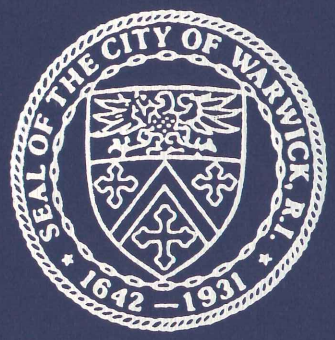


City of Warwick, Rhode Island

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

CITY OF WARWICK, RHODE ISLAND

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Scott Avedisian
Mayor

Ernest M. Zmyslinski
Finance Director

Leonard J. Flood
Director of Business Affairs

Prepared by: City's Finance Department

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City of Warwick Organizational Chart
List of City Officials
Certificate of Achievement for Excellence in Financial Reporting

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CITY OF WARWICK
FINANCE DEPARTMENT
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ERNEST M. ZMYSLINSKI
FINANCE DIRECTOR

SCOTT AVEDISIAN
MAYOR

January 28, 2009

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

We hereby submit the Comprehensive Annual Financial Report for the City of Warwick, for the fiscal year ended June 30, 2008. The report has been prepared in accordance with generally accepted accounting principles (GAAP), adhering to the format promulgated through the Governmental Accounting Board's Statement 34. Responsibility for the accuracy of the data presented, as well the fairness of the representations contained within the report, rests with the City's management. To provide a reasonable basis for making these representations, the City of Warwick has established a comprehensive internal control framework that is designed to protect the government's assets from theft, loss or misuse, and to promote the compilation of reliable financial information for reporting and forecasting purposes. Since the cost of the internal control system should not outweigh its benefits, the City's internal control system has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements. As management, we assert that, to the best of our knowledge, and in all material respects, this report is fair, complete, and summarizes the City's financial position in a comprehensive manner.

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

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

GOVERNMENT PROFILE

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

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

PUBLIC EDUCATION

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

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

The City's school system consists of 20 elementary schools, 3 junior high schools, 3 senior high schools and a career technical center. Most of these schools have been constructed in the last 40 years and the City does not anticipate the need for additional construction of school facilities in the near future, although renovations and additions to existing facilities are ongoing.

There is presently a professional staff of 1,641 in the school system, 1,090 of who are teachers. Per 2008 statistics, the average per pupil expenditure amounts to $15,711. In the graduating class of 2008 approximately 83% of all high school graduates continued their education by attending two and four year colleges, technical institutes, or other forms of post secondary education.

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

Schedule of Enrollment

1998	12,124
1999	12,065
2000	12,375
2001	12,382
2002	12,205
2003	12,078
2004	12,003
2005	11,709
2006	11,385
2007	10,944
2008	10,818

During fiscal 2008, the City appropriated $157,767,951 to the School Department and their final expenditures totaled $160,095,443. Their fiscal 2009 expense appropriation is $164,609,068. The total fiscal 2009 State Aid for school operations has been budgeted at $37,626,000.

MUNICIPAL SERVICES

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

Executive and Administration

The Mayor with the assistance of the Finance, Personnel and Legal Departments exercises general oversight of the City. The City Clerk's Office is responsible for all record maintenance and supervision of the municipal and probate courts. During fiscal 2008, the Executive and Administrative Divisions expended $15.1 million, of which $10.0 million represented debt service. The fiscal 2009 budget has been set at $14.8 million.

Public Safety

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

Police: The City Police Department has 255 authorized positions consisting of 180 sworn officers, 18 school crossing guards and 57 civilian personnel. The police station, built in 1975, provides facilities for public safety issues. During fiscal 2008, the Police Department expended $16.7 million. For fiscal 2009, $17.5 million has been designated for operations.

Fire and Rescue: The City Fire Department and Rescue Service has 230 authorized positions consisting of 218 uniformed fire and rescue personnel and 12 civilian personnel, staffing eight stations throughout the City. In addition, the East Greenwich Fire District provides service to the southeastern section of the City. Fire and Rescue expended $20.2 million during fiscal 2008 and $19.5 million was budgeted for fiscal 2009.

Animal Shelter: The Animal Shelter consists of 4 employees and is responsible for administering care to the animal population. The fiscal 2008 expenditures totaled $166,040 with $208,997 budgeted for fiscal 2009.

Building Inspector: The City Building Inspection Department consists of 17 authorized positions responsible for insuring compliance with local and state building code ordinances and laws. The fiscal 2008 expenditures totaled $916,886; $967,688 was budgeted for fiscal 2009.

Social Services

Parks and Recreation: A staff of 19 maintains two indoor skating rinks, an indoor swimming pool, seven beaches, 60 athletic fields, 32 basketball courts, 39 tennis courts and 6 parks. They are assisted by the Public Works Field Maintenance Division. The Department is also responsible for regulating the City's three major harbors in Narragansett Bay. During fiscal 2008 the Department expended $1.8 million. The fiscal 2009 budget has allotted $1.9 million for recreation.

Warwick Public Library: The City library consists of a main library and three branches. The main facility contains over 225,000 items and provides research services to the City's residents and business community. Total library related expenditures for fiscal 2008 totaled $2.7 million. These funds supported the acquisition of books and materials as well as an authorized staff of 53. The central library facility serves over 400,000 visitors a year. The fiscal 2009 budget amounts to $2.7 million.

Human Services: This Department provides social and transportation services to the City's seniors at three neighborhood senior centers. It also provides contributive and in-kind support to non-profit organizations in the City. Fiscal 2008 expenditures totaled $2.2 million, and the fiscal 2009 budget has been set at $2.3 million.

Physical Resources

Planning and Community Development: A staff of 17 provides professional guidance on the physical and social development of the City and administers the Federal Community Development Block Grant Program and the Lead Hazard Reduction Program. Fiscal 2008 expenditures for these programs totaled $927,960, with $971,717 allocated for fiscal 2009.

Economic Development: This Department, working closely with the Mayor's Office, assists the private sector in finding suitable facilities in the City. Also, the Department promotes the City and its lodging facilities through general circulation and trade advertising. Fiscal 2008 expenditures totaled $504,436 and $602,650 has been set aside for fiscal 2009 operations.

P*ublic Works:* An authorized staff of 146 maintains the City's 480 miles of roads, monitors the disposal operations of 30,000 tons of trash per year, maintains the City's fleet of vehicles, maintains approximately 40 buildings, and designs new infrastructure projects. During fiscal 2008 the Department expended $11.9 million and has been allocated $12.9 million through the fiscal 2009 budget.

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

ECONOMIC CONDITIONS AND OUTLOOK

POPULATION

The table below shows the City's population trends:

Year	City
2006	85,925
2005	87,365
2003	87,039
2000	85,808
1990	85,427
1980	87,123
1970	83,694
1960	68,504
1950	43,028
1940	28,757
1930	23,196
1920	13,481

INCOME LEVELS

According to the USDA Economic Research Service and the MuniNet Guide, the 2007 median family income of the City of Warwick was $58,087 compared with $52,755 for the State of Rhode Island. Median family income in the City increased 3.3% from 2000.

HOUSING

According to the 2000 U.S. Census, there were 37,085 dwelling units in the City compared to 35,141 dwelling units in 1990. The additional 1,944 dwelling units represent an increase of 9.5%.

ECONOMIC DEVELOPMENT

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

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

MAJOR INITIATIVES

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

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

Open Space/Recreation:
The City remains especially committed to preserving recreational and open space areas. This year, the City demonstrated this commitment through the purchase of 40.9 acres at the site of the former Rocky Point Amusement Park in the Warwick Neck area of the City. The purchase of this mile of unobstructed shoreline property was made possible through the receipt of a $2.2 million grant from the National Oceanic and Atmospheric Administration (NOAA) and a $1.4 million grant from the State of Rhode Island Department of Environmental Management. The City will maintain the coastal property as a public park. The City was recently awarded an additional $90,000 grant from the State Department of Environmental Management to help fund design, permitting and development of the land, where fishing, bird watching, hiking and other coast-dependent, passive recreational activities, such as canoeing and kayaking, are planned.

T.F. Green Airport and Intermodal Facility:
The City continues to receive additional revenue from airport-related activities. Taxes on airport parking and rental cars generated approximately $3.1 million in revenue during fiscal 2008. The City also received airport-related funding from the Economic Development Commission. This revenue totaled $800,765. The state's meal tax also generated approximately $2.2 million for the City.

This year, after a decade of planning, construction of the Warwick Intermodal Train Station began. The project will give Warwick the closest air-rail link in the country and is slated for completion in 2010. Paid for with a combination of federal and state money, the facility will provide MBTA commuter train service among Warwick, Providence and Boston, with service to Wickford Junction as well. It will include a bus hub, a six-level parking garage for rail commuters and car-rental companies, and a 1200-foot, enclosed, elevated walkway with moving sidewalks over Post Road, that will connect T.F. Green Airport to the Station.

The Rhode Island Airport Corporation (RIAC) estimates that the construction project alone will infuse $127 million annually into the local economy, including $43 million in construction wages. The project consists of four areas to be constructed concurrently: terminal end improvements, construction of skywalk, customer service operations and garage and fueling platforms.

Public Health:
In 2003, with a $1.8 million, three-year grant from the U.S. Department of Housing and Urban Development (HUD), the City began its Lead Hazard Reduction Program, with a goal to: reduce the exposure of Warwick's children under six years of age to the hazards of lead paint; increase public awareness about the hazards of lead paint; promote safe and effective methods of reducing lead paint hazards; provide grants/loans to homeowners and landlords to reduce lead in low/moderate income households; and to collect information on the most cost-effective ways to reduce lead paint hazards.

The program offers qualified homeowners, investors, and Section 8 landlords grants of up to $10,000 to complete lead hazard reduction work, such as door and window replacement, interior painting and repairs, vinyl siding and/or painting, soil remediation and/or other mitigation measures, on homes built prior to 1978. Grant recipients are not required to repay the debt unless they sell the property during the period of assistance – five years for homeowners and ten years for landlord/investors

In September 2006, HUD awarded the city a second, three-year grant of $2.1 million – the largest single award in city history – to continue the program. To date, 190 units have been made lead safe, with 33 pending and funding available for 30 additional units.

ER Card: In October, The Rhode Island Foundation awarded the City a $75,000 grant to conduct a one-year pilot program with ER Card, an electronic personal health record company, to explore the role this program can play in improving the quality, safety and affordability of patient care.

The grant allows City employees and their immediate family members to enroll in ER Card free for one year. This innovative program provides doctors, first responders and other health care providers with around-the-clock access to life-saving patient medical information, such as allergies, current medications, previous medical procedures, diseases or chronic conditions, and emergency contact numbers. Its reporting features also allow for timely notification in the event of a drug recall.

This trial program will encourage our employees to take proactive measures to ensure their continued good health. It will also assure continued quality care for those employees who are currently undergoing treatment or suffer from chronic conditions. By using aggregate, anonymous information regarding employee health trends, Employee Wellness programs can be better tailored to address specific health needs or areas of interest (nutrition or exercise, for example).

More than 100 people have taken advantage of the program since enrollment began roughly three weeks ago.

Apponaug Bypass:
The initial phases of the $28 million Apponaug Bypass have been completed. This innovative transportation project, which includes reconstructing the Apponaug circulator and opening it to two-way traffic, will greatly enhance ongoing efforts to make the area more pedestrian friendly and allow easier access to local businesses.

The project, which is under the jurisdiction of the Rhode Island Department of Transportation (RIDOT), is presently at 30 percent design stage. RIDOT expects review of this phase of the project to be completed in February 2009 and that they will proceed to the 75 percent design stage in March 2009. Planned advertising is for winter/spring of 2011 and the start of construction is scheduled for the spring of 2011. Project completion is slated for 2013.

Public Works:
Through a cooperative working relationship with RIDOT, two major thoroughfares in Warwick - Airport Road and Route 5 - are being rehabilitated. Handicapped-accessible sidewalks, better signage and lighting and safer Route 5 intersections are among the improvements.

Warwick continues to lead the state in recycling. The City's automated trash and recycling system has resulted in less waste being sent to the state landfill. The first full fiscal year of City-wide automation was 2007. In that year alone, sanitation tonnage was reduced by 1093 tons - a savings of almost $70,000 compared to the previous year. Since the implementation of automation in 2003, we have reduced overtime by tens of thousands of dollars. In 2003, the year prior to automation, there were 29 workers compensation cases; in 2007 there were none.

Last fall, the City took over collection of waste and recycling at all school-owned buildings, saving the School Department an estimated $60,000 a year in private waste disposal costs. Recycling at these facilities has also increased by more than 50 percent.

Schools:

The City remains committed to maintaining the high quality of public education, allocating approximately 57.6 percent of the final 2008 operating budget to education.

FINANCIAL INFORMATION

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

BUDGETARY CONTROL

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

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

CASH MANAGEMENT

Cash requirements are strictly monitored, and excess cash is invested in appropriate short term instruments. These investments are intended to maximize investment earnings, while maintaining an

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

RISK MANAGEMENT

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

DEBT ADMINISTRATION

The ratios of net bonded debt to total assessed (property) valuation and net bonded debt per capita provide useful information when evaluating the City's financial position. These indicators were as follows on June 30, 2008:

Net Direct Bonded Debt	Ratio of Debt to Assessed Value	Debt Per Capita
$ 59,345,919.	.48%	$ 690.67

(Please See Statistical Tables For Additional Information)

INDEPENDENT AUDIT

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

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Warwick for its comprehensive annual financial report for the fiscal year ended June 30, 2007. This was the fifth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENT

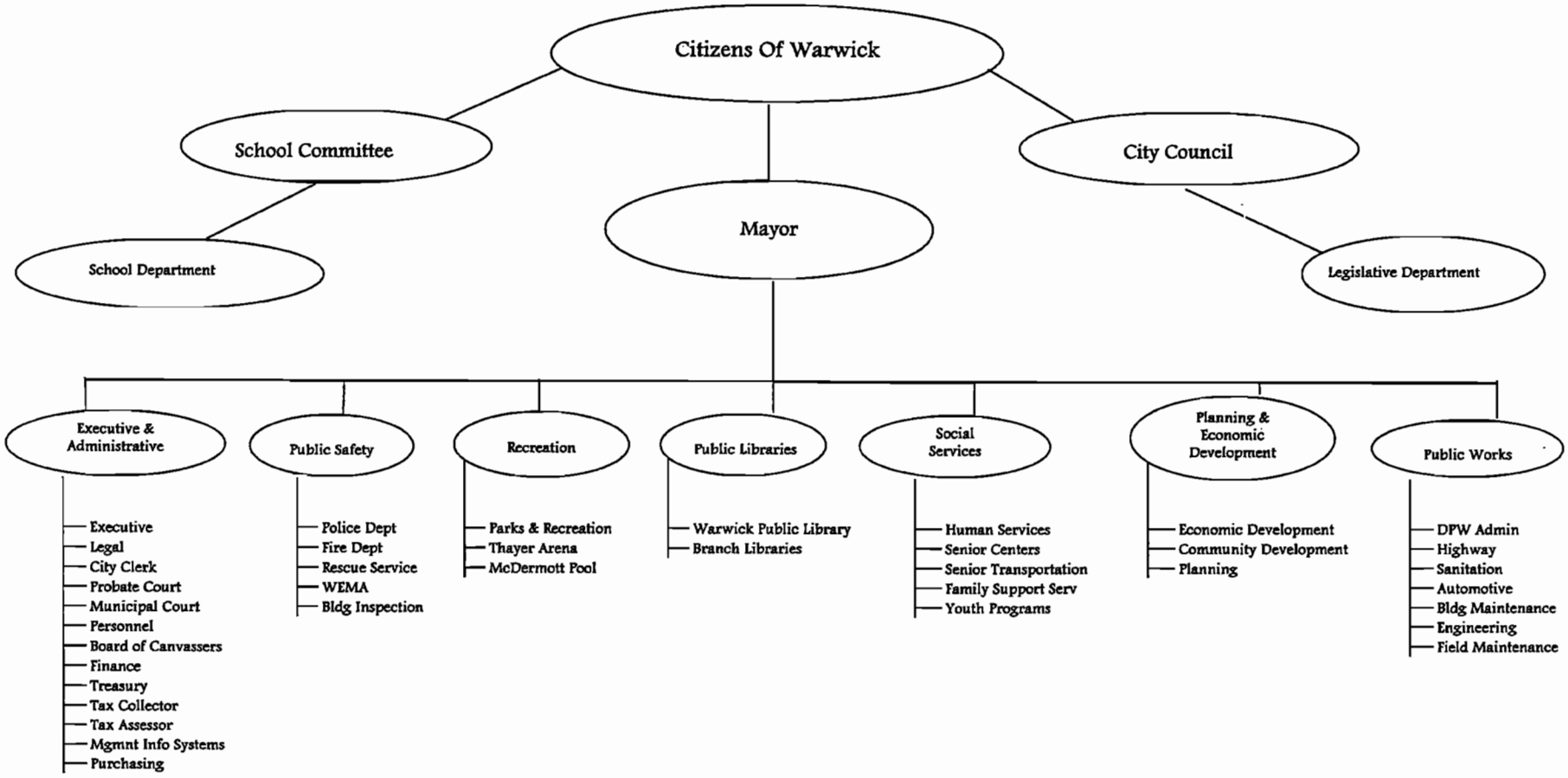
The preparation of this Comprehensive Annual Financial Report would not have been possible without the efficient and dedicated efforts of the staff of the Treasury and Finance Divisions. Their competent efforts are greatly appreciated. Special thanks to Mayor Scott Avedisian, Council President Joseph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

Respectfully submitted,

Ernest M. Zmyslinksi
Finance Director

Kenneth R. Alfano
Controller

THE CITY OF WARWICK, RHODE ISLAND
GOVERNMENT ORGANIZATIONAL CHART



CITY OF WARWICK, RHODE ISLAND

MAYOR

Scott Avedisian

CITY COUNCIL

Joseph J. Solomon, Council President
Robert Cushman
John DelGiudice
Charles J. Donovan, Jr.
Raymond E. Gallucci
Steve Merolla
Bruce Place
Helen Taylor
Donna M. Travis

SCHOOL COMMITTEE

Christopher E. Friel, Chairman
Joyce L. Andrade
Paul Cannistra
Bethany Furtado
Lucille Mota-Costa

FINANCE DEPARTMENT

Ernest M. Zmyslinski, Finance Director
David C. Olsen, City Treasurer
Kenneth R. Alfano, City Controller

SCHOOL ADMINISTRATION

Peter P. Horoschak, Superintendent
Leonard J. Flood, Director of Business Affairs
Steven Janelle, School Controller

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Warwick
Rhode Island

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

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



President

Executive Director

FINANCIAL SECTION

This Section Contains the Following Subsections:

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

CPA SM
America Counts on CPAs

BACON & COMPANY, CPA'S, LLC

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Warwick, RI 02886

Phone: 401-586-6565
Fax: 401-826-1710

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Warwick, Rhode Island, as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the City of Warwick, Rhode Island's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Warwick, Rhode Island, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with the accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2009 on our consideration of the City of Warwick, Rhode Island's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis, budgetary comparison information and supplementary pension information on pages 3 through 16 and 81 through 93 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 City of Warwick, Rhode Island's basic financial statements. The introductory section, the combining nonmajor fund financial statements, the combining fiduciary fund financial statements, other supplementary information, the statistical tables and the schedule of expenditures of federal awards are presented for purposes of additional analysis and as required by the U.S. Office of Management and Budget Circular A-133, *"Audits of States, Local Governments, and Non-profit Organizations"* and are not a required part of the basic financial statements. The combining nonmajor fund financial statements, the combining fiduciary fund financial statements, other supplementary information and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Baccet Company, CPA's, LLC

Warwick, Rhode Island
January 28, 2009

CITY OF WARWICK, RHODE ISLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Warwick, we offer readers of the City of Warwick's financial statements this overview and analysis of the financial activities of the City of Warwick for the fiscal year ended June 30, 2008. We encourage readers to consider this information in conjunction with the additional information that is furnished in the letter of transmittal, which can be found preceding this narrative, and with the City's financial statements which follow.

Included within our discussion will be a series of comparative tables, serving to more clearly illustrate changes in the City's financial position. These tables will reflect governmental activities, business-type activities, and total activities for the 2007 and 2008 fiscal years.

FINANCIAL HIGHLIGHTS

The assets of the City of Warwick exceeded its liabilities at the close of the fiscal year by $109,937,533 *(net assets).*

The City's total net assets decreased by $19,650,980 during fiscal 2008, due primarily to an increase in the City's liabilities following the accrual of $14.7 million in post-retirement healthcare benefits in accordance with GASB45. This is the first year that all municipalities have been required to record this liability which represents the annual required contribution necessary to fund the total post-retirement liability over a thirty year period. Likewise, in accordance with GASB27, the City also accrued an additional $7.0 million net pension obligation which relates to the Police I and Fire funding plan mechanism used by the City.

At the close of the current fiscal year, the City's governmental funds reported *combined* ending fund balances of $13,728,346, a decrease of $6,342,353 from those of the prior year. This was primarily due to a decrease in various reserves, a School deficit of $2.2 million, and the lack of any new capital project bond funding.

Fiscal 2008 operating results for the general fund reflected a budgetary surplus of $1,153,300. The transfer of certain reserves to revenue has resulted in a decrease in total fund balance of $2,595,691, resulting in an ending fund balance of $11,861,304. The fund's ending unreserved undesignated fund balance decreased by $4,134,864 to a total of $4,608,618 or 1.68% of the total 2008 final budgeted expenditures.

