-	241,741	24,931	13,849
Supplies and materials	1,920	431	-	7,543	2,800	155	-
Other costs	-	4,511	13,458	-	-	-	-
Total expenditures	1,087,415	1,081,945	13,458	14,438	246,741	25,086	13,849
Excess revenues over (under) expenditures	191,401	-	-	-	50,891	-	-
Other financing sources (uses)							
Operating transfers (to) other funds	(30,000)	-	-	-	-	-	-
Total other financing sources (uses)	(30,000)	-	-	-	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	161,401	-	-	-	50,891	-	-
Fund balances - unreserved July 1, 2009	262,404	-	-	-	(50,891)	-	-
Fund balances - unreserved June 30, 2010	$ 423,805	$ -	$ -	$ -	$ -	$ -	$ -

(Continued)

SUPPLEMENTARY INFORMATION
WEST WARWICK PUBLIC SCHOOLS
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Non-Major Governmental Funds
Special Revenue Funds - School Restricted
For the Fiscal Year Ended June 30, 2010

	TITLE III	PERKINS	DMS PLAYERS	E2T3 URI	I.D.E.A. PART B	PRE-SCHOOL SECT. 619	WALLACE LEADERSHIP
Revenues							
Intergovernmental revenue	$ 5,296	$ 31,660	$ -	$ 147,330	$ 1,025,059	$ 32,592	$ 9,635
Other	-	-	17,633	-	-	-	-
Total revenues	5,296	31,660	17,633	147,330	1,025,059	32,592	9,635
Expenditures							
Salaries	2,279	-	700	-	658,595	1,068	5,500
Employee Benefits	174	-	54	-	366,464	82	421
Purchased services	1,522	-	4,550	147,330	-	31,442	-
Supplies and materials	1,321	-	9,354	-	-	-	-
Other costs	-	31,660	-	-	-	-	-
Total expenditures	5,296	31,660	14,658	147,330	1,025,059	32,592	5,921
Excess revenues over (under) expenditures	-	-	2,975	-	-	-	3,714
Other financing sources (uses)							
Operating transfers (to) other funds	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	-	-	2,975	-	-	-	3,714
Fund balances - unreserved July 1, 2009	-	-	26,676	-	-	-	-
Fund balances - unreserved June 30, 2010	$ -	$ -	$ 29,651	$ -	$ -	$ -	$ 3,714

(Continued)

SUPPLEMENTARY INFORMATION
WEST WARWICK PUBLIC SCHOOLS
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Non-Major Governmental Funds
Special Revenue Funds - School Restricted
For the Fiscal Year Ended June 30, 2010

	ARRA IDEA	ARRA PRE-SCHOOL SECTION.619	ARRA TITLE I	ARRA E3T2 MCI	KITCHEN EQUIPMENT	CORPORATE GRANTS	PRIVATE GRANTS
Revenues							
Intergovernmental revenue	$ 631,184	$ 3,278	$ 178,506	$ 13,200	$ 11,725	$ -	$ -
Other	-	-	-	-	-	10,000	10,600
Total revenues	631,184	3,278	178,506	13,200	11,725	10,000	10,600
Expenditures							
Salaries	94,098	-	58,827	-	-	-	5,100
Employee Benefits	31,195	-	4,492	-	-	-	390
Purchased services	420,029	3,278	50,381	-	-	-	4,865
Supplies and materials	5,421	-	30,707	-	-	34,567	-
Other costs	80,441	-	34,099	13,200	11,725	-	-
Total expenditures	631,184	3,278	178,506	13,200	11,725	34,567	10,355
Excess revenues over (under) expenditures	-	-	-	-	-	(24,567)	245
Other financing sources (uses)							
Operating transfers in (to) other funds		-	-	-	-	30,000	-
Total other financing sources (uses)	-	-	-	-	-	30,000	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	-	-	-	-	-	5,433	245
Fund balances - unreserved July 1, 2009	-	-	-	-	-	-	8,003
Fund balances - unreserved June 30, 2010	$ -	$ -	$ -	$ -	$ -	$ 5,433	$ 8,248

(Continued)

SUPPLEMENTARY INFORMATION
WEST WARWICK PUBLIC SCHOOLS
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - Non-Major Governmental Funds
Special Revenue Funds - School Restricted
For the Fiscal Year Ended June 30, 2010

	E2T2 MCI	DISTRICT NEGOTIATED AGREEMENT	MIDDLE SCHOOL SPORTS	GENERAL ASSEMBLY	TITLE II	ACHIEVE ALGEBRA II	TOTALS
Revenues							
Intergovernmental revenue	$ 32,400	$ 70,000	$ -	$ 6,775	$ 333,257	$ 21,086	$ 4,749,365
Other	-	-	12,188	-	-	-	579,263
Total revenues	32,400	70,000	12,188	6,775	333,257	21,086	5,328,628
Expenditures							
Salaries	-	58,980	-	-	223,001	-	1,798,464
Employee Benefits	-	4,512	-	-	90,516	-	894,082
Purchased services	-	2,777	-	-	19,169	-	2,051,359
Supplies and materials	-	34,041	-	6,667	571	21,086	156,584
Other costs	32,400	372	-	-	-	-	221,866
Total expenditures	32,400	100,682	-	6,667	333,257	21,086	5,122,355
Excess revenues over (under) expenditures	-	(30,682)	12,188	108	-	-	206,273
Other financing sources (uses)							
Operating transfers (to) other funds	-	-	-	-		-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	-	(30,682)	12,188	108	-	-	206,273
Fund balances - unreserved July 1, 2009	-	33,788	(12,188)	344	-	-	268,136
Fund balances - unreserved June 30, 2010	$ -	$ 3,106	$ -	$ 452	$ -	$ -	$ 474,409

(Concluded)

SUPPLEMENTARY INFORMATION
TOWN OF WEST WARWICK, RHODE ISLAND
Capital Projects Funds
Combining Balance Sheet - Non-Major Governmental Fund
June 30, 2010

	Town QZAB Bond Fund	School QZAB Bond Fund	School Fire Code Renovations	Road Bond Fund	Totals
ASSETS					
Due from other funds	$ 168,039	$ -	$ 121,809	$ 1,057,677	$ 1,347,525
Total assets	$ 168,039	$ -	$ 121,809	$ 1,057,677	$ 1,347,525
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	$ -	$ 12,815	$ 18,069	$ 152,094	182,978
Due to other funds	-	140	-	-	140
Total liabilities	-	12,955	18,069	152,094	183,118
Fund balances -					
Unreserved	168,039	(12,955)	103,740	905,583	1,164,407
Total fund balances (deficit)	168,039	(12,955)	103,740	905,583	1,164,407
Total liabilities and fund balances	$ 168,039	$ -	$ 121,809	$ 1,057,677	$ 1,347,525

SUPPLEMENTARY INFORMATION
TOWN OF WEST WARWICK, RHODE ISLAND
Capital Project Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2010

	Town QZAB Bond Fund	School QZAB Bond Fund	School Fire Code Renovations	Road Bond Fund	Totals
Revenues					
Interest on Investments	$ -	$ -	$ -	$ 620	$ 620
Total revenues	-	-	-	620	620
Expenditures					
Capital	-	19,561	42,774	488,909	551,244
Non- capital	-	6,382	-	62,130	68,512
Total expenditures	-	25,943	42,774	551,039	619,756
Excess (deficiency) of revenues over (under) expenditures before other financing sources	-	(25,943)	(42,774)	(550,419)	(619,136)
Other financing sources (uses)					
Transfers from other funds	-	28,078	-	-	28,078
Transfers (to) other funds	(28,078)	-	-	-	(28,078)
Total other financing sources (uses)	(28,078)	28,078	-	-	-
Excess of revenues and other sources over (under) expenditures	(28,078)	2,135	(42,774)	(550,419)	(619,136)
Fund balances (deficit) - unreserved July 1, 2009	196,117	(15,090)	146,514	1,456,002	1,783,543
Fund balances - unreserved June 30, 2010	$ 168,039	$ (12,955)	$ 103,740	$ 905,583	$ 1,164,407

