Comprehensive Annual Financial Report

For the year ended June 30, 2009
Prepared by:

Finance Department

Introductory Section

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(CONCLUDED)

TOWN OF WARREN

TREASURER / TAX COLLECTOR'S OFFICE

514 Main Street • Warren, RI 02885

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Cheryl L. Silva
Treasurer / Tax Collector

January 23, 2010

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

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the Town of Warren for the fiscal year ended June 30, 2009.

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

The Town of Warren's financial statements have been audited by Braver, PC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Warren for the fiscal year ended June 30, 2009, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Town of Warren's financial statements for the fiscal year ended June 30, 2009, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

Profile of the Government

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

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

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

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

Factors Affecting Financial Condition

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

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

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

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

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

Long-term financial planning. The Town Council has continued its approval for funding of capital investments, and for the maintenance of existing Town facilities. The fiscal year 2009-10 budget includes appropriations for the following projects: DPW equipment and vehicle replacement, Police Department equipment and vehicle additions, Fire Department equipment and gear purchases, Waste Water equipment and infrastructure repair as well as replacing decking at the Commercial Docks.

Cash management policies and practices. Cash temporarily idle during the year was invested in money market funds and short term certificates. Investment income includes appreciation in the fair value of investments and was less than 100 basis points during FY2009. The current economic and credit environment would not permit long term investments in non-liquid assets; thus interest and dividend earnings of less than 1% were the norm.

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

Pension and other postemployment benefits. All full-time employees of the Town are provided pension benefits through the Town's participation in the State of Rhode Island Municipal Employees Retirement System (MERS), which is an agent multiple-employer Public Employee Retirement System. Each year, an independent actuary is engaged to calculate the annual contribution that the Town must make to the MERS to ensure that the plan will be able to fully meet its obligations to retired employees. As a matter of policy, the Town fully funds each year's annual required contribution as determined by the actuary. As a result of the funding policy, the Town has succeeded as of June 30, 2009 in funding 100% of the total current-year actuarially determined contribution requirements for all employees covered by the pension plan.

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

Additional information on the Town of Warren's pension arrangements and postemployment benefits can be found in Notes 5 and 12 to the financial statements.

Awards and Acknowledgements

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

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

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

Respectfully submitted,

Cheryl L Silva
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Warren Rhode Island

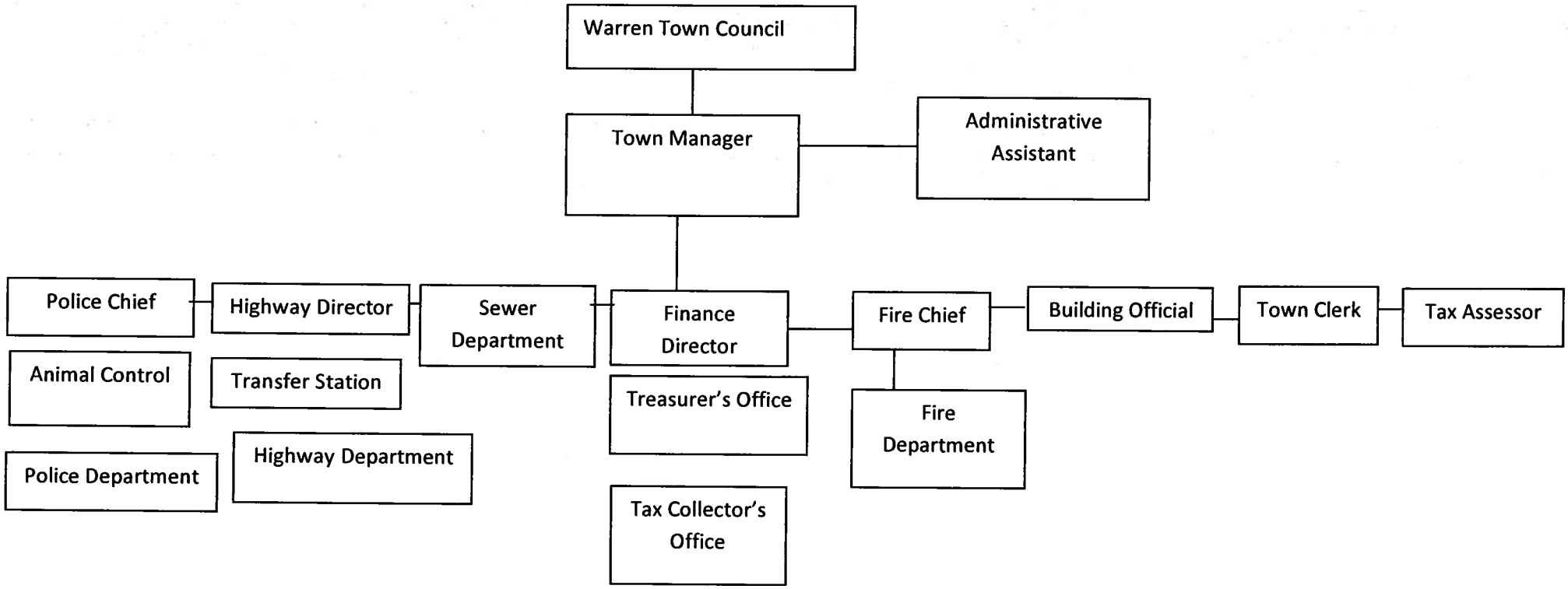
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

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

President

Executive Director

Organizational Chart – Town of Warren, RI | 2009



TOWN OF WARREN, RHODE ISLAND

JUNE 30, 2009

TOWN COUNCIL

Frank Alfano
Joseph DePasquale
David Frerichs
Cathie Tattrie
Christopher Stanley

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

Financial Section

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

Braver
Accountants & Advisors

INDEPENDENT AUDITOR'S REPORT

To the Honorable Town Council
Town of Warren, Rhode Island

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the Town of Warren, Rhode Island as of June 30, 2009, and the respective changes in financial position, and, where applicable, cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2010 on our consideration of the Town of Warren, Rhode Island's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

Braver, PC

Providence, Rhode Island
January 23, 2010

Management's Discussion and Analysis

As management of the Town of Warren, we offer readers of the Town of Warren's financial statements this narrative overview and analysis of the financial activities of the Town of Warren for the fiscal year ended June 30, 2009. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i - iv of this report.

Financial Highlights

• The assets of the Town of Warren exceeded its liabilities as of June 30, 2009, by $21,029,359 *(net* assets). Of this amount, $3,386,652 *(unrestricted net* assets) may be used to meet the government's ongoing obligations to citizens and creditors.

• The Town of Warren's total net assets decreased by $1,745,794 for the current fiscal year.

• As of June 30, 2009, the Town of Warren's governmental funds reported combined ending fund balances of $4,814,634, a decrease of $2,725,594 in comparison with the prior year.

• As of June 30, 2009, the unreserved fund balance for the general fund was $3,882,113, or approximately 16 percent of total general fund expenditures. However, $2,451,711 of this unreserved fund balance was appropriated to meet 2009-10 general fund capital expenditures.

• The Town of Warren's total debt of its governmental activities decreased by $1,510,899 (11%) during 2009. The Town paid down $1,366,439 on existing bond issues.

Overview of the Financial Statements

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

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

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

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

Both of the government-wide financial statements distinguish functions of the Town of Warren that are principally supported by taxes and intergovernmental revenues *(governmental activities)* from other functions that are intended to recover all or a significant portion of their costs through user fees and charges *(business-type activities).* The governmental activities of the Town of Warren include general government, public safety, public works, parks and recreation. The business-type activities of the Town of Warren include the jointly-managed transfer station operation.

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

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

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

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

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

The Town of Warren maintains 46 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund which is considered a major fund. Data from the remaining 45 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* later in this report.

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

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

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

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Town of Warren's programs. The fiduciary funds maintained by the Town of Warren include several private-purpose trusts and agency funds.

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 20 of this report.

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

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

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town of Warren, assets exceeded liabilities by $21,029,359 at the close of Fiscal Year ended June 30, 2009.

	Governmental Activities 2008	2009	Business-type Activities 2008	2009	Total 2008	2009	Percentage Change 2008-09
Current and other assets	$ 8,318,911	$ 5,797,394	$ 28,339	$ (46,516)	$ 8,347,250	$ 5,750,878	-31.10%
Capital assets	28,852,718	28,664,159	166,264	179,788	29,018,982	28,843,947	-0.60%
Total assets	37,171,629	34,461,553	194,603	133,272	37,366,232	34,594,825	-7.42%
Long-term debt	12,187,592	11,188,290	-	6,859	12,187,592	11,195,149	-8.14%
Other liabilities	2,384,101	2,353,322	21,485	16,995	2,405,586	2,370,317	-1.47%
Total liabilities	14,571,693	13,541,612	21,485	23,854	14,593,178	13,565,466	-7.04%
Net Assets							
Invested in capital assets	15,206,598	17,460,467	180,073	109,418	15,386,671	17,569,885	14.19%
Restricted	402,606	72,822	-	-	402,606	72,822	-81.91%
Unrestricted	6,990,732	3,386,652	(6,955)	-	6,983,777	3,386,652	-51.51%
Total net assets	$ 22,599,936	$ 20,919,941	$ 173,118	$ 109,418	$ 22,773,054	$ 21,029,359	-7.66%

The general capital assets (e.g., land, buildings, machinery, and equipment) of the governmental activities of the Town of Warren less outstanding debt equal $17,460,467. A portion of the outstanding debt of the governmental activities was incurred for the installation of infrastructure.

With the historical infrastructure costs included, the governmental activities have total net assets of $20,919,941. Included within the total net assets are capital assets of $17,460,467 and restricted net assets of $72,822 as of June 30, 2009, leaving an unrestricted balance of

Even though these net assets are available for future spending, the investment in capital assets is reported net of related debt. Resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Additional portions of the Town of Warren's net assets are also subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets or $3,386,652 may be used to meet the government's ongoing obligations to citizens or creditors.

The total net assets of the transfer station operation, reported as a business type activity, decreased by $63,700. The investment in capital assets net of related debt decreased 40% or $70,655.

Governmental activities. Governmental activities decreased the Town of Warren's net assets by $1,682,094 accounting for virtually all of the total reduction in the net assets of the Town of Warren. Much of this decrease in net assets was attributable to capital projects during the fiscal year.

Business-type activities. Business-type activities decreased the Town of Warren's net assets by $63,700. The increase in unrestricted net assets was primarily due to an increase in operating expenses.

	Governmental Activities		Business-type Activities		Total		Percentage Change
	2008	2009	2008	2009	2008	2009	2008-2009
Revenues							
Program revenues-							
Charges for services	$ 409,709	$ 338,730	$ 192,600	$ 130,426	$ 602,309	$ 469,156	-22.11%
Grants	572,802	361,618			572,802	361,618	-36.87%
General revenues-							
Property taxes	20,003,516	20,883,330			20,003,516	20,883,330	4.40%
Intergovernmental	268,087	292,756			268,087	292,756	9.20%
Licenses, fees, permits and fines	876,667	830,642			876,667	830,642	-5.25%
Investment earnings	335,082	292,249			335,082	292,249	-12.78%
Miscellaneous	121,355	128,242			121,355	128,242	5.68%
Transfers in/(out)		(500,000)				(500,000)	100.00%
Total revenues	22,587,218	22,627,567	192,600	130,426	22,779,818	22,757,993	-0.10%
Expenses							
General government	5,126,327	4,715,504			5,126,327	4,715,504	-8.01%
Town offices	765,689	794,776			765,689	794,776	3.80%
Financial administration	203,933	210,793			203,933	210,793	3.36%
Public safety	2,086,915	2,188,906			2,086,915	2,188,906	4.89%
Fire safety	636,054	659,014			636,054	659,014	3.61%
Waste water treatment	1,111,375	1,250,054			1,111,375	1,250,054	12.48%
Highway department	2,550,593	2,543,727			2,550,593	2,543,727	-0.27%
Grants and contributions	283,634	298,293			283,634	298,293	5.17%
Education	10,611,668	11,036,577			10,611,668	11,036,577	4.00%
Debt service	465,423	433,544			465,423	433,544	-6.85%
Capital and special appropriations	-	160,349			-	160,349	100.00%
Unallocated depreciation	18,125	18,124			18,125	18,124	-0.01%
Transfer station			191,777	194,126	191,777	194,126	1.22%
Total expenses	23,859,736	24,309,661	191,777	194,126	24,051,513	24,503,787	1.88%
Increase/-decrease in net assets	(1,272,518)	(1,682,094)	823	(63,700)	(1,271,695)	(1,745,794)	
Net assets - beginning, restated	23,874,553	22,602,035	172,295	173,118	24,046,848	22,775,153	
Net assets - ending	$ 22,602,035	$ 20,919,941	$ 173,118	$ 109,418	$ 22,775,153	$ 21,029,359	

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

Financial Analysis of the Government's Funds

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

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

As of June 30, 2009, the Town of Warren's governmental funds reported combined ending fund balances of $4,814,634, a decrease of $2,725,594 in comparison with the prior year. Approximately 78.9 percent or $3,797,078 constitutes unreserved and undesignated fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchase orders of the prior period, represents unexpendable inventory items, or has been designated to fund appropriations of the subsequent fiscal year.

The General *Fund is* the chief operating fund of the Town of Warren. As of June 30, 2009, the total fund balance of the general fund was $4,899,669 of which $3,882,113 was unreserved and undesignated. This unreserved fund balance represents approximately 16 percent of total general fund expenditures. Of this total fund balance, $2,451,711 was appropriated to meet 2009-10 general fund capital expenditures.