The City's overall investment in capital assets (net of accumulated depreciation) decreased by $4.0 million during this year. Annual depreciation expenditures exceeded additions. Key additions this year included the purchase of the Rocky Point coastal property, the completion of the new fire headquarters, and a massive sewer construction program.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Warwick's basic financial statements. The City's basic financial statements consist of three components: (1)

government-wide financial statements, (2) fund financial statements, (3) notes to the financial statements. This report also contains other supplementary information including combining statements for non-major governmental funds, enterprise funds, and other fiduciary funds. Figure 1 below graphically depicts the required elements of the financial report:

Required Components of the Annual Financial Report
Figure A-1

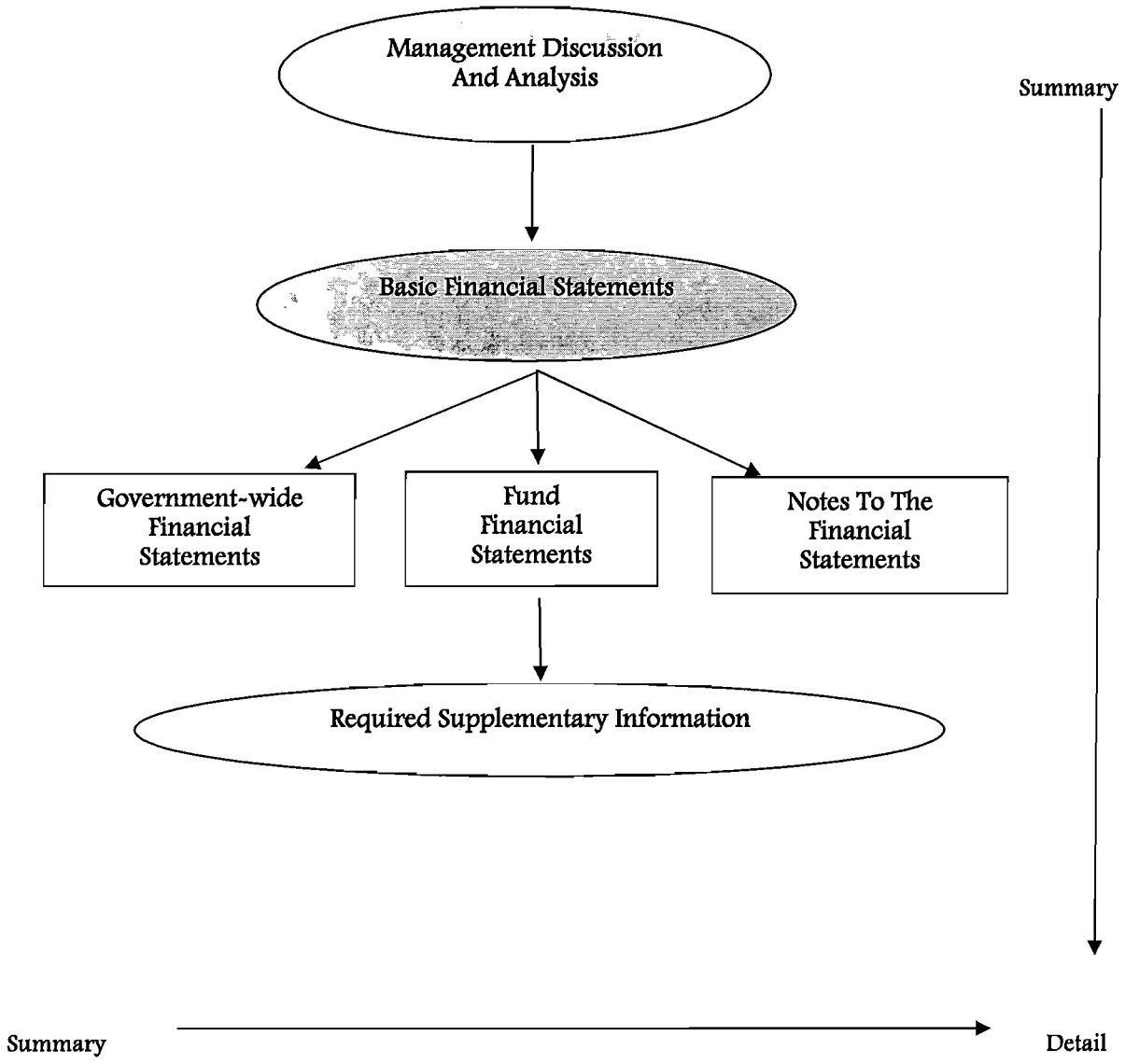


Figure A-1 shows how the required parts of this annual report are arranged and relate to one another.

- The first two statements within the basic financial statement structure are government-wide financial statements that provide both long-term and short-term information about the City's overall status.

- The remaining statements are fund financial statements that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements.

    - The *governmental fund* statements tell how general government services like public safety were financed in the short term as well as what remains for future spending.

    - *Proprietary fund* statements offer short and long term financial information about the activities the government operates like businesses, such as the sewer and water systems.

    - *Fiduciary fund* statements provide information about assets that are held by the City as a trustee or agent for the benefit of someone or something other than the City itself. The City cannot use these assets to support its own programs.

- The financial statements also include notes that provide more detailed data about some of the information in the financial statements.

- The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

- In addition to these required elements, we have included a section with combining statements that provide details about our non-major governmental funds, enterprise funds, and fiduciary funds, which are added together and presented in a single column in the basic financial statements.

Figure A- 2

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

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

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

Government-wide Statements

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

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

- Over time, increases or decreases in the City's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.

- To assess the overall health of the City you need to consider additional nonfinancial factors such as changes in the City's property tax base and the condition of the City's roads.

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

- *Governmental activities* – Most of the City's basic services are included here, such as education, public safety, library, recreation, social services, public works and general administration. Property taxes, charges for services and state funding finance most of these activities.

- *Business-Type activities* - The City charges fees to customers to cover the costs of certain services it provides. The City's water and sewer systems are included here.

- *Component units* – The City does not have any entities that are deemed to be component units.

Fund Financial Statements

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

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

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. To facilitate this comparison, a reconciliation between the governmental funds statements and the government-wide statements has been provided.

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

The basic governmental fund financial statements can be found on pages 19-22 of this report.

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

The basic proprietary fund financial statements can be found on pages 23-26 of this report.

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

The basic fiduciary funds financial statements can be found on pages 27-28 of this report.

Notes to the financial statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements follow the basic financial statements.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The City's combined net assets (government and business-type activities) totaled $109,937,533 at the close of the most recent fiscal year.

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

City of Warwick's Net Assets
June 30, 2008

	Governmental Activities		Business-type Activities		Totals	
	2008	2007	2008	2007	2008	2007
Current Assets	$45,456,196	$50,077,855	$29,628,046	$25,335,644	$75,084,242	$75,413,499
Capital Assets	132,873,284	137,148,101	194,162,187	193,866,230	327,035,471	331,014,331
Other Noncurrent Assets	3,626,958	3,280,125	43,036,912	43,507,050	46,663,870	46,787,175
Total Assets:	$181,956,438	$190,506,081	$266,827,145	$262,708,924	$448,783,583	$453,215,005
Current Liabilities	$35,735,469	$33,660,601	$13,411,133	$12,957,542	$49,146,602	$46,618,143
Long-term Liabilities	103,761,053	93,228,972	185,938,395	183,779,377	289,699,448	277,008,349
Total Liabilities:	$139,496,522	$126,889,573	$199,349,528	$196,736,919	$338,846,050	$323,626,492
Net Assets:						
Invested in capital assets net of related debt	$67,828,026	$66,647,101	$55,465,549	$56,492,614	$123,293,575	$123,139,715
Restricted	3,201,119	3,542,995	2,987,060	2,142,194	6,188,179	5,685,189
Unrestricted	(28,569,229)	(6,573,588)	9,025,008	7,337,197	(19,544,221)	763,609
Total Net Assets	**$42,459,916**	**$63,616,508**	**$67,477,617**	**$65,972,005**	**$109,937,533**	**$129,588,513**

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

Changes in Net Assets

During fiscal 2008, the government's total net assets decreased by $19,650,980, as indicated below:

City of Warwick's Changes in Net Assets

	Governmental Activities		Business-type Activities		Totals	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program Revenue:						
Charges for Services	$17,521,557	$18,272,945	$24,483,015	$21,887,010	$42,004,572	$40,159,955
Operating Grants/Contrib.	55,130,733	54,912,922	39,153	121,916	55,169,886	55,034,838
Capital Grants/Contrib	3,600,000	1,442,541	326,620	-	3,926,620	1,442,541
General Revenue:						
Property Taxes	185,975,551	177,362,772			185,975,551	177,362,772
Interest on Property Taxes	1,591,941	1,484,500			1,591,941	1,484,500
State Aid & In Lieu of Tax	23,579,703	24,398,225			23,579,703	24,398,225
Investment Earnings	950,750	1,456,165	619,603	847,664	1,570,353	2,303,829
Tax Titles	33,212	7,823			33,212	7,823
Miscellaneous	5,650,040	4,710,191			5,650,040	4,710,191
Total Revenues:	294,033,487	284,048,084	25,468,391	22,856,590	319,501,878	306,904,674
Expenses:						
Executive & Admin	$7,542,904	$8,703,429			$7,542,904	$8,703,429
Public Safety	89,302,039	77,889,776			89,302,039	77,889,776
Recreation	3,358,547	3,338,239			3,358,547	3,338,239
Public Libraries	4,443,880	4,095,289			4,443,880	4,095,289
Social Services	2,973,994	2,719,927			2,973,994	2,719,927
Planning & E/D	3,314,008	3,221,363			3,314,008	3,221,363
Public Works	22,574,947	21,757,520			22,574,947	21,757,520
Education	175,918,003	168,846,949			175,918,003	168,846,949
Cafeteria Operations	2,908,848	2,841,531			2,908,848	2,841,531
Interest-Long Term Debt	2,902,909	3,009,586			2,902,909	3,009,586
Sewer			14,231,646	13,484,307	14,231,646	13,484,307
Water			9,681,133	8,252,959	9,681,133	8,252,959
Total Expenses:	315,240,079	296,423,609	23,912,779	21,737,266	339,152,858	318,160,875
Change in Net Assets Before Transfers	(21,206,592)	(12,375,525)	1,555,612	1,119,324	(19,650,980)	(11,256,201)
Transfers	50,000	150,000	(50,000)	(150,000)		
Change in Net Assets	(21,156,592)	(12,225,525)	1,505,612	969,324	(19,650,980)	(11,256,201)
Net Assets beg. of year:	63,616,508	75,842,033	65,972,005	65,002,681	129,588,513	140,844,714
Net Assets – end of year:	$42,459,916	$63,616,508	$67,477,617	$65,972,005	$109,937,533	$129,588,513

Governmental activities. Governmental activities decreased the City's net assets by $21,156,592. Key elements of this decrease are as follows:

1. Total Governmental Funds reported a combined decrease in fund balance of $6.3 million.

2. The City's net assets decreased by $14.7 million following the accrual of the fiscal 2008 annual required contribution relating to GASB45-Other Post Employment Benefits.

3. The City accrued an additional net pension obligation in the amount of $7.0 million in accordance with GASB27. The City is funding the Police I and Fire Pension liability over a 40 year period, while GASB27 states that 30 years should be the maximum funding period.

4. The liability for the teachers' retroactive salary payments decreased by $2.8 million.

5. Fixed Asset additions totaled approximately $5.7 million, while fiscal 2008 depreciation expense amounted to $9.9 million. This resulted in a net asset decrease of $4.2 million.

6. Net assets increased due to the retirement of $6.9 million in general fund debt and revenue accruals totaling $1.3 million.

Business-type activities. Business-type activities increased the City's net assets by $1,505,612. The key elements for this increase are as follows:

1. The Sewer Department had an operating surplus which totaled $2.85 million. An increase in the usage rate provided a needed boost to the revenue base.

2. The Water Department reflected an operating deficit of $1.5 million. Here the growth of expenses exceeded the growth of revenues, indicating the need for a rate increase.

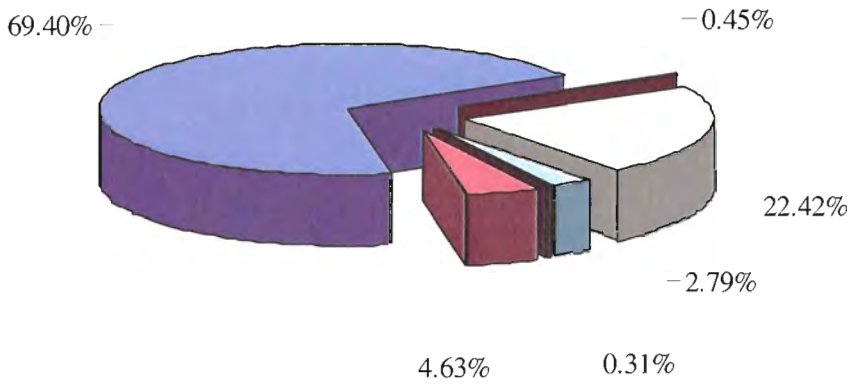
3. Net assets of the Sewer Assessment Fund decreased by $72,833, while the net assets of the other non-major enterprise funds increased by $230,637.

Financial Analysis of the Government's Funds

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

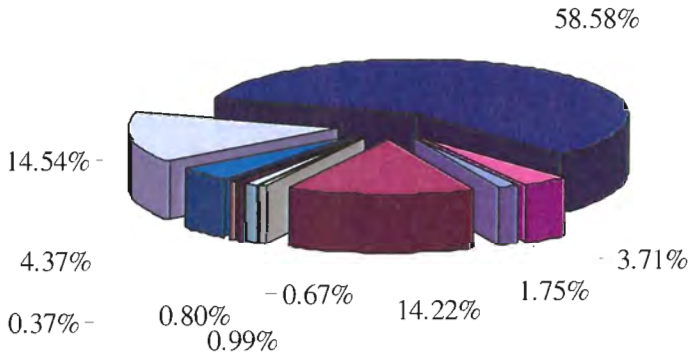
Governmental funds: The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.
As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $13,728,346, a decrease of $6,342,353 in comparison with the prior year. This can be attributed to the reduction in various reserve accounts. During this year the budgeted $3.9 million fund balance drawndown was transferred to revenue, and the School Department ran an operating deficit of $2.2 million. Additionally balances in the capital project funds were reduced as no new general obligation bonds were issued. $8,658,869 or 63% of this total amount represents unreserved fund balance, which is available for spending at the government's discretion. The unreserved portion of the fund balance has decreased by $7,594,869 from that of the prior year. The remainder of the

General Fund Revenues
Fiscal 2008



General Property Taxes 185,121,502	Interest on Taxes 1,200,872
Intergovernmental Revenue 59,787,226	Charges For Services 7,446,915
Investment Income 829,787	Other Revenue 12,342,198

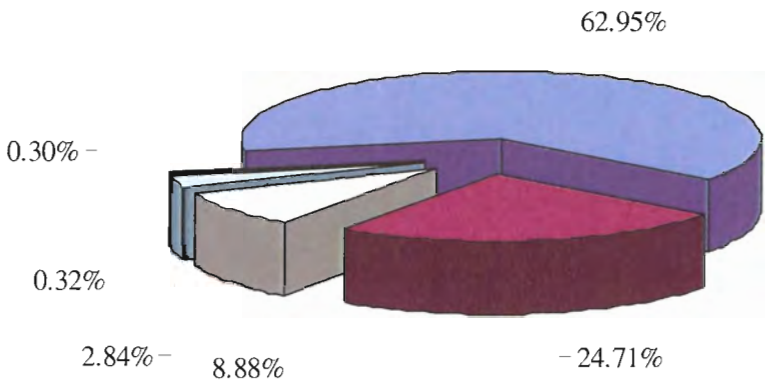
General Fund Expenditures
Fiscal 2008



Exec & Admin 4,726,288	Public Safety 38,297,013
Recreation 1,814,366	Public Libraries 2,672,422
Social Services 2,159,417	Planning & E/D 986,711
Public Works 11,757,779	Benefits/Fixed Costs 39,162,720
School 157,767,951	Debt 9,979,524

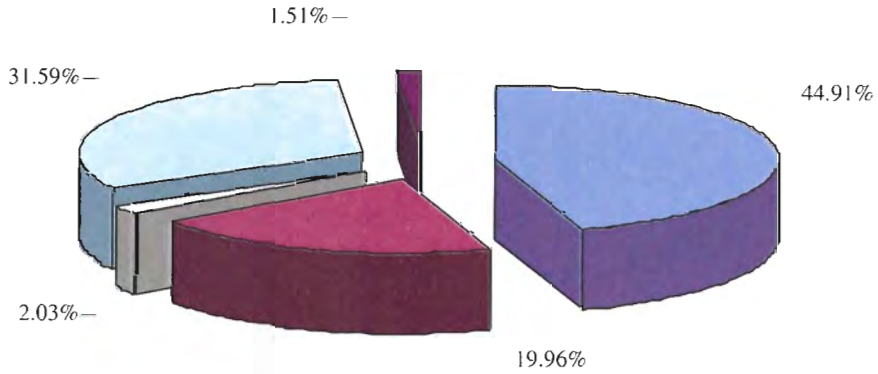
Note: Transfers to and from other funds have been integrated into their respective categories.

Warwick Public Schools
Fiscal 2008 Expenditures



- Salaries 100,630,123
- Benefits 39,504,531
- Purchased Services 14,190,277
- Supplies & Materials 4,545,657
- Capital Outlay 506,638
- Other 477,258

Business-type Activities
Fiscal 2008 Expenses



- Sewer 13,954,495
- Sewer Assessment 6,202,000
- Pretreatment 631,800
- Water 9,815,542
- Other 468,460

fund balance is reserved to indicate that it is not available for new spending because it has already been committed.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was $7,899,627. Total fund balance was $11,861,304. As a measure of the general fund liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 2.9% of total general fund budgeted expenditures. During fiscal 2008, the unreserved fund balance of the City's general fund decreased by $4,840,118. This is a 38% decrease from the prior year unreserved fund balance.

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

Total net assets for the Sewer Department amounted to $42,819,541. The funds invested in capital assets totals $41,914,417, restricted funds total $2,987,060, and unrestricted net assets totaled ($2,081,936). This negative unrestricted total is representative of the fact that Sewer's cash reserves must increase in order to support the constantly increasing burden of debt principal and interest costs. The Department is in the middle of a massive capital improvement program to sewer a majority of the City. Upon completion of each phase of the program, the department will assess users a "sewer construction charge" to be paid over a twenty year period. This assessment will be applied to debt financing costs. The project has reached an interim phase where debt costs have been incurred, but the corresponding assessment fees have not all been realized. On a positive note, this year the negative unrestricted net asset total decreased by 59%. While this trend reflected some growth in the revenue base, the need exists to raise the base even further as the General Fund is still advancing significant funds to pay these debt charges.

Net assets for the Water Department totaled $10,315,949. Of this, $13,333,144 represents the investment in capital assets while the unrestricted portion totaled ($3,017,195). Currently all assets are invested in capital. This year reflected a further decrease in Water's available cash reserves, indicating the need for a rate increase. The Department cut back on the funding for the infrastructure replacement program, but continued to fund the restricted emergency fund and renewal and replacement fund.

Unrestricted net assets in the workers compensation internal service fund amounted to $425,103. Net assets increased by $90,767 due primarily to decreases in the claim reserve.

General Fund Budgetary Highlights

The City's original budget was decreased by $1,030,000 during fiscal 2008. This adjustment was driven by the following revenue adjustments:

- The homeland security grant budget was decreased by $280,000 to accommodate expected reductions from the federal government.
- The youth program budget was increased by $50,000 to reflect the new SIG grant.
- The school budget was decreased by a total of $800,000. This adjustment represented the expected reduction in Medicaid receipts.

Capital Assets and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2008, amounted to $327,035,471 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery & equipment, roads and construction in progress. During this year, the City's overall investment in capital assets (net of accumulated depreciation) decreased by approximately $4.0 million.

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

1. Rocky Point coastal property - $ 4.4 million.
2. Fire Headquarters - $5.1 million
3. Sewer construction – $13.0 million in new sewer construction.

City of Warwick's Capital Assets

	Governmental Activities		Business-type Activities		Totals	
	2008	2007	2008	2007	2008	2007
Land	$18,680,138	$14,280,138	-	-	$18,680,138	$14,280,138
Land Improvements	10,280,153	9,986,483	-	-	10,280,153	9,986,483
Buildings	103,478,507	98,311,432	3,602,174	3,602,174	107,080,681	101,913,606
Infrastructure	194,285,887	194,174,566	247,334,768	233,715,581	441,620,655	427,890,147
Equipment	18,248,879	18,106,220	3,504,723	3,267,629	21,753,602	21,373,849
Licensed Vehicles	25,536,260	24,766,469			25,536,260	24,766,469
Construction in Progress	31,373	5,259,081	7,599,606	15,694,200	7,630,979	20,953,281
Subtotal:	370,541,197	364,884,389	262,041,271	256,279,584	632,582,468	621,163,973
Less Accumulated Depreciation:	(237,667,913)	(227,736,288)	(67,879,084)	(62,413,354)	(305,546,997)	(290,149,642)
Total:	$132,873,284	$137,148,101	$194,162,187	$193,866,230	$327,035,471	$331,014,331

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

Long-term debt. At the end of the fiscal year, the City had total bonds and loans outstanding of $213,610,468. It is broken down as follows:

- General Fund Bonds Payable $ 60,851,033.
- Water Bonds Payable $ 2,992,301.
- Sewer Bonds Payable $ 21,971,666.
- Sewer SRF Loans Payable $127,795,468.

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

During fiscal 2008, the City of Warwick's general fund general obligation debt reflects a net decrease of $4,465,379. This decrease was entirely due to debt principal repayments. The only general fund debt issued during fiscal 2008 was for the purpose of refunding existing debt. Enterprise Debt increased during fiscal 2008 with Sewer receiving $10.9 million in new loans from the RI Clean Water Finance Agency. The new funds will be used to continue the Authority's comprehensive sewer construction program. Water debt decreased by $206,114.

The City's bond ratings are as follows:

Moody's A1
Standard & Poors.....AA-

State statue limits the amount of bonds a governmental entity can issue to 3% of its total assessed valuation. The current debt limitation for the City is $368,675,097. As of June 30, 2008 the City's current outstanding general fund debt falls under the debt limitation by $307,824,064.

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

Economic Factors and Next Year's Budgets and Rates

- Warwick's average unemployment rate is 5.6%. This is slightly lower that the State's average rate of 5.91%, and slightly higher than the national rate of 4.94%.
- Median income in Warwick was $58,087 compared to the State's median income of $52,755.
- Warwick ranks second in population among Rhode Island's 39 cities and towns.

The following factors were considered in preparing the City's budget for the 2008-09 fiscal year.