SUPPLEMENTARY INFORMATION
TOWN OF WEST WARWICK, RHODE ISLAND
Non-Major Enterprise Funds
Combining Balance Sheet
June 30, 2010

ASSETS	Municipal Court	Totals
Current assets		
Cash and cash equivalents	$ -	$ -
Accounts receivable		
Internal balances	75,318	75,318
Total current assets	75,318	75,318
TOTAL ASSETS	75,318	75,318
LIABILITIES		
Current liabilities		
Accounts payable	6,313	6,313
Accrued expenses	848	848
Total current liabilities	7,161	7,161
Total liabilities	7,161	7,161
Net Assets		
Unrestricted	68,157	68,157
Total Net Assets	$ 68,157	$ 68,157

SUPPLEMENTARY INFORMATION
TOWN OF WEST WARWICK, RHODE ISLAND
Non-Major Enterprise Funds
Combining Statement of Revenues, Expenses
And Changes in Net Assets
For the Fiscal Year Ended June 30, 2010

	Municipal Court	Totals
Operating revenues		
Usage sales and fees	$ 203,272	$ 203,272
Total operating revenues	203,272	203,272
Operating expenses		
Salaries and benefits	121,632	121,632
Materials, supplies, repairs and maintenance	2,249	2,249
Other operating expenses	83,435	83,435
Total operating expenses	207,316	207,316
Operating income (loss)	(4,044)	(4,044)
Transfers		
Transfers to other funds	(10,000)	(10,000)
Total transfers	(10,000)	(10,000)
Net income	(14,044)	(14,044)
Net assets - beginning	82,201	82,201
Net assets - ending	$ 68,157	$ 68,157

SUPPLEMENTARY INFORMATION
TOWN OF WEST WARWICK, RHODE ISLAND
Non-Major Enterprise Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2010

	Municipal Court	Totals
Cash flows from operating activities		
Cash received from customers	$ 203,272	$ 203,272
Cash payments to suppliers for goods and services	(2,708)	(2,708)
Cash payments to employees for services	(124,043)	(124,043)
Payment of administrative expense	(83,435)	(83,435)
Net cash provided by (used for) operating activities	(6,914)	(6,914)
Cash flows from non-capital financing activities		
Interfund loans	6,914	6,914
Net cash provided by (used for) non-capital financing activities	6,914	6,914
Net increase (decrease) in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of year	-	-
Cash and cash equivalents at end of year	$ -	$ -
Reconciliation of operating income to net cash provided by operating activities		
Operating income (Loss)	$ (4,044)	$ (4,044)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Changes in assets and liabilities:		
Increase (decrease) in deferred revenue	-	-
Increase (decrease) in accounts payable and accrued expenses	(2,870)	(2,870)
Total adjustments	(2,870)	(2,870)
Net cash provided by operating activities	$ (6,914)	$ (6,914)

SUPPLEMENTARY INFORMATION
TOWN OF WEST WARWICK, RHODE ISLAND
Sewer Enterprise Fund
Combining Schedules of Revenues and Expenses
Budgetary Basis (Non-GAAP)
For the Fiscal Year ended June 30, 2010

	Original Budget	Revised Budget	Actual	Variance
Operating revenues				
Usage sales and fees	$ 6,242,116	$ 6,242,116	$ 6,593,342	$ 351,226
Sewer assessment revenue	977,622	977,622	1,010,750	33,128
Other income	212,775	212,775	1,054,637	841,862
Total operating revenues	7,432,513	7,432,513	8,658,729	1,226,216
Operating expenses				
Salaries and benefits	$ 2,154,899	2,154,899	$ 2,054,777	100,122
Materials and supplies	942,971	942,971	855,056	87,915
Depreciation and amortization	-	-	1,759,852	(1,759,852)
Capital outlays	52,070	52,070	-	52,070
Other operating expenses	2,343,767	2,343,767	2,511,220	(167,453)
Total operating expenses	5,493,707	5,493,707	7,180,905	(1,687,198)
Operating income (loss)	1,938,806	1,938,806	1,477,824	(460,982)
Other income (expense)				
Investment income	90,000	90,000	52,700	(37,300)
Sewer bond interest expense	(352,760)	(352,760)	(337,004)	15,756
Principal payments	(1,676,046)	(1,676,046)	(1,686,000)	(9,954)
Total non-operating income (expenses)	(1,938,806)	(1,938,806)	(1,970,304)	(31,498)
Net income	$ -	$ -	$ (492,480)	$ (492,480)

(continued)

SUPPLEMENTARY INFORMATION
TOWN OF WEST WARWICK, RHODE ISLAND
Enterprise Funds
Combining Schedules of Revenues and Expenses
Budgetary Basis (Non-GAAP)
For the Fiscal Year Ended June 30, 2010
(continued)

	Municipal Court				Totals		
	Original Budget	Revised Budget	Actual	Variance	Budget	Actual	Variance
Operating revenues							
Usage sales and fees	$ 182,213	$ 182,213	$ 203,272	$ 21,059	$ 6,424,329	$ 6,796,614	$ 372,285
Sewer assessment revenue	-	-	-	-	977,622	1,010,750	33,128
Other income	-	-	-	-	212,775	1,054,637	841,862
Total operating revenues	182,213	182,213	203,272	21,059	7,614,726	8,862,001	1,247,275
Operating expenses							
Salaries and benefits	159,713	159,713	121,632	38,081	2,314,612	2,176,409	138,203
Materials and supplies	4,000	4,000	2,249	1,751	946,971	857,305	89,666
Depreciation and amortization	-	-	-	-	-	1,759,852	(1,759,852)
Capital outlays	-	-	-	-	52,070	-	52,070
Other operating expenses	8,500	8,500	83,435	(74,935)	2,352,267	2,594,655	(242,388)
Total operating expenses	172,213	172,213	207,316	(35,103)	5,665,920	7,388,221	(1,722,301)
Operating income (loss)	10,000	10,000	(4,044)	(14,044)	1,948,806	1,473,780	(475,026)
Other income (expense)							
Investment income	-	-	-	-	90,000	52,700	(37,300)
Sewer bond interest expense	-	-	-	-	(352,760)	(337,004)	15,756
Principal payments	-	-	-	-	(1,676,046)	(1,686,000)	(9,954)
Total non-operating income (expenses)	-	-	-	-	(1,938,806)	(1,970,304)	(31,498)
Income before transfers and non-operating expenses	10,000	10,000	(4,044)	(14,044)	10,000	(496,524)	(506,524)
Other financing sources (uses)							
Transfer to other funds	(10,000)	(10,000)	(10,000)	-	(10,000)	(10,000)	-
Total other financing sources (uses)	(10,000)	(10,000)	(10,000)	-	(10,000)	(10,000)	-
Net income	$ -	$ -	$ (14,044)	$ (14,044)	$ -	$ (506,524)	$ (506,524)

(concluded)

TOWN OF WEST WARWICK, RHODE ISLAND
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES
IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDING JUNE 30, 2010