The General Fund's balance decreased by $2,235,854 in fiscal year 2009. The 2009 annual budget for the Town of Warren's general fund identified the re-appropriation of $2,401,857 in fund balance which represents capital and special appropriations carry-forwards. Actual expenditures were lower than budgeted expenditures by $24,551. Actual revenues and other sources exceeded budgeted revenues in the general fund by $69,336.

The increases in revenues were primarily associated with the receipt of sewer use fees in excess of the budget. Other smaller amounts of more then budgeted were in Docks & Moorings and Third Party Billings. Expenditures were $24,551 lower than the appropriated amounts. Public Safety and Debt Service payments exceeded their budget primarily due to overtime expenditures. Expenditures for education totaled $11,036,577 and accounted for roughly 40% of total General Fund expenditures. General Fund capital expenditures were $2,671,778 for the fiscal year, with carry-forward appropriations of $2,451,711 designated for future projects.

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

Total net assets of the Transfer Station fund at the end of the year amounted to $109,418. The total decrease in net assets was $63,700.

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

General Fund Budgetary Highlights

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

As identified earlier, actual revenues and other sources exceeded budgeted revenues by $69,336 primarily in the intergovernmental revenue, fees and permit categories. Expenditures were $24,551 in excess of appropriated amounts, with the Police Department exceeding their budget due primarily to overtime expenditures.

Capital Asset and Debt Administration

Capital assets. The Town of Warren's investment in capital assets for its governmental and business type activities as of June 30, 2009, amounts to $28,843,947 net of accumulated depreciation. This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, infrastructure, and construction in progress. The total decrease in the Town of Warren's investment in capital assets for the current fiscal year was a total of approximately $188,844 net of depreciation. Additional information on the Town of Warren's capital assets can be found in Note 4 to the financial statements, which accompany this report.

Town of Warren's Capital Assets

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

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

Long-term debt. At the end of the current fiscal year, the Town of Warren has total general obligation debt outstanding of $11,203,692 entirely backed by the full faith and credit of the government.

State statutes limit the amount of general obligation debt a governmental entity may issue to 3 percent of its total equalized valuation. As of June 30, 2009, the Town of Warren's ratio of Town Debt to net taxable valuation is 0.73%. The current debt limitation for the Town of Warren is $43,533,870, which significantly exceeds the Town of Warren's current outstanding general obligation debt.

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

Economic Factors and Next Year's Budgets and Rates

$2,451,711 of the unreserved fund balance in the general fund was appropriated for spending in the 2009-10 budget. In addition, the Town's appropriation to fund its contribution to the regional school district decreased by $697,034, or 6.3%, to $10,339,543 for the 2000-10 fiscal year.

Requests for Information

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

TOWN OF WARREN, RHODE ISLAND

Statement of Net Assets
June 30, 2009

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets			
Cash and cash equivalents	$ 5,081,573	$ (93,212)	$ 4,988,361
Investments	29,519		29,519
Receivables (net)	662,446	46,696	709,142
Inventories	17,963		17,963
Prepaid expenses	5,893		5,893
Noncurrent Assets			
Capital assets (non-depreciable)	1,387,030		1,387,030
Capital assets (net of depreciation)	27,277,129	179,788	27,456,917
TOTAL ASSETS	34,461,553	133,272	34,594,825
LIABILITIES			
Current liabilities			
Accounts payable	562,217	4,182	566,399
Accrued expenses	108,089	2,677	110,766
Unearned/deferred revenue	227,191		227,191
Current portion of long-term liabilities	1,455,825		1,455,825
Noncurrent liabilities			
OPEB liabilities (net)	508,894		508,894
Long-term liabilities (net)	10,679,396	16,995	10,696,391
TOTAL LIABILITIES	13,541,612	23,854	13,565,466
NET ASSETS			
Invested in capital assets, net of related debt	17,460,467	109,418	17,569,885
Restricted for permanent trust funds	72,822		72,822
Unrestricted	3,386,652	-	3,386,652
TOTAL NET ASSETS	$ 20,919,941	$ 109,418	$ 21,029,359

See Notes to Financial Statements

TOWN OF WARREN, RHODE ISLAND

Statement of Activities
For the year ended June 30, 2009

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities	Net (Expense) Revenue and Changes in Net Assets: Business-type Activities	Net (Expense) Revenue and Changes in Net Assets: Total
Governmental activities:						
General government	$ 4,715,504	$ 102,606	$ 212,340	$ (4,400,558)		$ (4,400,558)
Town offices	794,776			(794,776)		(794,776)
Financial administration	210,793			(210,793)		(210,793)
Public safety	2,188,906	1,500	143,278	(2,044,128)		(2,044,128)
Fire safety	659,014		4,000	(655,014)		(655,014)
Waste water treatment	1,250,054	234,624		(1,015,430)		(1,015,430)
Highway department	2,543,727		2,000	(2,541,727)		(2,541,727)
Grants and contributions	298,293			(298,293)		(298,293)
Education	11,036,577			(11,036,577)		(11,036,577)
Interest on long-term debt	433,544			(433,544)		(433,544)
Capital and special approp.	160,349			(160,349)		(160,349)
Unallocated depreciation	18,124			(18,124)		(18,124)
Total governmental activities	24,309,661	338,730	361,618	(23,609,313)		(23,609,313)
Business-type activity:						
Transfer station	194,126	130,426			$ (63,700)	(63,700)
Totals	$ 24,503,787	$ 469,156	$ 361,618	(23,609,313)	(63,700)	(23,673,013)
General revenues:						
Property taxes				20,883,330		20,883,330
Intergovernmental				292,756		292,756
Licenses, fees, permits and fines				830,642		830,642
Investment earnings				292,249		292,249
Miscellaneous				128,242		128,242
Transfers in/(out)				(500,000)		(500,000)
Total general revenues				21,927,219	-	21,927,219
Change in Net Assets				(1,682,094)	(63,700)	(1,745,794)
Net Assets - beginning, as restated				22,602,035	173,118	22,775,153
Net Assets - ending				$ 20,919,941	$ 109,418	$ 21,029,359

See Notes to Financial Statements

Balance Sheet
Governmental Funds
June 30, 2009

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:			
Cash and cash equivalents	$ 5,176,408	$ (94,835)	$ 5,081,573
Investments		29,519	29,519
Receivables (net)	579,195	83,251	662,446
Inventories	17,963		17,963
Due from federal & state	5,893		5,893
TOTAL ASSETS	5,779,459	17,935	5,797,394
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	555,655	6,562	562,217
Deferred revenue	324,135	96,408	420,543
TOTAL LIABILITIES	879,790	102,970	982,760
FUND BALANCES:			
Reserved for inventory	17,963		17,963
Reserved for encumbrances	999,593		999,593
Unreserved:			
Designated for subsequent expenditure	2,451,711		2,451,711
Reported in General Fund	1,430,402		1,430,402
Reported in special revenue funds		(157,857)	(157,857)
Reported in capital project funds		-	-
Reported in permanent trust funds		72,822	72,822
TOTAL FUND BALANCES	4,899,669	(85,035)	4,814,634
TOTAL LIABILITIES AND FUND BALANCES	$ 5,779,459	$ 17,935	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	28,664,159
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	(12,135,221)
Accrued interest related to issuance of long-term liabilities.	(108,089)
Accrual of net OPEB obligation	(508,894)
Deferred revenues (net of an allowance for uncollectables) are recorded in the funds, but are not deferred under the measurement focus employed in the Statement of Net Assets	193,352
Net Assets of governmental activities	20,919,941

See Notes to Financial Statements

TOWN OF WARREN, RHODE ISLAND

Statement of Revenues and Other Financing Sources, Expenditures and Other Financing Uses
For the year ended June 30, 2009

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues			
General property taxes	$ 19,451,101	$ -	$ 19,451,101
Interest and investment income	301,197	(8,948)	292,249
Licenses, fees, permits and fines	818,925	11,717	830,642
Water and sewer use fees	68,754	-	68,754
Intergovernmental	1,756,079	509,714	2,265,793
Other	121,172	7,070	128,242
Total revenues	22,517,228	519,553	23,036,781
Expenditures			
Current:			
General government	3,087,401	628,460	3,715,861
Town offices	794,776		794,776
Financial administration	210,793		210,793
Public safety	2,063,636	61,638	2,125,274
Fire safety	418,627	71,331	489,958
Waste water treatment	1,139,301	58,403	1,197,704
Highway department	1,667,864		1,667,864
Grants and contributions	298,293		298,293
Education	11,036,577		11,036,577
Costs of collection	30,581		30,581
Debt Service:			
Principal	1,366,439		1,366,439
Interest and other costs	447,725		447,725
Capital:			
Capital and special appropriations	1,686,335	194,195.00	1,880,530
Total expenditures	24,248,348	1,014,027	25,262,375
Excess of revenues over (under) expenditures before transfers	(1,731,120)	(494,474)	(2,225,594)
Other financing sources/uses			
Transfers in	-	14,344	14,344
Transfers out	(504,734)	(9,610)	(514,344)
Net other financing sources/uses	(504,734)	4,734	(500,000)
Net Change in Fund Balances	(2,235,854)	(489,740)	(2,725,594)
Fund balance - beginning of the year	7,135,523	404,705	7,540,228
Fund balance - end of the year	$ 4,899,669	$ (85,035)	$ 4,814,634

See Notes to Financial Statements

TOWN OF WARREN, RHODE ISLAND

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds (B-2) to the Statement of Activities (A-2)
For the year ended June 30, 2009

Net change in fund balances - total governmental funds (B-2)	$ (2,725,594)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period	(188,559)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences.	1,525,080
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds	90,786
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds	(383,807)
Change in Net Assets of Governmental Activities in the Statement of Activities (A-2)	$ (1,682,094)

See Notes to Financial Statements

TOWN OF WARREN, RHODE ISLAND

Statement of Net Assets
Proprietary Fund
For the year ended June 30, 2009

	Business-type Activity Transfer Station
ASSETS	
Current assets:	
Cash and cash equivalents	$ (93,212)
Receivables (net)	46,696
	(46,516)
Capital assets (net)	179,788
TOTAL ASSETS	133,272
LIABILITIES	
Current liabilities:	
Accounts payable	4,182
Accrued expenses	2,677
Compensated absences	16,995
TOTAL LIABILITIES	23,854
NET ASSETS	
Invested in capital assets	109,418
Unrestricted	-
TOTAL NET ASSETS	$ 109,418

See Notes to Financial Statements

TOWN OF WARREN, RHODE ISLAND

Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Fund
For the year ended June 30, 2009

	Business-type Activity Transfer Station
Operating Revenues:	
Charges for usage and service	$ 130,426
Operating Expenses:	
Salaries	68,849
Other expenses	124,992
Depreciation	285
Total Operating Expenses	194,126
Income from operations	(63,700)
Net assets - beginning of the year	173,118
Net assets - end of the year	$ 109,418

See Notes to Financial Statements

TOWN OF WARREN, RHODE ISLAND

Statement of Cash Flow
Proprietary Fund
For the year ended June 30, 2008

	Business-type Activity Transfer Station
Cash flows from operating activities:	
Cash received from customers	$ 112,069
Cash paid to suppliers	(122,623)
Cash paid to employees	(68,849)
Cash due to other funds	(13,809)
Net cash (used for) operating activities	(93,212)
Net (decrease) in cash	(93,212)
Cash, beginning of the year	-
Cash, end of the year	$ (93,212)

Reconciliation of net income to net cash provided by operating activities:

Income (loss) from operations	$ (63,700)
Adjustments to reconcile:	
Depreciation	285
(Increase) decrease in receivables	(18,357)
Increase (decrease) in due to other funds	(13,809)
Increase (decrease) in accounts payable	(517)
Increase (decrease) in accrued expenses	440
Increase (decrease) in compensated absences	2,446
Net cash (used for) operating activities	$ (93,212)

See Notes to Financial Statements

TOWN OF WARREN, RHODE ISLAND

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

	Private-Purpose Trusts	OPEB Trust Fund	Agency Funds
ASSETS			
Cash	$ 110,485	$ 713,745	$ 50,278
Investments	527,700		
Accounts receivable			38,055
Total Assets	638,185	713,745	88,333
LIABILITIES			
Accrued payroll			13,128
Deposits Held in Custody for Others			75,205
Total Liabilities	-	-	$ 88,333
NET ASSETS			
Held in Trust for private purposes	$ 638,185	$ 713,745	

See Notes to Financial Statements

TOWN OF WARREN, RHODE ISLAND

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

	Private-Purpose Trusts	OPEB Trust Fund
ADDITIONS:		
Investment income	$ (162,912)	$ 13,233
Contributions to trust fund		
Total additions	(162,912)	13,233
DEDUCTIONS:		
Portfolio management fees	10,554	
OTHER FINANCING SOURCES/USES		
Transfers in		500,000
CHANGE IN NET ASSETS	(173,466)	513,233
Net Assets - beginning	811,651	200,512
Net Assets - ending	$ 638,185	$ 713,745

See Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

As a general rule the effect of Interfund activity has been eliminated from the government-wide financial statements. The exceptions to this rule are the charges between the transfer station enterprise fund and the general fund, as elimination of these charges would improperly distort the direct costs and operating revenues reported for the functions concerned.