- The City's contribution to School operations will increase from $157.8 million (revised FY08 budget) to $ 164.6 million or 4.3%.
- The City continued to participate in a self-insurance program for health care coverage.
- To control tax increases, $3.30 million was drawn from the City's fund balance to provide additional funding for the fiscal 2009 budget.

Currently, the unreserved undesignated fund balance in the general fund totals $ 4,608,618. While the City has maintained its commitment toward ensuring a steady growth for the City surplus, it has been necessary to utilize part of this surplus to ease the burden on its taxpayers. The City's fiscal 2009 tax rate for residential property increased from $12.75 to $13.41, or 5.2%. The commercial and industrial tax rate also increased 5.2% from $19.13 to $20.12. The tangible personal property rate increased from $25.50 to $26.82, or 5.2%. Per Rhode Island law, the inventory tax was phased out and the motor vehicle tax remained constant at $34.60.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

Government Wide Financial Statements

CITY OF WARWICK, RHODE ISLAND

Statement of Net Assets
June 30, 2008

	Governmental Activities	*Business-Type Activities*	*Total*
Assets:			
Current assets:			
Cash and cash equivalents	$ 14,826,599	$ 13,147,566	$ 27,974,165
Restricted cash and cash equivalents	-	2,982,423	2,982,423
Investments	4,059,204	-	4,059,204
Accrued interest receivable	2,770,067	80,230	2,850,297
Restricted accrued interest receivable	-	4,637	4,637
Real estate and personal property tax receivable, net	3,436,411	-	3,436,411
Water and sewer user fees receivable, net	-	6,855,873	6,855,873
Sewer assessments receivable	-	3,260,510	3,260,510
Due from federal and state government	7,833,735	8,910,126	16,743,861
Internal balances	5,787,606	(5,787,606)	-
Inventories	-	75,664	75,664
Other receivables, net	6,742,574	98,623	6,841,197
Total current assets	45,456,196	29,628,046	75,084,242
Noncurrent assets:			
Sewer assessments receivable	-	41,010,313	41,010,313
Capital assets: (Note 2)			
Land	18,680,138	-	18,680,138
Depreciable buildings, property, equipment, infrastructure, net	114,161,773	186,562,581	300,724,354
Construction in progress	31,373	7,599,606	7,630,979
Capital assets, net	132,873,284	194,162,187	327,035,471
Other assets, net	3,626,958	2,026,599	5,653,557
Total noncurrent assets	136,500,242	237,199,099	373,699,341
Total assets	181,956,438	266,827,145	448,783,583
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	16,972,400	2,194,600	19,167,000
Accrued interest payable	736,779	1,320,068	2,056,847
Accrued compensated absences	1,079,904	60,300	1,140,204
Accrued retroactive payroll	4,626,133	-	4,626,133
Due to federal and state government	134,951	-	134,951
Unearned revenues:			
Taxes and assessments collected in advance	3,077,764	1,334,220	4,411,984
Other	2,854,614	-	2,854,614
Long-term debt - due within one year (Note 6)	6,252,924	8,501,945	14,754,869
Total current liabilities	35,735,469	13,411,133	49,146,602
Noncurrent liabilities:			
Claims payable	110,047	-	110,047
Unearned revenue	-	41,010,313	41,010,313
Other liabilities	3,244,387	-	3,244,387
Long-term debt - due in more than one year (Note 6)	61,162,309	144,389,108	205,551,417
Accrued compensated absences	9,391,582	265,214	9,656,796
Net other post-employment benefits obligation	14,770,191	273,760	15,043,951
Net pension obligation	15,082,537	-	15,082,537
Total noncurrent liabilities	103,761,053	185,938,395	289,699,448
Total liabilities	139,496,522	199,349,528	338,846,050
Net Assets:			
Invested in capital assets, net of related debt	67,828,026	55,465,549	123,293,575
Restricted for:			
Debt service payments	-	2,987,060	2,987,060
Education programs	221,535	-	221,535
Community development loans	2,101,640	-	2,101,640
City clerk records preservation	754,757	-	754,757
Public safety programs	123,187	-	123,187
Unrestricted	(28,569,229)	9,025,008	(19,544,221)
Total net assets	$ 42,459,916	$ 67,477,617	$ 109,937,533

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

CITY OF WARWICK, RHODE ISLAND

Statement of Activities

For the Fiscal Year Ended June 30, 2008

Functions/Programs	*Expenses*	*Program Revenues*			*Net (Expense) Revenue and Changes in Net Assets*		
		Charges for Services	*Operating Grants and Contributions*	*Capital Grants and Contributions*	*Governmental Activities*	*Business-Type Activities*	*Total*
Governmental Activities:							
Executive and administration	$ 7,542,904	$ 2,858,476	$ -	$ -	$ (4,684,428)	$ -	$ (4,684,428)
Public safety	89,302,039	7,467,293	359,454	-	(81,475,292)	-	(81,475,292)
Recreation	3,358,547	828,017	-	3,600,000	1,069,470	-	1,069,470
Public libraries	4,443,880	47,159	741,320	-	(3,655,401)	-	(3,655,401)
Social services	2,973,994	100,956	427,628	-	(2,445,410)	-	(2,445,410)
Planning and economic development	3,314,008	1,599,877	1,591,595	-	(122,536)	-	(122,536)
Public works	22,574,947	299,049	133,158	-	(22,142,740)	-	(22,142,740)
Education	175,918,003	2,778,367	50,793,369	-	(122,346,267)	-	(122,346,267)
Cafeteria operations	2,908,848	1,542,363	1,084,209	-	(282,276)	-	(282,276)
Interest on long-term debt	2,902,909	-	-	-	(2,902,909)	-	(2,902,909)
Total governmental activities	315,240,079	17,521,557	55,130,733	3,600,000	(238,987,789)	-	(238,987,789)
Business-Type Activities:							
Sewer	14,231,646	16,474,266	39,153	326,620	-	2,608,393	2,608,393
Water	9,681,133	8,008,749	-	-	-	(1,672,384)	(1,672,384)
Total business-type activities	23,912,779	24,483,015	39,153	326,620	-	936,009	936,009
Total	$ 339,152,858	$ 42,004,572	$ 55,169,886	$ 3,926,620	(238,987,789)	936,009	(238,051,780)
		General Revenues:					
		Property taxes			185,975,551	-	185,975,551
		Interest on property taxes			1,591,941	-	1,591,941
		General state aid and in lieu of taxes			23,579,703	-	23,579,703
		Investment earnings			950,750	619,603	1,570,353
		Tax titles			33,212	-	33,212
		Miscellaneous			5,650,040	-	5,650,040
		Transfers			50,000	(50,000)	-
			Total general revenues and transfers		217,831,197	569,603	218,400,800
			Change in net assets		(21,156,592)	1,505,612	(19,650,980)
			Net assets - beginning of year, as restated		63,616,508	65,972,005	129,588,513
			Net assets - end of year		$ 42,459,916	$ 67,477,617	$ 109,937,533

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

Governmental Fund Financial Statements

CITY OF WARWICK, RHODE ISLAND

Balance Sheet
Governmental Funds
June 30, 2008

	General Fund	*School Unrestricted Fund*	*Other Governmental Funds*	***Total Governmental Funds***
ASSETS				
Cash	$11,892,442	$ 895,932	$ 1,571,026	$14,359,400
Investments	679,409	-	3,379,795	4,059,204
Accounts receivable:				
Real estate and personal property taxes receivable (net)	3,436,411	-	-	3,436,411
Due from federal and state governments	3,659,446	117,646	4,056,643	7,833,735
Other receivables	861,458	933,824	5,476,547	7,271,829
Due from other funds	11,733,703	11,368,067	2,315,062	25,416,832
Advance to other funds	2,909,001	-	-	2,909,001
Other assets	3,029,308	-	-	3,029,308
Total assets	$38,201,178	$13,315,469	$16,799,073	$68,315,720
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable and accrued expenditures	$ 2,771,636	$12,957,708	$ 1,217,462	$16,946,806
Due to federal and state governments	121,111	-	13,840	134,951
Due to other funds	15,281,782	240,959	3,981,143	19,503,884
Advance from other funds	-	2,909,001	-	2,909,001
Deferred revenues:				
Taxes collected in advance	3,077,764	-	-	3,077,764
Uncollected property taxes	1,941,831	-	-	1,941,831
Other	1,000	17,165	6,810,585	6,828,750
Other liabilities	3,144,750	99,637	-	3,244,387
Total liabilities	26,339,874	16,224,470	12,023,030	54,587,374
Fund balances (deficits)				
Reserved for:				
Encumbrances	452,676	-	174,513	627,189
Claims and judgments	600,000	-	-	600,000
Advance to School Unrestricted Fund	2,909,001	-	-	2,909,001
Revolving loans	-	-	933,287	933,287
Unreserved:				
Designated for subsequent year budget	3,291,009	-	-	3,291,009
Undesignated	4,608,618	(2,909,001)	-	1,699,617
Unreserved, reported in:				
Special revenue funds	-	-	2,323,815	2,323,815
Capital project funds	-	-	1,344,428	1,344,428
Total fund balances (deficits)	11,861,304	(2,909,001)	4,776,043	13,728,346
Total liabilities and fund balances	$38,201,178	$13,315,469	$16,799,073	$68,315,720

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

CITY OF WARWICK, RHODE ISLAND

Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Assets
June 30, 2008

Total Fund Balances - Total Governmental Funds	$ 13,728,346
Amounts reported for Governmental Activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet. (Note 2)	132,873,284
Accrued interest receivable on property taxes is reported as revenue in Government-Wide financial statements in the period earned. In Governmental Funds financial statements, interest on property taxes is reported when received.	2,770,067
Other receivables are not available to pay for current period expenditures and, therefore, are deferred in Governmental Funds financial statements.	3,225,994
Delinquent taxes are recognized as revenue in the period for which levied in the Government-Wide financial statements, but are reported as deferred revenue (a liability) in Governmental Funds financial statements.	1,941,831
Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in Governmental Funds Balance Sheet.	(736,779)
The Internal Service Fund is used by management to charge the costs of Workers' Compensation claims. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Government-Wide Statement of Net Assets.	425,103
Long-term liabilities (including bonds payable, capital leases, compensated absences, accrued retroactive payroll, net pension obligations, and net OPEB obligations) are not due and payable in the current period and therefore are not reported in the Governmental Funds Balance Sheet. (Note 6)	(112,365,580)
Bond issue costs are reported as expenditures in the Governmental Funds financial statements. The cost and related accumulated amortization is reflected as an other asset on the Government-Wide financial statements.	597,650
Net Assets - Governmental Activities	$ 42,459,916

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

CITY OF WARWICK, RHODE ISLAND

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2008

	General Fund	*School Unrestricted Fund*	*Other Governmental Funds*	***Total Governmental Funds***
Revenues				
General property taxes	$ 185,121,502	$ -	$ -	$ 185,121,502
Interest on taxes	1,200,872	-	-	1,200,872
Intergovernmental revenue	22,905,028	36,833,863	13,170,797	72,909,688
State contribution to pension plan	-	7,045,104	-	7,045,104
Charges for services	5,426,771	2,721,474	7,346,434	15,494,679
Investment income	829,787	-	104,441	934,228
Contributions and private grants	-	-	181,631	181,631
Other revenue	9,208,748	239,225	337,647	9,785,620
Total revenues	224,692,708	46,839,666	21,140,950	292,673,324
Expenditures				
Current:				
Executive and administration	4,726,288	-	8,145	4,734,433
Public safety	38,297,013	-	3,825,814	42,122,827
Recreation	1,814,366	-	4,447,889	6,262,255
Public libraries	2,672,422	-	215,894	2,888,316
Social services	2,159,417	-	30,019	2,189,436
Planning and economic development	986,711	-	1,806,337	2,793,048
Public works	11,757,779	-	263,328	12,021,107
Employee benefits, fixed costs and capital	38,889,504	-	-	38,889,504
Education	-	159,854,484	7,039,349	166,893,833
Cafeteria operations	-	-	2,908,848	2,908,848
State contribution to pension plan	-	7,045,104	-	7,045,104
Debt service	-	-	10,245,675	10,245,675
Total expenditures	101,303,500	166,899,588	30,791,298	298,994,386
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	123,389,208	(120,059,922)	(9,650,348)	(6,321,062)
Other financing sources (uses)				
Refunding bonds issued	-	-	16,142,296	16,142,296
Refunding bonds premium	-	-	565,443	565,443
Payment to refunded bond escrow agent	-	-	(16,505,813)	(16,505,813)
Transfers from other funds	2,381,879	118,064,827	10,956,438	131,403,144
Transfers to other funds	(128,366,778)	(240,959)	(3,018,624)	(131,626,361)
Total other financing sources (uses)	(125,984,899)	117,823,868	8,139,740	(21,291)
Net change in fund balances	(2,595,691)	(2,236,054)	(1,510,608)	(6,342,353)
Fund balances - July 1, 2007	14,456,995	(672,947)	6,294,118	20,078,166
Adjustments to prior years	-	-	(7,467)	(7,467)
Restated fund balances - July 1, 2007	14,456,995	(672,947)	6,286,651	20,070,699
Fund balances - June 30, 2008	$ 11,861,304	$ (2,909,001)	$ 4,776,043	$ 13,728,346

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

CITY OF WARWICK, RHODE ISLAND

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in the Fund Balances to Government-Wide Statement of Activities
For the Year Ended June 30, 2008

Net Changes in Fund Balances - Total Governmental Funds	$ (6,342,353)
Amounts reported for Governmental Activities in the Statement of Activities are different because:	
Governmental Funds financial statements report capital outlay as expenditures. However, in the Government-Wide Statement of Activities, the cost of capital assets is allocated over its estimated useful life as depreciation expense. This is the amount of capital assets recorded in the current period.	5,656,809
Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities, but does not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in Governmental Funds financial statements.	(9,931,625)
Net other post-employment benefit obligations are reported in the Government-Wide Statement of Activities, but do not require the use of current financial resources. Therefore, net other post-employment benefit obligations are not reported as expenditures in Governmental Funds financial statements until due and paid.	(14,770,191)
Long-term compensated absences, accrued retroactive payroll and net pension obligations are reported in the Government-Wide Statement of Activities, but do not require the use of current financial resources. Therefore, compensated absences, accrued retroactive payroll and net pension obligations are not reported as expenditure in Governmental Funds financial statements until due and paid.	(4,342,530)
Bond and lease proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Government-Wide Statement of Net Assets. Repayment of bond and lease principal is an expenditure in Government Funds, but the payments reduce long-term liabilities in the Government-Wide Statement of Net Assets.	
This amount represents refunding bonds issued.	(16,142,296)
This amount represents payment to refunded bond escrow agent.	16,505,813
This amount represents long-term debt payments.	6,959,343
Accrued interest expense on long-term debt is reported in the Government-Wide Statement of Activities, but does not require the use of current financial resources. Therefore, accrued interest expense is not reported as an expenditure in the Governmental Funds financial statements. The following amount represents the change in accrued interest expense from the prior year.	232,206
The Internal Service Fund is used by management to charge the costs of workers' compensation claims. The net revenues (expenses) of the Internal Service Fund are reported with Governmental Activities in the Government-Wide financial statements.	90,767
Bonds issued at a premium provide current financial resources to Governmental Funds, but increase the long-term liabilities in the Statement of Net Assets. Bond issuance costs are expenditures to Governmental Funds, but are deferred assets in the Statement of Net Assets. The deferred loss on refunding does not require the use of current financial resources, and therefore, is not included in the Governmental Funds financial statements.	
This amount represents refunding bonds premium.	(565,443)
This amount represents current year bond issuance costs.	201,926
This amount represents current year amortization of bond premium.	54,385
This amount represents current year amortization of bond issuance costs and deferred loss on refunding.	(105,094)
Revenues in the Statement of Activities that are not available in Governmental Funds are not reported as revenue in the Governmental Funds.	1,341,691
Change in Net Assets - Governmental Activities	$ (21,156,592)

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

CITY OF WARWICK, RHODE ISLAND

Statement of Net Assets
Proprietary Funds
June 30, 2008

	Business-Type Activities Enterprise Funds					*Governmental Activities*
	Sewer Fund	*Sewer Assessment Fund*	*Water Fund*	*Other Enterprise Funds*	*Total*	*Internal Service Fund*
ASSETS						
Current assets:						
Cash and cash equivalents	$ 1,937,782	$ 23,557	$ 4,034,169	$ 7,152,058	$ 13,147,566	$ 467,199
Restricted cash and cash equivalents	2,982,423	-	-	-	2,982,423	-
Accounts receivable, net:						
Water and sewer user fees	3,611,141	-	2,688,233	556,499	6,855,873	-
Sewer assessments	-	3,260,510	-	-	3,260,510	-
Due from federal and state government	8,910,126	-	-	-	8,910,126	-
Accrued interest	-	-	-	80,230	80,230	-
Restricted accrued interest	4,637	-	-	-	4,637	-
Other receivables	30,597	-	-	68,026	98,623	66,000
Due from other funds	3,435,847	5,283	-	4,795,878	8,237,008	1,951
Inventory	-	-	75,664	-	75,664	-
Total current assets	20,912,553	3,289,350	6,798,066	12,652,691	43,652,660	535,150
Non-current assets:						
Sewer assessments receivable	-	41,010,313	-	-	41,010,313	-
Construction in progress	7,487,845	-	-	111,761	7,599,606	
Depreciable capital assets, net	173,073,754	-	13,382,600	106,227	186,562,581	-
Other assets, net	1,987,291	-	39,308	-	2,026,599	-
Total noncurrent assets	182,548,890	41,010,313	13,421,908	217,988	237,199,099	-
Total assets	203,461,443	44,299,663	20,219,974	12,870,679	280,851,759	535,150
LIABILITIES						
Current liabilities:						
Accounts payable and accrued expenses	1,070,906	-	1,102,242	21,452	2,194,600	-
Accrued interest payable	1,289,213	-	30,855	-	1,320,068	-
Accrued compensated absences	28,662	-	31,638	-	60,300	-
Due to other funds	8,116,074	9,062	5,486,194	413,284	14,024,614	-
Advanced collections	-	1,334,220	-	-	1,334,220	-
Current portion of long term debt	8,291,689	-	210,256	-	8,501,945	-
Total current liabilities	18,796,544	1,343,282	6,861,185	434,736	27,435,747	-
Non-current liabilities:						
Claims payable	-	-	-	-	-	110,047
Accrued compensated absences	114,250	-	125,821	25,143	265,214	-
Unearned revenue	-	41,010,313	-	-	41,010,313	-
Bonds and loans payable	141,606,863	-	2,782,245	-	144,389,108	-
Net other post-employment benefits obligation	124,245	-	134,774	14,741	273,760	-
Total noncurrent liabilities	141,845,358	41,010,313	3,042,840	39,884	185,938,395	110,047
Total liabilities	160,641,902	42,353,595	9,904,025	474,620	213,374,142	110,047
NET ASSETS						
Investment in capital assets - net of related debt	41,914,417	-	13,333,144	217,988	55,465,549	-
Restricted for debt service payments	2,987,060	-	-	-	2,987,060	-
Unrestricted	(2,081,936)	1,946,068	(3,017,195)	12,178,071	9,025,008	425,103
Total net assets	$ 42,819,541	$ 1,946,068	$ 10,315,949	$ 12,396,059	$ 67,477,617	$ 425,103

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

CITY OF WARWICK, RHODE ISLAND

Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2008

	Business-Type Activities Enterprise Funds					*Governmental Activities*
	Sewer Fund	*Sewer Assessment Fund*	*Water Fund*	*Other Enterprise Funds*	*Total*	*Internal Service Fund*
Operating revenues						
Assessments and user fees	$ 9,474,345	$ 3,046,637	$ 7,849,393	$ 330,776	$ 20,701,151	$ -
Other revenues	459,806	3,031,412	159,356	131,290	3,781,864	1,950
Total operating revenues	9,934,151	6,078,049	8,008,749	462,066	24,483,015	1,950
Operating expenses						
Contract services	175,543	-	232,074	-	407,617	-
Salaries and benefits	2,425,888	-	2,667,765	314,110	5,407,763	-
Materials and supplies	435,522	-	33,191	117,032	585,745	-
Depreciation and amortization	4,981,651	-	666,969	10,285	5,658,905	-
Operations	2,116,756	-	5,887,229	49,315	8,053,300	-
Workers' compensation claims	-	-	-	-	-	200,922
Miscellaneous	-	-	-	2,000	2,000	-
Total operating expenses	10,135,360	-	9,487,228	492,742	20,115,330	200,922
Operating income (loss)	(201,209)	6,078,049	(1,478,479)	(30,676)	4,367,685	(198,972)
Nonoperating revenues (expenses)						
Interest income	178,437	51,118	129,415	260,633	619,603	16,522
Operating grants	39,153	-	-	-	39,153	-
Loss on disposal of capital assets	(25,258)	-	-	-	(25,258)	-
Interest expense	(3,643,877)	-	(128,314)	-	(3,772,191)	-
Total nonoperating revenues (expenses)	(3,451,545)	51,118	1,101	260,633	(3,138,693)	16,522
Income (loss) before contributions and transfers	(3,652,754)	6,129,167	(1,477,378)	229,957	1,228,992	(182,450)
Capital contributions	326,620	-	-	-	326,620	-
Transfers in	6,330,739	-	170,581	608,198	7,109,518	273,217
Transfers out	(150,000)	(6,202,000)	(200,000)	(607,518)	(7,159,518)	-
Change in net assets	2,854,605	(72,833)	(1,506,797)	230,637	1,505,612	90,767
Total net assets - beginning of year	39,964,936	2,018,901	11,822,746	12,165,422	65,972,005	334,336
Total net assets - end of year	$ 42,819,541	$ 1,946,068	$ 10,315,949	$ 12,396,059	$ 67,477,617	$ 425,103