	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010
DRUG EVIDENCE				
Assets				
Cash	$ 64,077	$ 19,147	$ 30,778	$ 52,446
Total assets	$ 64,077	$ 19,147	$ 30,778	$ 52,446
Liabilities				
Deposits held in custody for others	$ 64,077	$ 19,147	$ 30,778	$ 52,446
Total liabilities	$ 64,077	$ 19,147	$ 30,778	$ 52,446
SCHOOL FIDUCIARY FUND				
Assets				
Cash	$ 79,943	$ 207,315	$ 212,666	$ 74,592
Total assets	$ 79,943	$ 207,315	$ 212,666	$ 74,592
Liabilities				
Deposits held in custody for others	$ 79,943	$ 207,315	$ 212,666	$ 74,592
Total liabilities	$ 79,943	$ 207,315	$ 212,666	$ 74,592
TOTAL AGENCY FUNDS				
Assets				
Cash	$ 144,020	$ 226,462	$ 243,444	$ 127,038
Total assets	$ 144,020	$ 226,462	$ 243,444	$ 127,038
Liabilities				
Deposits held in custody for others	$ 144,020	$ 226,462	$ 243,444	$ 127,038
Total liabilities	$ 144,020	$ 226,462	$ 243,444	$ 127,038

STATISTICAL SECTION

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

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

TOWN OF WEST WARWICK, RHODE ISLAND
TAX COLLECTOR'S ANNUAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

REAL ESTATE AND PERSONAL PROPERTY TAXES

Tax Roll Year	Balance 07/01/09	Current Year Assessment	Additions and Adjustments	Abatements and Adjustments	Amount to be Collected	Collections	Balance 06/30/10
2009	$ -	$ 51,696,809	$ 17,606	$ 51,568	$ 51,662,847	$ 49,733,138	$ 1,929,709
2008	1,678,108	-	36,175	50,471	1,663,812	1,379,973	283,839
2007	181,143	-	44,094	44,927	180,310	58,613	121,697
2006	110,229	-	177	3,389	107,017	18,250	88,767
2005	106,075	-	-	2,522	103,553	6,250	97,303
2004	58,423	-	(32)	761	57,630	4,314	53,316
2003	70,317	-	-	632	69,685	330	69,355
2002	83,343	-	-	479	82,864	41	82,823
2001	68,527	-	-	558	67,969	417	67,552
2000 & Prior	135,166	-	-	1,827	133,339	1,793	131,546
	$ 2,491,331	$ 51,696,809	$ 98,020	$ 157,134	$ 54,129,026	$ 51,203,119	$ 2,925,907

SCHEDULE OF MOST RECENT NET ASSESSED PROPERTY VALUE BY CATEGORY

Description of Property	Valuations	Levy
Real property residential	$ 1,830,845,280	$ 29,147,057
Real property code 3	131,467,100	2,699,020
Real property code 4	377,219,180	8,098,896
Real property code 40	229,216,750	4,492,648
Real property frozen	18,746,260	-
Motor vehicles	172,808,594	4,919,861
Tangible personal	84,070,080	2,665,862
Total	2,844,373,244	52,023,343
Exemptions	127,109,293	326,534
Net assessed value	$ 2,717,263,951	$ 51,696,809
Current year assessment		$ 51,696,809

RECONCILIATION OF CURRENT YEAR PROPERTY TAX REVENUE

Current year collections	$ 51,203,119
Reserve collected within 60 days subsequent to fiscal year ending June 30, 2010	363,265
	51,566,384
Prior year revenue received in current year	(264,901)
Less: refunds and miscellaneous credits	(509,501)
Current year property tax revenue	$ 50,791,982

TOWN OF WEST WARWICK, RHODE ISLAND
Schedule of long-term liabilities - Primary Government
For the fiscal year ended June 30, 2010

	Date of Issuance	Interest Rate	Date of Maturity	Authorized	Outstanding July 1, 2009	Additions	Maturities During Year	Outstanding June 30, 2010	Interest Paid
General Obligation Bonds Payable									
Open space bond	08/15/93	7% - 7.45%	06/30/14	$ 800,000	$ 315,000	$ -	$ 55,000	$ 260,000	$ 21,419
GOB - 2002 refunding series B	08/01/02	2% - 3.875%	07/15/12	1,300,000	520,000	-	130,000	390,000	16,997
School bond	03/01/98	4.35% to 5.50%	04/01/18	6,800,000	2,250,000	-	2,250,000	-	-
GOB - Town	10/25/05	4.00% to 5.00%	10/14/25	2,100,000	1,770,000	-	110,000	1,660,000	80,437
GOB - School	11/29/05	1.47%	11/29/21	3,688,000	3,688,000	-	-	3,688,000	54,212
GOB - Refunding bonds series 2009 B	8/20/09	2.00% to 3.50%	04/01/18	2,370,000	-	2,370,000	305,000	2,065,000	38,698
GOB - series A	8/20/09	2.75% to 5.00%	04/01/29	6,500,000	-	6,500,000	-	6,500,000	167,254
Road Bond	07/15/07	4.50% to 5.25%	07/15/27	5,000,000	4,750,000	-	250,000	4,500,000	218,187
GOB - School	03/01/02	4.80%	03/01/22	10,500,000	8,420,000	-	480,000	7,940,000	418,782
Total general obligation bonds payable				**39,058,000**	**21,713,000**	**8,870,000**	**3,580,000**	**27,003,000**	**1,015,986**
Subtotal general fund long term debt payable				**39,058,000**	**21,713,000**	**8,870,000**	**3,580,000**	**27,003,000**	**1,015,986**
Sewer Bonds Payable									
Notes Payable - Clean water	3/9/2006	1.11% - 1.565%	8/31/2025	7,719,000	6,731,000	-	340,000	6,391,000	127,409
Notes Payable - Clean water	06/05/03	0%	09/01/23	20,923,000	16,439,000	-	1,121,000	15,318,000	127,692
Notes Payable - Clean Water	12/21/06	1.185% - 1.355%	09/01/26	500,000	458,000	-	22,000	436,000	7,958
Notes Payable - Clean Water	12/12/07	1.452%	09/01/28	1,675,000	1,675,000	-	70,000	1,605,000	32,113
Notes Payable - Clean Water	12/30/04	1.402%	9/1/02025	3,000,000	2,611,000	-	133,000	2,478,000	47,634
Total Sewer bonds payable				**33,817,000**	**27,914,000**	**-**	**1,686,000**	**26,228,000**	**342,806**
Total general obligation bonds and notes payable				**$ 72,875,000**	**49,627,000**	**8,870,000**	**5,266,000**	**53,231,000**	**$ 1,358,792**
Accrued expenses									
Compensated absences					3,883,023	-	205,891	3,677,132	n/a
Net OPEB obligation					5,772,282	5,743,166	-	11,515,448	n/a
Net pension obligation					25,540,416	3,706,844	-	29,247,260	n/a
Total accrued expenses					**35,195,721**	**9,450,010**	**205,891**	**44,439,840**	
Total long-term liabilities - Primary Government					**$ 84,822,721**	**$ 18,320,010**	**$ 5,471,891**	**$ 97,670,840**	

TOWN OF WEST WARWICK, RHODE ISLAND
SCHEDULE OF DEBT SERVICE REQUIREMENTS
TO MATURITY - GENERAL FUND
FOR THE FISCAL YEAR ENDING JUNE 30, 2010