Reporting Entity

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

Beginning with the November 1996 election, terms of the elected officials were staggered and with the November 1998 election, all members serve a four-year term. The Town Council is granted all powers to enact, amend or repeal ordinances relating to the Town's property, affairs and government, including the power to create offices, departments or agencies of the Town, preserving the public peace, health and safety, establishing personnel policies, giving effect to any vote of the Financial Town Meeting authorizing the issuance of bonds and providing for an annual audit of the Town's accounts.

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

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

Test 1 – The primary government appoints the voting majority of the board of the potential component unit and is able to impose its will on the potential component unit and/or is in a relationship of financial benefit or burden with the potential component unit;

Test 2 – The potential component is fiscally dependent upon the primary government; or

Test 3 – The financial statements would be misleading if data from the potential component unit were not included

(CONTINUED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Transfer Station

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

Recently Issued Accounting Standards

- ✓ The Town has implemented GASB Statement No. 49 – Accounting and Financial Reporting for Pollution Remediation Obligations. The Town did not recognize an impact from this statement as of June 30, 2009.

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

- ✓ GASB Statement No. 51 – Accounting and Financial Reporting for Intangible Assets, effective for the Town's fiscal year end June 30, 2010. The impact of these pronouncements on the Town's financial statements has not been determined.
- ✓ GASB Statement No. 53 – Accounting and Financial Reporting for Derivative Instruments, effective for the Town's fiscal year end June 30, 2010. The impact of these pronouncements on the Town's financial statements has not been determined.
- ✓ GASB Statement No. 54 - Fund Balance Reporting and Governmental Fund Type Definitions, effective for the Town's fiscal year ending June 30, 2011.

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

(CONTINUED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

Government-Wide Financial Statements

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

Fund Financial Statements

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

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

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

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

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

Special Revenue Funds

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

Capital Project Fund

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

(CONTINUED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Permanent Funds

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

Proprietary Fund

Proprietary funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

Fiduciary Funds (Not included in government wide statements)

Agency Funds

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

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

Private-purpose Trust Funds

Private-purpose trust funds are used to account for resources legally held in trust for use by parties outside of the Town, and can not be used at the Town's discretion or to support the Town's general operations. These trusts are for the benefit of local educational organizations, social benefit groups, and other private parties.

OPEB Trust Fund

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

Major and Non-Major Funds

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

Fund	Brief Description
Major:	
General Fund:	See above for description
Proprietary Fund:	See above for description

(CONTINUED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-Major:

Special Revenue Funds:	Enterprise Zone, Senior Center, Pump Out Station, Police Phone Grant, Rescue Equipment, Guy Buy Back, Accident Reconstruction Grant, Recycling Grant, Historical Street Signs, ACO Donations, Children's Crusade Fund, Cops that Care, Social Services Donation, Warren Beautification Donation, Cops Technology, Town Beach Storm water, Homestead Park Fund, Revaluation Fund, Animal Spading, CDBG Loan Repayment, Police Bicycle Patrol Grant, AFIS Live Scan Fed Grant, RI Byrnes Justice Grant, Memorial Tree Fund, Sewer Project - EPA, Transient Dock Grant, Summer Concerts, Fire Department Reserve, Jamiel's Park Chafee, Homeland Security, Substance Abuse, Fire Inspections, Jamiel's Park Grant, Fire State Med's Plan, Police Forfeiture, Industrial Pretreatment, Veterans Honor Roll, Government Center, Pagers & Radios Fire, Narcotics, and Employee Charity Fund.
Capital Project Fund:	See above for description
Permanent Funds:	Sarah B. Burtis Fund, Police Trust, and Town Trust.

Measurement Focus

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

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

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

(b) The proprietary fund and private purpose trust funds utilize "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of net income, financial position and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Fund equity is classified as net assets.

(c) Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

(CONTINUED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

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

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. The major revenue sources that is susceptible to accrual is property tax revenue. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available". Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period within 60 days thereafter to pay current liabilities. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

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

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

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

Assets, Liabilities, and Fund Equity

Cash

Cash and cash equivalents are carried at cost. Cash equivalents are all highly liquid investments with a maturity of three months or less when purchased. Substantially, all of the Town's cash and cash equivalents are held in public deposit institutions, except for $525 in unsecured petty cash. Town pools cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. Cash in excess of current requirements is invested in short-term treasury securities or as disclosed as part of the Town's investments.

Investments

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

(CONTINUED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Fund Equity (Continued)

Accounts Receivable

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. The allowance for uncollectible accounts receivable amounted to $160,000 at June 30, 2009. Major receivable balances for the governmental activities include property taxes (68% of balance) and intergovernmental grants and aid (32% of balance). Business-type activities report service fees as its major receivables.

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

Accounts Payable

Payable balances consist primarily of payables to vendors, with the following exception: payables in the general fund include approximately $189,000 of accrued salaries and benefits to employees.

Property Taxes

Real and personal property taxes are based on values assessed as of each December 31 (lien date) and attach as an enforceable lien on property as of July 1 (levy date). Taxes are due and payable in quarterly installments on the August 1, November 1, February 1, and May 1 following the levy date. Taxes due and unpaid after the respective dues dates are subject to interest and penalties. The Town has the ultimate right to foreclose on property for which taxes have not been paid by the following July 1 when the next year's tax is levied. Property taxes levied are recorded as receivables in the fiscal year of the levy. Property tax revenues are recorded in accordance with the modified accrual basis of accounting.

Inventory

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

Prepaids

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

(CONTINUED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Fund Equity (Continued)

Property, Plant and Equipment

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

Government-Wide Statements

In the government-wide financial statements, long-lived assets are accounted for as capital assets. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets, which are recorded at their estimated fair value at the date of donation. Estimated historical cost was used to value the majority of the assets acquired prior to June 30, 1993.

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

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

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

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

Fund Financial Statements

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

Deferred Revenues

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

(CONTINUED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Fund Equity (Continued)

Interfund Transactions

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

- Reciprocal interfund activities:
  - Interfund loans are reported as interfund receivables in the lending fund and interfund payables in borrower funds.
  - Interfund services are reported as revenues in the seller fund and as expenditures or expenses in the purchasing fund.
- Non-reciprocal interfund activities:
  - Interfund transfers are reported in governmental funds as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers. In proprietary funds transfers are reported after nonoperating revenues and expenses.
  - Interfund reimbursements are repayments from the fund responsible for particular expenditures or expenses to other funds that initially paid for them. Reimbursements are not displayed separately within the financial statements.

Equity Classifications

Government-Wide Statements

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

(a) Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

(b) Restricted net assets - Consists of net assets with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.

(c) Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

(CONTINUED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Fund Equity (Continued)

Fund Statements

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

Compensated Absences

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

Town (including enterprise fund)

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

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

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

Police

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

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

(CONTINUED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Fund Equity (Continued)

Reconciliation of Government-wide and Fund Financial Statements

The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities are not due and payable in the current period and therefore are not reported in the funds." The details of this ($12,135,221) difference are as follows:

Bonds payable	($11,203,692)
Compensated absences	(931,529)
Total	($12,135,221)

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense." The details of this $188,559 difference are as follows:

Capital outlays (net of disposals)	($1,908,740)
Depreciation expense	1,720,181
Net adjustment	$ (188,559)

Another element of that reconciliation states that "the issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net assets." The details of this $1,525,080 difference are as follows:

Change in interest accrued	$ 14,181
Reversal of legal contingency	155,000
Increase in compensated absences	(10,540)
Principal repayments	1,366,439
Net adjustment	$ 1,525,080

Another element of that reconciliation states that "Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The detail of this $383,807 difference is the accrual for OPEB liabilities (net).

(CONTINUED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Fund Equity (Continued)

Another element of that reconciliation states that, "Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds." The details of this $90,786 difference are as follows:

Deferred revenue - beginning	$(130,783)
Deferred revenue – ending	221,569
Net difference	$ 90,786

2. BUDGETARY AND LEGAL COMPLIANCE

Budgetary Data

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

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

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

Excess of Expenditures Over Appropriations

For the year ended June 30, 2009, expenditures exceeded budget at the department level as follows:

Department	Excess
Public Safety	$115,597

(CONTINUED)

3. CASH AND INVESTMENTS

Deposits

Deposits are in various financial institutions and are carried at cost, which approximates market value. The carrying amount of deposits is separately displayed on the balance sheet as "Cash" and includes $625 of petty cash.

At year-end, the Town's carrying amount of deposits was $5,862,869 and the bank balance was $5,983,063. Of the bank balance, $3,795,554 was covered by Federal Depository Insurance. The remaining balance, $2,187,509 was collateralized with securities held by the pledging financial institution, or its trust department or agent but not in the Town's name.

Custodial Credit Risk-Deposits

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

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

Credit Risk. As of June 30, 2009, the Town's investments in Money Markets are not rated, as the fund invests in short-term Government obligations and other instruments collateralized or secured by U.S. Treasury obligations. The U.S. Treasury does not directly or indirectly insure or guarantee the performance of the fund. Treasury obligations have historically involved minimal risk of loss if held to maturity. However, fluctuations in market interest rates may cause the value of Treasury obligations in the Fund's portfolio to fluctuate.

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

Investments

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

(CONTINUED)

3. CASH AND INVESTMENTS (Continued)

Investments (continued)

At June 30, 2009, the Town held the following investments:

Description	Maturity	Market Value
American Express	05/02/2013	$ 34,754
Bank America	11/15/2014	18,803
Boeing Co.	02/15/2012	27,433
Citigroup, Inc.	05/07/2015	12,253
Emerson Electrical Co.	11/01/2011	10,770
Federal Farm Cr	01/12/2016	20,125
Federal Farm Cr	01/18/2011	16,106
Federal Farm Ln	07/08/2024	19,878
Merck & Co., Inc.	03/01/2015	26,119
WM Wrigley, Jr. Co.	07/15/2010	24,938
U.S. Treasury Notes - 4.250%	10/15/2010	26,159
Common Stocks	N/A	319,881
Total		$ 557,219

Interest Rate Risk

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

Description	Interest Rate	Maturity	Market Value
American Express	5.875%	05/02/2013	$ 34,754
Bank America	5.125%	11/15/2014	$ 18,803
Boeing Co.	6.500%	02/15/2012	$ 27,433
Citigroup, Inc.	4.875%	05/07/2015	$ 12,253
Emerson Electrical Co.	5.750%	11/01/2011	$ 10,770
Merck & Co., Inc.	4.750%	03/01/2015	$ 26,119

Credit Risk

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

Description	Standard & Poors	Moody's Investor Service
American Express	A2	A2
Bank America	A2	A2
Boeing Co.	A2	A2
Citigroup, Inc.	A-	BAA1
Emerson Electrical Co.	A	A2
Merck & Co., Inc.	AA-	AA3
WM Wrigley, Jr. Co.	not rated	not rated

(CONTINUED)

3. CASH AND INVESTMENTS (Continued)

Concentration of Credit Risk

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

Description	Percentage of Total Investments
General Electric	5.90%
TXU Corp.	7.42%

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

4. CAPITAL ASSETS

Activity for governmental activity capital assets is summarized below:

Governmental activity capital assets	Balances June 30, 2008	Additions	Deductions	Balances June 30, 2009
Land (not being depreciated)	$ 1,078,597	$ -	$ -	$ 1,078,597
Construction in progress (not being depreciated)	87,249	212,184		299,433
Buildings and land improvements	15,096,480	171,304		15,267,784
Motor Vehicles	2,845,451	883,563		3,729,014
Equipment	9,512,635	291,008	71,280	9,732,363
Infrastructure	34,469,948	233,402		34,703,350
Total Cost	63,090,360	1,791,461	71,280	64,810,541
Less: accumulated depreciation:				
Buildings and improvements	(9,056,864)	(309,975)		(9,366,839)
Motor Vehicles	(1,858,852)	(284,218)		(2,143,070)
Equipment	(7,277,595)	(231,876)		(7,509,471)
Infrastructure	(16,044,331)	(1,082,671)		(17,127,002)
Total accumulated depreciation	(34,237,642)	(1,908,740)	-	(36,146,382)
Net capital assets	$ 28,852,718	$ (117,279)	$ 71,280	$ 28,664,159

(CONTINUED)

4. CAPITAL ASSETS (Continued)

Activity for the Proprietary Fund capital assets is summarized below:

	Balances June 30, 2008	Additions	Deductions	Balances June 30, 2009
Business activity capital assets				
Vehicles	$ 73,952	$ -	$ -	$ 73,952
Equipment and Trailers	318,830			318,830
Total Cost	392,782	-	-	392,782
Less: accumulated depreciation				
Vehicles	(47,542)			(47,542)
Equipment and Trailers	(165,167)	(285)		(165,452)
Total accumulated depreciation	(212,709)	(285)	-	(212,994)
Net Proprietary Fund Assets	$ 180,073	$ (285)	$ -	$ 179,788

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

Governmental activities:	
General government	$ 729,715
Public Safety	63,632
Fire Safety	169,056
Waste Water Treatment	52,350
Highway Department	875,863
Unallocated	18,124
Total	$ 1,908,740
Business-type activity:	
Transfer Station	$ 285

5. OTHER POST EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 12, the Town provides postemployment benefits (health insurance) in accordance with union contract provisions. For the year ended June 30, 2009, four (5) municipal retirees met the eligibility requirements for Town provided coverage. The Town pays 100% of the cost of these benefits on a pay-as-you-go basis, which amounted to approximately $61,252.

The accrual basis of accounting is used. The Town's annual other post employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the Town (ARC). The Town has engaged an actuary to calculate the ARC and related information per the provisions of GASB Statement 45 for employers with plans including more than 100 total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the components of the Town's annual OPEB cost for the year ended June 30, 2009, the amount actually contributed to the plan, and the Town's net OPEB obligation to the plan as of June 30, 2009.