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

CITY OF WARWICK, RHODE ISLAND

Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2008

	Business-Type Activities Enterprise Funds					*Governmental Activities*
	Sewer Fund	*Sewer Assessment Fund*	*Water Fund*	*Other Enterprise Funds*	*Total*	*Internal Service Fund*
Cash flows from operating activities						
Cash received from customers	$ 9,354,284	$ 5,612,988	$ 7,719,184	$ 322,785	$ 23,009,241	$ -
Cash payments to suppliers for goods and services	(2,725,586)	-	(5,943,787)	(166,684)	(8,836,057)	-
Cash payments to employees for services	(2,283,397)	-	(2,519,083)	(292,185)	(5,094,665)	-
Other operating receipts	-	-	-	131,485	131,485	1,950
Other operating payments	-	-	-	(2,000)	(2,000)	(273,216)
Net cash provided by (used for) operating activities	4,345,301	5,612,988	(743,686)	(6,599)	9,208,004	(271,266)
Cash flows from non-capital financing activities						
Operating grants received	62,620	-	-	-	62,620	-
Interfund cash receipts	304,075	9,062	1,947,543	294,735	2,555,415	7,549
Interfund cash payments	(3,401,041)	(5,202)	-	(540,577)	(3,946,820)	-
Transfers from other funds	6,330,739	-	170,581	608,198	7,109,518	273,217
Transfers to other funds	(150,000)	(6,202,000)	(200,000)	(441,768)	(6,993,768)	-
Net cash provided by (used for) non-capital financing activities	3,146,393	(6,198,140)	1,918,124	(79,412)	(1,213,035)	280,766
Cash flows from capital and related financing activities						
Acquisition and construction of capital assets	(542,367)	-	(436,086)	(106,290)	(1,084,743)	-
Loan proceeds	4,351,701	-	-	-	4,351,701	-
Refunding bonds issued	3,066,990	-	45,714	-	3,112,704	-
Payment to refunded bond escrow agent	(3,136,554)	-	(46,750)	-	(3,183,304)	-
Refunding bonds premium	107,433	-	1,601	-	109,034	-
Bond issuance costs paid	(37,869)	-	(565)	-	(38,434)	-
Capital grants received	302,188	-	-	-	302,188	-
Principal paid on bonds and loans	(7,636,231)	-	(206,828)	-	(7,843,059)	-
Interest paid on bonds and loans	(3,660,167)	-	(127,122)	-	(3,787,289)	-
Net cash provided by (used for) capital and related financing activities	(7,184,876)	-	(770,036)	(106,290)	(8,061,202)	-
Cash flows from investing activities						
Interest and dividends on investments	182,213	51,118	129,415	260,633	623,379	16,522
Net cash provided by investing activities	182,213	51,118	129,415	260,633	623,379	16,522
Net increase (decrease) in cash and cash equivalents	489,031	(534,034)	533,817	68,332	557,146	26,022
Cash and cash equivalents at beginning of year	4,431,174	557,591	3,500,352	7,083,726	15,572,843	441,177
Cash and cash equivalents at end of year	$ 4,920,205	$ 23,557	$ 4,034,169	$ 7,152,058	$ 16,129,989	$ 467,199
Noncash capital and related financing activities:						
Increase in capital assets	$ 5,289,762	$ -	$ -	$ -	$ 5,289,762	$ -
Increase in other assets	157,250	-	-	-	157,250	-
Increase in loans payable	6,590,299	-	-	-	6,590,299	-
Increase in due from state	1,143,287	-	-	-	1,143,287	-

(Continued)

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

Reconciliation of operating income (loss) to net cash provided by (used for) operating activities

	Business-Type Activities Enterprise Funds					*Governmental Activities*
	Sewer Fund	*Sewer Assessment Fund*	*Water Fund*	*Other Enterprise Funds*	*Total*	*Internal Service Fund*
Operating income (loss)	$ (201,209)	$ 6,078,049	$ (1,478,479)	$ (30,676)	$ 4,367,685	$ (198,972)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation and amortization	4,981,651	-	666,969	10,285	5,658,905	-
Changes in assets and liabilities:						
(Increase) decrease in accounts receivable	(691,514)	278,524	(289,565)	(33,617)	(736,172)	-
Increase (decrease) in allowance for uncollectible accounts	101,998	-	-	25,626	127,624	-
(Increase) decrease in other receivables	9,648	-	-	4,635	14,283	-
(Increase) decrease in accrued interest receivable	-	-	-	(4,440)	(4,440)	-
(Increase) decrease in inventory	-	-	(49,276)	-	(49,276)	-
Increase (decrease) in accounts payable and accrued expenses	10,875	-	267,925	763	279,563	(72,294)
Increase (decrease) in advanced collections	-	(188,189)	-	-	(188,189)	-
Increase (decrease) in unearned revenue	-	(555,396)	-	-	(555,396)	-
Increase (decrease) in accrued compensated absences	9,607	-	3,966	6,084	19,657	-
Increase (decrease) in net other post-employment benefits obligation	124,245	-	134,774	14,741	273,760	-
Total adjustments	4,546,510	(465,061)	734,793	24,077	4,840,319	(72,294)
Net cash provided by (used for) operating activities	$ 4,345,301	$ 5,612,988	$ (743,686)	$ (6,599)	$ 9,208,004	$ (271,266)

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

CITY OF WARWICK, RHODE ISLAND

Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2008

	Pension Trust Funds	*Private-Purpose Trust Funds*	*Agency Funds*
ASSETS			
Cash and cash equivalents	$ 2,939,286	$ 30,947	$ 1,122,137
Investments	329,990,021	131,841	598,163
Accrued interest receivable	5,390	-	-
Due from other funds	-	9,547	16,047
Total assets	332,934,697	172,335	1,736,347
LIABILITIES			
Accounts payable and accrued expenses	322,507	140	22,005
Due to federal and state governments	-	-	80,980
Due to other funds	-	-	152,887
Deposits held in custody for others	-	-	1,480,475
Total liabilities	322,507	140	1,736,347
NET ASSETS			
Held in trust for pension benefits and other purposes	$ 332,612,190	$ 172,195	$ -

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

CITY OF WARWICK, RHODE ISLAND

Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2008

	Pension Trust Funds	*Private-Purpose Trust Funds*
Additions		
Contributions:		
Employer	$ 21,226,470	$ -
Plan member	4,724,168	-
Total contributions	25,950,638	-
Investment income:		
Net appreciation (depreciation) in fair value of investments	(15,243,230)	-
Interest and dividends	1,829,210	6,174
Less: investment expense	(1,156,960)	-
Net investment income	(14,570,980)	6,174
Other revenue	-	36,543
Total additions	11,379,658	42,717
Deductions		
Benefit distributions	30,028,899	-
Administrative and other expense	147,472	43,846
Total deductions	30,176,371	43,846
Change in net assets	(18,796,713)	(1,129)
Net assets - beginning of year	351,408,903	173,324
Net assets - end of year	$ 332,612,190	$ 172,195

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

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

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

B. BASIS OF PRESENTATION AND ACCOUNTING

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

Government-Wide Financial Statements

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

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

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

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

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

Governmental Fund Financial Statements

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

All governmental funds are accounted for using the spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally sixty days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property tax and intergovernmental revenues. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Major Governmental Funds:

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

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

Proprietary Fund Financial Statements

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

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

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

Major Enterprise Funds:

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

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

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

The City has only one Internal Service Fund as follows:

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

Fiduciary Fund Financial Statements

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

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

Private Purpose Trust Funds – These funds account for assets held by the City under various trust arrangements for various municipal union employee benefits, charitable donations related to a local community program, and scholarships.

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

C. CASH EQUIVALENTS

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

D. INVESTMENTS

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

E. ACCOUNTS RECEIVABLE AND TAXES RECEIVABLE

Accounts receivable and taxes receivable are shown net of allowances for uncollectible accounts. The allowances are calculated based on the age of the individual receivables. Property taxes, which were levied on June 15, 2007 for the current year and other delinquent balances, are recorded as receivables.

F. UNBILLED SERVICES RECEIVABLE

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

G. INVENTORY

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

H. CAPITAL ASSETS AND DEPRECIATION

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

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

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

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

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

I. DEBT PREMIUMS AND ISSUANCE COSTS

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

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

J. DEFERRED REVENUE

In the Fund Financial Statements, deferred revenue represents funds received in advance of being owed or receivables that will be collected and included in revenues of future fiscal years. In the General Fund, deferred revenues relate to delinquent property tax balances less amounts due as of the balance sheet date and received sixty days thereafter. In the Sewer Assessment Fund, deferred revenues relate to sewer assessment receivables billed over twenty years.

K. PROPERTY TAXES

The City is permitted by State Law to levy property taxes. Current tax collections for the City were approximately 97.4 percent of the total 2007 levy.

The City's fiscal 2008 property taxes were levied on June 15, 2007 (also the lien date) on the assessed valuation as of December 31, 2006. Taxes are payable in full or quarterly, at the taxpayer's option. Installment due dates are July 15, October 15, January 15, and April 15. Taxes not paid by the due date are delinquent and carry an interest charge of twelve percent per annum from July 15. Assessed values for real property are based upon fair market value as of December 31, 2003. A revaluation of all real property must be done every nine years. A revaluation was done during fiscal year 2004 and was effective for the fiscal 2005 property tax levy.

L. COMPENSATED ABSENCES

Under the terms of various contracts and agreements, City employees are granted vacation, sick and personal leave in varying amounts based on length of service and bargaining unit. Unused vacation leave is paid upon an employee's termination. Up to one-half of unused sick leave is paid upon termination, retirement or death depending on bargaining unit. Severance pay and personal days are also paid to terminating employees depending on bargaining unit. The liability is calculated at the rate of pay in effect at June 30, 2008.

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

M. ACCRUED LIABILITIES AND LONG-TERM DEBT

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

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

N. ESTIMATES

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

NOTE 2 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2008 was as follows:

	Beginning Balance	*Additions*	*Retirements*	*Ending Balance*
Governmental Activities				
Nondepreciable assets:				
Land	$ 14,280,138	$ 4,400,000	$ -	$ 18,680,138
Construction in progress	5,259,081	228,875	5,456,583	31,373
Total nondepreciable assets	19,539,219	4,628,875	5,456,583	18,711,511
Depreciable assets:				
Land improvements	9,986,483	293,670	-	10,280,153
Buildings	98,311,432	5,167,075	-	103,478,507
Infrastructure	194,174,566	111,321	-	194,285,887
Machinery & equipment	18,106,220	142,659	-	18,248,879
Vehicles	24,766,469	769,791	-	25,536,260
Total depreciable assets	345,345,170	6,484,516	-	351,829,686
Total Capital Assets	364,884,389	11,113,391	5,456,583	370,541,197
Less accumulated depreciation for:				
Land improvements	6,258,733	404,525	-	6,663,258
Buildings	43,464,209	2,094,963	-	45,559,172
Infrastructure	147,013,507	4,960,824	-	151,974,331
Machinery & equipment	13,550,203	869,089	-	14,419,292
Vehicles	17,449,636	1,602,224	-	19,051,860
Total Accumulated Depreciation	227,736,288	9,931,625	-	237,667,913
Governmental Activities Capital Assets, Net	$137,148,101	$ 1,181,766	$ 5,456,583	$132,873,284
Business-Type Activities				
Non-depreciable assets:				
Construction in progress	$ 15,694,200	$ 5,080,306	$ 13,174,900	$ 7,599,606
Total nondepreciable assets	15,694,200	5,080,306	13,174,900	7,599,606
Depreciable assets:				
Buildings	3,602,174	-	-	3,602,174
Machinery & equipment	3,267,629	260,688	23,594	3,504,723
Water distribution system & wastewater collection system	233,715,581	13,678,598	59,411	247,334,768
Total depreciable assets	240,585,384	13,939,286	83,005	254,441,665
Total Capital Assets	256,279,584	19,019,592	13,257,905	262,041,271
Less accumulated depreciation for:				
Buildings	926,691	51,527	-	978,218
Machinery & equipment	2,142,247	217,504	23,594	2,336,157
Water distribution system & wastewater collection system	59,344,416	5,254,447	34,154	64,564,709
Total Accumulated Depreciation	62,413,354	5,523,478	57,748	67,879,084
Business-Type Activities Capital Assets, Net	$193,866,230	$ 13,496,114	$ 13,200,157	$194,162,187

Depreciation expense was charged to the functions/programs in the Statement of Activities as follows:

Governmental Activities		
Executive and administration	$ 41,800	$ -
Public safety	1,147,080	-
Recreation	484,177	-
Public libraries	210,291	-
Social services	79,587	-
Planning and economic development	30,466	-
Public works	6,141,380	-
Education	1,796,844	-
Business-Type Activities		
Sewer	-	4,859,871
Water	-	663,607
Total Depreciation Expense	$ 9,931,625	$ 5,523,478

NOTE 3 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. LEGAL DEBT MARGIN – The City's legal debt margin as set forth by the State Statute is limited to three percent of total taxable assessed value, which approximates $368,675,097. As of June 30, 2008, the City's debt applicable to the debt limitation is under the debt limit by $307,824,064.

B. DEFICIT FUND BALANCES – The following funds had deficit fund balances as of June 30, 2008:

School Unrestricted Fund	$(2,909,001)
2000 Recreation Bond	$(427,897)

NOTE 4 – CASH DEPOSITS

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

	Carrying Amount
Total deposits	$16,966,366
Add: Petty cash and cash on hand	20,044
Add: Investments classified as cash equivalents	18,062,548
Total Cash and Cash Equivalents Reported in the Financial Statements	$35,048,958

CUSTODIAL CREDIT RISK – Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the City will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The City does not have a formal deposit policy for custodial credit risk, but is governed by State Laws as described below. As of June 30, 2008, $18,448,571 of the City's bank balance of $19,781,056 was exposed to custodial credit risk as follows:

	Bank Balance
Insured (Federal depository insurance funds)	$ 1,332,485
Collateralized with securities held by pledging financial institution or its agent, in the City's name	17,803,262
Uninsured and uncollateralized	645,309
Total	$19,781,056

Under Rhode Island general laws, depository institutions holding deposits of the State, its agencies or governmental subdivisions of the State, shall at a minimum, insure or pledge eligible collateral equal to one hundred percent of the deposits that are time deposits with maturities greater than sixty days. Any of these institutions, which do not meet minimum capital standards prescribed by federal regulators, shall insure or pledge eligible collateral equal to one hundred percent of all deposits, regardless of maturity. At June 30, 2008, the City's uncollateralized deposits with depository institutions were $645,309.

NOTE 5 - INVESTMENTS

A. The City invests in various types of investments, which are stated at fair value, except for non-participating interest earning investment contracts, which are recorded at amortized cost. By Charter, the Finance Director and Treasurer have the authority to make investments subject to rules and regulations that the City Council may prescribe by ordinance. The City Finance Director shall have authority to purchase and invest prudently in the following investments for funds other than pension funds:

1) Obligations of the United States government, and its agencies and instrumentalities.

2) Certificates of deposit and other evidences of deposit at banks, credit unions, and savings and loan associations with offices in the State.

3) Bankers' acceptances of banks with offices in the State.

4) Commercial paper of banks with offices in the State.

5) Repurchase agreements whose underlying collateral consists of U.S. government agency securities and U.S. government sponsored corporations, plus the above, and which are offered by banks with offices in the State.

6) Money market funds whose portfolios consist of the above instruments, and any other investments specifically approved by the City Council.

7) No-load, open-end, diversified management investment companies incorporated under Rhode Island General Laws designed exclusively for all State government entities, agencies and instrumentalities.

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

Investment	***Fair Value***	***Rating***
MBIA RI Investment Pool	$ 15,602,436	N/A
Treasury Obligation Funds	2,925,458	Not rated
Money Market Funds	925,951	AAAm
Prime Obligation Fund	1,063,984	Not rated
Government Obligation Fund	320,591	Not rated
Immediate Participation Guarantee Contracts	7,386,970	N/A
Mutual Fund – Stable Value	7,337,053	AA+
Mutual Funds – Equity	125,766,438	N/A
Mutual Funds – Fixed Income	1,621,625	AAA
Mutual Funds – Fixed Income	467,450	AA-
Mutual Funds – Fixed Income	719,849	BBB+
Mutual Funds – Fixed Income	697,382	BB+
Mutual Funds – Fixed Income	640,793	B+
Mutual of Omaha	1,024	Not rated
State Street Short-Term Investment Fund	6,891,877	Not rated
Corporate Equities	71,131,632	N/A
Bond and Notes	108,023,921	See Note 5 B
Pooled Bonds and Notes – Interest Receivable	1,317,343	N/A
Total Investments	$352,841,777	
Less: Investments Classified as Cash Equivalents	(18,062,548)	
Total Investments Reported in the Financial Statements	$334,779,229	

Interest Rate Risk – The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – As described above, the City has a formal investment policy that limits the types of investments authorized for funds other than pension funds. The City has no formal investment policy that limits investment choices for its pension funds.

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

Custodial Credit Risk – Custodial credit risk for investments is the risk that in the event of failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment in corporate equities of $71,131,632 and bonds and notes of $108,023,921 are held by the investment's counterparty in the City's name.

B. The City's investment in bonds and notes had the following credit ratings and maturities as of June 30, 2008.

		Investment Maturities (in Years)							
Investment Type/Rating	*Fair Value*	*Less Than 1*	*1-5*	*6-10*	*11-15*	*16-20*	*21-25*	*26-30*	*More Than 30*
U.S. Treasury Notes and Bonds:									
AAA	$ 14,786,855	$ -	$ 3,804,425	$ 8,672,940	$ 534,750	$ 1,774,740	$ -	$ -	$ -
Federal Home Loan Bank Bonds and Notes:									
AAA	3,146,325	510,738	1,001,603	-	-	-	-	1,633,984	-
FNMA Bonds and Notes:									
AAA	3,361,086	-	1,020,357	1,513,802	-	-	-	826,927	-
Federal Farm Credit Bank Bonds and Notes:									
AAA	1,008,854	507,464	501,390	-	-	-	-	-	-
Corporate Bonds:									
AAA	6,481,239	-	2,108,298	1,927,662	971,846	-	-	937,453	535,980
AA+	3,266,420	1,001,080	1,355,464	909,876	-	-	-	-	-
AA	3,552,500	2,009,922	367,990	444,070	-	-	-	730,518	-
AA-	13,134,059	1,757,332	5,278,471	2,780,794	-	1,699,184	-	1,618,278	-
A+	5,801,974	990,224	1,386,403	1,857,110	-	1,340,452	-	-	227,785
A	17,067,660	-	14,058,856	2,680,161	-	-	-	-	328,643
A-	5,978,325	1,031,847	4,563,347	-	-	-	-	383,131	-
BBB+	5,718,790	-	3,264,801	581,078	-	1,163,105	-	709,806	-
BBB	554,678	-	-	-	-	241,747	-	312,931	-
BBB-	1,250,630	-	-	830,630	-	420,000	-	-	-
B	811,520	-	811,520	-	-	-	-	-	-
Commercial Mortgage Obligations:									
AAA	8,086,899	-	-	966,173	-	-	938,600	2,465,811	3,716,315
Not Rated	8,293,077	-	-	264,953	-	4,376,208	1,327,174	323,407	2,001,335
Credit Card Receivable:									
AAA	2,073,878	-	535,135	-	1,538,743	-	-	-	-
Municipals:									
AAA	471,457	170,165	-	-	301,292	-	-	-	-
AA-	360,338	-	360,338	-	-	-	-	-	-
A+	571,741	-	-	571,741	-	-	-	-	-
Other Asset Backed:									
AAA	193,020	-	-	-	-	193,020	-	-	-
AA-	787,019	-	-	-	787,019	-	-	-	-
Not Rated	1,265,577	-	-	-	-	1,265,577	-	-	-
	$ 108,023,921	$ 7,978,772	$ 40,418,398	$ 24,000,990	$ 4,133,650	$ 12,474,033	$ 2,265,774	$ 9,942,246	$ 6,810,058

NOTE 6 - LONG-TERM LIABILITIES

A. Long-term liability activity for the year ended June 30, 2008 was as follows:

	Beginning Balance	*Additions*	*Retirements*	*Ending Balance*	*Amounts Due Within One Year*
Governmental Activities					
Bonds and capital leases payable:					
General obligation bonds	$ 65,316,412	$ 16,142,296	$ 20,607,675	$ 60,851,033	$ 3,997,017
Capital lease payable	8,662,725	-	2,355,907	6,306,818	2,255,907
Plus amortized premium on bonds	401,772	565,443	54,385	912,830	-
Less deferred amount on refundings	215,683	504,190	64,425	655,448	-
Total bonds and capital leases payable	74,165,226	16,203,549	22,953,542	67,415,233	6,252,924
Other liabilities:					
Compensated absences	10,149,569	1,475,991	1,154,074	10,471,486	1,079,904
Net pension obligation	8,280,050	7,001,018	198,531	15,082,537	-
Net other post-employment benefits obligation	-	14,770,191	-	14,770,191	-
Accrued retroactive payroll	7,408,007	-	2,781,874	4,626,133	4,626,133
Total other liabilities	25,837,626	23,247,200	4,134,479	44,950,347	5,706,037
Governmental Activities Long-Term Liabilities	$ 100,002,852	$ 39,450,749	$ 27,088,021	$ 112,365,580	$ 11,958,961
Business-Type Activities					
Bonds and loans payable:					
Water	$ 3,198,415	$ 45,714	$ 251,828	$ 2,992,301	$ 210,256
Sewer	146,430,136	14,008,990	10,671,992	149,767,134	8,291,689
Plus amortized premium on bonds	195,963	109,034	17,019	287,978	-
Less deferred amount on refundings	73,644	102,544	19,828	156,360	-
Total bonds and loans payable	149,750,870	14,061,194	10,921,011	152,891,053	8,501,945
Compensated absences	305,857	72,570	52,913	325,514	60,300
Net other post-employment benefits obligation	-	273,760	-	273,760	-
Business-Type Activities Long-Term Liabilities	$ 150,056,727	$ 14,407,524	$ 10,973,924	$ 153,490,327	$ 8,562,245

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

B. GENERAL OBLIGATION BONDS DEBT SERVICE REQUIREMENTS

The debt service requirements at June 30, 2008 were as follows:

Fiscal Year Ending June 30,	*Governmental Activities General Obligation*		*Business-Type Activities Water and Sewer*	
	Principal	*Interest*	*Principal*	*Interest*
2009	$ 3,997,017	$ 2,313,454	$ 1,237,983	$ 992,844
2010	4,920,419	2,298,370	1,409,581	973,462
2011	5,042,695	2,102,313	1,457,305	918,780
2012	4,572,639	1,918,815	1,457,361	863,999
2013	4,666,765	1,748,943	1,498,235	809,677
2014-2018	21,824,680	6,010,444	7,700,320	3,154,327
2019-2023	13,572,218	2,071,945	6,882,782	1,586,924
2024-2028	2,254,600	128,299	3,320,400	280,727
	$60,851,033	$18,592,583	$24,963,967	$9,580,740

C. CAPITAL LEASE COMMITMENTS

The City of Warwick's capital leases consist of three leases for various vehicles and equipment. The gross amount of vehicles and equipment acquired under capital leases is $10,149,244. The City may purchase leased vehicles and equipment as set forth in the lease agreements. Leases are renewed annually based on the City's appropriation of funds sufficient to pay the obligations under the lease agreements.