Fiscal Year Ended June 30,	Percentage of Maturity	Principal	Interest	Total Debt Service
2011	5.85%	1,580,000	995,461	2,575,461
2012	11.79%	1,605,000	1,022,887	2,627,887
2013	17.83%	1,630,000	958,046	2,588,046
2014	23.52%	1,535,000	894,460	2,429,460
2015	29.05%	1,495,000	832,658	2,327,658
2016	34.70%	1,525,000	770,597	2,295,597
2017	40.46%	1,555,000	705,216	2,260,216
2018	46.35%	1,590,000	636,003	2,226,003
2019	51.51%	1,395,000	564,441	1,959,441
2019-29	100.00%	13,093,000	2,149,284	15,242,284
		$ 27,003,000	**$ 9,529,053**	**$ 36,532,053**

TOWN OF WEST WARWICK, RHODE ISLAND
SCHEDULE OF DEBT SERVICE REQUIREMENTS
TO MATURITY - SEWER ENTERPRISE FUND
FOR THE FISCAL YEAR ENDING JUNE 30, 2010

Fiscal Year Ended June 30,	Percentage of Maturity	Principal	Interest	Total Debt Service
2011	6.46%	1,695,000	322,693	2,017,693
2012	12.96%	1,705,000	304,158	2,009,158
2013	19.51%	1,716,000	285,048	2,001,048
2014	26.09%	1,726,000	265,418	1,991,418
2015	32.70%	1,735,000	245,289	1,980,289
2016	39.20%	1,705,000	225,037	1,930,037
2017	45.75%	1,717,000	204,678	1,921,678
2018	52.34%	1,728,000	183,853	1,911,853
2019	58.97%	1,740,000	162,572	1,902,572
2019-2029	100.00%	10,761,000	531,972	11,292,972
		$ 26,228,000	**$ 2,730,718**	**$ 28,958,718**

TOWN OF WEST WARWICK, RHODE ISLAND
SCHEDULE OF GENERAL CAPITAL ASSETS (BY FUNCTION AND ACTIVITY)
FOR THE FISCAL YEAR ENDING JUNE 30, 2010

Function and Activity	Land	Infrastructure	Land Improvements	Building and Improvements	Motor Vehicles	Office Furniture and Equipment	Machinery and Equipment	Total
General Government	$ 4,487,600	$ -	$ -	$ 32,530,687	$ 154,845	$ 107,596	$ -	$ 37,280,728
Public Safety	91,000	-	-	1,175,917	1,256,876	1,236,611	1,715,138	5,475,542
Public Works	124,300	47,716,094	-	6,569,857	143,925	105,806	1,468,432	56,128,414
Public Libraries	-	-	-	1,761,101	-	-	-	1,761,101
Public Welfare	196,949	-	-	-	-	-	-	196,949
Parks and Recreation	131,100	-	1,146,180	10,649,760	60,000	-	56,910	12,043,950
Public Education	1,058,565	-	-	28,052,572	153,198	712,066	206,255	30,182,656
Total General Fixed Assets	$ 6,089,514	$ 47,716,094	$ 1,146,180	$ 80,739,894	$ 1,768,844	$ 2,162,079	$ 3,446,735	$ 143,069,340

TOWN OF WEST WARWICK
NET ASSETS BY COMPONENT
LAST SEVEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

Exhibit 1

	Fiscal Year						
	2010	2009	2008	2007	2006	2005	2004
Governmental Activities							
Invested in capital assets, net of related debt	$ 24,986,345	$ 32,823,900	$ 31,772,672	$ 36,787,696	$ 33,934,801	$ 16,175,643	$ 15,245,316
Restricted	2,099	2,088	2,075	645,887	580,000	435,811	546,136
Unrestricted	(36,415,823)	(30,243,592)	(13,501,829)	(11,503,143)	(6,343,573)	(7,653,291)	(4,321,634)
Total governmental activities net assets	$ (11,427,379)	$ 2,582,396	$ 18,272,918	$ 25,930,440	$ 28,171,228	$ 8,958,163	$ 11,469,818
Business-type activities							
Invested in capital assets, net of related debt	$ 56,382,404	$ 54,809,100	$ 53,490,930	$ 51,992,988	$ 49,827,034	$ 47,959,823	$ 48,627,649
Unrestricted	6,116,322	6,510,150	7,531,619	7,062,306	7,325,798	7,630,740	4,343,616
Total business-type activities net assets	$ 62,498,726	$ 61,319,250	$ 61,022,549	$ 59,055,294	$ 57,152,832	$ 55,590,563	$ 52,971,265
Primary government							
Invested in capital assets, net of related debt	$ 81,368,749	$ 87,633,000	$ 85,263,602	$ 88,780,684	$ 83,761,835	$ 64,135,466	$ 63,872,965
Restricted	2,099	2,088	2,075	645,887	580,000	435,811	546,136
Unrestricted	(30,299,501)	(23,733,442)	(5,970,210)	(4,440,837)	982,225	(22,551)	21,982
Total primary government net assets	$ 51,071,347	$ 63,901,646	$ 79,295,467	$ 84,985,734	$ 85,324,060	$ 64,548,726	$ 64,441,083

Note: Fiscal Year ended 2006 has been restated due to the inclusion of governmental infrastructure capital assets see note 14

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

TOWN OF WEST WARWICK
CHANGES IN NET ASSETS
LAST SEVEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

Exhibit 2

	Fiscal Year						
	2010	2009	2008	2007	2006	2005	2004
Expenses							
Governmental activities:							
Legislative, judicial and general administrative	$ 27,993,691	$ 21,940,197	$ 14,097,653	$ 13,373,686	$ 11,197,258	$ 9,933,668	$ 9,164,078
Financial administration	592,732	646,800	699,169	970,080	724,512	784,393	816,386
Public safety	12,704,903	11,743,194	13,024,765	12,092,263	10,987,202	10,296,870	9,864,726
Public works	4,776,671	4,465,217	5,001,565	4,417,554	4,282,735	4,118,728	3,748,933
Public Health and Welfare	960,592	965,347	848,328	964,961	251,350	150,675	136,490
Parks and recreation	498,971	540,698	700,501	567,220	596,286	496,147	435,950
Library	750,945	752,387	834,572	833,966	788,950	801,681	787,262
Education	55,751,973	59,648,722	57,630,426	53,039,292	51,259,834	48,567,662	45,797,715
Other	-	-	-	1,002,938	1,960,257	2,614,259	2,685,919
Interest	1,224,128	962,963	827,757	808,488	818,820	1,100,256	940,798
Total governmental activities expenses	105,254,606	101,665,525	93,664,736	88,070,448	82,867,204	78,864,339	74,378,257
Business-type activities:							
Sewer fund	7,517,909	6,886,267	6,062,258	7,005,411	6,839,537	6,090,267	5,081,667
Non-major business type activities	207,316	599,832	586,935	613,576	541,263	524,301	672,740
Total business-type activities expenses	7,725,225	7,486,099	6,649,193	7,618,987	7,380,800	6,614,568	5,754,407
Total primary government expenses	$ 112,979,831	$ 109,151,624	$ 100,313,929	$ 95,689,435	$ 90,248,004	$ 85,478,907	$ 80,132,664

(continued)

TOWN OF WEST WARWICK
CHANGES IN NET ASSETS
LAST SEVEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(continued)