(CONTINUED)

5. OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Annual OPEB Cost	Year ended June 30, 2009
Normal Cost	$ 391,647
Amortization of UAAL	(12,843)
Interest	5,003
Annual Required Contribution (expense)	383,807
Net OPEB obligation (expense) at beginning of year	125,087
Net OPEB obligation (expense) at end of year	$ 508,894

Town contributions to the plan for the year ended June 30, 2009 represented 0% of annual OPEB expense, of $383,807. The difference represents the Town's OPEB obligation to the plan and has been accrued as an expense in the government-wide financial statements.

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

Funding Policy

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

Funded Status of Plan

The required supplementary information which follows the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Listed below are the details of the funding progress of the General Municipal Employees' Pension Plan with a valuation date of June 30, 2007 which is the most recent report available from the State who administers this plan:

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

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

(CONTINUED)

5. OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

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

- Valuation date – June 30, 2007
- Discount rate - 4.00%
- Participation - All eligible retirees are assumed to elect medical and dental coverage.
- Payroll Growth Rate - 3.50%
- Amortization Period - 10 years
- Amortization Method - Level Percent of Payroll Amortization
- Age Adjustment Factor - 55

6. DEFERRED REVENUES

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

Property taxes receivable (net)	$ 454,918
Less: current year 60 day accrual	(130,783)
Total deferred tax revenue	$ 324,135

(CONTINUED)

7. LONG-TERM DEBT

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

	Date of Issue	Amount Issued	Interest Rate	Maturity Date	Balance Outstanding June 30, 2008	Additions	Retirements	Balance Outstanding June 30, 2009	Current Portion
Government Center	04/01/02	$ 1,029,000	4.25%	12/1/89-10	$ 245,000	$ -	$ 125,000	$ 120,000	$ 120,000
Public improvements	04/01/02	$ 1,800,000	1.27%	9/1/03-22	1,445,888		77,439	1,368,449	77,429
Public improvements	08/15/02	$ 805,000	4.64%	1/15/03-22	635,000		35,000	600,000	35,000
Public improvements	07/15/02	$ 3,195,000	3.75-4.88%	7/15/02-22	2,100,000		150,000	1,950,000	150,000
Public improvements	08/15/04	$ 725,000	0.05	8/15/05-24	605,000		40,000	565,000	40,000
Public improvements	04/26/05	$ 919,243	3.50%-5.0%	4/15/06-10	371,243		185,000	186,243	186,243
Public improvements	12/15/05	$ 905,000	1.11%-1.56%	9/1/06-25	828,000		39,000	789,000 *	39,000
Public improvements	02/15/06	$ 1,010,000	3.95%	2/15/06-11	600,000		200,000	400,000	200,000
Public improvements	02/15/06	$ 310,000	3.95%	2/15/06-26	270,000		15,000	255,000	15,000
Public improvements	05/07/07	$ 1,690,000	4.05%	5/15/08-27	1,585,000		105,000	1,480,000	105,000
Public improvements	05/01/08	$ 3,885,000	0.04	5/15/09-28	3,885,000		395,000	3,490,000	395,000
Total general obligations bonds					12,570,131	-	1,366,439	11,203,692	1,362,672
Contingent Liability					155,000		155,000	-	-
Compensated Absences					920,989	10,540		931,529	93,153
Total long-term debt					$ 13,646,120	$ 10,540	$ 1,521,439	$ 12,135,221	$ 1,455,825

* As of June 30, 2009, $289,573 remains in custody of funding agency and is available for future draw downs.

Total interest expense paid on long term debt for the year ended June 30, 2009 was approximately $439,000

(CONTINUED)

7. GENERAL LONG-TERM DEBT (Continued)

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

		Amount	Percent
Public improvements	$	11,083,692	91.3%
Government Center		120,000	1.0%
Compensated absenses		931,529	7.7%
Total	$	12,135,221	100%

The ratio of Town debt to net taxable valuation at June 30, 2009 was as follows:

Net taxable valuation	$1,451,129,017
Town debt outstanding	$ 12,135,221
Ratio of Town debt to net taxable valuation	.84%

Schedule of long-term bond and debt requirements:

Fiscal Year Ended		Principal		Interest		Total
2010	$	1,366,047	$	397,224	$	1,763,271
2011		1,053,240		347,368		1,400,608
2012		865,749		311,711		1,177,460
2013		834,338		283,024		1,117,362
2014		578,005		255,539		833,544
2015-2019		2,988,956		972,213		3,961,169
2020-2024		2,606,357		420,764		3,027,121
2025-2028		911,000		76,008		987,008
	$	11,203,692	$	3,063,851	$	14,267,543

8. RESTATEMENTS

Net assets at June 30, 2008 have been restated for the reclassification of fund types utilized in last year's issued financial statements. The details of the restatements and impact on net assets are as follows:

Statement of Net Assets – Governmental Activities

Net assets at June 30, 2008, as originally stated	$22,599,936
Understatement of fund balance due to misstatement of trust fund	2,099
Net assets at June 30, 2008, as restated	$22,602,035

Statement of Net Assets – Private Purpose Trusts

Net assets at June 30, 2008, as originally stated	$813,926
Overstatement of fund balance due to misstatement of fund	(2,275)
Net assets at June 30, 2008, as restated	$811,651

(CONTINUED)

9. NET ASSETS

a) Fund Deficits

The following individual funds had deficit fund equity balances as of June 30, 2009:

Enterprise Zone	$2,288
Pump Out Station	$13,337
Cops Technology Grant	$1,233
Town Beach Stormwater	$30,574
Homestead Park Fund	$17,847
Revaluation Fund	$23,674
RI State Byrnes Justice Grant	$4,097
Jamiel's Park Chafee	$7,786
Jamiel's Park Grant	$67,849
Community Development Block Grant	$94,614

b) Reserves/Designated Fund Balances

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

	General Fund	Trust Funds
Reserved for encumbrances	$ 999,593	$ -
Reserved for inventory	17,963	
Reserved for nonexpendable bequests		673,519
Designated for expenditures	2,451,711	
Unreserved	1,430,402	
Total	$ 4,899,669	$ 673,519

(c) Transfers In and Out

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

	Transfers In	Transfers Out
General Fund		$ 504,734
Childrens Crusade		3,844
Substance Abuse	3,844	
Police Forfeiture		3,864
Industrial Pretreatment		1,902
Narcotics	5,766	
Town Trust	4,734	
OPEB Trust Fund	500,000	
Total	$ 514,344	$ 514,344

(CONTINUED)

9. NET ASSETS

a) Fund Deficits

The following individual funds had deficit fund equity balances as of June 30, 2009:

Enterprise Zone	$2,288
Pump Out Station	$13,337
Cops Technology Grant	$1,233
Town Beach Stormwater	$30,574
Homestead Park Fund	$17,847
Revaluation Fund	$23,674
RI State Byrnes Justice Grant	$4,097
Jamiel's Park Chafee	$7,786
Jamiel's Park Grant	$67,849
Community Development Block Grant	$94,614

b) Reserves/Designated Fund Balances

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

	General Fund	Trust Funds
Reserved for encumbrances	$ 999,593	$ -
Reserved for inventory	17,963	
Reserved for nonexpendable bequests		673,519
Designated for expenditures	2,451,711	
Unreserved	1,430,402	
Total	$ 4,899,669	$ 673,519

(c) Transfers In and Out

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

	Transfers In	Transfers Out
General Fund	$ -	$ 504,734
Childrens Crusade		3,844
Substance Abuse	3,844	
Police Forfeiture		3,864
Industrial Pretreatment		1,902
Narcotics	5,766	
Town Trust	4,734	
OPEB Trust Fund	500,000	
Total	$ 514,344	$ 514,344

(CONTINUED)

10. RISK MANAGEMENT

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

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

11. CONTINGENCIES AND COMMITMENTS

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

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

The Town has a commitment to fund its proportionate share of the 2009-2010 budget of the Bristol-Warren Regional School District in the amount of $10,794,979.

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

12. PENSION PLAN

Plan Description

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

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

(CONTINUED)

12. PENSION PLAN (Continued)

Plan Description (Continued)

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

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

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

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

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

As of June 30, 2008, employee membership data related to the pension plan was as follows:

	General Employees	Police/Fire	Total
Active member	42	24	66
Retired member	51	25	76
	93	49	142

(CONTINUED)

12. PENSION PLAN (Continued)

Summary of Significant Accounting Policies

Basis of Accounting

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

GASB No. 25 and GASB No. 27

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

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

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

Method Used to Value Investments

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

Mortgage – Backed Securities

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

Investments

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

(CONTINUED)

12. PENSION PLAN (Continued)

Administration of the System

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

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

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

Funding Policy

Section 45-21-41 of the Rhode Island General Laws requires that employees contribute a fixed percentage of their compensation to the MERS. For the year ended June 30, 2009, this percentage was 7.0% for general employees, 9.0% for firemen and 9.0% for police under the elected option. Section 45-21-42 of the Rhode Island General Laws contains the contribution requirements for participating employers. These rates are actuarially determined for each participating employer on an annual basis in accordance with Section 45-21-42 of the Rhode Island General Laws. For the year ended June 30, 2009, the actuarially determined contribution rates for the Town were 13.88% of covered payroll for general employees, 26.11% of covered payroll for police and firemen.

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

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

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

For the year ended June 30, 2009, the Town's total payroll was approximately $3,257,142 and the Town's contribution to the MERS was based on covered approximate payroll of $1,680,559 for general employees, $1,567,842 for police and fire.

The total contribution made to MERS during fiscal year 2009 amounted to $888,048 of which $609,442 was made by the Town and $245,547 was made by employees. These employee contributions represented 7.0% (Town), and 9.0% (Fire).

(CONTINUED)

12. PENSION PLAN (Continued)

Annual Pension Cost

For fiscal year 2009, the Town's annual pension cost of $609,442 for MERS was equal to the Town's required and actuarial contributions. The required contribution was determined as part of the June 30, 2008 actuarial valuation using the entry age normal cost method, and "Level Percentage Closed" amortization method. Significant actuarial assumptions used in that valuation include (a) 8.25% annual percent rate of return on investments, compounded annually; (b) projected annual salary increases of 4.5% to 9.0% (5.00% to 15.50% for Police and Fire), compounded annually; (c) mortality rates based on the 1994 group annuity mortality table; (d) a retirement age of 65 for general employees and 60 for police and fire personnel, or completion of service requirement, if later. For police and fire departments electing the 20 year service plan with unreduced 15% of all disabilities are considered occupational for general employees and 50% of disabilities are considered occupational for police and firemen; (f) 3% cost of living adjustment, not compounded, beginning January 1 following a participant's retirement; (g) the actuarial value of assets spreads investment gains and losses relative to the assumed return of 8%, over a three year period; (h) unknown employee characteristics are estimated using a bond-type averaging method, and; (i) inflation rate of 3.75%. Due to large fluctuations in contribution rates, the Retirement Board adopted a procedure which allows an employer the option of paying a contribution rate equal to the previous year's rate plus the cost of any benefit improvements. The existing funding excess in 1999 is being amortized over the remainder of a 25 year period which commenced on the date the Town joined the System. The amortization period is open. Subsequent divergence from actuarial assumptions will be amortized over the projected future salaries of active members.

The Town's fiscal 2008 required contribution to the State PERS represents 100% of the total current-year actuarially determined contribution requirements for all employers covered by the pension plan.

Trend Information

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

Fiscal Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/07	$519,085	100%	$0
6/30/08	$594,312	100%	$0
6/30/09	$609,442	100%	$0

Ten-year historical trend information is presented in the fiscal 2008 State of Rhode Island and Providence Plantations Employees' Retirement System annual financial report. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they become due.

Related Party Investments

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

(CONTINUED)

12. PENSION PLAN (Continued)

Required Supplementary Information

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

- Actuarial value of assets - $12,291,025
- Actuarial accrued liability - $17,061,933
- Unfunded actuarial accrued liability (UAAL) - $4,770,908
- Funded Ratio – 72.04%
- Annual covered payroll - $3,094,800
- UAAL as percentage of payroll – 154.16%

(CONCLUDED)

Required Supplementary Information

Town of Warren, Rhode Island

Schedule of funding Progress for the Municipal Employees' Retirement System

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as Percentage of Covered Payroll
6/30/2006	$ 10,130,235	$ 14,990,874	$ (4,860,639)	67.58%	$ 2,767,079	-175.66%
6/30/2007	$ 10,492,717	$ 15,669,682	$ (5,176,965)	66.96%	$ 2,737,818	-189.09%
6/30/2008	$ 12,291,025	$ 17,061,933	$ (4,770,908)	72.04%	$ 3,094,800	-154.16%

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

Schedule of funding Progress for Other Postemployment Benefits.