Obligations of Governmental Activities under capital leases at June 30, 2008, were as follows:

Fiscal Year Ended June 30,	*Total*
2009	$2,447,224
2010	2,153,336
2011	1,060,949
2012	1,025,410
Total minimum lease payments	6,686,919
Less: Amount representing interest cost	(380,101)
Present value of minimum lease payments	$6,306,818

D. LOANS PAYABLE

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

Loan Date	*Original Loan Amount*	*Interest Rate**	*Matures*
March 11, 1992	$ 3,500,000	3.16%	September 1, 1994-2013
March 10, 1993	3,100,000	3.11%	September 1, 1996-2015
December 19, 1995	3,996,000	2.82%	September 1, 1997-2016
March 31, 1997	10,000,000	2.97%	September 1, 1997-2016
June 26, 1998	10,200,000	2.57%	September 1, 1999-2019
August 25, 1999	14,750,000	2.84%	September 1, 2002-2019
December 19, 2000	20,232,323	2.90%	September 1, 2001-2020
April 25, 2002	12,000,000	1.25%	September 1, 2002-2022
October 24, 2002	20,000,000	1.00%	September 1, 2004-2022
November 13, 2003	20,000,000	1.34%	September 1, 2005-2024
December 30, 2004	20,000,000	1.40%	September 1, 2006-2025
December 15, 2005	5,000,000	1.41%	September 1, 2007-2026
December 21, 2006	9,500,000	1.27%	September 1, 2008-2027
December 12, 2007	6,942,000	1.185-1.645%	September 1, 2009-2028
April 30, 2008	4,000,000	4.85%	March 1, 2009-2028

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

The loan proceeds are to be used by the City for the extension and upgrade of the sewer system. The Agency pays project invoices certified by the City directly to the contractors or reimburses the City for costs incurred on the projects. As of June 30, 2008, loans payable of $127,795,468 are reflected in the Sewer Fund. A due from the Rhode Island Clean Water Protection Finance Agency of $8,853,981 is shown for that portion of the December 21, 2006, December 12, 2007 and April 30, 2008 loans, which have not been advanced as of June 30, 2008. The City is responsible to draw down and to repay the full amount of the loans.

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

Fiscal Year Ended June 30,	*Principal*	*Interest*
2009	$7,263,962	$2,863,818
2010	7,748,222	2,780,787
2011	7,890,604	2,596,466
2012	8,043,190	2,402,466
2013	8,196,814	2,202,730
2014-2018	41,616,870	7,910,537
2019-2023	34,347,806	3,191,959
2024-2028	12,339,000	650,258
2029	349,000	3,743
	$127,795,468	$24,602,764

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

E. Schedule of Bonds and Loans Payable

Purpose	*Year of Issue*	*Interest Rate*	*Maturity Date*	*Outstanding June 30, 2007*	*New Issues*	*Refunding/ Maturities During Year*	*Outstanding June 30, 2008*
Governmental Funds							
Bonds payable:							
School	1993	3.60/6.50	11/01/13	$ 1,529,150	$ -	$ 1,529,150	$ -
School	1996	4.50/5.70	08/01/16	1,900,000	-	1,900,000	-
School	1997	4.50/7.00	02/15/17	2,750,000	-	2,750,000	-
School	1998	4.30/6.75	03/01/18	4,466,040	-	4,466,040	-
School	2001	4.25/6.00	01/15/21	6,377,778	-	320,988	6,056,790
School	2002	3.50/5.25	07/15/21	5,099,380	-	244,948	4,854,432
School	2003	2.50/5.00	06/15/23	4,318,000	-	190,000	4,128,000
School	2004	3.00/4.75	08/15/24	4,694,000	-	164,000	4,530,000
School	2006	3.75/5.00	01/15/26	2,420,000	-	85,000	2,335,000
Drainage	1998	4.30/6.75	03/01/18	733,231	-	733,231	-
Drainage	2003	2.50/5.00	06/15/23	863,600	-	38,000	825,600
Drainage	2004	3.00/4.75	08/15/24	938,800	-	32,800	906,000
Fire	1997	4.50/7.00	02/15/17	125,000	-	125,000	-
Fire	1998	4.30/6.75	03/01/18	333,287	-	333,287	-
Open space	1997	4.50/7.00	02/15/17	187,500	-	187,500	-
Open space	1998	4.30/6.75	03/01/18	749,893	-	749,893	-
Open space	2001	4.25/6.00	01/15/21	1,056,320	-	53,164	1,003,156
Open space	2002	3.50/5.25	07/15/21	1,699,792	-	81,649	1,618,143
City buildings	2001	4.25/6.00	01/15/21	298,959	-	15,046	283,913
City buildings	2002	3.50/5.25	07/15/21	1,381,084	-	66,340	1,314,744
Library	1997	4.50/7.00	02/15/17	750,000	-	750,000	-
Library	1998	4.30/6.75	03/01/18	1,999,720	-	1,999,720	-
Recreation	1997	4.50/7.00	02/15/17	187,500	-	187,500	-
Recreation	1998	4.30/6.75	03/01/18	749,893	-	749,893	-
Recreation	2001	4.25/6.00	01/15/21	2,391,666	-	120,370	2,271,296
Recreation	2003	2.50/5.00	06/15/23	2,590,800	-	114,000	2,476,800
Public safety	2003	2.50/5.00	06/15/23	1,513,600	-	138,000	1,375,600
Public safety	2004	3.00/4.75	08/15/24	5,163,400	-	180,400	4,983,000
Transportation	1997	4.50/7.00	02/15/17	250,000	-	250,000	-
Transportation	1998	4.30/6.75	03/01/18	833,216	-	833,216	-
Animal shelter	2001	4.25/6.00	01/15/21	797,221	-	40,123	757,098
Refunding bond	1997	4.40/4.90	11/15/10	2,522,520	-	651,420	1,871,100
Refunding bond	2002	3.00/5.00	10/15/14	3,645,062	-	526,997	3,118,065
Refunding bond	2008	3.50/4.20	08/01/17	-	16,142,296	-	16,142,296
Total governmental funds bonds payable				65,316,412	16,142,296	20,607,675	60,851,033

(Continued)

Purpose	*Year of Issue*	*Interest Rate*	*Maturity Date*	*Outstanding June 30, 2007*	*New Issues*	*Refunding/ Maturities During Year*	*Outstanding June 30, 2008*
Enterprise Funds							
Bonds payable:							
Water	1996	3.75/5.25	08/01/16	50,000	-	50,000	-
Water	2002	3.50/5.25	07/15/21	1,274,846	-	61,237	1,213,609
Water	2003	2.50/5.00	06/15/23	1,295,400	-	57,000	1,238,400
Water refunding	2002	3.00/5.00	10/15/14	578,169	-	83,591	494,578
Water refunding	2208	3.50/4.20	08/01/17	-	45,714	-	45,714
Sewer	1993	3.60/6.50	11/01/13	220,850	-	220,850	-
Sewer	1996	4.50/5.70	08/01/16	850,000	-	850,000	-
Sewer	1997	4.50/7.00	02/15/17	250,000	-	250,000	-
Sewer	1998	4.30/6.75	03/01/18	1,999,720	-	1,999,720	-
Sewer	2001	4.25/6.00	01/15/21	1,993,056	-	100,309	1,892,747
Sewer	2002	3.50/5.25	07/15/21	849,898	-	40,826	809,072
Sewer	2003	2.50/5.00	06/15/23	863,600	-	38,000	825,600
Sewer	2004	3.00/4.75	08/15/24	938,800	-	32,800	906,000
Sewer	2006	3.75/5.00	01/15/26	14,525,000	-	500,000	14,025,000
Sewer refunding	1997	4.40/4.90	11/15/10	207,480	-	53,580	153,900
Sewer refunding	2002	3.00/5.00	10/15/14	341,769	-	49,412	292,357
Sewer refunding	2008	3.50/4.20	08/01/17	-	3,066,990	-	3,066,990
Total enterprise funds bonds payable				26,238,588	3,112,704	4,387,325	24,963,967
Loans payable:							
Sewer	1992	3.16	09/01/13	1,225,000	-	175,000	1,050,000
Sewer	1993	3.11	09/01/15	1,669,000	-	160,000	1,509,000
Sewer	1995	2.82	09/01/16	1,998,000	-	199,800	1,798,200
Sewer	1997	2.97	09/01/16	5,263,158	-	526,316	4,736,842
Sewer	1998	2.57	09/01/19	7,051,101	-	449,214	6,601,887
Sewer	1999	2.84	09/01/19	11,366,835	-	735,274	10,631,561
Sewer	2000	2.90	09/01/20	15,325,015	-	902,921	14,422,094
Sewer	2002	1.25	09/01/22	10,130,342	-	502,892	9,627,450
Sewer	2002	1.00	09/01/22	17,432,512	-	899,078	16,533,434
Sewer	2003	1.34	09/01/24	18,282,000	-	873,000	17,409,000
Sewer	2004	1.40	09/01/25	19,147,000	-	863,000	18,284,000
Sewer	2005	1.41	09/01/26	5,000,000	-	250,000	4,750,000
Sewer	2006	1.27	09/01/27	9,500,000	-	-	9,500,000
Sewer	2007	1.685/2.145	09/01/28	-	6,942,000	-	6,942,000
Sewer - conduit	2008	4.85	03/01/28	-	4,000,000	-	4,000,000
Total enterprise funds loans payable				123,389,963	10,942,000	6,536,495	127,795,468
Total bonds and loans payable				$ 214,944,963	$ 30,197,000	$ 31,531,495	$ 213,610,468

F. REFUNDINGS OF LONG-TERM DEBT

On April 30, 2008, the City issued $19,255,000 in general obligation bonds with an average interest rate of 3.92% for a current refunding of the following outstanding bonds: $1,500,000 in 1993 Series bonds with an interest rate of 3.6-6.5%; $2,520,000 in 1996 Series A bonds with an interest rate of 4.5-5.7%; $4,050,000 in 1997 Series A bonds with an interest rate of 4.5-7%; and $11,015,000 in 1998 Series A bonds with an interest rate of 4.3-6.75%. The net proceeds of $19,683,126 (after payment of $237,743 in underwriter's fees, insurance and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited to an irrevocable trust with an escrow agent to provide for the current refunding of the 1993, 1996A, 1997A, and 1998A Series bonds. As a result, the 1993, 1996A, 1997A and 1998A Series bonds are considered to be defeased and the liability for those bonds has been removed from the Government-Wide Statement of Net Assets.

The current refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $504,190 for Governmental Activities and $102,544 for Business-Type Activities. The difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through fiscal years 2008-2018 using the straight-line method. The City completed the current refunding to reduce its total debt service payments over the next 11 years by $1,399,098 and obtain an economic gain (difference between the present values of the old and new debt service payments) of $1,086,807.

NOTE 7 - OPERATING LEASES

The City has entered into operating leases for equipment. As of June 30, 2008, future minimum rental commitments under operating leases are as follows:

Fiscal Year Ended June 30,	
2009	$124,139
2010	24,591
2011	4,680
2012	1,952
Future minimum rental commitments	$155,362

Rental expenditures related to operating leases were approximately $124,140 in fiscal year 2008.

NOTE 8 – NET ASSETS/FUND BALANCES

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

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

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

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

- **Debt service payments** – To restrict net assets held for debt service in accordance with the City's trust indenture.
- **Education programs** – To restrict net assets to be used for education programs in accordance with grant agreements.
- **Community development loans** – To restrict net assets to be used for community development loans in accordance with grant agreements.
- **City clerk records preservation** – To restrict net assets to be used for City clerk records preservation in accordance with State Laws.
- **Public safety programs** – To restrict net assets to be used for public safety programs in accordance with Federal and State Laws and grant agreements.

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

In the Fund Financial Statements, reserves and designations segregate portions of fund balance that are either not available or have been earmarked for specific purposes. At June 30, 2008, reservations and designations of fund balance are described below:

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

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

Reserve for Advance to School Unrestricted Fund – to reserve funds advanced to the School Unrestricted Fund which do not constitute a current financial resource.

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

Designated for Subsequent Year Budget – to designate that portion of fund balance budgeted for use in fiscal year 2009.

NOTE 9 - INTERFUND BALANCES

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

	Due From								
	General Fund	*School Unrestricted Fund*	*Nonmajor Governmental Funds*	*Sewer Fund*	*Sewer Assessment Fund*	*Water Fund*	*Nonmajor Enterprise Funds*	*Trust and Agency Funds*	*Total*
Due To									
General Fund	$ -	$ -	$ 2,428,310	$ 6,185,997	$ 9,062	$ 2,871,906	$ 139,410	$ 99,018	$ 11,733,703
School Unrestricted Fund	11,368,067	-	-	-	-	-	-	-	11,368,067
Nonmajor Governmental Funds	495,298	240,959	1,552,833	-	-	-	-	25,972	2,315,062
Sewer Fund	3,377,633	-	-	-	-	14,288	16,029	27,897	3,435,847
Sewer Assessment Fund	5,283	-	-	-	-	-	-	-	5,283
Nonmajor Enterprise Funds	7,956	-	-	1,930,077	-	2,600,000	257,845	-	4,795,878
Internal Service Fund	1,951	-	-	-	-	-	-	-	1,951
Trust and Agency Funds	25,594	-	-	-	-	-	-	-	25,594
Total	$ 15,281,782	$ 240,959	$ 3,981,143	$ 8,116,074	$ 9,062	$ 5,486,194	$ 413,284	$ 152,887	$ 33,681,385

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

An advance to the School Unrestricted Fund from the General Fund of $2,909,001 is also reflected in the Governmental Fund Statements.

NOTE 10 - INTERFUND TRANSFERS

	Transfer From							
	General Fund	*School Unrestricted Fund*	*Nonmajor Governmental Funds*	*Sewer Fund*	*Sewer Assessment Fund*	*Water Fund*	*Nonmajor Enterprise Funds*	*Total*
Transfer To								
General Fund	$ -	$ -	$ 2,381,879	$ -	$ -	$ -	$ -	$ 2,381,879
School Unrestricted Fund	118,064,827	-	-	-	-	-	-	118,064,827
Nonmajor Governmental Funds	10,028,734	240,959	636,745	-	-	-	50,000	10,956,438
Sewer Fund	-	-	-	-	6,202,000	-	128,739	6,330,739
Water Fund	-	-	-	-	-	-	170,581	170,581
Nonmajor Enterprise Funds	-	-	-	150,000	-	200,000	258,198	608,198
Internal Service Fund	273,217	-	-	-	-	-	-	273,217
Total	$ 128,366,778	$ 240,959	$ 3,018,624	$ 150,000	$ 6,202,000	$ 200,000	$ 607,518	$ 138,785,879

Transfers are used to move revenues from the fund that the budget requires to collect them to the funds that the budget requires to expend them. For example, the transfer of $118,064,827 is the School appropriation that is budgeted in the General Fund as a revenue source to be transferred to the School Unrestricted Fund and expended.

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

"Total fund balances" of the City's governmental funds ($13,728,346) differs from "net assets" of governmental activities ($42,459,916) reported in the statement of net assets. This difference primarily results from the long-term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheets. The effect of the differences is illustrated below.

		Balance Sheet/Statement of Net Assets		
	Total Governmental Funds	***Long-Term Assets/ Liabilities (1)***	***Reclassifications and Eliminations (2)***	***Statement Net Assets Totals***
ASSETS				
Cash and cash equivalents	$ 14,359,400	$ -	$ 467,199	$ 14,826,599
Investments	4,059,204	-	-	4,059,204
Accounts receivable, net:				
Accrued interest receivable	-	2,770,067	-	2,770,067
Real estate & personal property taxes receivable, net	3,436,411	-	-	3,436,411
Due from federal and state governments	7,833,735	-	-	7,833,735
Other receivables, net	7,271,829	(748,142)	218,887	6,742,574
Due from other funds	25,416,832	-	(19,629,226)	5,787,606
Advance to other funds	2,909,001	-	(2,909,001)	-
Other assets, net	3,029,308	597,650	-	3,626,958
Land	-	18,680,138	-	18,680,138
Depreciable capital assets, net	-	114,161,773	-	114,161,773
Construction in progress	-	31,373	-	31,373
Total assets	$ 68,315,720	$ 135,492,859	$ (21,852,141)	$ 181,956,438
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued expenses	$ 16,946,806	$ -	$ 135,641	$ 17,082,447
Accrued interest payable	-	736,779	-	736,779
Due to federal and state governments	134,951	-	-	134,951
Due to other funds	19,503,884	-	(19,503,884)	-
Advance from other funds	2,909,001	-	(2,909,001)	-
Deferred revenue - taxes collected in advance	3,077,764	-	-	3,077,764
Deferred revenue - uncollected property taxes	1,941,831	(1,941,831)	-	-
Deferred revenue - other	6,828,750	(3,974,136)	-	2,854,614
Other liabilities	3,244,387	-	-	3,244,387
Long-term liabilities:				
Due within one year	-	11,958,961	-	11,958,961
Due in more than one year	-	100,406,619	-	100,406,619
Total liabilities	54,587,374	107,186,392	(22,277,244)	139,496,522
Total fund balances/net assets	13,728,346	28,306,467	425,103	42,459,916
Total liabilities and fund balances/net assets	$ 68,315,720	$ 135,492,859	$ (21,852,141)	$ 181,956,438

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

Land	$ 18,680,138
Construction in progress	31,373
Cost of capital assets	351,829,685
Accumulated depreciation	(237,667,912)
	$ 132,873,284

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

Allowance for uncollectible receivables	$ (748,142)
Adjustment of deferred revenue	$ 5,915,967

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

Adjustment of accrued interest payable	$ (736,779)

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

Adjustment of accrued interest receivable	$ 2,770,067

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

Bonds payable	$ (60,851,033)
Capital leases	(6,306,818)
Amortized premium on bonds	(912,831)
Deferred amount on refunding	655,449
Net pension obligation	(15,082,537)
Net other post-employment benefit obligation	(14,770,191)
Accrued compensated absences	(10,471,486)
Accrued retroactive payroll	(4,626,133)
	$ (112,365,580)
Bond issuance costs	$ 597,650

(2) The Internal Service Fund is used by management to charge the costs of workers' compensation claims. The assets and liabilities of the Internal Service Fund are included in governmental activities in the government-wide statement of net assets. $ 425,103

The elimination of internal balances of governmental activities. $ (22,387,291)

The reclassification of internal receivable balances of fiduciary funds. $ 152,887

The reclassification of internal payable balances of fiduciary funds. $ 25,594

NOTE 12 - DIFFERENCES BETWEEN GOVERNMENTAL FUND OPERATING STATEMENT AND STATEMENT OF ACTIVITIES

The "net change in the fund balances" for governmental funds ($6,342,353) differs from the "change in net assets" for governmental activities ($21,156,592) reported in the statement of activities. The differences arise primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

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

	Total Governmental Funds	*Long-Term Revenues/ Expenses & Reclassifications (1)*	*Capital-Related Items (2)*	*Internal Service Fund (3)*	*Long-Term Liability Transactions (4)*	*Statement of Activities Totals*
Revenues and Other Sources						
Revenues:						
General property tax	$ 185,121,502	$ 854,049	$ -	$ -	$ -	$ 185,975,551
Interest on taxes	1,200,872	391,069	-	-	-	1,591,941
Intergovernmental revenue	72,909,688	9,219,117	-	-	-	82,128,805
State contribution to pension plan	7,045,104	(7,045,104)	-	-	-	-
Charges for services	15,494,679	2,026,878	-	-	-	17,521,557
Interest on investments	934,228	-	-	16,522	-	950,750
Contributions and private grants	181,631	-	-	-	-	181,631
Other revenues	9,785,620	(4,104,318)	-	1,950	-	5,683,252
Other sources:						
Refunding bonds issued	16,142,296	-	-	-	(16,142,296)	-
Refunding bonds premium	565,443	-	-	-	(565,443)	-
Total revenues and other sources	309,381,063	1,341,691	-	18,472	(16,707,739)	294,033,487
Expenditures						
Current:						
Executive and administrative	4,734,433	2,183,154	41,800	200,922	382,595	7,542,904
Public safety	42,122,827	29,526,319	524,459	-	17,128,434	89,302,039
Recreation	6,262,255	912,729	(3,969,653)	-	153,216	3,358,547
Public libraries	2,888,316	1,208,101	109,262	-	238,201	4,443,880
Social services	2,189,436	605,849	79,587	-	99,122	2,973,994
Planning and economic development	2,793,048	501,385	(86,212)	-	105,787	3,314,008
Public works	12,021,107	3,951,967	5,875,513	-	726,360	22,574,947
Employee benefits, fixed costs and capital	38,889,504	(38,889,504)	-	-	-	-
Education	166,893,833	7,045,104	1,700,060	-	279,006	175,918,003
Cafeteria operations	2,908,848	-	-	-	-	2,908,848
State contribution to pension plan	7,045,104	(7,045,104)	-	-	-	-
Debt service	10,245,675	-	-	-	(7,342,766)	2,902,909
Other uses:						
Payment to refunded bond escrow agent	16,505,813	-	-	-	(16,505,813)	-
Total expenditures and other uses	315,500,199	-	4,274,816	200,922	(4,735,858)	315,240,079
Net transfers (to) from other funds	(223,217)	-	-	273,217	-	50,000
Net change in fund balances/net assets	$ (6,342,353)	$ 1,341,691	$ (4,274,816)	$ 90,767	$(11,971,881)	$ (21,156,592)

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

Deferred revenue - property taxes	$ 854,049
Deferred revenue - special revenue funds	96,573
	$ 950,622

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

Accrued interest revenue adjustment	$ 391,069

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

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

Capital assets additions	$ 5,656,809
Depreciation expense	(9,931,625)
	$ (4,274,816)

(3) Internal service funds are used by management to charge the cost of certain activities, such as workers compensation insurance coverage, to individual funds. The adjustments for the internal service fund "close" the fund by charging additional amounts or reducing expenditures to the governmental funds thus eliminating any surplus or deficit on the internal service fund. $ 90,767

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

Adjustment to remove refunding bonds issued	$ (16,142,296)
Adjustment to remove bond premium to be amortized over the life of the bond	(565,443)
Adjustment to remove payment to refunded bond escrow agent	16,505,813
Adjustment to remove principal payments on bonds and leases	6,959,343
Adjustment to record amortization of bond premium and deferred refunding expense	(10,040)
Adjustment to record change in long-term compensated absences	(321,917)
Adjustment to record change in net pension obligation	(6,802,487)
Adjustment to record change in net other post-employment benefit obligation	(14,770,191)
Adjustment to record change in accrued retroactive payroll	2,781,874
	$ (12,365,344)

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

Accrued interest expenditure adjustment	$ 232,206

Bond issuance costs are reported as expenditures in the governmental funds financial statements. The costs and related amortization is reflected as an other asset on the government-wide statement.