Exhibit 2	Fiscal Year 2010	2009	2008	2007	2006	2005	2004
Program revenues							
Governmental activities:							
Charges for services:							
Legislative, judicial and general administrative	$ 724,352	$ 596,992	$ 756,723	$ 1,087,697	$ 1,016,923	$ 1,017,626	$ 890,225
Financial administration	1,295,999	1,166,133	1,004,994	864,307	220,000	-	-
Public safety	770,412	676,482	830,789	645,943	781,631	648,702	554,175
Public works	241,746	316,751	301,122	457,272	477,063	342,080	303,720
Public Health and Welfare	418,465	8,920	-	2,066	11,671	-	-
Parks and recreation	4,515	1,160	9,630	6,755	5,300	-	8,850
Library	-	-	3,348	139,927			
Education	528,842	561,575	466,372	485,016	-	57,774	85,842
Operating and grants contributions							
Public safety	1,933,483	804,583	819,705	718,219	-	-	-
Public Health and Welfare	846,500	120,000	404,000	391,000	-	-	-
Parks and recreation	-	-	-	15,785	-	-	-
Library	304,798	117,254	198,190	213,194	-	-	-
Education	27,556,603	27,335,833	26,287,439	26,516,307	26,006,321	25,961,582	24,717,484
Other	-	-	-	-	-	531,170	918,170
Capital and grants contributions							
Parks and recreation	236,987	25,362	1,057,553	2,417,738	-	-	-
Total governmental activities program revenues	34,862,702	31,731,045	32,139,865	33,961,226	28,518,909	28,558,934	27,478,466
Business-type activities:							
Charges for services:							
Sewer fund	8,711,429	7,055,762	8,003,193	8,922,452	8,354,997	8,860,222	7,668,939
Non-major business type activities	203,272	555,494	695,368	608,997	588,072	483,362	1,908,091
Total business-type activities program revenues	8,914,701	7,611,256	8,698,561	9,531,449	8,943,069	9,343,584	9,577,030
Total primary government program revenues	$ 43,777,403	$ 39,342,301	$ 40,838,426	$ 43,492,675	$ 37,461,978	$ 37,902,518	$ 37,055,496
Net (Expense)/Revenue							
Governmental activities	$ (70,391,904)	$ (69,934,480)	$ (61,524,871)	$ (54,109,222)	$ (54,348,295)	$ (50,305,405)	$ (46,899,791)
Business-type activities	1,189,476	125,157	2,049,368	1,912,462	1,562,269	2,729,016	3,822,623
Total primary government net expenses	$ (69,202,428)	$ (69,809,323)	$ (59,475,503)	$ (52,196,760)	$ (52,786,026)	$ (47,576,389)	$ (43,077,168)
General Revenues and Other Changes in Net Assets							
Governmental activities:							
Property taxes, levied for general purposes	$ 51,019,257	$ 48,286,386	$ 46,524,536	$ 44,408,913	$ 41,023,899	$ 39,963,175	$ 37,312,868
Unrestricted investment earnings	34,696	307,535	721,446	764,991	693,548	400,899	270,591
State general revenue sharing	2,005,500	2,592,566	3,243,039	3,543,494	3,135,831	2,762,450	-
State motor vehicle phase-out	3,183,440	3,156,078	3,170,604	2,667,910	2,432,650	2,432,650	-
Miscellaneous	129,236	72,937	109,579	447,985	4,739,400	1,881,329	7,332,558
Transfers	10,000	(171,544)	82,113	10,000	-	109,718	30,000
Gain on sale of capital asset	-	-	16,032	25,101	485,602	-	-
Total general revenues	56,382,129	54,243,958	53,867,349	51,868,394	52,510,930	47,550,221	44,946,017
Business-type activities:							
Transfers	(10,000)	171,544	(82,113)	(10,000)	-	(109,718)	-
Total business-type activities	(10,000)	171,544	(82,113)	(10,000)	-	(109,718)	-
Total primary government	$ 56,372,129	$ 54,415,502	$ 53,785,236	$ 51,868,394	$ 52,510,930	$ 47,440,503	$ 44,946,017
Change in Net Assets							
Governmental activities	$ (14,009,775)	$ (15,690,522)	$ (7,657,522)	$ (2,240,828)	$ (1,837,365)	$ (2,755,184)	$ (1,953,774)
Business-type activities	1,179,476	296,701	1,967,255	1,902,462	1,562,269	2,619,298	3,822,623
Total primary governmental	$ (12,830,299)	$ (15,393,821)	$ (5,690,267)	$ (338,366)	$ (275,096)	$ (135,886)	$ 1,868,849

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

(concluded)

TOWN OF WEST WARWICK
FUND BALANCES, GOVERNMENTAL FUNDS
LAST SEVEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

Exhibit 3

	Fiscal Year						
	2010	2009	2008	2007	2006	2005	2004
General Fund							
Reserved	$ 815,568	$ 278,440	$ 201,775	$ 862,059	$ 605,907	$ 350,351	$ 559,979
Unreserved							
Designated for next years budget	-	-	-	469,602	3,390,000	2,617,422	1,999,553
Unreserved	5,128,315	3,413,110	4,104,080	5,763,851	4,745,857	4,989,556	5,271,075
Total general fund	$ 5,943,883	$ 3,691,550	$ 4,305,855	$ 7,095,512	$ 8,741,764	$ 7,957,329	$ 7,830,607
All Other Governmental Funds							
Reserved	$ 64,168	$ 2,088	$ 2,075	$ 67,428	$ 80,878	$ 79,339	$ 192,130
Unreserved:	-	-	-	-	-	-	242,987
Unreserved, reported in:							
Capital Projects Funds	1,164,407	1,783,543	5,392,765	2,959,103	3,883,795	147,124	138,710
Special Revenue Funds	(815,600)	(2,100,085)	670,718	750,818	1,549,415	1,283,064	1,319,797
Total All Other Governmental Funds	$ 412,975	$ (314,454)	$ 6,065,558	$ 3,777,349	$ 5,514,088	$ 1,509,527	$ 1,893,624

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

TOWN OF WEST WARWICK
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST SEVEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

Exhibit 4

	Fiscal Year						
	2010	**2009**	**2008**	**2007**	**2006**	**2005**	**2004**
Revenues							
General property tax	$ 50,791,982	$ 48,531,392	$ 46,294,634	$ 44,289,634	$ 42,013,684	$ 40,242,266	$ 38,229,030
Intergovernmental and departmental revenues	35,091,300	33,644,273	34,193,511	35,390,515	32,876,080	30,640,987	30,986,225
License and permits	2,067,020	1,900,402	2,142,820	2,726,801	1,958,581	1,892,852	1,292,415
Fines and interest on late payments	641,149	547,342	500,658	446,212	124,102	428,244	420,837
Interest on investments	34,696	307,535	721,446	764,991	693,548	400,899	270,591
Other revenues	2,570,912	1,455,707	1,894,043	2,055,827	3,853,368	2,673,280	2,111,547
Total revenues	91,197,059	86,386,651	85,747,112	85,673,980	81,519,363	76,278,528	73,310,645
Expenditures							
Current:							
Legislative, judicial and general administrative	16,599,785	10,466,369	9,729,539	9,605,843	$ 8,009,944	6,503,818	6,958,589
Financial administration	804,180	625,375	761,673	970,040	724,512	784,393	816,386
Public safety	12,474,913	11,277,178	12,493,102	11,616,278	10,702,177	10,016,903	9,649,844
Public works	4,660,304	4,364,629	4,856,100	4,253,941	4,148,197	3,959,916	3,553,189
Public Health and Welfare	1,021,467	1,077,076	848,328	972,236	251,350	150,675	136,490
Parks and recreation	243,357	287,471	1,726,291	3,838,119	372,308	272,170	230,740
Library	732,654	732,762	814,949	814,949	784,044	771,587	743,698
Education	55,163,935	59,061,677	57,038,944	52,380,791	50,627,108	47,981,453	45,722,461
Other	583,634	3,088,676	1,208,562	993,911	2,915,125	2,599,136	2,667,443
Non-capital	-	-	-	1,600,762	2,628,117	364,438	971,021
Debt service:							
Principal	3,580,000	1,250,000	975,000	1,205,000	1,070,000	2,400,404	2,372,721
Interest	1,067,045	971,463	887,537	831,175	800,849	825,605	921,237
Other expenditures	166,023	6,748	6,680	9,027	12,830	15,123	18,476
Total expenditures	97,097,297	93,209,424	91,346,705	89,092,072	83,046,561	76,645,621	74,762,295
Excess of revenues over (under) expenditures before other financing sources (uses)	(5,900,238)	(6,822,773)	(5,599,593)	(3,418,092)	(1,527,198)	(367,093)	(1,451,650)
Other financing sources (uses)							
Transfers from other funds	46,528,885	48,187,029	52,222,869	48,080,591	46,737,894	43,302,650	40,647,055
Transfers to other funds	(46,518,885)	(48,358,573)	(52,140,756)	(48,070,591)	(46,737,894)	(43,192,932)	(40,617,055)
Sale of capital assets	-	-	16,032	25,101	503,002	-	-
Issuance of debt	8,870,000	-	5,000,000	-	5,813,192	-	-
Total other financing sources (uses)	8,880,000	(171,544)	5,098,145	35,101	6,316,194	109,718	30,000
Net change in fund balances	2,979,762	(6,994,317)	(501,448)	(3,382,991)	4,788,996	(257,375)	(1,421,650)
Fund balances - beginning	3,377,096	10,371,413	10,872,861	14,255,852	9,466,856	9,724,231	11,145,881
Fund balances - ending	6,356,858	3,377,096	10,371,413	$ 10,872,861	$ 14,255,852	$ 9,466,856	$ 9,724,231
Debt service as a percentage of noncapital expenditures	5.06%	2.53%	2.11%	2.34%	2.30%	4.39%	4.61%