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

(CONCLUDED)

Budgetary To GAAP Basis Reconciliation

The following reconciliation summarizes the difference between budgetary and GAAP basis accounting principles for the year ended June 30, 2009:

	General Fund
Excess of revenues and other sources over expenditures and other uses Non-GAAP Budgetary Basis)	$ 1,902,192
Decrease reserve for encumbrances	985,443
Use of accumulated fund balance	(5,123,489)
Excess of revenues and other sources under expenditures and other uses (GAAP)	$ (2,235,854)

Town of Warren, Rhode Island

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

General Fund
For the year ended June 30, 2009

	Continuing Appropriation June 30, 2008	Originally Adopted Budget	Final Approved Budget	Actual (Budgetary Basis)	Continuing Appropriation June 30, 2009	Under Over (Unfavorable)
REVENUES:						
General property taxes	$ -	$ 19,456,489	$ 19,456,489	$ 19,451,101	$ -	$ (5,388)
Interest and investment income		225,000	225,000	301,197		76,197
Licenses, fees, permits and fines		760,255	760,255	818,925		58,670
Sewer use fees		62,500	62,500	68,754		6,254
Intergovernmental revenues		1,991,683	1,991,683	1,756,079		(235,604)
Other revenues		90,637	90,637	121,172		30,535
Total Revenues	-	22,586,564	22,586,564	22,517,228	-	(69,336)
EXPENDITURES:						
Current-						
General government		3,302,078	3,302,078	3,087,401		214,677
Town Offices		845,332	845,332	794,776		50,556
Financial administration		224,661	224,661	210,793		13,868
Public safety		1,948,039	1,948,039	2,063,636		(115,597)
Fire safety		438,353	438,353	418,627		19,726
Waste water treatment		1,158,865	1,158,865	1,139,301		19,564
Public works		1,762,724	1,762,724	1,667,864		94,860
Grants and contributions		298,600	298,600	298,293		307
Education		11,036,577	11,036,577	11,036,577		-
Debt service		1,521,335	1,521,335	1,814,164		(292,829)
Costs of collection		50,000	50,000	30,581		19,419
Capital and special appropriations	2,401,857	2,721,632	5,123,489	2,671,778	2,451,711	-
Total Expenditures	2,401,857	25,308,196	27,710,053	25,233,791	2,451,711	24,551
Excess (deficiency) of revenues over expenditures	(2,401,857)	(2,721,632)	(5,123,489)	(2,716,563)	(2,451,711)	(44,785)
Other financing sources/(uses):						
Transfers in/(out)			-	(504,734)		(504,734)
Transfer from fund balance	2,401,857	2,721,632	5,123,489	5,123,489		-
Total Other financing sources/(uses)	2,401,857	2,721,632	5,123,489	4,618,755	-	(504,734)
Excess (deficiency) of revenues and other sources over expenditures and other uses	$ -	$ -	$ -	1,902,192	$ (2,451,711)	$ (549,519)

Reconciliation to Exhibit B-2:	
plus: increase in reserve for encumbrances	985,443
less: Reappropriation of Fund Balance	(5,123,489)
Excess of revenues and other sources over expenditures and other uses, GAAP Basis	(2,235,854)
less: increase in reserves and designations	(538,210)
Net decrease in Unreserved Fund Balance	$ (2,774,064)

Other Supplementary Information

Non-major Governmental Funds:

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

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

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

Police Phone Grant—accounts for revenues and expenditures for phone usage by Police department.

Rescue Equipment—accounts for revenues and expenditures dedicated to rescue equipment needs.

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

Accident Reconstruction Grant—accounts for grant revenues and expenditures for reconstruction expenditures due to accidents.

Non-major Governmental Funds:

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

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

ACO Donations—accounts for donations for ACO activities.

Children's Crusade—accounts for revenues and expenditures related to Children's Crusade program.

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

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

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

Non-major Governmental Funds:

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

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

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

Revaluation Fund—accounts for expenditures relating to revaluation activities.

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

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

Police Bike Patrol - Senate grant funds to patrol the bike path.

Non-major Governmental Funds:

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

RI State Byrnes Justice Grant—accounts for revenue and expenditures relating to State funded monies to be used as stated in grant agreement.

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

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

Transient Dock Grant—accounts for revenue and expenditures relating to the Transient Dock Grant.

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

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

Non-major Governmental Funds:

Jamiel's Park Chafee and Jamiel's Park Grant—accounts for revenue and expenditures related to Jamiel's Company grants.

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

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

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

Fire State Med Plans—accounts for revenue and expenditures relating to medical plans.

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

Non-major Governmental Funds:

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

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

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

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

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

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

RI Clean Water 05—relates to monies received by the Rhode Island Clean Water Financing Agency to be used towards payment of capital expenditures under financing agreement.

Non-major Governmental Funds:

Town Trust—accounts for revenues and expenditures of Town Trust.

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

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

TOWN OF WARREN, RHODE ISLAND
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2009

	Special Revenue Funds						
	Enterprise Zone	Senior Center	Pump Out Station	Police Phone Grant	Rescue Equipment	Gun Buy Back	Accident Reconstruction Grant
ASSETS							
Cash and cash equivalents	$ -	$ 26,404	$ (13,337)	$ -	$ 230	$ 2,000	$ 2,000
Investments							
Receivables (net)	16,591	1,538					
TOTAL ASSETS	16,591	27,942	(13,337)	-	230	2,000	2,000
LIABILITIES							
Accounts payable		925					
Deferred revenue	18,879						
TOTAL LIABILITIES	18,879	925	-	-	-	-	-
FUND BALANCES							
Unreserved, reported in:							
Capital Project Fund							
Special Revenue Funds	(2,288)	27,017	(13,337)	-	230	2,000	2,000
Permanent Funds							
TOTAL FUND BALANCES	$ (2,288)	$ 27,017	$ (13,337)	$ -	$ 230	$ 2,000	$ 2,000

(Continued)

TOWN OF WARREN, RHODE ISLAND
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2009

	Special Revenue Funds						
	Recycling Grant	Historical Street Signs	ACO Donations	Childrens Crusade Fund	Cops that Care	Social Services Donations	Warren Beautification Donation
ASSETS							
Cash and cash equivalents	$ 2,615	$ 63	$ 1,681	$ -	$ 178	$ 6,482	$ 775
Investments							
Receivables (net)						1,000	
TOTAL ASSETS	2,615	63	1,681	-	178	7,482	775
LIABILITIES							
Accounts payable							
Deferred revenue							
TOTAL LIABILITIES	-	-	-	-	-	-	-
FUND BALANCES							
Unreserved, reported in:							
Capital Project Fund							
Special Revenue Funds	2,615	63	1,681	-	178	7,482	775
Permanent Funds							
TOTAL FUND BALANCES	$ 2,615	$ 63	$ 1,681	$ -	$ 178	$ 7,482	$ 775

(Continued)

TOWN OF WARREN, RHODE ISLAND
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2009

	Special Revenue Funds						
	Cops Technology	Town Beach Stormwater	Homestead Park Fund	Revaluation Fund	Animal Spading	CDBG Loan Repayment	Police Bicycle Patrol Grant
ASSETS							
Cash and cash equivalents	$ (1,233)	$ (30,574)	$ (17,847)	$ (23,674)	$ 1,098	$ -	$ 3,829
Investments							
Receivables (net)					18		
TOTAL ASSETS	(1,233)	(30,574)	(17,847)	(23,674)	1,116	-	3,829
LIABILITIES							
Accounts payable							
Deferred revenue							
TOTAL LIABILITIES	-	-	-	-	-	-	-
FUND BALANCES							
Unreserved, reported in:							
Capital Project Fund							
Special Revenue Funds	(1,233)	(30,574)	(17,847)	(23,674)	1,116	-	3,829
Permanent Funds							
TOTAL FUND BALANCES	$ (1,233)	$ (30,574)	$ (17,847)	$ (23,674)	$ 1,116	$ -	$ 3,829

(Continued)

TOWN OF WARREN, RHODE ISLAND
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2009

	Special Revenue Funds						
	AFIS Live Scan Fed Grant	RI State Byrnes Justice Grant	Memorial Tree Fund	Sewer Project - EPA	Transient Dock Grant	Summer Concerts	Fire Dept Reserve
ASSETS							
Cash and cash equivalents	$ 11,650	$ (3,513)	$ 587	$ 1,387	$ -	$ 5,684	$ 3
Investments							
Receivables (net)							
TOTAL ASSETS	11,650	(3,513)	587	1,387	-	5,684	3
LIABILITIES							
Accounts payable		584					
Deferred revenue							
TOTAL LIABILITIES	-	584	-	-	-	-	-
FUND BALANCES							
Unreserved, reported in:							
Capital Project Fund							
Special Revenue Funds	11,650	(4,097)	587	1,387	-	5,684	3
Permanent Funds							
TOTAL FUND BALANCES	$ 11,650	$ (4,097)	$ 587	$ 1,387	$ -	$ 5,684	$ 3

(Continued)

TOWN OF WARREN, RHODE ISLAND
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2009

	Special Revenue Funds						
	Jamiels Park Chafee	Homeland Security	Substance Abuse	Fire Inspections	Jamiel's Park Grant	Fire State Meds Plan	Police Forfeiture
ASSETS							
Cash and cash equivalents	$ (7,786)	$ 1,074	$ (5,097)	$ 6,148	$ (66,446)	$ -	$ -
Investments							
Receivables (net)			7,243	265			
TOTAL ASSETS	(7,786)	1,074	2,146	6,413	(66,446)	-	-
LIABILITIES							
Accounts payable			532				
Deferred revenue					1,403		
TOTAL LIABILITIES	-	-	532	-	1,403	-	-
FUND BALANCES							
Unreserved, reported in:							
Capital Project Fund							
Special Revenue Funds	(7,786)	1,074	1,614	6,413	(67,849)	-	-
Permanent Funds							
TOTAL FUND BALANCES	$ (7,786)	$ 1,074	$ 1,614	$ 6,413	$ (67,849)	$ -	$ -

(Continued)

TOWN OF WARREN, RHODE ISLAND
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2009

	Special Revenue Funds							Capital Project
	Community Development Block Grant	Industrial Pretreatment	Veterans Honor Roll	Government Center	Pagers & Radios Fire	Narcotics	Employee Charity Fund	RI Clean Water 05
ASSETS								
Cash and cash equivalents	$ (69,730)	$ 1,614	$ 14,956	$ 3,485	$ -	$ 7,439	$ 45	$ -
Investments								
Receivables (net)	55,763	500					5	
TOTAL ASSETS	(13,967)	2,114	14,956	3,485	-	7,439	50	-
LIABILITIES								
Accounts payable	4,521							
Deferred revenue	76,126							
TOTAL LIABILITIES	80,647	-	-	-	-	-	-	-
FUND BALANCES								
Unreserved, reported in:								
Capital Project Fund								-
Special Revenue Funds	(94,614)	2,114	14,956	3,485	-	7,439	50	
Permanent Funds								
TOTAL FUND BALANCES	$ (94,614)	$ 2,114	$ 14,956	$ 3,485	$ -	$ 7,439	$ 50	$ -

(Continued)

TOWN OF WARREN, RHODE ISLAND
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2009

	Permanent Funds			
	Town Trust	Police Trust	Sara B. Burtis	GRAND TOTALS
ASSETS				
Cash and cash equivalents	$ 33,990	$ 3,170	$ 5,815	$ (94,835)
Investments			29,519	29,519
Receivables (net)	328			83,251
TOTAL ASSETS	34,318	3,170	35,334	17,935
LIABILITIES				
Accounts payable				6,562
Deferred revenue				96,408
TOTAL LIABILITIES	-	-	-	102,970
FUND BALANCES				
Unreserved, reported in:				
Capital Project Fund				-
Special Revenue Funds				(157,857)
Permanent Funds	34,318	3,170	35,334	72,822
TOTAL FUND BALANCES	$ 34,318	$ 3,170	$ 35,334	$ (85,035)

(Concluded)

TOWN OF WARREN, RHODE ISLAND
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
For the year ended June 30, 2009

	Special Revenue Funds						
	Enterprise Zone	Senior Center	Pump Out Station	Police Phone Grant	Rescue Equipment	Gun Buy Back	Accident Reconstruction Grant
REVENUES							
Interest and investment income	$ -	$ 70	$ -	$ -	$ -	$ -	$ -
Licenses, fees, permits and fines							
Intergovernmental		45,264			1,500		2,000
Other				-			
TOTAL REVENUES	-	45,334	-	-	1,500	-	2,000
EXPENDITURES							
General government	-	44,545					
Public safety				1,375			
Fire safety					5,238		
Waste water treatment							
Capital and special appropriations							
TOTAL EXPENDITURES	-	44,545	-	1,375	5,238	-	-
EXCESS OF REVENUES OVER EXPENDITURES BEFORE TRANSFERS	-	789	-	(1,375)	(3,738)	-	2,000
OTHER FINANCING SOURCES/USES							
Transfers in							
Transfers out							
NET OTHER SOURCES/USES	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCE	-	789	-	(1,375)	(3,738)	-	2,000
FUND BALANCE - BEGINNING, as restated	(2,288)	26,228	(13,337)	1,375	3,968	2,000	-
FUND BALANCE - ENDING	$ (2,288)	$ 27,017	$ (13,337)	$ -	$ 230	$ 2,000	$ 2,000

(Continued)

TOWN OF WARREN, RHODE ISLAND
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
For the year ended June 30, 2009

	Special Revenue Funds						
	Recycling Grant	Historical Street Signs	ACO Donations	Childrens Crusade Fund	Cops that Care	Social Services Donations	Warren Beautification Donation
REVENUES							
Interest and investment income	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Licenses, fees, permits and fines							
Intergovernmental	38,688					22,850	
Other			320				-
TOTAL REVENUES	38,688	-	320	-	-	22,850	-
EXPENDITURES							
General government		2,240	457			34,455	
Public safety					33		
Fire safety	36,073						
Waste water treatment							
Capital and special appropriations							
TOTAL EXPENDITURES	36,073	2,240	457	-	33	34,455	-
EXCESS OF REVENUES OVER EXPENDITURES BEFORE TRANSFERS	2,615	(2,240)	(137)	-	(33)	(11,605)	-
OTHER FINANCING SOURCES/USES							
Transfers in							
Transfers out				(3,844)			
NET OTHER SOURCES/USES	-	-	-	(3,844)	-	-	-
NET CHANGE IN FUND BALANCE	2,615	(2,240)	(137)	(3,844)	(33)	(11,605)	-
FUND BALANCE - BEGINNING, as restate	-	2,303	1,818	3,844	211	19,087	775
FUND BALANCE - ENDING	$ 2,615	$ 63	$ 1,681	$ -	$ 178	$ 7,482	$ 775