Adjustment to remove bond issuance costs to be amortized over the life of the bond	$ 201,926
Current year amortization of bond issuance costs	(40,669)
	$ 161,257

NOTE 13 – DISAGGREGATION OF RECEIVABLE AND PAYABLE BALANCES

A. ACCOUNTS RECEIVABLE

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

Other receivables included the following items at June 30, 2008:

	Fund Statements Other Receivables	*Allowance for Uncollectible Accounts*	*Government Wide Statements Other Receivables, Net*
General Fund -			
Miscellaneous receivables	$ 861,458	$ -	$ 861,458
School Unrestricted Fund -			
Tuition, use of building, Medicaid and miscellaneous receivables	933,824	-	933,824
Community Development Fund -			
Home improvement loans receivable	1,996,130	(140,328)	1,855,802
Special Detail Fund -			
Detail fees receivable	201,838	-	201,838
Rescue Service Fund -			
Rescue service fees receivable	2,170,762	(607,814)	1,562,948
Lead Reduction Program -			
Lead reduction loans receivable	1,063,467	-	1,063,467
Other Nonmajor Governmental Funds -			
Miscellaneous receivables	44,350	-	44,350
On Site Revolving Loan Fund -			
Loans receivable	68,026	-	68,026
Sewer Fund -			
Septage and miscellaneous receivables	30,597	-	30,597
Internal Service Fund -			
Deposit receivable	66,000	-	66,000
Amounts due from fiduciary funds reclassified on the government-wide statements	152,887	-	152,887
Total	$ 7,589,339	$ (748,142)	$ 6,841,197

The following accounts receivable were also net of an allowance for uncollectible accounts at June 30, 2008:

Fund/Description	*Allowance for Uncollectible Accounts*
General Fund – Real estate and personal property taxes	$15,669,966
Sewer Fund – Sewer use fees	$ 443,558
Industrial Pretreatment Fund – Sewer use fees	$ 67,421

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

1) Sewer assessments receivable – are payable over twenty years.

2) Community development and lead reduction loans receivable – are payable over a number of years based on the individual loan agreements.

3) On-Site revolving loans receivable – are payable over a number of years based on the individual loan agreements.

B. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The accounts payable and accrued liabilities at June 30, 2008 were as follows:

	Vendors	*Salaries & Benefits*	*Other*	*Total*
Governmental Activities:				
General Fund	$1,910,362	$ 861,274	$ -	$ 2,771,636
School Unrestricted Fund	3,156,938	9,800,770	-	12,957,708
Other Governmental Funds	737,161	480,301	-	1,217,462
Reconciliation of balances in fund financial statements to government wide statements	-	-	25,594	25,594
	$5,804,461	$ 11,142,345	$ 25,594	$ 16,972,400

	Vendors	*Salaries & Benefits*	*Other*	*Total*
Business-Type Activities:				
Sewer Fund	$1,025,406	$ 37,099	$ 8,401	$ 1,070,906
Water Fund	1,000,524	39,391	62,327	1,102,242
Other Enterprise Funds	16,421	5,031	-	21,452
	$2,042,351	$ 81,521	$ 70,728	$ 2,194,600

NOTE 14- OTHER POST-EMPLOYMENT BENEFITS

Plan Description

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

Funding Policy

Contribution requirements are negotiated between the City and the respective unions. The City is required to contribute the cost of medical/drug and dental benefits, less the amount of any applicable co-payments in effect at the time of retirement. For the year ended June 30, 2008, the plan operated on a pay as you go basis and no provision has been made to fund future benefits to be provided to plan members. For the fiscal year ended June 30, 2008, the City contributed $7,721,591 to the plan.

Annual OPEB Cost and Net Pension Obligation

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

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

	City	***School***	***Total***
Annual required contribution (ARC)	$18,095,438	$4,670,104	$22,765,542
Interest on net OPEB obligation	-	-	-
Adjustment to annual required contribution	-	-	-
Annual OPEB cost	18,095,438	4,670,104	22,765,542
Contributions made	(6,330,647)	(1,390,944)	(7,721,591)
Increase in net OPEB obligation	11,764,791	3,279,160	15,043,951
Net OPEB obligation, beginning of year	-	-	-
Net OPEB obligation, end of year	$11,764,791	$3,279,160	$15,043,951

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal 2008 was as follows:

Fiscal Year Ended	*Annual OPEB Cost*	*Percentage of Annual OPEB Cost Contributed*	*Net OPEB Obligation*
6/30/08	$22,765,542	33.9%	$15,043,951

Funded Status and Funding Progress

The funded status of the City's plan as of June 30, 2008, the most recent actuarial valuation, was as follows:

	City	*School*	*Total*
Actuarial Accrued Liability (AAL)	$206,838,572	$44,898,214	$251,736,786
Actuarial Value of Plan Assets	-	-	-
Unfunded Actuarial Accrued Liability (UAAL)	$206,838,572	$44,898,214	$251,736,786
Funded ratio (Actuarial Value of Plan Assets/AAL)	0%	0%	0%
Annual Covered Payroll (Active Plan Members)	Not available	Not available	Not available
UAAL as a Percentage of Covered Payroll	N/A	N/A	N/A

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

Actuarial Methods and Assumptions

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

The June 30, 2008 actuarial valuation used the projected unit credit actuarial cost method. The actuarial assumptions included: a) 4% interest discount rate, net of expenses, for an unfunded plan and 8% interest discount rate, net of expenses, for a funded plan; and b) medical cost trend rate of 9% for the current year progressively declining to 5% after 4 years. The unfunded actuarial accrued liability as of the June 30, 2008 transition date is being amortized over a period of 30 years.

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

NOTE 15 - SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

A. LITIGATION

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

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

B. FEDERALLY ASSISTED PROGRAMS - COMPLIANCE AUDITS

The City participates in a number of federally assisted programs. The audits of these programs through the year ended June 30, 2008 were audited in connection with the accompanying financial statements under the Single Audit Concept and the reports thereon are presented in the Single Audit Section of this report. The amount, if any, of expenditures that may be disallowed will not be material to the financial position of the City.

C. COMMITMENTS

The City has the following contract commitments as of June 30, 2008:

Sewer Fund:	$1,494,583

NOTE 16 - RISK MANAGEMENT

The City of Warwick is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors or omissions; injuries to employees; and natural disasters. The City (not including the School Department) participates in a non-profit, public entity risk pool (Rhode Island Interlocal Risk Management Trust, Inc.) which provides coverage for property/liability claims. Upon joining the Trust, the City signed a participation agreement, which outlines the rights and responsibilities of both the Trust and the City. The agreement states that for premiums paid by the City, the Trust will assume financial responsibility for the City's losses up to the maximum amount of insurance purchased, minus the City's deductible amounts. The Trust provides this insurance coverage through a pooled, self-insurance mechanism that includes reinsurance purchased by the Trust to protect

against large, catastrophic claims above the losses the Trust retains internally for payment from the pooled contributions of its members. The Warwick School Department purchases commercial insurance which provides coverage for property, liability and workers' compensation claims. Settled claims resulting from these risks have not exceeded the insurance coverage in any of the past three fiscal years.

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

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

The claims liability of $110,047 reported in the Internal Service Fund at June 30, 2008 is based on the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the workers' compensation claims liability are as follows:

	Beginning Fiscal Year Liability	*Current Year Claims and Changes In Estimate*	*Claims Payments*	*Balance Fiscal Year End*
2002-2003	$139,303	$409,848	$378,488	$170,663
2003-2004	170,663	857,380	639,790	388,253
2004-2005	388,253	83,033	364,731	106,555
2005-2006	106,555	377,258	370,989	112,824
2006-2007	112,824	450,276	380,759	182,341
2007-2008	182,341	200,923	273,217	110,047

NOTE 17 – CHANGE IN ACCOUNTING PRINCIPLES/RECLASSIFICATIONS AND CORRECTIONS OF ERRORS

Adjustments resulting from a change in accounting principle are treated as adjustments to prior periods. Accordingly, the City reports these changes as restatements of beginning fund balance, fund equity, or net assets as appropriate. Certain reclassification and corrections of errors have also been reported as adjustments of beginning fund balance, fund equity, or net assets as appropriate.

A prior period adjustment of $(7,467) was made in the Government-Wide Financial Statements – Governmental Activities and the Governmental Fund Financial Statements – Other Governmental Funds to correct prior year expenses/expenditures.

NOTE 18 - PENSION PLANS

A. CITY EMPLOYEES PENSION PLAN:

Plan Description

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

As of July 1, 2006, employee membership data related to the pension plan was as follows:

Active members	423
Retirees and beneficiaries	305
Terminated vested members	24
Non-vested terminated members	18
	770

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

Benefit Provisions - Non-elected members in the plan who have attained age 65 and have reached their fifth anniversary of participation may retire. Elected members who have attained age 60 and have reached their sixth anniversary of participation may retire. The normal monthly retirement benefit is equal to 2.50% of final average monthly compensation multiplied by years of creditable service. Final average monthly compensation is one-twelfth of the average of the highest three consecutive years of base compensation. However, no elected member will receive less than one-twelfth of the sum of $1500 plus $200 multiplied by years of creditable service; the sum not to exceed $5,500. A non-elected member is eligible for early retirement after age 55 with at least 10 years of creditable service or any non-elected member whose age plus service total 80 or more. An elected official is eligible upon attainment of age 55 with at least 6 years of service. The early retirement benefit amount is determined under the normal retirement formula above, reduced for commencement prior to age 65. The reduction is equal to 1/2% per month for the first sixty months prior to normal retirement age, plus 1/3% per month thereafter. If the sum of the retired member's years of age plus service is at least equal to 80, there is no reduction for early commencement. The provision for late retirement is continued employment beyond normal retirement. The retirement benefit for late retirement is the same as the normal retirement benefit formula determined as of the member's actual retirement date.

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

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

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

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

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

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

Funding Policy - Non-elected plan members contribute 7% of their annual base compensation and longevity compensation and elected plan members contribute 7% of their annual base compensation plus $20 per month. The City is required to contribute an actuarially determined amount each year. Administrative costs are included in the actuarial valuation as part of the normal cost and financed through contributions.

Summary of Significant Accounting Policies

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

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

Annual Pension Cost and Net Pension Obligation

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

Annual required contribution	$ 3,211,753
Annual pension cost	3,211,753
Contributions made	(3,211,753)
Increase in net pension obligation	-
Net pension obligation, beginning of year	-
Net pension obligation, end of year	$ -

Three-Year Trend Information

Fiscal Year	*Annual Pension Cost*	*Percentage of APC Contributed*	*Net Pension Obligation*
6/30/06	$3,043,476	100%	$ -
6/30/07	3,165,215	100%	-
6/30/08	3,211,753	100%	-

The City's annual contribution to the plan was determined as part of the July 1, 2006 actuarial valuation using the Entry Age Normal Actuarial Cost method and is based upon a funding policy which provides for the payment of the normal cost with interest plus an amount which will amortize the February 1, 1988 unfunded actuarial accrued liability as a level percentage of pay over the period ending June 30, 2007. Any subsequent increases or decreases in the actuarial accrued liability attributable to plan changes, changes in assumptions or methods, or experience gains or losses will be amortized as a level percentage of pay over a 20 year period from the date they are determined. The amortization period remaining on the unfunded actuarial accrued liability at July 1, 2006 was 10.5 years on a closed basis.

The actuarial assumptions included a) 8% investment rate of return (net of investment expenses); b) projected salary increases of 5.25% per year, which includes a 0.75% annual merit increase and a 0.5% longevity increase; and c) no assumed cost-of-living increases. The plan provides cost-of-living increases contingent on the adequacy of a "bank" determined by fund performance. The assumptions did not include post retirement health insurance benefit increases, which are funded by the City on a pay-as-you-go basis. Assets used for valuation purposes are equal to the market value less half the excess of the market value over the "asset value before adjustment", as defined by the City's pension ordinances. The asset value before adjustment is a component of the annual determination of the cost-of-living increase payable to retirees. The asset value before adjustment for a given valuation date is developed as follows. First, the previous year's asset value before adjustment is increased by 200 % of the prior-year actuarial present value of the cost-of-living adjustment provided to retirees as of the current July 1. Next, this value is brought forward to the current July 1 by adding contributions made to the plan, and subtracting benefits and administrative expenses paid by the plan during the plan year. Finally, this amount is credited with interest for the year at a rate equal to the negotiated pay increases for active employees during the year plus 3% to arrive at the current July 1 asset value before adjustment.

Funded Status and Funding Progress

As of July 1, 2006, the most recent actuarial valuation date, the plan was 81.4% funded. The actuarial accrued liability for benefits was $91,638,367, and the actuarial value of assets was $74,580,957, resulting in an unfunded actuarial accrued liability (UAAL) of $17,057,410. The covered payroll (annual payroll of active employees covered by the plan) was $18,817,448, and the ratio of the UAAL to the covered payroll was 90.6%.

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

B. POLICE II PENSION PLAN:

Plan Description

All City police officers who were appointed on or after February 1, 1971 are covered by the City of Warwick's Police II Pension Plan. The Police II Pension Plan is a single-employer defined benefit pension plan that was established in 1971. The pension plan is reported as a Pension Trust Fund in the City's financial statements. The City does not issue a separate, publicly available financial report that includes financial statements and required supplementary information (RSI) for the Police II Pension Plan.

As of July 1, 2007, employee membership data related to the pension plan was as follows:

Active members	178
Retirees and beneficiaries	108
Non-vested terminated members	1
	287

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

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

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

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

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

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

Funding Policy - Plan members contribute a percentage of their covered earnings (regular, holiday, and longevity) equal to one third of the actuarially determined contribution rate. The City is required to contribute two thirds of the actuarially determined contribution rate. Administrative costs are net against investment return in the actuarial valuation. For fiscal year 2007-2008, employees were required to contribute 9.43% and the City was required to contribute 18.86% of covered earnings.

Summary of Significant Accounting Policies

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

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

Annual Pension Cost and Net Pension Obligation

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

Annual required contribution	$2,285,974
Annual pension cost	2,285,974
Contributions made	(2,285,974)
Increase in net pension obligation	-
Net pension obligation, beginning of year	-
Net pension obligation, end of year	$ -

Three-Year Trend Information

Fiscal Year	*Annual Pension Cost*	*Percentage of APC Contributed*	*Net Pension Obligation*
6/30/06	$1,917,484	100%	$ -
6/30/07	2,359,189	100%	-
6/30/08	2,285,974	100%	-

The City's annual contribution to the plan was determined as part of the July 1, 2005 actuarial valuation using the Entry Age Normal Actuarial Cost method and is based upon a funding policy which provides for the payment of the normal cost with interest plus a 20-year amortization of the unfunded actuarial accrued liability as of July 1, 1989 plus 30-year amortizations (25 years for valuations prior to July 1, 2003) of changes in the unfunded actuarial accrued liability attributable to plan amendments, changes in actuarial methods or assumptions, and actuarial experience gains and losses as a level percentage of pay. The amortization period remaining on the unfunded actuarial accrued liability at July 1, 2005 was 4.8 years on a closed basis. The actuarial assumptions included a) 8% investment rate of return (net of investment and administrative expenses); b) projected salary increases of 5.25% per year, which includes a 0.75% promotional increase and a 0.5% longevity increase; and c) cost-of living increases of 3% annually. The assumptions did not include post retirement health insurance benefit increases, which are funded by the City on a pay-as-you-go basis. Assets used for the purpose of determining the contribution level are equal to the fair market value of assets, adjusted to recognize the difference between actual investment return and expected return over a five-year period at 20% per year.

Funded Status and Funding Progress

As of July 1, 2007, the most recent actuarial valuation date, the plan was 104.9% funded. The actuarial accrued liability for benefits was $119,787,659, and the actuarial value of assets was $125,715,755, resulting in an unfunded actuarial accrued liability [UAAL]/(funding excess) of $(5,928,096). The covered payroll (annual payroll of active employees covered by the plan) was $11,676,883, and the ratio of the UAAL/(funding excess) to the covered payroll was (50.8%).

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

C. POLICE I AND FIRE PENSION PLAN:

Plan Description

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

As of July 1, 2007, employee membership data related to the pension plan was as follows:

	Fire	*Police*
Active members	99	1
Retirees and beneficiaries	254	116
	353	117

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

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

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

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

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

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

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

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

Summary of Significant Accounting Policies

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

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

Annual Pension Cost and Net Pension Obligation

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

Annual required contribution	$19,816,479
ARC adjustment	(635,634)
Interest on NPO	594,924
Annual pension cost	19,775,769
Contributions made	(12,774,751)
Increase in net pension obligation	7,001,018
Net pension obligation, beginning of year	7,436,556
Net pension obligation, end of year	$14,437,574

Three-Year Trend Information

Fiscal Year	*Annual Pension Cost*	*Percentage of APC Contributed*	*Net Pension Obligation*
6/30/06	$10,517,450	100%	$ -
6/30/07	19,719,971	62.3%	7,436,556
6/30/08	19,775,769	64.6%	14,437,574

The City's annual contribution to the plan was determined as part of the July 1, 2005 actuarial valuation using the Entry Age Normal Actuarial Cost method and is based upon a funding policy which provides for the payment of the normal cost plus an amount which will amortize the July 1, 1995 unfunded actuarial accrued liability as a level percentage of payroll over a 40-year period, plus 20-year amortization of experience gains or losses, method changes, assumption changes or plan changes since July 1, 1995 as a level percentage of payroll. This funding policy is based on the City's pension ordinances. The funding policy does not comply with GASB Statement No. 27 that requires the annual required contribution be determined using an amortization period not in excess of 30 years. GASB Statement No. 27 also requires amortization payments in a closed plan, such as this one, either be based on a level-payment approach or reflect the expected decrease in future payroll for the closed active group. The above annual required contribution was computed using a 30-year level payment amount as required by GASB. The amortization period remaining on the unfunded actuarial accrued liability at July 1, 2005 was 30 years on a closed basis. The actuarial assumptions included a) 8% investment rate of return (net of investment and administrative expenses); b) projected salary increases of 5.25% per year, which includes a 0.75% promotional increase and a 0.50% longevity increase; and c) cost-of-living increases indexed in accordance with the base salary increases provided to active employees. The assumptions did not include post retirement health insurance benefit increases, which are funded by the City on a pay-as-you-go basis. Assets used for the purposes of determining the contribution level are equal to the fair market value of assets, adjusted to recognize the difference between actual investment return and expected return over a five-year period at 20% per year.

Funded Status and Funding Progress

As of July 1, 2007, the most recent actuarial valuation date, the plan was 27.2% funded. The actuarial accrued liability for benefits was $279,252,361, and the actuarial value of assets was $75,998,043, resulting in an unfunded actuarial accrued liability (UAAL) of $203,254,318. The covered payroll (annual payroll of active employees covered by the plan) was $7,594,897, and the ratio of the UAAL to the covered payroll was 2676.2%.

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

D. FIRE II PENSION PLAN:

Plan Description

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

As of July 1, 2007, employee membership data related to the pension plan was as follows:

Active members	115
Retired members and beneficiaries	1
	116

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

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

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

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

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

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

Funding Policy - Active plan members contribute a percentage of their covered earnings (regular, holiday and longevity) equal to 1/3 of the actuarially determined contribution rate. The City is required to contribute 2/3 of the actuarially determined contribution rate. Administrative costs are net against investment return in the actuarial valuation. For fiscal year 2007-2008, employees were required to contribute 9.75% and the City was required to contribute 19.49% of covered earnings.

Summary of Significant Accounting Policies

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

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

Annual Pension Cost and Net Pension Obligation

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

Annual required contribution	$1,432,908
Annual pension cost	1,432,908
Contributions made	(1,432,908)
Increase in net pension obligation	-
Net pension obligation, beginning of year	-
Net pension obligation, end of year	$ -

Three Year Trend Information

Fiscal Year	*Annual Pension Cost (APC)*	*Percentage of APC Contributed*	*Net Pension Obligation*
6/30/06	$1,081,926	100%	$ -
6/30/07	1,334,416	100%	-
6/30/08	1,432,908	100%	-

The City's annual contribution to the plan was determined as part of the July 1, 2005 actuarial valuation using the Entry Age Normal Actuarial Cost method and is equal to the sum of the following a) normal cost with interest and b) the sum of the 20-year amortizations of any changes in the unfunded actuarial accrued liability after May 29, 1992 attributable to plan amendments, actuarial method or assumption changes or experience gains or losses as a level percentage of pay. These amounts are amortized with annual percentage increases equal to the base pay increase assumption. The amortization period remaining on the unfunded actuarial accrued liability at July 1, 2005 was 26.5 years on a closed basis. The actuarial assumptions included a) 8% investment rate of return (net of investment and administrative expenses); b) projected salary increases of 5.25%, which includes a 0.75% promotional increase and a 0.5% longevity increase; and c) cost-of-living increases of 3% annually. The assumptions did not include post retirement health insurance benefit increases, which are funded by the City on a pay-as-you-go basis. Assets used for the purposes of determining the contribution level are equal to the fair market value of assets, adjusted to recognize the difference between actual investment return and expected return over a five-year period at 20% per year.