Note: Information for prior years was not available

TOWN OF WEST WARWICK
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
UNAUDITED
LAST TEN FISCAL YEARS

Exhibit 5

	REAL PROPERTY		PERSONAL PROPERTY		TOTALS		Ratio of Total Assessed Value to Total Estimated Actual Value
Fiscal Year	Assessed (1) Value	Estimated Actual Value	Assessed (1) Value	Estimated Actual Value	Assessed (1) Value	Estimated Actual Value	
2001	961,244,440	961,244,440	242,510,408	242,510,408	1,203,754,848	1,203,754,848	100.00%
2002	982,393,997	982,393,997	231,552,228	231,552,228	1,213,946,225	1,213,946,225	100.00%
2003	975,061,081	975,061,081	239,641,251	239,641,251	1,214,702,332	1,214,702,332	100.00%
2004	1,079,271,240	1,079,271,240	244,247,881	244,247,881	1,323,519,121	1,323,519,121	100.00%
2005	2,023,158,630	2,023,158,630	150,111,286	150,111,286	2,173,269,916	2,173,269,916	100.00%
2006	2,049,818,810	2,049,818,810	162,356,217	162,356,217	2,212,175,027	2,212,175,027	100.00%
2007	2,265,970,667	2,265,970,667	184,464,217	184,464,217	2,450,434,884	2,450,434,884	100.00%
2008	2,545,115,776	2,545,115,776	185,862,242	185,862,242	2,730,978,018	2,730,978,018	100.00%
2009	2,584,304,380	2,584,304,380	193,933,664	193,933,664	2,778,238,044	2,778,238,044	100.00%
2010	2,587,494,570	2,587,494,570	172,808,594	172,808,594	2,760,303,164	2,760,303,164	100.00%

Notes:

(1) Gross assessments.

TOWN OF WEST WARWICK
Property Tax Rates
(Per $1000 of Assessed Value)
Last Ten Fiscal years
"Unaudited"

Exhibit 6

Fiscal Year		General Fund
2001	Real Estate	30.15
2002	Real Estate Residential	30.45
	Real Estate Residential 2 Family	32.58
	Motor Vehicles	28.47
2003	Real Estate Residential	31.24
	Real Estate Residential 2 Family	33.43
	Motor Vehicles	28.47
2004	Real Estate Residential	17.31
	Real Estate Residential 2 Family	19.65
	Real Estate Residential 3, 4, 5 Family	23.75
	Real Estate Commercial	24.80
	Motor Vehicles	28.47
2005	Real Estate Residential	17.31
	Real Estate Residential 2 Family	19.65
	Real Estate Residential 3, 4, 5 Family	23.75
	Real Estate Commercial	24.80
	Motor Vehicles	28.47
2006	Real Estate Residential	17.74
	Real Estate Residential 2 Family	24.34
	Real Estate Residential 3, 4, 5 Family	25.42
	Real Estate Commercial	20.14
	Motor Vehicles	28.47
2007	Real Estate Residential	18.63
	Real Estate Residential 2 Family	25.56
	Real Estate Residential 3, 4, 5 Family	26.69
	Real Estate Commercial	21.15
	Motor Vehicles	28.47
2008	Real Estate Residential	15.26
	Real Estate Residential 2 Family	19.68
	Real Estate Residential 3, 4, 5 Family	20.58
	Real Estate Commercial	18.79
	Motor Vehicles	28.47
2009	Real Estate Residential	15.92
	Real Estate Residential 2 Family	20.53
	Real Estate Residential 3, 4, 5 Family	21.47
	Real Estate Commercial	19.60
	Motor Vehicles	28.47
2010	Real Estate Residential	16.82
	Real Estate Residential 2 Family	21.70
	Real Estate Residential 3, 4, 5 Family	22.69
	Real Estate Commercial	20.72
	Motor Vehicles	28.47

Taken from annual certified tax role

TOWN OF WEST WARWICK
PRINCIPAL TAXPAYERS
UNAUDITED
JUNE 30, 2010

Exhibit 7

Taxpayer	Type of Business	(1) Assessed Valuation	Percentage of Total Assessed Valuation
Cox Communications of Rhode Island	Communications	$ 26,908,100	0.99%
Greenwich Place LLC	Apartments	16,646,900	0.61%
Sanrose Reality Association	Retail Stores	16,473,400	0.60%
TC Warwick LLC	Real Estate	14,922,200	0.55%
Cox Communications Inc. Tax Department	Real Estate	13,150,950	0.48%
GPT Tanglewood	Apartments	11,265,500	0.41%
Westcott Terrace Apartments	Apartments	11,038,000	0.40%
Amtrol Water Technology	Manufacturing	10,724,400	0.39%
Natco Products Corp	Retail	8,232,370	0.30%
National Grid	Utility	8,219,120	0.30%
		$ 137,580,940	5.04%
Total assessed valuation (gross)		$ 2,730,978,018	

(1) Source tax assessors office

TOWN OF WEST WARWICK
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
UNAUDITED

Exhibit 8

Fiscal Year	Taxes Levied for the Tax Year *	Current Year Tax Collections	Percent of Levy Collected	Collections in Subsequent Years	Total Collections to Date	
					Amount	Percentage of Levy
2001	35,961,707	34,210,725	95.13%	49,918	34,260,643	95.27%
2002	36,225,361	34,802,642	96.07%	78,217	34,880,859	96.29%
2003	36,892,792	35,784,050	96.99%	895,868	36,679,918	99.42%
2004	38,308,467	37,359,052	97.52%	789,390	38,148,442	99.58%
2005	40,268,761	39,364,189	97.75%	790,636	40,154,825	99.72%
2006	42,035,446	40,975,869	97.48%	916,243	41,892,112	99.66%
2007	44,588,827	43,482,303	97.52%	931,833	44,414,136	99.61%
2008	46,845,441	45,624,903	97.39%	1,189,070	46,813,973	99.93%
2009	49,395,486	47,742,663	96.65%	1,379,973	49,122,636	99.45%
2010	51,696,809	49,733,138	96.20%	-	49,733,138	96.20%