(Continued)

TOWN OF WARREN, RHODE ISLAND
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
For the year ended June 30, 2009

	Special Revenue Funds						
	Cops Technology	Town Beach Stormwater	Homestead Park Fund	Revaluation Fund	Animal Spading	CDBG Loan Repayment	Police Bicycle Patrol Grant
REVENUES							
Interest and investment income	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Licenses, fees, permits and fines					580		
Intergovernmental	118,563						
Other						6,700	
TOTAL REVENUES	118,563	-	-	-	580	6,700	-
EXPENDITURES							
General government				23,674		1,828	265
Public safety	44,075						
Fire safety							
Waste water treatment		7,899					
Capital and special appropriations		22,675				4,872	
TOTAL EXPENDITURES	44,075	30,574	-	23,674	-	6,700	265
EXCESS OF REVENUES OVER EXPENDITURES BEFORE TRANSFERS	74,488	(30,574)	-	(23,674)	580	-	(265)
OTHER FINANCING SOURCES/USES							
Transfers in							
Transfers out							
NET OTHER SOURCES/USES	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCE	74,488	(30,574)	-	(23,674)	580	-	(265)
FUND BALANCE - BEGINNING, as restate	(75,721)		(17,847)	-	536	-	4,094
FUND BALANCE - ENDING	$ (1,233)	$ (30,574)	$ (17,847)	$ (23,674)	$ 1,116	$ -	$ 3,829

(Continued)

TOWN OF WARREN, RHODE ISLAND
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
For the year ended June 30, 2009

	Special Revenue Funds						
	AFIS Live Scan Fed Grant	RI State Byrnes Justice Grant	Memorial Tree Fund	Sewer Project - EPA	Transient Dock Grant	Summer Concerts	Fire Dept Reserve
REVENUES							
Interest and investment income	$ -	$ -	$ -	$ -	$ -	$ -	$ 28
Licenses, fees, permits and fines							
Intergovernmental			600	40,513		1,025	
Other							
TOTAL REVENUES	-	-	600	40,513	-	1,025	28
EXPENDITURES							
General government			203		16,498	305	
Public safety		4,097					7,710
Fire safety							
Waste water treatment				45,477			
Capital and special appropriations							
TOTAL EXPENDITURES	-	4,097	203	45,477	16,498	305	7,710
EXCESS OF REVENUES OVER EXPENDITURES BEFORE TRANSFERS	-	(4,097)	397	(4,964)	(16,498)	720	(7,682)
OTHER FINANCING SOURCES/USES							
Transfers in							
Transfers out							
NET OTHER SOURCES/USES	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCE	-	(4,097)	397	(4,964)	(16,498)	720	(7,682)
FUND BALANCE - BEGINNING, as restate	11,650	-	190	6,351	16,498	4,964	7,685
FUND BALANCE - ENDING	$ 11,650	$ (4,097)	$ 587	$ 1,387	$ -	$ 5,684	$ 3

(Continued)

TOWN OF WARREN, RHODE ISLAND
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
For the year ended June 30, 2009

	Special Revenue Funds						
	Jamiels Park Chafee	Homeland Security	Substance Abuse	Fire Inspections	Jamiel's Park Grant	Fire State Meds Plan	Police Forfeiture
REVENUES							
Interest and investment income	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Licenses, fees, permits and fines				2,627			
Intergovernmental			31,367			4,000	
Other							
TOTAL REVENUES	-	-	31,367	2,627	-	4,000	-
EXPENDITURES							
General government	7,786		47,048		13,967		
Public safety							
Fire safety				1,305		4,000	
Waste water treatment							
Capital and special appropriations					53,882		
TOTAL EXPENDITURES	7,786	-	47,048	1,305	67,849	4,000	-
EXCESS OF REVENUES OVER EXPENDITURES BEFORE TRANSFERS	(7,786)	-	(15,681)	1,322	(67,849)	-	-
OTHER FINANCING SOURCES/USES							
Transfers in			3,844				
Transfers out							(3,864)
NET OTHER SOURCES/USES	-	-	3,844	-	-	-	(3,864)
NET CHANGE IN FUND BALANCE	(7,786)	-	(11,837)	1,322	(67,849)	-	(3,864)
FUND BALANCE - BEGINNING, as restate	-	1,074	13,451	5,091	-	-	3,864
FUND BALANCE - ENDING	$ (7,786)	$ 1,074	$ 1,614	$ 6,413	$ (67,849)	$ -	$ -

(Continued)

TOWN OF WARREN, RHODE ISLAND
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
For the year ended June 30, 2009

	Special Revenue Funds							Capital Project
	Community Development Block Grant	Industrial Pretreatment	Veterans Honor Roll	Government Center	Pagers & Radios Fire	Narcotics	Employee Charity Fund	RI Clean Water 05
REVENUES								
Interest and investment income	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Licenses, fees, permits and fines						2,941		
Intergovernmental	173,652	3,477	1,500		24,715			
Other							50	
TOTAL REVENUES	173,652	3,477	1,500	-	24,715	2,941	50	-
EXPENDITURES								
General government	81,440							353,193
Public safety						4,348		
Fire safety					24,715			
Waste water treatment		5,027						
Capital and special appropriations	112,766							
TOTAL EXPENDITURES	194,206	5,027	-	-	24,715	4,348	-	353,193
EXCESS OF REVENUES OVER EXPENDITURES BEFORE TRANSFERS	(20,554)	(1,550)	1,500	-	-	(1,407)	50	(353,193)
OTHER FINANCING SOURCES/USES								
Transfers in						5,766		
Transfers out		(1,902)						
NET OTHER SOURCES/USES	-	(1,902)	-	-	-	5,766	-	-
NET CHANGE IN FUND BALANCE	(20,554)	(3,452)	1,500	-	-	4,359	50	(353,193)
FUND BALANCE - BEGINNING, as restate	(74,060)	5,566	13,456	3,485	-	3,080	-	353,193
FUND BALANCE - ENDING	$ (94,614)	$ 2,114	$ 14,956	$ 3,485	$ -	$ 7,439	$ 50	$ -

(Continued)

TOWN OF WARREN, RHODE ISLAND
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
For the year ended June 30, 2009

	Permanent Funds			
	Town Trust	Police Trust	Sara B. Burtis	GRAND TOTALS
REVENUES				
Interest and investment income	$ -	$ 2	$ (9,048)	$ (8,948)
Licenses, fees, permits and fines	5,569			11,717
Intergovernmental				509,714
Other				7,070
TOTAL REVENUES	5,569	2	(9,048)	519,553
EXPENDITURES				
General government			556	628,460
Public safety				61,638
Fire safety				71,331
Waste water treatment				58,403
Capital and special appropriations				194,195
TOTAL EXPENDITURES	-	-	556	1,014,027
EXCESS OF REVENUES OVER EXPENDITURES BEFORE TRANSFERS	5,569	2	(9,604)	(461,395)
OTHER FINANCING SOURCES/USES				
Transfers in	4,734			14,344
Transfers out				(9,610)
NET OTHER SOURCES/USES	4,734	-	-	4,734
NET CHANGE IN FUND BALANCE	10,303	2	(9,604)	(456,661)
FUND BALANCE - BEGINNING, as restate	24,015	3,168	44,938	404,705
FUND BALANCE - ENDING	$ 34,318	$ 3,170	$ 35,334	$ (51,956)

(Concluded)

Private-purpose Trust Funds

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

TOWN OF WARREN, RHODE ISLAND
Combining Statement of Net Assets
Private-purpose Trusts
June 30, 2009

	Samuel P. Colt Fund	Joseph Martin Fund	Abby A. Cole Fund	Asylum Farm Fund	Joseph W. Smith Fund	C. Richard Gardener Fund	Totals
ASSETS							
Cash	$ 32,564	$ 23,260	$ 8,141	$ 15,119	$ 26,749	$ 4,652	$ 110,485
Investments	158,978	113,092	37,525	70,441	125,118	22,546	527,700
TOTAL ASSETS	$ 191,542	$ 136,352	$ 45,666	$ 85,560	$ 151,867	$ 27,198	$ 638,185
LIABILITIES	-	-	-	-	-	-	-
NET ASSETS Held in Trust for private purposes	$ 191,542	$ 136,352	$ 45,666	$ 85,560	$ 151,867	$ 27,198	$ 638,185

TOWN OF WARREN, RHODE ISLAND
Combining Statement of Changes in Net Assets
Private-purpose Trusts
For the year ended June 30, 2008

	Samuel P. Colt Fund	Joseph Martin Fund	Abby A. Cole Fund	Asylum Farm Fund	Joseph W. Smith Fund	C. Richard Gardener Fund	Totals
ADDITIONS:							
Investment income (loss)	$ (48,952)	$ (34,840)	$ (11,634)	$ (21,812)	$ (38,723)	$ (6,951)	$ (162,912)
DEDUCTIONS:							
Portfolio management fees	3,111	2,222	778	1,444	2,555	444	10,554
CHANGE IN NET ASSETS	(52,063)	(37,062)	(12,412)	(23,256)	(41,278)	(7,395)	(173,466)
Net Assets - beginning, as restated	$ 243,605	$ 173,414	$ 58,078	$ 108,816	$ 193,145	$ 34,593	$ 811,651
Net Assets - ending	$ 191,542	$ 136,352	$ 45,666	$ 85,560	$ 151,867	$ 27,198	$ 638,185

Agency Funds

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

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

Road Duty—accounts for monies received for police off-duty assignments and resulting disbursement.

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

TOWN OF WARREN, RHODE ISLAND

Statement of Changes in Assets and Liabilities
Agency Funds
For the year ended June 30, 2009

	Beginning Balance	Additions	Deductions	Ending Balance
Unclaimed Estates in Probate Court				
ASSET				
Cash	$ -	$ 6,684		$ 6,684
LIABILITY				
Deposits Held in Custody for Others	-	6,684		6,684
Road Duty				
ASSET				
Cash	(2,736)	124,009	122,568	(1,295)
Accounts receivable	2,736	40,791	5,472	38,055
Total Assets	-	164,800	128,040	36,760
LIABILITY				
Accrued Payroll	-	13,128	-	13,128
Deposits Held in Custody for Others	-	115,534	91,902	23,632
Total Liabilities	-	128,662	91,902	36,760
Performance Bonds				
ASSET				
Cash	44,840	9,635	9,586	44,889
LIABILITY				
Deposits Held in Custody for Others	44,840	49		44,889
Totals				
ASSET				
Cash	42,104	140,328	132,154	50,278
Accounts receivable	2,736	40,791	5,472	38,055
Total assets	44,840	181,119	137,626	88,333
LIABILITY				
Accrued payroll	-	13,128	-	13,128
Deposits Held in Custody for Others	44,840	122,267	91,902	75,205
Total Liabilities	$ 44,840	$ 135,395	$ 91,902	$ 88,333

Statistical Section

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

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

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

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

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

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

TOWN OF WARREN, RHODE ISLAND

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

	Fiscal year ending June									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Governmental activities										
Invested in capital assets, net of related debt	$ 6,044,263	$ 7,006,088	$ 7,859,040	$ 8,933,673	$ 10,714,488	$ 20,088,314	$ 19,883,061	$ 18,433,250	$ 15,206,598	$ 17,460,467
Restricted for capital projects	3,482	3,482	3,482	-	-	-	-	-	-	-
Restricted for specific programs	341,088	271,324	352,855	407,708	450,267	-	-	132,228	(20,609)	-
Restricted for other purposes	279,460	409,637	39,962	55,908	63,910	160,953	86,555	544,671	423,215	72,822
Unrestricted	2,091,365	2,252,849	2,393,558	2,646,174	1,634,916	3,807,148	4,223,332	4,696,369	6,990,732	3,386,652
Total governmental activities net assets	8,759,658	9,943,380	10,648,897	12,043,463	12,863,581	24,056,415	24,192,948	23,806,518	22,599,936	20,919,941
Business-type activities										
Invested in capital assets, net of related debt	151,976	158,112	166,152	171,079	176,005	180,930	180,643	180,358	180,073	109,418
Unrestricted	47,637	7,148	10,750	17,834	(2,311)	(9,875)	(13,835)	(8,063)	(6,955)	
Total business type activities net assets	199,613	165,260	176,902	188,913	173,694	171,055	166,808	172,295	173,118	109,418
Primary government										
Invested in capital assets, net of related debt	6,196,239	7,164,200	8,025,192	9,104,752	10,890,493	20,269,244	20,063,704	18,613,608	15,386,671	17,569,885
Restricted for capital projects	3,482	3,482	3,482	-	-	-	-	-	-	-
Restricted for specific programs	341,088	271,324	352,855	407,708	450,267	-	-	132,228	(20,609)	-
Restricted for other purposes	279,460	409,637	39,962	55,908	63,910	160,953	86,555	544,671	423,215	72,822
Unrestricted	2,139,002	2,259,997	2,404,308	2,664,008	1,632,605	3,797,273	4,209,497	4,688,306	6,983,777	3,386,652
Total primary government net assets	$ 8,959,271	$ 10,108,640	$ 10,825,799	$ 12,232,376	$ 13,037,275	$ 24,227,470	$ 24,359,756	$ 23,978,813	$ 22,773,054	$ 21,029,359