Funded Status and Funding Progress

As of July 1, 2007, the most recent actuarial valuation date, the plan was 97.0% funded. The actuarial accrued liability for benefits was $13,093,095, and the actuarial value of assets was $12,695,030, resulting in an unfunded actuarial accrued liability (UAAL) of $398,065. The covered payroll (annual payroll of active employees covered by the plan) was $6,843,161, and the ratio of the UAAL to the covered payroll was 5.8%.

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

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

All Warwick Public School certified school personnel participate in the Employees' Retirement System of the State of Rhode Island ("ERS"), a cost-sharing multiple-employer defined benefit plan administered by the State of Rhode Island. The payroll for employees covered by the ERS for the year ended June 30, 2008 was $80,950,306 which consisted of $1,775,940 for employees charged to federal programs and $79,174,366 for all other employees.

The State of Rhode Island issues a publicly available financial report that includes financial statements and required supplementary information (RSI) for the ERS. That report may be obtained from the administrative offices of the State of Rhode Island Retirement Board, 40 Fountain Street, Providence, RI.

Plan Description

The following eligibility and benefit provisions are established by Rhode Island General Laws, Title 16, Chapters 15-17. All Warwick Public School certified school personnel are eligible to participate in the ERS if they are certified by the Board of Regents, engaged in teaching as principal occupation and are regularly employed on at least a half time basis. Superintendents, principals, business agents and other administrators participate as teachers. Employees are vested in their retirement benefits on completion of 10 years of service.

The following benefit provisions apply to current retirees or members who had at least 10 years of contributory service as of June 30, 2005. Employees who retire on or after age 60 with 10 years of credited service, or after 28 years of credited service regardless of age are entitled to a retirement benefit. The retirement benefit is equal to 1.7% of final average salary for each year of credited service up to 10 years, plus 1.9% of final average salary in excess of 10 years through 20 years, plus 3.0% of final average salary in excess of 20 years up to the 34th year of service, plus 2.0% of final average salary for the 35th year, up to a maximum benefit of 80% of final average salary. Final average salary is the average of the three highest consecutive years of earned salary exclusive of overtime, bonuses, or severance pay. Members receive a 3% compounded increase in their retirement benefit each year, beginning in January of the year in which the member reaches the third anniversary of retirement.

The following benefits provisions apply to members hired in the future and for current members who had less than 10 years of contributory service as of June 30, 2005. Employees who retire on or after age 65 with 10 years of credited service, or on or after age 59 with 29 years of credited service are entitled to a retirement benefit. In addition, a member may retire with a reduced benefit after attaining age 55 with at least 20 years of service credit. The reduced benefit is calculated in the same manner as the unreduced benefit, but is reduced on an actuarial basis for each year the member's age at retirement is less than 65. The normal retirement benefit is equal to 1.6% of final average salary for each year of credited service up to 10 years, plus 1.8% of final average salary in excess of 10 years through 20 years, plus 2.0% of final average salary in excess of 20 years through 25 years, plus 2.25% of final average salary in excess of 25 years through 30 years, plus 2.5% of final average salary in excess of 30 years through 37 years of service, plus 2.25% of final average salary for the 38th year, up to a maximum benefit of 75% of final average salary. Final average salary is the average the of three highest consecutive years of earned salary exclusive of overtime, bonuses, or severance pay. Members receive a cost of living adjustment that depends on the change in the CPI for all Urban Consumers, as published by the Bureau of Labor Statistics. The increase is equal to the year-to-year change in the CPI – U as of the prior September. The increase is limited to 3.0% in any year. The first cost of living adjustment is delayed until the third anniversary of the member's retirement.

Funding Policy

Covered employees were required by State Statute to contribute 9.5% of their salary to the plan. The State and the School Department are required to contribute an amount determined annually by the actuary and as provided by State Statute. The split between the State and the School Department is specified by State Statute. The contribution requirement for the year ended June 30, 2008 was 22.01%. The Teachers' Plan cost is paid 60% by the School Department and 40% by the State. However, the State will pay the total cost of the contribution deferrals which was .27% for the year ended June 30, 2008. This results in a contribution requirement for Schools of 13.04% and a contribution requirement for the State of 8.97%.

The State contribution for the cut-off year ended June 30, 2008 was $7,045,104 which represented 8.70% of covered payroll. The payments made by the State to the Employees' Retirement System are considered on-behalf payments and are reported as a revenue and as an expenditure in the financial statements. The School's contribution requirement for the cut-off year ended June 30, 2008 was $18,316,788, which consisted of $10,625,301 from the School Department ($390,884 for federal employees and $10,234,417 for other employees), and $7,691,487 from employees. These contributions represented 13.1% and 9.5% of covered payroll respectively. The annual required contribution was determined as part of the June 30, 2005 actuarial valuation.

The School Department does not have any investments or related party investments with the State Plan. The School Department's contribution represented 8.43% of total contributions required of all participating entities.

Trend Information

Fiscal Year	*Annual Required Contribution*	*Percentage Contributed*
6/30/06	$ 6,607,033	100%
6/30/07	8,802,858	100%
6/30/08	10,625,301	100%

F. WARWICK PUBLIC SCHOOLS EMPLOYEE PENSION PLAN

Plan Description

The School administers the Warwick Public Schools Employee Pension Plan, a single-employer defined benefit public employee pension plan. The plan is included in the City's financial statements as a Pension Trust Fund. The City does not issue a separate, publicly available financial report that includes financial statements and required supplementary information (RSI) for the Warwick Public Schools Employee Pension Plan.

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

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

Active	444
Terminated/Inactive	25
Retired	115
	584

The following benefit provisions and contribution requirements were established and may be amended by the Warwick School Committee.

Benefits Provisions

Participants are eligible for normal retirement at 62 or, if later, the 10th anniversary of plan entry, or 32 years of service with 10 years of plan participation.

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

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

The plan also provides death and disability benefits.

Funding Policy

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

Summary of Significant Accounting Policies

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

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

Annual Pension Cost and Net Pension Obligation

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

Annual required contribution (ARC)	$1,439,385
Interest on net pension obligation	108,045
Adjustments to ARC	(224,877)
Annual pension cost	1,322,553
Contributions made	(1,521,084)
Decrease in net pension obligation	(198,531)
Net pension obligation, beginning of year	843,494
Net pension obligation, end of year	$ 644,963

Three Year Trend Information

Fiscal Year	*Annual Pension Cost (APC)*	*Percentage of APC Contributed*	*Net Pension Obligation*
6/30/06	$1,490,106	85.2%	$378,705
6/30/07	1,664,789	72.1%	843,494
6/30/08	1,322,553	115.0%	644,963

The School's annual contribution to the plan was determined as part of the July 1, 2007 actuarial valuation. The actuarially determined contribution was calculated using the frozen initial liability cost method. Under this method, the annual cost is equal to the normal cost, plus amortization of unfunded accrued liabilities over a fixed period of years, selected within the minimum (10 years) and maximum (5 to 30 years) periods, as a level percentage of payroll. The actuarial assumptions included a) 7% investment rate of return per annum; b) projected salary increases of 3.25% per annum; and c) no assumed cost-of-living increases. The assumptions did not include post retirement health insurance benefit increases, which are funded by the Schools on a pay-as-you-go basis. Assets used for the purposes of determining the contribution are equal to the current book value of plan assets reported by Aetna, and market value of assets reported by USI Securities, Inc., plus accrued contributions.

Funded Status and Funding Progress

As of July 1, 2008, the most recent actuarial valuation date, the plan was 84.6% funded. The actuarial accrued liability for benefits was $39,704,426, and the actuarial value of assets was $33,594,082, resulting in an unfunded actuarial accrued liability (UAAL) of $6,110,344. The covered payroll (annual payroll of active employees covered by the plan) was $14,832,271, and the ratio of the UAAL to the covered payroll was 41.2%.

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

PENSION TRUST FUNDS
COMBINING STATEMENT OF FIDUCIARY NET ASSETS

	Police Pension I and Fire Pension	*Police Pension II*	*Fire Pension II*	*City Employees Pension*	*Other School Department Employees*	*Total*
ASSETS						
Cash and cash equivalents	$ 513,745	$ 225,256	$ 694,484	$ 579,850	$ 925,951	$ 2,939,286
Investments, at fair value:						
Equity pool	9,474,431	15,390,747	1,813,358	9,836,355	-	36,514,891
Equity small cap funds	11,613,131	21,150,821	2,199,524	12,282,058	-	47,245,534
Fixed income pool	28,535,586	48,075,969	5,420,793	30,806,356	-	112,838,704
Index funds	17,124,058	29,889,269	3,341,654	19,585,391	-	69,940,372
International equity funds	7,641,938	13,000,216	1,404,941	8,650,946	-	30,698,041
Immediate participation guarantee contracts	-	-	-	-	7,386,970	7,386,970
Mutual funds	-	-	-	-	25,365,509	25,365,509
Total investments	74,389,144	127,507,022	14,180,270	81,161,106	32,752,479	329,990,021
Interest receivable	1,565	658	1,155	2,012	-	5,390
Total assets	74,904,454	127,732,936	14,875,909	81,742,968	33,678,430	332,934,697
LIABILITIES						
Accounts payable and accrued expenses	85,078	132,687	16,714	88,028	-	322,507
Total liabilities	85,078	132,687	16,714	88,028	-	322,507
NET ASSETS						
Held in trust for pension benefits	$ 74,819,376	$127,600,249	$ 14,859,195	$ 81,654,940	$33,678,430	$332,612,190

PENSION TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

	Police Pension I and Fire Pension	*Police Pension II*	*Fire Pension II*	*City Employees Pension*	*Other School Department Employees*	*Total*
Additions						
Contributions:						
Employer	$ 12,774,751	$ 2,285,974	$ 1,432,908	$ 3,211,753	$ 1,521,084	$ 21,226,470
Plan member	524,802	1,142,987	716,454	1,458,793	881,132	4,724,168
Total contributions	13,299,553	3,428,961	2,149,362	4,670,546	2,402,216	25,950,638
Investment income:						
Interest and dividend income	18,023	7,791	47,603	38,319	1,717,474	1,829,210
Net appreciation (depreciation) in fair value of investments	(2,990,729)	(6,126,355)	(485,991)	(3,739,660)	(1,900,495)	(15,243,230)
Less: investment expense	(291,602)	(494,596)	(54,024)	(316,738)	-	(1,156,960)
Net investment income	(3,264,308)	(6,613,160)	(492,412)	(4,018,079)	(183,021)	(14,570,980)
Total additions	10,035,245	(3,184,199)	1,656,950	652,467	2,219,195	11,379,658
Deductions						
Benefit distributions	16,628,480	4,381,844	52,080	5,914,106	3,052,389	30,028,899
Administrative expense	23,157	13,989	5,661	21,361	83,304	147,472
Total deductions	16,651,637	4,395,833	57,741	5,935,467	3,135,693	30,176,371
Change in net assets	(6,616,392)	(7,580,032)	1,599,209	(5,283,000)	(916,498)	(18,796,713)
Net assets - beginning of year	81,435,768	135,180,281	13,259,986	86,937,940	34,594,928	351,408,903
Net assets - end of year	$ 74,819,376	$127,600,249	$ 14,859,195	$ 81,654,940	$33,678,430	$332,612,190

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WARWICK, RHODE ISLAND

General Fund
Schedule of Revenues - Budget and Actual
For the Fiscal Year Ended June 30, 2008

	Budgeted Amounts		*Actual Amounts (Budgetary Basis)*	*Variance With Final Budget Positive (Negative)*
	Original	*Final*		
General property tax	$ 185,307,000	$ 185,307,000	$ 185,121,502	$ (185,498)
Intergovernmental				
General revenue sharing	4,872,914	4,872,914	4,128,906	(744,008)
Telephone tax	847,803	847,803	753,423	(94,380)
Aid to school buildings	1,339,549	1,339,549	1,324,518	(15,031)
Connecticut tax	862,977	862,977	1,028,280	165,303
GPA reimbursements	93,390	93,390	90,560	(2,830)
Motor vehicle tax phase-out	14,533,805	14,533,805	13,998,167	(535,638)
Departmental grant income	2,198,824	1,968,824	2,026,859	58,035
Total intergovernmental	24,749,262	24,519,262	23,350,713	(1,168,549)
Licenses and fees				
Licenses - police/miscellaneous	411,300	411,300	402,540	(8,760)
Municipal fees	3,285,000	3,285,000	2,244,619	(1,040,381)
Building permits	853,000	853,000	1,197,699	344,699
Advertising and zoning fees	30,000	30,000	19,431	(10,569)
Recreational fees	741,000	741,000	755,284	14,284
Parking violations and fines	280,000	280,000	247,558	(32,442)
Department processing/program fees	744,050	744,050	533,782	(210,268)
Total licenses and fees	6,344,350	6,344,350	5,400,913	(943,437)
Other revenues				
Tax titles	5,975	5,975	33,322	27,347
Interest on taxes	1,000,000	1,000,000	1,200,872	200,872
Interest on investments	600,000	600,000	778,203	178,203
Interest on capital projects	150,000	150,000	51,584	(98,416)
Housing authority	100,000	100,000	107,576	7,576
Airport parking tax	500,000	500,000	500,000	-
Airport miscellaneous income	600,000	600,000	1,309,251	709,251
Airport surcharge	1,400,000	1,400,000	1,297,579	(102,421)
Airport - EDC	810,036	810,036	800,765	(9,271)
Reimbursement - RIAC	-	-	30,026	30,026
Municipal court	350,000	350,000	327,549	(22,451)
Municipal delinquent collections	25,000	25,000	6,886	(18,114)
Hotel tax	1,350,000	1,350,000	1,525,147	175,147
Meal tax	2,404,530	2,404,530	2,165,813	(238,717)
School back charges - lease purchase/tipping fee	128,885	128,885	134,248	5,363
Enterprise fund back charges	1,881,076	1,881,076	2,013,831	132,755
Other	929,000	929,000	1,417,270	488,270
Total other revenues	12,234,502	12,234,502	13,699,922	1,465,420
Total revenues	228,635,114	228,405,114	227,573,050	(832,064)
Other financing sources				
Transfers from other funds	42,303,124	41,503,124	41,749,214	246,090
Appropriation of fund balance	3,996,263	3,996,263	3,996,263	-
Total other financing sources	46,299,387	45,499,387	45,745,477	246,090
Total revenues and other financing sources	$ 274,934,501	$ 273,904,501	$ 273,318,527	$ (585,974)

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

CITY OF WARWICK, RHODE ISLAND

General Fund
Schedule of Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	*Final*		
Executive and administration				
Executive and administration:				
Executive department	$ 360,978	$ 360,978	$ 366,917	$ (5,939)
Legal department	612,350	612,350	303,338	309,012
City clerk department	487,472	487,472	493,829	(6,357)
Municipal court	106,022	106,022	88,395	17,627
Probate court	94,331	94,331	93,575	756
Personnel department	271,137	271,137	267,576	3,561
	1,932,290	1,932,290	1,613,630	318,660
Legislative and citizen representation:				
Legislative department	212,219	212,219	215,494	(3,275)
Board of canvassers	309,907	309,907	260,010	49,897
	522,126	522,126	475,504	46,622
Financial management:				
Finance administration	465,555	465,555	425,802	39,753
Purchasing	222,208	222,208	192,613	29,595
Treasury	327,591	327,591	331,392	(3,801)
City collection	404,304	404,304	405,402	(1,098)
Management information services	1,070,341	1,070,341	1,067,911	2,430
City assessment	661,378	661,378	661,348	30
Board of assessment review	21,000	21,000	15,662	5,338
	3,172,377	3,172,377	3,100,130	72,247
Total executive and administration	5,626,793	5,626,793	5,189,264	437,529
Public safety				
Animal shelter	215,475	215,475	167,363	48,112
Police department	17,201,664	17,201,664	16,722,803	478,861
Fire department	19,363,253	19,363,253	20,292,874	(929,621)
Organized crime/drug enforcement task force	49,800	49,800	27,814	21,986
Building inspection and minimum housing	951,095	951,095	915,956	35,139
Emergency management	480,552	200,552	110,264	90,288
Alcohol and highway safety enforcement	61,650	61,650	44,537	17,113
Police grants	73,609	73,609	72,800	809
Board of public safety	47,912	47,912	43,815	4,097
Total public safety	38,445,010	38,165,010	38,398,226	(233,216)
Social services				
Recreation department:				
Parks and recreation	581,984	581,984	478,924	103,060
William Thayer memorial ice rink	897,184	897,184	905,478	(8,294)
McDermott swimming pool	514,150	514,150	431,189	82,961
	1,993,318	1,993,318	1,815,591	177,727

(Continued)

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

CITY OF WARWICK, RHODE ISLAND

General Fund
Schedule of Expenditures - Budget and Actual (Continued)
For the Fiscal Year Ended June 30, 2008

	Budgeted Amounts		*Actual Amounts (Budgetary Basis)*	*Variance With Final Budget Positive (Negative)*
	Original	*Final*		
Warwick public library	2,639,434	2,639,434	2,672,422	(32,988)
Human services:				
Human services administration	837,046	837,046	803,244	33,802
Senior center	591,938	591,938	555,552	36,386
Family support services	158,390	158,390	154,613	3,777
Senior transportation	292,750	292,750	300,449	(7,699)
Youth programs	305,155	355,155	346,886	8,269
	2,185,279	2,235,279	2,160,744	74,535
Total social services	6,818,031	6,868,031	6,648,757	219,274
Physical resources				
Planning department	550,437	550,437	534,327	16,110
Community development	391,098	391,098	393,404	(2,306)
Economic development commission	619,592	619,592	492,442	127,150
Public works department:				
Administrative division	123,776	123,776	113,812	9,964
Highway division	4,008,504	3,987,504	3,800,975	186,529
Sanitation division	2,288,217	2,289,217	2,088,856	200,361
Automotive division	2,341,311	2,341,311	2,361,585	(20,274)
City building maintenance division	1,306,136	1,306,136	1,149,878	156,258
Engineering division	1,516,687	1,516,687	1,373,929	142,758
Recycling	283,000	283,000	205,467	77,533
Field maintenance	909,769	929,769	838,360	91,409
	12,777,400	12,777,400	11,932,862	844,538
Sewer review board	2,150	2,150	1,568	582
Total physical resources	14,340,677	14,340,677	13,354,603	986,074
Employee benefits, special and capital	41,057,563	41,057,563	40,826,902	230,661
Total expenditures	106,288,074	106,058,074	104,417,752	1,640,322

(Continued)

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

CITY OF WARWICK, RHODE ISLAND

General Fund
Schedule of Expenditures - Budget and Actual (Continued)
For the Fiscal Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
Other financing uses				
Transfer to debt service fund	10,078,476	10,078,476	9,979,524	98,952
Transfer to school unrestricted fund	158,567,951	157,767,951	157,767,951	-
Total other financing uses	168,646,427	167,846,427	167,747,475	98,952
Total expenditures and other financing uses	$ 274,934,501	$ 273,904,501	$ 272,165,227	$ 1,739,274

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

CITY OF WARWICK, RHODE ISLAND

School Unrestricted Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended June 30, 2008

	Budgeted Amounts		*Actual Amounts (Budgetary Basis)*	*Variance With Final Budget Positive (Negative)*
	Original	*Final*		
Revenues				
Intergovernmental revenue	$ 36,882,198	$ 36,882,198	$ 36,833,863	$ (48,335)
Other revenue	3,620,926	2,820,926	2,960,699	139,773
Total revenues	40,503,124	39,703,124	39,794,562	91,438
Expenditures				
Salaries	99,502,400	99,245,332	100,630,123	(1,384,791)
Employee benefits	39,135,718	39,179,982	39,504,531	(324,549)
Purchased services	14,506,872	13,952,770	14,190,277	(237,507)
Supplies and materials	4,216,331	4,266,532	4,545,657	(279,125)
Capital outlay	650,989	549,888	506,638	43,250
Other costs	505,641	523,447	477,258	46,189
Total expenditures	158,517,951	157,717,951	159,854,484	(2,136,533)
Deficiency of revenues under expenditures before other financing sources (uses)	(118,014,827)	(118,014,827)	(120,059,922)	(2,045,095)
Other financing sources (uses)				
Transfers from other funds	118,064,827	118,064,827	118,064,827	-
Transfers to other funds	(50,000)	(50,000)	(240,959)	(190,959)
Total other financing sources (uses)	118,014,827	118,014,827	117,823,868	(190,959)
Net change in fund balance	$ -	$ -	$ (2,236,054)	$ (2,236,054)

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

CITY OF WARWICK, RHODE ISLAND

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

City Employees Pension Plan			
Fiscal Year Ending June 30	*Annual Required Contribution*	*Actual Contribution*	*Percent Funded*
2003	$ 1,295,910	$ 1,295,910	100.00%
2004	2,308,830	2,308,830	100.00%
2005	2,401,183	2,401,183	100.00%
2006	3,043,476	3,045,068	100.05%
2007	3,165,215	3,165,215	100.00%
2008	3,211,753	3,211,753	100.00%

Police II Pension Plan			
Fiscal Year Ending June 30	*Annual Required Contribution*	*Actual Contribution*	*Percent Funded*
2003	$ 1,146,891	$ 1,146,891	100.00%
2004	1,201,520	1,201,520	100.00%
2005	1,729,765	1,729,765	100.00%
2006	1,917,484	1,917,484	100.00%
2007	2,359,189	2,359,189	100.00%
2008	2,285,974	2,285,974	100.00%

Police I and Fire Pension Plan			
Fiscal Year Ending June 30	*Annual Required Contribution*	*Actual Contribution*	*Percent Funded*
2003	$ 9,059,151	$ 9,059,151	100.00%
2004	9,535,519	9,535,519	100.00%
2005	10,112,932	10,112,932	100.00%
2006	10,517,450	10,554,471	100.35%
2007	19,719,971	12,283,415	62.29%
2008	19,816,479	12,774,751	64.47%