This information is taken from the tax collectors report.
* Levies are net of adjustments in the current year

TOWN OF WEST WARWICK
RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE
AND NET BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS
UNAUDITED

Exhibit 9

Fiscal Year	Population	Net Assessed Value	Gross Bonded Debt	Debt Payable from Enterprise Revenues	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita	Total Debt per Personal Income
2001	29,581	1,203,754,848	21,653,608	9,086,808	12,566,800	1.04%	424.83	*
2002	29,581	1,213,946,225	28,231,754	7,312,554	20,919,200	1.72%	707.18	*
2003	29,581	1,214,702,332	26,053,535	5,855,410	20,198,125	1.66%	682.81	*
2004	29,581	1,323,519,121	21,964,211	4,138,807	17,825,404	1.35%	602.60	*
2005	29,581	2,173,269,916	17,798,041	2,373,041	15,425,000	0.71%	521.45	*
2006	29,581	2,212,175,027	21,699,023	1,556,023	20,143,000	0.91%	680.94	*
2007	29,581	2,450,434,884	19,698,000	760,000	18,938,000	0.77%	640.21	*
2008	29,581	2,730,978,018	23,348,000	385,000	22,963,000	0.84%	776.28	*
2009	29,581	2,728,174,687	21,713,000	-	21,713,000	0.80%	734.02	*
2010	29,581	2,717,263,951	27,003,000	-	27,003,000	0.99%	912.85	*

Notes:

* Data not available at this time

Note: Amounts include only general obligation bonds for all funds. It does not include notes payable for any funds.

TOWN OF WEST WARWICK
COMPUTATION OF LEGAL DEBT MARGIN
LAST SEVEN FISCAL YEARS
UNAUDITED

Exhibit 10

Legal Debt Margin Calculation for the Fiscal Year 2010

Assessed Value (net)	$ 2,717,263,951
Debt Limit 3% of Assessed Value	81,517,919
Debt Applicable to Limit:	
Total Bonded Debt	27,003,000
Legal Debt Margin	$ 54,514,919

	2010	2009	2008	2007	2006	2005	2004
Debt Limit	$ 81,517,919	$ 81,845,241	$ 81,929,341	$ 64,381,057	$ 63,353,513	$ 62,136,365	$ 37,066,480
Total net debt applicable to limit	27,003,000	21,713,000	22,963,000	18,938,000	20,143,000	15,425,000	17,825,404
Legal debt margin	$ 54,514,919	$ 60,132,241	$ 58,966,341	$ 45,443,057	43,210,513	$ 46,711,365	$ 19,241,076
Total net debt applicable to the limit as a percentage of the debt limit	33.13%	26.53%	28.03%	29.42%	31.79%	24.82%	48.09%

Note: In 2005 the Town underwent a full property revaluation

Note: Information for prior five years was not available

TOWN OF WEST WARWICK
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES
LAST TEN FISCAL YEARS
UNAUDITED

Exhibit 11

Fiscal Year	Principal	Interest	Total Debt Service	Total General Expenditures (1)	Ratio of Total Assessed to Total Estimated Actual Value
2001	1,591,414	763,835	2,355,249	63,767,076	3.69%
2002	2,147,600	663,498	2,811,098	68,388,829	4.11%
2003	2,103,500	1,051,387	3,154,887	84,236,773	3.75%
2004	2,372,721	921,237	3,293,958	74,762,295	4.41%
2005	2,400,404	825,605	3,226,009	76,645,621	4.21%
2006	1,070,000	800,849	1,870,849	83,046,561	2.25%
2007	1,205,000	831,175	2,036,175	89,092,072	2.29%
2008	975,000	887,537	1,862,537	91,346,705	2.04%
2009	1,250,000	971,463	2,221,463	93,209,424	2.38%
2010	3,580,000	1,067,045	4,647,045	97,097,297	4.79%

Notes:

(1) Includes General, Special Revenue and Capital Project Funds.

TOWN OF WEST WARWICK
PRINCIPAL EMPLOYERS
UNAUDITED
JUNE 30, 2010

Exhibit 12

Employer	Type of Business	Number of Employees	Percentage of Total Employment
Town of West Warwick	Municipality	770	8.99%
Cox Communications	Utility	700	8.18%
Metropolitan Life Insurance Co.	Insurance	650	7.59%
Amtrol, Inc.	Manufacturing	500	5.84%
Astro-Med, Inc.	Manufacturing	350	4.09%
Original Bradford Soap Works	Manufacturing	338	3.95%

Total employment: 8,562

Unemployment rate 14.3%

WEST WARWICK PUBLIC SCHOOLS
Miscellaneous Statistics
June 30, 2010
"Unaudited"

Exhibit 13

BUILDINGS

Administration	1
Maintenance	1
Elementary Schools	3
Middle School	1
High School	1
Total	7

STUDENTS	K-5	Middle	High	Total
2010	1685	782	1079	3546
2009	1661	807	1108	3576
2008	1643	855	1139	3637
2007	1723	844	1105	3672
2006	1702	911	1103	3716
2005	1745	915	1094	3754
2004	1839	927	1055	3821
2003	1830	882	1110	3822
2002	1819	886	1090	3795
2001	1787	882	1067	3736
2000	1844	902	1055	3801
1999	1821	882	993	3696

Administrative	18.5
Certified Staff:	
Instructional	212.4
ESL	4.0
Special Education	82.6
Other (Librarians, Counselors, Nurses,	29.9
Total Certified Staff	328.9
Non- Certified Staff	
Secretary and Clerical	30.0
Building and Maintenance	26.0
Teacher Assistants	58.5
Supervisory Aides	6.0
Technicians	2.0
Bus Monitors	7.0
Attendance Officer	0.5
	130.0
Total FTE's	477.4

Data collected from School Department

TOWN OF WEST WARWICK
Miscellaneous Statistics
June 30, 2010
"Unaudited"

Exhibit 14

Founded	1652	
Town Incorporation	1913	
Type of Government	Council / Town Manager	
Fiscal Year begins	July 1	
Population	Official US Census	
	1950	19,096
	1960	21,414
	1970	24,323
	1980	27,026
	1990	29,268
	2000	29,581
Area of Town	8.2	square miles
Land Area	7.9	square miles
Miles of Streets		
Local Paved	99	
State Paved	13.5	
Private Paved	10	
Elections - November 2006		
Registered Voters		18,322
Number of Votes Cast		12,676
Percentage Voting		69%
Fire Protection		
# Fire Stations		4
Employees :	Uniformed	63
	Civilian(s)	7
Library		1
	Full Time Employees	11
	Part Time Employees	17

Data collected from various Town departments

Police Protection	
Buildings	1
Employees:	
Law Enforcement	57
Civilian	14
Crossing Guard	4
Recreation	
Parks	12
Playgrounds	5
Ball Diamonds	
Hard Ball	6
Soft Ball	4
Soccer Fields	3
Volleyball Courts	3
Skating Arenas	1
Basketball Courts	5
Walking Paths	2
Running Tracks	1
Tenis Courts	4
Historical Cemeteries	34
Municipal Buildings:	
Town Hall	1
Public Works Garage	1
Parks & Recreation	6
Other Municipal Employees:	100

TOWN OF WEST WARWICK

SINGLE AUDIT SECTION

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of West Warwick (Town), as of and for the year fiscal ended June 30, 2010, and have issued our report thereon dated February 15, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town'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's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

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

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

Compliance and Other Matter

As part of obtaining reasonable assurance about whether Town'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

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results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we reported to management of the Town in a separate letter dated February 15, 2011.