TOWN OF WARREN, RHODE ISLAND

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

	Fiscal year ending June									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Expenses:										
Governmental activities										
General government	1,864,871	$ 2,323,002	$ 2,314,763	$ 2,266,069	$ 3,227,076	$ 3,053,832	$ 3,573,603	$ 4,519,481	$ 5,126,327	$ 4,715,504
Town offices	598,964	524,872	558,820	591,477	623,634	642,893	626,205	684,286	765,689	794,776
Financial adminstration	154,535	157,236	168,087	177,717	185,330	204,308	191,223	200,709	203,933	210,793
Public safety	1,689,829	1,588,728	1,530,041	1,656,696	2,020,196	1,845,334	1,874,623	1,957,754	2,086,915	2,188,906
Fire safety	262,687	236,635	471,614	410,266	156,128	556,626	683,413	682,015	636,054	659,014
Waste water treatment	943,880	1,019,690	1,122,783	999,653	1,716,581	1,216,193	1,058,791	1,145,139	1,111,375	1,250,054
Highway department	1,188,886	1,284,393	1,355,573	1,506,264	1,499,646	2,345,324	2,275,453	2,371,284	2,550,593	2,543,727
Grants and contributions	158,992	168,231	201,473	237,677	219,666	232,916	229,330	234,027	283,634	298,293
Education	7,167,716	7,671,423	8,553,346	9,215,328	9,284,074	9,461,719	10,165,876	10,288,297	10,611,668	11,036,577
Cost of collections	-	-	-	12,544	9,239	23,739	4,575	-	-	-
Loss on disposal of assets							134,714	-	-	-
Interest on long-term debt	200,498	213,022	205,807	329,002	299,130	272,403	284,700	313,849	465,423	433,544
Capital and special appropriations	817,707	228,466	5,141	279,264	93,734	62,758	91,850	73,786	-	160,349
Unallocated depreciation	1,197,156	11,749	15,787	14,504	12,941	107,102	16,761	18,422	18,125	18,124
Total governmental activities	16,245,721	15,427,447	16,503,235	17,696,461	19,347,375	20,025,147	21,211,117	22,489,049	23,859,736	24,309,661
Business-type activity										
Transfer station	160,067	200,793	191,487	185,619	183,073	186,943	210,835	189,373	191,777	194,126
Total primary government expenses	16,405,788	15,628,240	16,694,722	17,882,080	19,530,448	20,212,090	21,421,952	22,678,422	24,051,513	24,503,787
Program Revenues:										
Governmental activities										
Charges for services:	121,766	145,542	71,183	40,831	43,663	96,584	33,949	953,214		
General government									912,289	102,606
Public safety									126,778	1,500
Fire safety									21,150	
Waste water treatment									268,087	234,624
Highway department									226,119	
Operating grants and contributions	351,422	268,138	407,479	404,426	743,908	659,470	594,063	480,188	572,802	361,618
Total governmental activities	473,188	413,680	478,662	445,257	787,571	756,054	628,012	1,433,402	2,127,225	700,348
Business-type activity										
Charges for services	162,634	166,440	203,129	197,630	167,854	184,304	206,588	194,860	192,600	130,426
Total primary government program revenues	635,822	580,120	681,791	642,887	955,425	940,358	834,600	1,628,262	2,319,825	830,774
Net (Expense)/Revenue										
Governmental activities	(15,772,533)	(15,013,767)	(16,024,573)	(17,251,204)	(18,559,804)	(19,269,093)	(20,583,105)	(21,055,647)	(21,732,511)	(23,609,313)
Business-type activity	2,567	(34,353)	11,642	12,011	(15,219)	(2,639)	(4,247)	5,487	823	(63,700)
Total primary government net expense	(15,769,966)	(15,048,120)	(16,012,931)	(17,239,193)	(18,575,023)	(19,271,732)	(20,587,352)	(21,050,160)	(21,731,688)	(23,673,013)

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

(CONTINUED)

TOWN OF WARREN, RHODE ISLAND

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

	Fiscal year ending June									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Revenues and Other Changes in Net Assets										
Governmental activites										
Property taxes	13,618,729	14,070,459	13,893,622	14,947,726	15,936,734	15,909,360	17,151,075	17,872,689	18,541,686	20,883,330
Unrestricted grants and contributions	671,736	1,042,119	1,786,740	2,213,410	1,865,309	1,923,782	2,354,110	2,176,860	1,461,830	1,123,398
Investment earnings	360,572	390,124	284,740	256,125	245,199	238,433	216,704	386,661	333,023	292,249
Miscellaneous	1,065,270	694,787	763,988	916,537	1,332,680	1,333,791	1,133,747	233,007	121,355	128,242
Gain on sale of assets				292,016						
Transfers in/(out)										(500,000)
Total governmental activities	15,716,307	16,197,489	16,729,090	18,625,814	19,379,922	19,405,366	20,855,636	20,669,217	20,457,894	21,927,219
Change in Net Assets										
Governmental activities	(56,226)	1,183,722	704,517	1,374,610	820,118	136,273	272,531	(386,430)	(1,274,617)	(1,682,094)
Business-type activities	2,567	(34,353)	11,642	12,011	(15,219)	(2,639)	(4,247)	5,487	823	(63,700)
Total primary government	$ (53,659)	$ 1,149,369	$ 716,159	$ 1,386,621	$ 804,899	$ 133,634	$ 268,284	$ (380,943)	$ (1,273,794)	$ (1,745,794)

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

(CONCLUDED)

TOWN OF WARREN, RHODE ISLAND

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

	Fiscal Year Ended June									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Fund										
Reserved	$ 3,219	$ 5,517	$ 8,603	$ 31,088	$ 10,007	$ 100,418	$ 90,922	$ 88,515	$ 29,200	$1,017,256
Unreserved	2,343,505	2,856,515	5,381,489	4,552,731	3,686,562	4,134,909	4,801,010	5,429,194	7,106,323	3,882,413
Total General Fund	2,346,724	2,862,032	5,390,092	4,583,819	3,696,569	4,235,327	4,891,932	5,517,709	7,135,523	4,899,669
All Other Governmental Funds										
Unreserved, reported in:										
Special Revenue funds	341,088	271,324	351,855	407,708	450,267	205,040	9,090	132,228	(20,609)	(157,857)
Capital Project funds	3,482	3,482	3,482	-	-	-	888,836	465,055	353,193	
Permanent funds	44,701	46,044	39,962	55,908	63,910	73,085	77,465	79,616	70,022	72,822
Total All Other Governmental Funds	389,271	320,850	395,299	463,616	514,177	278,125	975,391	676,899	402,606	(85,035)
Grand Totals	$ 2,735,995	$ 3,182,882	$ 5,785,391	$ 5,047,435	$ 4,210,746	$ 4,513,452	$ 5,867,323	$6,194,608	$7,538,129	$4,814,634

TOWN OF WARREN, RHODE ISLAND

Schedule 4
Changes In Fund Balances, Governmental Funds
Last Eleven Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year Ended June									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Revenues:										
General property taxes	$ 13,099,968	$ 13,573,623	$ 13,912,190	$ 15,045,984	$ 15,856,702	$ 16,214,634	$ 17,147,625	$ 17,947,819	$ 18,559,343	$ 19,451,101
Interest and investment income	360,572	390,124	284,740	256,126	245,199	238,433	216,704	386,661	333,023	292,249
Licenses, fees, permits and fines	520,863	567,482	602,182	729,683	854,126	1,035,660	903,795	923,849	876,667	830,642
Water and sewer use fees	121,766	145,542	71,183	40,831	43,663	96,584	33,949	29,592	141,243	68,754
Intergovernmental revenues	1,023,158	1,310,257	2,194,219	2,617,836	2,923,455	2,583,252	2,948,174	2,607,047	2,424,140	2,265,793
Other	544,407	127,305	148,909	186,852	164,316	298,131	145,251	282,780	268,360	128,242
Total revenues	15,670,734	16,114,333	17,213,423	18,877,312	20,087,461	20,466,694	21,395,498	22,177,748	22,602,776	23,036,781
Expenditures:										
Current:										
General government	1,861,712	2,042,508	2,126,207	2,162,978	2,836,601	3,035,091	2,922,764	3,818,912	3,724,185	3,715,861
Town offices	598,964	524,872	558,820	591,477	623,634	642,893	626,205	684,286	765,689	794,776
Financial administration	154,535	157,236	168,087	177,717	185,330	204,308	191,223	200,709	203,933	210,793
Public safety	1,689,829	1,544,767	1,491,557	1,640,126	1,711,095	1,817,902	1,795,297	1,884,909	2,043,350	2,125,274
Fire safety	262,687	307,734	406,652	353,358	374,216	418,738	482,816	382,207	433,270	489,958
Waste water treatment	943,880	1,023,635	1,100,533	975,604	1,069,299	1,191,259	1,022,708	1,106,424	1,061,931	1,197,704
Highway department	1,188,886	1,209,458	1,288,519	1,369,979	1,455,645	1,615,145	1,484,203	1,547,755	1,699,349	1,667,864
Grants and contributions	158,992	168,231	201,473	237,677	219,666	232,916	229,330	234,027	283,634	298,293
Education	7,167,716	7,671,423	8,553,346	9,215,328	9,284,074	9,461,719	10,165,876	10,288,297	10,611,668	11,036,577
Costs of collection	18,643	8,272	5,141	12,544	9,239	23,739	4,575	5,715	3,892	30,581
Debt service:										
Principal	833,000	912,000	907,007	1,126,000	1,146,479	905,662	940,458	1,075,919	974,145	1,366,439
Interest and other costs	200,498	213,022	205,807	329,002	299,130	272,403	284,700	313,849	343,153	447,725
Capital and special appropriations	1,028,843	510,989	2,408,765	2,859,749	2,033,980	2,129,512	2,324,502	1,998,908	2,996,056	1,880,530
Total expenditures	16,108,185	16,294,147	19,421,914	21,051,539	21,248,388	21,951,287	22,474,657	23,541,917	25,144,255	25,262,375
Excess of revenues over (under) expenditures	(437,451)	(179,814)	(2,208,491)	(2,174,227)	(1,160,927)	(1,484,593)	(1,079,159)	(1,364,169)	(2,541,479)	(2,225,594)
Other Financing Sources (Uses):										
Proceeds from borrowing	941,000	630,700	4,811,000	1,020,354	324,238	1,787,299	2,306,331	1,691,454	3,885,000	
Proceeds from sale of assets	-	-	-	415,917	-	-	-	-	-	-
Transfers in	100,036	105,760	142,870	11,415	46,012	27,711	9,828	91,977	2,000	14,344
Transfers out	(100,036)	(105,760)	(142,870)	(11,415)	(46,012)	(27,711)	(9,828)	(91,977)	(2,000)	(514,344)
Net other financing sources (uses)	941,000	630,700	4,811,000	1,436,271	324,238	1,787,299	2,306,331	1,691,454	3,885,000	(500,000)
Net change in fund balances	$ 503,549	$ 450,886	$ 2,602,509	$ (737,956)	$ (836,689)	$ 302,706	$ 1,227,172	$ 327,285	$ 1,343,521	$ (2,725,594)
Debt service as a percentage of non-capital expenditures	6.86%	7.42%	6.08%	7.42%	7.30%	5.67%	5.77%	6.27%	5.53%	7.74%

TOWN OF WARREN, RHODE ISLAND

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

Fiscal Year Ended June 30	Assessed Value							Total Direct Tax Rate Residential &Commerical	Total Direct Tax Rate Motor Vehicles	Total Direct Tax Rate Inventory	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commerical Property	Personal Property	Inventory	Motor Vehicles	Less Exemptions	Total Taxable Assessed Value					
2000	$ 547,522,200		$ 25,967,430	$ 2,781,730	$ 57,282,024	$ 31,207,265	$ 602,346,119	21.50	26.00	17.71	$ 633,553,384	95.07%
2001	548,741,370		25,688,990	4,790,830	62,139,397	37,694,339	603,666,248	22.33	26.00	15.74	641,360,587	94.12%
2002	470,195,050	82,477,400	25,631,050	4,953,810	55,402,603	35,122,770	603,537,143	23.07	26.00	13.78	638,659,913	94.50%
2003	477,067,390	84,405,430	25,936,920	4,924,010	56,587,490	40,806,391	608,114,849	24.91	26.00	11.82	648,921,240	93.71%
2004	480,697,975	85,348,516	29,903,235	3,898,398	61,624,836	42,692,721	618,780,239	25.77	26.00	9.84	661,472,960	93.55%
2005	885,130,576	139,975,691	25,251,666	5,461,240	61,162,508	57,142,406	1,059,839,275	14.82	26.00	7.87	1,116,981,681	94.88%
2006	890,264,388	145,401,191	28,163,195	6,467,020	67,421,402	59,381,010	1,078,336,186	15.62	26.00	5.89	1,137,717,196	94.78%
2007	899,241,005	146,676,045	30,495,503	6,732,020	73,792,865	66,605,042	1,090,332,396	16.26	26.00	3.93	1,156,937,438	94.24%
2008	1,218,954,090	192,285,450	31,632,337	9,919,300	73,699,599	74,886,030	1,451,604,746	12.54	26.00	1.96	1,526,490,776	95.09%
2009	1,225,388,910	192,963,950	32,106,235	-	76,552,658	75,882,738	1,451,129,015	13.10	26.00	-	1,527,011,753	95.03%

Notes:
The Town's tax rate increase cannot exceed 5.5% of the prior year's rate and/or the total levy cannot exceed 5.5% of the prior year's total levy unless the State of Rhode Island approves such increase.
The Town of Warren has no overlapping debt nor does it collect taxes for any other entity
The Town switched to a two-tiered tax in FY2002
The Town had a full revaluation of real property in 1997 (effective 1998). The full revaluation is required by State law every 9 years. Statisical updates are required every 3 years.
The State of RI phased out Inventory taxes applicable to State Law 44-3-29.1 for 2009 and future years.

TOWN OF WARREN, RHODE ISLAND

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

	2009			2000		
	Taxable Assessed Value	Rank	Percentage of Total Assessed Values	Taxable Assessed Value	Rank	Percentage of Total Assessed Values
TN Realty, LLC	$ 9,057,800	1	0.62%	$ -		
GNN II	7,491,500	2	0.52%			
MMF Realty, LLC	7,195,100	3	0.50%			
National Grid	6,548,471	4	0.45%	8,300,830	1	1.38%
Ocean State Plaza, Inc.	5,873,600	5	0.40%	3,908,440	3	0.65%
Narragansett Electric	4,896,300	6	0.34%	1,806,620	10	0.30%
Blount Seafood Corp	4,805,100	7	0.33%			
Genesis Health care	4,218,700	8	0.29%			
Evelyn Associates	4,802,300	9	0.33%			
Clark, Stephen and Kim	3,533,500	10	0.24%			
TPI Composits				6,505,820	2	1.08%
Winthrop Associates				3,738,340	4	0.62%
Desilets Nursing Home				2,332,920	5	0.39%
Baywood Investments				2,168,770	6	0.36%
Blount Seafood Corp				2,040,280	7	0.34%
Woloohojian				2,174,530	8	0.36%
Old Brick Property Inc				1,861,370	9	0.31%
Total	$ 49,364,571		3.40%	$ 34,837,920		5.78%
Town's Total Taxable Assessed Value	$ 1,451,129,015			$ 602,346,119		

Source: Town of Warren Tax Assessor

TOWN OF WARREN, RHODE ISLAND

Schedule 7
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended June	Taxes Levied for the Year	Collected within the Fiscal Year of Levy		Collections in Following Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2000	$ 13,135,791	$ 12,699,875	96.68%	$ 358,201	$ 13,058,076	99.41%
2001	13,956,972	13,519,039	96.86%	206,647	13,725,686	98.34%
2002	13,986,313	13,612,453	97.33%	306,393	13,918,846	99.52%
2003	15,118,703	14,683,976	97.12%	416,521	15,100,497	99.88%
2004	15,845,201	15,539,206	98.07%	224,242	15,763,448	99.48%
2005	16,063,594	15,909,681	99.04%	135,304	16,044,985	99.88%
2006	17,177,949	17,016,389	99.06%	122,179	17,138,568	99.77%
2007	18,000,102	17,799,677	98.89%	-	17,799,677	98.89%
2008	18,580,184	18,435,371	99.22%	123,972	18,559,343	99.89%
2009	19,512,275	19,183,136	98.31%	130,783	19,313,919	98.98%

TOWN OF WARREN, RHODE ISLAND

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

Fiscal Year Ended June	Governmental Activities		Business-type Activity	Total Primary Government	Percentage of Personal Income *	Net Bonded Debt per Capita *	Net Bonded Debt as % of Taxable Assessed Value
	General Obligation Bonds	Capital Lease Obligations	Transfer Station General Obligation Bonds				
2000	$ 3,746,000	$ -	$ 40,327	$ 3,786,327	0.96%	333	0.63%
2001	3,464,700	-	89,279	3,553,979	1.06%	311	0.59%
2002	7,394,700	-	101,454	7,496,154	0.52%	655	1.24%
2003	8,098,700	51,085	67,637	8,217,422	0.49%	721	1.35%
2004	7,022,072	279,929	33,818	7,335,819	0.57%	644	1.19%
2005	7,760,653	211,613	-	7,972,266	Not Available	704	0.75%
2006	9,045,195	194,857	-	9,240,052	Not Available	816	0.86%
2007	9,659,276	94,363	-	9,753,639	Not Available	871	0.89%
2008	12,570,131	-	-	12,570,131	Not Available	1,107	0.87%
2009	11,203,692	-	-	11,203,692	Not Available	986	0.77%

Notes:
Details regarding the Town's outstanding debt can be found in the Notes to the Financial Statements.
* See Schedule 12 for personal income and population data used to calculate these ratios.

TOWN OF WARREN, RHODE ISLAND

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

Fiscal Year Ended June	Governmental Activities		Business-type Activity	Total Primary Government	Percentage of Actual Value of Taxable Property *	General Obligation Debt per Capita **
	General Obligation Bonds	Capital Lease Obligations	Transfer Station General Obligation Bonds			
2000	$ 3,746,000	$ -	$ 40,327	$ 3,786,327	0.60%	333
2001	3,464,700	-	89,279	3,553,979	0.55%	311
2002	7,394,700	-	101,454	7,496,154	1.17%	655
2003	8,098,700	51,085	67,637	8,217,422	1.27%	721
2004	7,022,072	279,929	33,818	7,335,819	1.11%	644
2005	7,760,653	211,613	-	7,972,266	0.71%	704
2006	9,045,195	194,857	-	9,240,052	0.81%	816
2007	9,659,276	94,363	-	9,753,639	0.84%	871
2008	12,570,131	-	-	12,570,131	0.82%	1,107
2009	11,203,692	-	-	11,203,692	0.73%	986

Notes:
Details regarding the Town's outstanding debt can be found in the Notes to the Financial Statements.
The Town of Warren has no overlapping debt nor does it collect taxes for any other entity.
* See Schedule 5 for property value data.
** Population data can be found in Schedule 12.

TOWN OF WARREN, RHODE ISLAND

Schedule 10
Legal Debt Margin Information
Last Ten Fiscal Years

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Total Assessed Value	$ 602,346,119	$ 603,666,248	$ 603,537,143	$ 608,114,849	$ 618,780,239	$ 1,059,839,275	$ 1,078,336,186	$ 1,090,322,396	$ 1,451,604,746	$ 1,451,129,015
Rhode Island General Law debt limitation as % of assessed value	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Debt Limit	$ 18,070,384	$ 18,109,987	$ 18,106,114	$ 18,243,445	$ 18,563,407	$ 31,795,178	$ 32,350,086	$ 32,709,672	$ 43,548,142	$ 43,533,870
Debt applicable to limit: General obligation bonds	3,746,000	3,464,700	7,394,700	8,098,700	7,022,072	7,760,653	9,240,052	9,753,639	12,570,131	11,203,692
Legal debt margin	$ 14,324,384	$ 14,645,287	$ 10,711,414	$ 10,144,745	$ 11,541,335	$ 24,034,525	$ 23,110,034	$ 22,956,033	$ 30,978,011	$ 32,330,178
Total debt applicable to the limit as a percentage of the debt limit	20.73%	19.13%	40.84%	44.39%	37.83%	24.41%	28.56%	29.82%	28.86%	25.74%

TOWN OF WARREN, RHODE ISLAND

Schedule 11
Pledged Revenue Coverage
Last Ten Fiscal Years

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

TOWN OF WARREN, RHODE ISLAND

Schedule 12
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year Ended June	**** Population	Per Capita Personal Income *	School Enrollment **	Unemployment Rate ***
2000	11,376	$ 36,287	3,916	4.2%
2001	11,423	37,766	3,808	4.2%
2002	11,447	38,628	3,810	4.9%
2003	11,401	40,117	3,824	5.1%
2004	11,391	41,728	3,688	5.3%
2005	11,328	Not Available	3,580	5.0%
2006	11,328	Not Available	3,527	5.9%
2007	11,192	Not Available	3,503	5.0%
2008	11,360	43,428	3,460	6.7%
2009	11,360	41,368	3,449	11.70%

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

TOWN OF WARREN, RHODE ISLAND

Schedule 13
Principal Employers
Current Year and Ten Years Ago

2009			
Employer	Employees	Rank	Pecentage of Total Town Employment
TPI Composites, Inc.	280	1	6.8%
Monarch Industries, Inc.	270	2	6.5%
Comsearch, Inc.	110	3	2.7%
Town of Warren	100	4	2.4%
First Student, Inc	100	5	2.4%
Blount Seafoods	100	6	2.4%
Grace Barker Nrsg. Center	100	7	2.4%
Country Inn/Jan Companies	50	8	1.2%
Total	1,110		26.8%

2000			
Employer	Employees	Rank	Pecentage of Total Town Employment
RJ Manaufacturing Co. Inc.	320	1	8.4%
TPI Composites, Inc.	280	2	7.3%
Grace Barker Nrsg. Center	100	3	2.6%
I Shalom Co., Inc.	100	4	2.6%
Laidlaw Transit, Inc.	100	5	2.6%
Ames Department Store	100	6	2.6%
	1,000		26.2%

Source: Rhode Island Economic Development Corporation

TOWN OF WARREN, RHODE ISLAND

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

	Fiscal year ended June									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Town Office:										
Town Clerk	4	4	4	4	4	4	4	4	4	4
Manager	2	2	2	2	2	2	2	2	2	2
Building offical	2	2	2	2	2	2	2	2	2	2
Custodian	1	1	1	1	1	1	1	1	1	1
Senior Director							1	1	1	1
Town Planner				1	1	1	1	1	1	1
Total Town Office	9	9	9	10	10	10	11	11	11	11
Financial Administration:										
Finance Office	3	3	3	3	3	3	3	3	3	3
Tax Assessor	1	1	1	1	1	1	1	1	1	1
Total Financial Administration	4	4	4	4	4	4	4	4	4	4
Public Works	22	22	22	22	22	22	22	22	20	20
Public Safety:										
Police	22	22	22	22	22	22	22	22	22	22
Fire	1	1	1	1	1	1	1	1	1	1
Dispatch	5	5	5	5	5	5	5	5	5	5
Animal Control	1	1	1	1	1	1	1	1	1	1
Total Public Safety	29	29	29	29	29	29	29	29	29	29
Total	64	64	64	65	65	65	66	66	64	64

Source: Town budgets

TOWN OF WARREN, RHODE ISLAND

Schedule 15
Operating Indicators by Function/Program

Function/Program	Fiscal year ended June 2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Police:										
Physical arrests	478	537	505	409	488	513	416	499	435	436
Parking violations	1059	926	678	790	1134	1136	532	449	515	508
Traffic violations	2115	1580	1323	1111	1669	2142	2002	2090	1842	1669
Fire:										
Emergency responses	1463	1524	1373	1420	1442	1511	1403	1565	1943	1729
Fires extinguished	440	558	412	397	399	424	301	335	24	26
Inspections	174	148	205	170	178	155	96	144	289	85
Refuse collection:										
Refuse collected (tons/day, average)	17.69	17.69	17.69	17.69	17.69	17.69	17.69	17.69	19.06	23.88
Recyclables collected (tons/day, avera	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	8.23	4.45
Other public works:										
Street resurfacing (miles)	1.42	0.42	0.48	3.74	1.66	0.59	1.67	1.67	4.27	0
Library:										
Volumes in collections	30,886	28,491	27,982	25,161	24,432	27,701	41,735	41,735	36,752	36,752
Wastewater:										
Average daily sewage treatment (thousands of gallons)	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,800	1,800

Sources: Various town departments

TOWN OF WARREN, RHODE ISLAND

Schedule 16
Capital Asset Statistics by Function/Program

Function/Program	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	** 13	13	11	11	11	12	12	12	12	12
Fire:										
Fire Stations	6	6	6	6	6	6	6	6	6	6
Fires Hydrants	189	189	189	189	189	189	189	189	189	189
Public Works:										
Streets (miles)	51.58	52.05	52.52	52.99	53.46	53.93	54.4	54.4	58.4	58.4
Streetlights				**	1116	1119	1117	1117	1117	1117
Parks and Recreation:										
Acreage	72.99	72.99	72.99	72.99	72.99	72.99	72.99	72.99	72.99	72.99
Playgrounds	7	7	7	7	7	7	7	7	7	7
Multi purpose playing fields	4	4	4	4	4	4	4	4	4	4
Tennis courts	4	4	4	4	4	4	4	4	4	4
Community centers	1	1	1	1	1	1	1	1	1	1
Wastewater:										
Sanitary sewer (miles)	40	40	40	40	40	40	40	40	40	40
Storm sewers (miles)	30	30	30	30	30	30	30	30	30	30
Treatment capacity (thousands of gallons) (daily)	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000

**First year information is available

Sources: Various town departments

Internal Control and Compliance Section

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

To the Honorable Town Council
Town of Warren, Rhode Island

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Warren, Rhode Island as of and for the year ended June 30, 2009, which collectively comprise The Town of Warren's basic financial statements and have issued our report thereon dated January 23, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Town of Warren, Rhode Island's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town of Warren, Rhode Island's financial statements that is more than inconsequential will not be prevented or detected by the Town of Warren, Rhode Island's internal control.

A material weakness is a significant deficiency, or combination or significant deficiencies that results in more than a remote likelihood that a material misstatement of the financial statements will be prevented or detected by the Town of Warren, Rhode Island's internal control.

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

Compliance and Other Matters

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

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

Braun, PC

Providence, Rhode Island
January 23, 2010

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