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

Parmelee, Poirier & Associates, LLP

Parmelee, Poirier & Associates, LLP
February 15, 2011

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

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

Compliance

We have audited the compliance of the Town of West Warwick (Town), with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2010. The Town'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's management. Our responsibility is to express an opinion on the Town'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'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's compliance with those requirements.

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

Internal Control Over Compliance

Management of the Town 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's internal control over compliance with the requirements that could have a direct and material effect on a major federal program

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

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

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

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

Parmelee, Poirier & Associates, LLP

Parmelee, Poirier & Associates, LLP
February 15, 2011

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

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
U.S. Department of Agriculture:			
Passed through State of Rhode Island Department of Education:			
Child Nutrition Cluster:			
National School Lunch Program	10.555	N/A	$ 616,645
School Breakfast Program	10.553	N/A	133,329
Food Donation - See Note 4	10.550	N/A	53,790
Child Nutrition Discretionary Grants Limited Availability	10.579	N/A	11,725
Fresh Fruit and Vegetable Program	10.582	N/A	13,458
Total U.S. Department of Agriculture			$ 828,947
U.S. Department of Housing and Urban Development:			
Pass-Through State of Rhode Island Division of Planning, Office of Housing and Community Development			
Community Development Block Grant/State Program	14.228	N/A	$ 494,256
Total U.S. Department of Housing and Urban Development			$ 494,256
U.S. Department of Justice:			
Direct Program:			
Title V Delinquency Prevention Program	16.548	N/A	$ 3,028
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580	N/A	4,193
Enforcing Underage Drinking Laws Program	16.727	N/A	2,622
Justice Assistance Cluster			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	149,219
ARRA-Edward Byrne Memorial Justice Assistance Grant Program	16.083	N/A	11,190
Total U.S. Department of Justice			$ 170,252
U.S. Department of Transportation:			
Pass-Through State of Rhode Island Department of Transportation, Governor's Office on Highway Safety			
Incentive Grant Program to Prohibit Racial Profiling	20.611	N/A	$ 66,715
Total U.S. Department of Transportation			$ 66,715
U.S. Department of Energy:			
Direct Program:			
Energy Efficiency And Conservation Block Grant Program	81.128	N/A	$ 9,264
Total U.S. Department of Energy			$ 9,264
U.S. Department of Education:			
Passed through State of Rhode Island Department of Education:			
Special Education Cluster:			
Title I Grants to Local Education Agencies	84.010	2725-11702-001	$ 1,081,945
ARRA-Title I Grants to Local Education Agencies	84.389	4752-10102-001	178,506
Special Education Cluster:			
Special Education Grants to States	84.027	2725-13202-001	1,039,497
Special Education Preschool Grants	84.173	2725-13502-001	32,592
ARRA-Special Education Grants to States	84.391	4572-10202-001	631,399
ARRA-Special Education Preschool Grants	84.392	4572-10802-001	3,278
Safe and Drug-Free Schools and Communities	84.186	2725-12602-001	25,086
Special Education Cluster:			
Education Technology State Grants	84.318	1420-53600-910	477,362
ARRA-Education Technology State Grants	84.318	4572-10702-030	13,200
English Language Acquisition Grants	84.365	2725-16502-001	5,296
Improving Teacher Quality State Grants	84.367	2725-16402-001	333,257
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	4572-10502-001	1,354,140
Passed through the City of Warwick Public School System State of Rhode Island			
Career and Technical Education - Basic Grants to States	84.048	2725-16502-001	31,660
Total U.S. Department of Education			$ 5,207,218
U.S. Department of Homeland Security:			
Pass-through State of Rhode Island Emergency Management Agency:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	N/A	$ 423,874
Assistance to Firefighters Grant	97.044	N/A	101,970
Homeland Security Grant Program	97.067	N/A	77,137
Total U.S. Department of Homeland Security			$ 602,981
Total Expenditures of Federal Awards			$ 7,379,633

(concluded)

TOWN OF WEST WARWICK
Schedule of Findings and Questioned Costs
For The Fiscal Year Ended June 30, 2010

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued:	Unqualified			
Internal control over financial reporting:				
Material weakness (es) identified?	____	yes	X	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?	____	yes	X	no
Significant deficiency (ies) identified that are not considered to be material weakness (es)?	____	yes	X	none reported
Type of auditor's report issued on compliance for major programs:	Unqualified			
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB circular A-133?	____	yes	X	no

Identification of major programs:

CFDA Number(s)	*Name of Federal Program or Cluster*
	Child Nutrition Cluster
10.553	School Breakfast Program
10.555	National School Lunch Program
14.228	Community Development Block Grant
	Special Education Cluster
84.010	Title I Grants to Local Educational Agencies
84.389	ARRA-Title I Grants to Local Educational Agencies
	Special Education Cluster
84.027	Special Education Grants to States
84.173	Special Education Preschool Grants
84.391	ARRA-Special Education Grants to States
84.392	ARRA- Special Education Preschool Grants
	Special Education Cluster
84.318	Education Technology State Grants
84.318	ARRA- Education Technology State Grants
84.394	ARRA-State Fiscal Stabilization Fund (SFSF)
97.036	Disaster Grants Public Assistance (Presidentially Declared Disasters)

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

Auditee qualified as low risk auditee? X yes ____ no

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

A. Significant Deficiency in Internal Control

None Reported

B. Compliance

None Reported

SECTION III – FINDINGS AND QUESTIONED COST FOR FEDERAL AWARDS

A. Findings

None Reported

B. Questioned Costs

None Reported

TOWN OF WEST WARWICK
Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2010

PRIOR YEAR FINDINGS AND QUESTIONED COST FOR FEDERAL AWARDS

A. Findings

None Reported

B. Questioned Costs

None Reported

1. **General -** The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal programs of the Town of West Warwick, Rhode Island.

2. **Basis of Accounting -** The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting.

3. **Determination of Type A, Type B and Major Programs -** The determination of Type A and Type B federal programs was based upon the expenditures for all federal programs for the Town of West Warwick. As such, the threshold for determining Type A vs. Type B programs is determined at the entity level. For the fiscal year-ended June 30, 2010, grants with expenditures exceeding $300,000 were determined to be Type A programs and all other grants were considered Type B programs. The following programs were considered major programs:

CFDA Number(s)	*Name of Federal Program or Cluster*
	Child Nutrition Cluster
10.553	School Breakfast Program
10.555	National School Lunch Program
14.228	Community Development Block Grant
	Special Education Cluster
84.010	Title I Grants to Local Educational Agencies
84.389	ARRA-Title I Grants to Local Educational Agencies
	Special Education Cluster
84.027	Special Education Grants to States
84.173	Special Education Preschool Grants
84.391	ARRA-Special Education Grants to States
84.392	ARRA- Special Education Preschool Grants
	Special Education Cluster
84.318	Education Technology State Grants
84.318	ARRA- Education Technology State Grants
84.394	ARRA-State Fiscal Stabilization Fund (SFSF)
97.036	Disaster Grants Public Assistance (Presidentially Declared Disasters)

4. **Non-Cash Assistance**

U.S.D.A. Contributions: The United States Department of Agriculture makes available commodities for donations to schools. The amount of $53,790 represents the market value of such commodities used during the period.