(Continued)

Fire II Pension Plan			
Fiscal Year Ending June 30	*Annual Required Contribution*	*Actual Contribution*	*Percent Funded*
2003	$ 588,974	$ 588,974	100.00%
2004	671,443	671,443	100.00%
2005	866,234	866,234	100.00%
2006	1,081,926	1,081,926	100.00%
2007	1,334,416	1,334,416	100.00%
2008	1,432,908	1,432,908	100.00%

Other School Department Employees Pension Plan			
Fiscal Year Ending June 30	*Annual Required Contribution*	*Actual Contribution*	*Percent Funded*
2003	$ 1,408,793	$ 1,549,875	110.01%
2004	1,375,458	1,400,000	101.78%
2005	1,557,272	1,500,000	96.32%
2006	1,503,550	1,270,000	84.47%
2007	1,700,598	1,200,000	70.56%
2008	1,439,385	1,521,084	105.68%

CITY OF WARWICK, RHODE ISLAND

Required Supplementary Information - Pension Plan and OPEB Plan
Schedule of Funding Progress (1)
"Unaudited"

	Actuarial Valuation Date (2)	*Actuarial Value of Assets*	*Actuarial Accrued Liability (AAL) -Entry Age*	*Unfunded AAL (Funding Excess) (UAAL)*	*Funded Ratio*	*Covered Payroll*	*UAAL (Funding Excess) as a Percentage of Covered Payroll*
City Employees Pension Plan	07/01/96	$ 39,517,410	$ 45,902,305	$ 6,384,895	86.09%	$ 12,575,865	50.77%
	07/01/98	49,051,074	53,047,176	3,996,102	92.47%	13,491,403	29.62%
	07/01/00	59,347,136	64,023,027	4,675,891	92.70%	14,766,805	31.66%
	07/01/02	55,892,932	70,980,384	15,087,452	78.74%	15,226,469	99.09%
	07/01/04	64,006,602	81,587,332	17,580,730	78.45%	17,637,143	99.68%
	07/01/06	74,580,957	91,638,367	17,057,410	81.39%	18,817,448	90.65%
Police II Pension Plan	07/01/97	61,905,473	55,282,889	(6,622,584)	111.98%	8,012,731	-82.65%
	07/01/99	83,023,374	68,000,992	(15,022,382)	122.09%	8,501,830	-176.70%
	07/01/01	100,587,651	80,075,595	(20,512,056)	125.62%	8,632,360	-237.62%
	07/01/03	103,576,887	92,587,566	(10,989,321)	111.87%	10,075,073	-109.07%
	07/01/05	106,857,258	104,458,087	(2,399,171)	102.30%	11,134,444	-21.55%
	07/01/07	125,715,755	119,787,659	(5,928,096)	104.95%	11,676,883	-50.77%
Police I and Fire Pension Plan	07/01/97	53,928,791	220,362,019	166,433,228	24.47%	9,164,666	1816.03%
	07/01/99	75,078,703	227,017,342	151,938,639	33.07%	8,961,727	1695.42%
	07/01/01	84,640,208	227,132,526	142,492,318	37.26%	8,547,361	1667.09%
	07/01/03	79,979,592	243,776,557	163,796,965	32.81%	8,334,166	1965.37%
	07/01/05	71,984,600	266,825,982	194,841,382	26.98%	8,621,197	2260.03%
	07/01/07	75,998,043	279,252,361	203,254,318	27.21%	7,594,897	2676.20%
Fire II Pension Plan (3)	07/01/97	636,774	642,459	5,685	99.12%	718,112	0.79%
	07/01/99	1,966,802	1,350,092	(616,710)	145.68%	1,532,655	-40.24%
	07/01/01	3,542,276	2,590,979	(951,297)	136.72%	2,378,573	-39.99%
	07/01/03	5,090,980	4,637,225	(453,755)	109.79%	3,615,066	-12.55%
	07/01/05	7,571,670	8,774,481	1,202,811	86.29%	5,697,543	21.11%
	07/01/07	12,695,030	13,093,095	398,065	96.96%	6,843,161	5.82%
School Employees Pension Plan	07/01/03	26,271,907	31,824,525	5,552,618	82.55%	13,944,275	39.82%
	07/01/04	28,788,086	35,214,049	6,425,963	81.75%	15,164,452	42.38%
	07/01/05	29,735,813	35,113,848	5,378,035	84.68%	15,549,647	34.59%
	07/01/06	30,185,621	37,280,441	7,094,820	80.97%	15,669,235	45.28%
	07/01/07	34,334,753	39,061,405	4,726,652	87.90%	15,888,299	29.75%
	07/01/08	33,594,082	39,704,426	6,110,344	84.61%	14,832,271	41.20%

(Continued)

CITY OF WARWICK, RHODE ISLAND

Required Supplementary Information - Pension Plan and OPEB Plan
Schedule of Funding Progress (Continued) (1)
"Unaudited"

	Actuarial Valuation Date (2)	*Actuarial Value of Assets*	*Actuarial Accrued Liability (AAL) - Projected Unit Credit*	*Unfunded AAL (Funding Excess) (UAAL)*	*Funded Ratio*	*Covered Payroll*	*UAAL (Funding Excess) as a Percentage of Covered Payroll*
Healthcare Plan	06/30/08	$ -	$ 251,736,786	$ 251,736,786	0.00%	Not available	N/A

(1) The information included in the schedule of funding progress was obtained from annual or biennial actuarial valuations at the dates indicated.

(2) Actuarial valuations are performed on a biennial basis for all plans except for the School Employees Pension Plan and Healthcare Plan which have annual actuarial valuations.

(3) The Fire II Pension Plan was established in 1992. Although an actuarial valuation was performed on July 1, 1993, the related contribution formula was not required to become effective until July 1, 1998 per City Ordinance. Prior to July 1, 1998, the total required contribution was 33% of covered payroll with 22% paid by the City and 11 % paid by the covered employees. The cap on contributions in the early years of the program was intended to avoid charging the first generation of employees with costs which are expected to be significantly higher than the long term costs of the plan. An actuarial valuation as of July 1, 1997 was completed and was used to determine the contribution requirements for fiscal year 1999.

NOTE 1 - SCHEDULE OF FUNDING PROGRESS

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

	City Employees Pension Plan (1)		*Police II Pension Plan*		*Police I and Fire Pension Plan*	
Valuation date	7/1/2006		7/1/2007		7/1/2007	
Actuarial cost method	Entry Age Normal		Entry Age Normal		Entry Age Normal	
Amortization method	Level percent of payroll over a closed period		Level percent of payroll over a closed period		Level payment over a closed period	
Average amortization period	10.5 years		8.3 years		28 years	
Asset valuation method	Market value of assets less half the excess of the market value over the "asset value before adjustment", as defined by the City's pension ordinances		Fair market value of assets adjusted to recognize the difference between actual investment return and expected return over a five year period at 20% per year		Fair market value of assets adjusted to recognize the difference between actual investment return and expected return over a five year period at 20% per year	
Actuarial assumptions:						
Investment rate of return	8%, per annum (net of investment expenses)		8%, per annum (net of investment and administrative expenses)		8%, per annum (net of investment and administrative expenses)	
Projected salary increases	5.25% annually		5.25% annually		5.25% annually	
Cost-of-living adjustments	An annual increase on July 1 if the plan's cumulative investment return as of the previous July 1 has exceeded a target level based on negotiated salary increases for active employees		3% annually		Indexed in accordance with the base salary increases provided to active employees	
Participant information	Active employees	423	Active employees	178	Active employees	100
	Terminated vested	24	Retirees and beneficiaries	108	Retirees and beneficiaries	370
	Non-vested terminated	18	Non-vested terminated	1		470
	Retirees and beneficiaries	305		287		
		770				

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

(Continued)

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

	Fire II Pension Plan		*Other School Employees Pension Plan*	
Valuation date	7/1/2007		7/1/2008	
Actuarial cost method	Entry Age Normal		Frozen Initial Liability	
Amortization method	Level percent of payroll over a closed period		Level percent of payroll over a closed period	
Average amortization period	30 years		8.81 years	
Asset valuation method	Fair market value of assets adjusted to recognize the difference between actual investment return and expected return over a five year period at 20% per year		Current book value of plan assets as reported by Aetna and market value of assets reported by USI Securities plus accrued contributions	
Actuarial assumptions:				
Investment rate of return	8%, per annum (net of investment and administrative expenses)		7%, per annum	
Projected salary increases	5.25% annually		3.25% annually	
Cost-of-living adjustments	3% annually		None	
Participant information	Active employees	115	Active employees	444
	Retirees and beneficiaries	1	Terminated/Inactive	25
		116	Retirees	115
				584

NOTE 2 - BUDGETARY DATA AND BUDGETARY COMPLIANCE

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

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

Appropriations in addition to those contained in the annual operating budgets, except for the purpose of meeting a public emergency, are made upon the recommendation of the City Mayor and by a resolution adopted by the favorable votes of at least five members of the Council. During fiscal year 2008, supplemental appropriations were made in both the General Fund and School Unrestricted Fund. Amendments to the operating budgets that do not result in additional appropriations may be made within departments by means of a transfer. The Director of Finance, subject to approval of the Mayor, may at any time transfer any unencumbered appropriation balance or portion thereof between general classifications of expenditures within an office, department or agency. At the request of the Mayor and within the last three months of the fiscal year, the Council may by resolution transfer any unencumbered appropriation balance or portion thereof from one office, department or agency to another. The level at which General Fund expenditures may not legally exceed appropriations is at the department level. The School Unrestricted Fund, a Special Revenue Fund, does not have a legal level of control over expenditures, except that total expenditures may not exceed available revenues. Appropriations which are not expended or encumbered lapse at year end.

CITY OF WARWICK, RHODE ISLAND
Notes to Required Supplementary Information
June 30, 2008

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

	General Fund	*School Unrestricted Fund*
Revenues and Other Financing Sources		
Actual amounts (budgetary basis)	$273,318,527	$157,859,389
Differences – budget to GAAP:		
The appropriated fund balance is a budgetary revenue but is not a current year revenue for financial reporting purposes.	(3,996,263)	-
Transfers from other funds is a budgetary revenue, but is reported net of the related transfer to other funds for financial reporting purposes.	(39,703,124)	-
Enterprise fund, School and Community Development back charges are budgetary revenues, but are reflected as a reduction of expenditures for financial reporting purposes.	(2,593,764)	-
Transfers to other funds reflected as reductions of revenue for budgetary purposes, but are reflected as revenues for financial reporting purposes.	49,211	-
The pension contributions made to the Employees Retirement System by the State on behalf of the City of Warwick is not reported as a budgetary revenue, but is a current year year revenue for financial reporting purposes.	-	7,045,104
Total revenues and other financing sources as reported in statement of revenues, expenditures and changes in fund balances – governmental funds	$227,074,587	$164,904,493

	General Fund	*School Unrestricted Fund*
Expenditures and Other Financing Uses		
Actual amounts (budgetary basis)	$272,165,227	$160,095,443
Differences – budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	(247,272)	-
Transfers from other funds is a budgetary revenue, but is reported net of the related transfer to other funds for financial reporting purposes.	(39,703,124)	-
Enterprise fund, School and Community Development back charges are budgetary revenues, but are reflected as a reduction of expenditures for financial reporting purposes.	(2,593,764)	-
Transfers to other funds reflected as reductions of revenue for budgetary purposes, but are reflected as transfers to other funds for financial reporting purposes.	49,211	-
The pension contributions made to the Employees Retirement System by the State on behalf of the City of Warwick is not reported as a budgetary expenditure, but is a current year year expenditure for financial reporting purposes.	-	7,045,104
Total expenditures and other financing uses as reported in statement of revenues, expenditures and changes in fund balances – governmental funds	$229,670,278	$167,140,547

OTHER SUPPLEMENTARY INFORMATION

COMBINING FUND FINANCIAL STATEMENTS – NON-MAJOR GOVERNMENTAL FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Debt Service Fund – Established to account for principal and interest payments on long-term debt.

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

CITY OF WARWICK, RHODE ISLAND

Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2008

	Special Revenue Funds - City Restricted	*Special Revenue Funds - School Restricted*	*Capital Project Funds*	*Debt Service Fund*	*Total Nonmajor Governmental Funds*
ASSETS					
Cash	$ 1,499,966	$ 71,060	$ -	$ -	$ 1,571,026
Investments	1,129,025	-	2,250,770	-	3,379,795
Accounts receivable	5,432,207	44,340	-	-	5,476,547
Due from federal and state governments	1,984,079	2,072,564	-	-	4,056,643
Due from other funds	1,480,125	495,281	339,656	-	2,315,062
Total assets	$ 11,525,402	$ 2,683,245	$ 2,590,426	$ -	$ 16,799,073
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable and accrued expenditures	$ 140,660	$ 1,009,843	$ 66,959	$ -	$ 1,217,462
Due to federal and state governments	13,840	-	-	-	13,840
Due to other funds	1,353,059	1,449,045	1,179,039	-	3,981,143
Deferred revenues	6,810,585	-	-	-	6,810,585
Total liabilities	8,318,144	2,458,888	1,245,998	-	12,023,030
Fund balances					
Reserved for encumbrances	174,513	-	-	-	174,513
Reserved for revolving loans	933,287	-	-	-	933,287
Unreserved, reported in:					
Special revenue funds	2,099,458	224,357	-	-	2,323,815
Capital projects funds	-	-	1,344,428	-	1,344,428
Total fund balances	3,207,258	224,357	1,344,428	-	4,776,043
Total liabilities and fund balances	$ 11,525,402	$ 2,683,245	$ 2,590,426	$ -	$ 16,799,073

CITY OF WARWICK, RHODE ISLAND

Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2008

	Special Revenue Funds - City Restricted	*Special Revenue Funds - School Restricted*	*Capital Project Funds*	*Debt Service Fund*	*Total Nonmajor Governmental Funds*
Revenues					
Intergovernmental revenue	$ 5,261,765	$ 7,909,032	$ -	$ -	$13,170,797
Charges for services	5,747,178	1,599,256	-	-	7,346,434
Investment income	63,586	-	40,855	-	104,441
Contributions and private grants	92,052	89,579	-	-	181,631
Other revenue	296,280	41,317	50	-	337,647
Total revenues	11,460,861	9,639,184	40,905	-	21,140,950
Expenditures					
Current:					
Executive and administration	2,495	-	5,650	-	8,145
Public safety	3,256,435	-	569,379	-	3,825,814
Recreation	3,699,995	-	747,894	-	4,447,889
Public libraries	215,894	-	-	-	215,894
Social services	30,019	-	-	-	30,019
Planning and economic development	1,806,337	-	-	-	1,806,337
Public works	-	-	263,328	-	263,328
Education	-	6,954,454	84,895	-	7,039,349
Cafeteria operations	-	2,908,848	-	-	2,908,848
Debt service	-	-	64,225	10,181,450	10,245,675
Total expenditures	9,011,175	9,863,302	1,735,371	10,181,450	30,791,298
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	2,449,686	(224,118)	(1,694,466)	(10,181,450)	(9,650,348)
Other financing sources (uses)					
Refunding bonds issued	-	-	-	16,142,296	16,142,296
Refunding bonds premium	-	-	-	565,443	565,443
Payment to refunded bond escrow agent	-	-	-	(16,505,813)	(16,505,813)
Transfers from other funds	735,955	240,959	-	9,979,524	10,956,438
Transfers to other funds	(3,018,391)	-	(233)	-	(3,018,624)
Total other financing sources (uses)	(2,282,436)	240,959	(233)	10,181,450	8,139,740
Net change in fund balances	167,250	16,841	(1,694,699)	-	(1,510,608)
Fund balances - July 1, 2007	3,040,008	214,983	3,039,127	-	6,294,118
Adjustments to prior years	-	(7,467)	-	-	(7,467)
Restated - fund balances - July 1, 2007	3,040,008	207,516	3,039,127	-	6,286,651
Fund balances - June 30, 2008	$ 3,207,258	$ 224,357	$ 1,344,428	$ -	$ 4,776,043

CITY OF WARWICK, RHODE ISLAND

Special Revenue Funds - City Restricted
Combining Balance Sheet
June 30, 2008

	Community Development Block Grant	*Home Improvement Loan Escrow Account*	*Drug Seizure Fund*	*Local Law Enforcement Block Grant*	*Open Space Land Dedication*	*Warwick Public Library Restricted Fund*
ASSETS						
Cash	$ 677,955	$ 169,295	$ -	$ -	$ -	$ -
Investments	-	-	98,579	357	256,885	196,945
Accounts receivable	1,996,130	-	-	10	-	-
Due from federal and state governments	581,615	-	-	-	-	-
Due from other funds	104,546	-	10,606	-	-	-
Total assets	$ 3,360,246	$ 169,295	$ 109,185	$ 367	$ 256,885	$ 196,945
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable and accrued expenditures	$ 63,722	$ -	$ -	$ -	$ -	$ 212
Due to federal and state governments	13,840	-	-	-	-	-
Due to other funds	460	3,605	-	-	-	174,895
Deferred revenues	2,514,627	-	-	-	-	-
Total liabilities	2,592,649	3,605	-	-	-	175,107
Fund balances (deficits)						
Reserved for encumbrances	-	-	-	-	-	-
Reserved for revolving loans	767,597	165,690	-	-	-	-
Unreserved	-	-	109,185	367	256,885	21,838
Total fund balances (deficits)	767,597	165,690	109,185	367	256,885	21,838
Total liabilities and fund balances	$ 3,360,246	$ 169,295	$ 109,185	$ 367	$ 256,885	$ 196,945

(Continued)

CITY OF WARWICK, RHODE ISLAND

Special Revenue Funds - City Restricted
Combining Balance Sheet (Continued)
June 30, 2008

	Senior Center Gift Shop	*Community Benefit Fund*	*JAG Grant*	*Excess Hotel Tax Fund*	*Special Detail Fund*	*Rescue Services Fund*
ASSETS						
Cash	$ 158	$ -	$ -	$ -	$ -	$ 652,558
Investments	16,465	16,355	-	463,144	-	-
Accounts receivable	-	-	-	-	201,838	2,170,762
Due from federal and state governments	-	-	34,400	-	-	-
Due from other funds	2,972	-	-	23,353	557,545	-
Total assets	$ 19,595	$ 16,355	$ 34,400	$ 486,497	$ 759,383	$ 2,823,320
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable and accrued expenditures	$ 1,005	$ -	$ 402	$ -	$ 46,490	$ 14,254
Due to federal and state governments	-	-	-	-	-	-
Due to other funds	-	-	33,998	-	-	1,032,899
Deferred revenues	-	-	-	-	201,838	1,776,167
Total liabilities	1,005	-	34,400	-	248,328	2,823,320
Fund balances (deficits)						
Reserved for encumbrances	858	-	-	-	-	-
Reserved for revolving loans	-	-	-	-	-	-
Unreserved	17,732	16,355	-	486,497	511,055	-
Total fund balances (deficits)	18,590	16,355	-	486,497	511,055	-
Total liabilities and fund balances	$ 19,595	$ 16,355	$ 34,400	$ 486,497	$ 759,383	$ 2,823,320

(Continued)

CITY OF WARWICK, RHODE ISLAND

Special Revenue Funds - City Restricted
Combining Balance Sheet (Continued)
June 30, 2008

	Mooring Fee Reserve Fund	*City Clerk Restricted Fund*	*State Asset Forfeiture Fund*	*Sewer Connection Grants*	*Lead Reduction Program*	*Total*
ASSETS						
Cash	$ -	$ -	$ -	$ -	$ -	$ 1,499,966
Investments	55,816	-	18,945	5,534	-	1,129,025
Accounts receivable	-	-	-	-	1,063,467	5,432,207
Due from federal and state governments	-	-	-	-	1,368,064	1,984,079
Due from other funds	25,857	755,246	-	-	-	1,480,125
Total assets	$ 81,673	$ 755,246	$ 18,945	$ 5,534	$ 2,431,531	$ 11,525,402
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable and accrued expenditures	$ -	$ 489	$ 1,449	$ -	$ 12,637	$ 140,660
Due to federal and state governments	-	-	-	-	-	13,840
Due to other funds	-	-	3,861	2,400	100,941	1,353,059
Deferred revenues	-	-	-	-	2,317,953	6,810,585
Total liabilities	-	489	5,310	2,400	2,431,531	8,318,144
Fund balances (deficits)						
Reserved for encumbrances	-	143,281	-	-	30,374	174,513
Reserved for revolving loans	-	-	-	-	-	933,287
Unreserved	81,673	611,476	13,635	3,134	(30,374)	2,099,458
Total fund balances (deficits)	81,673	754,757	13,635	3,134	-	3,207,258
Total liabilities and fund balances	$ 81,673	$ 755,246	$ 18,945	$ 5,534	$ 2,431,531	$ 11,525,402

CITY OF WARWICK, RHODE ISLAND

Special Revenue Funds - City Restricted

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

For the Fiscal Year Ended June 30, 2008

	Community Development Block Grant	*Home Improvement Loan Escrow Account*	*Drug Seizure Fund*	*Local Law Enforcement Block Grant*	*Open Space Land Dedication*	*Warwick Public Library Restricted Fund*
Revenues						
Intergovernmental revenue	$ 946,511	$ -	$ 30,643	$ -	$ 3,600,000	$ 233
Charges for services	-	-	-	-	-	-
Investment income	-	-	4,395	23	11,969	5,216
Contributions and private grants	-	-	-	-	-	92,052
Other revenue	245,974	18,139	-	-	-	23,780
Total revenues	1,192,485	18,139	35,038	23	3,611,969	121,281
Expenditures						
Current:						
Executive and administration	-	-	-	-	-	-
Public safety	-	-	41,383	523	-	-
Recreation	-	-	-	-	3,699,995	-
Public libraries	-	-	-	-	-	215,894
Social services	-	-	-	-	-	-
Planning and economic development	875,657	595,661	-	-	-	-
Total expenditures	875,657	595,661	41,383	523	3,699,995	215,894
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	316,828	(577,522)	(6,345)	(500)	(88,026)	(94,613)
Other financing sources (uses)						
Transfers from other funds	-	636,744	-	-	-	-
Transfers to other funds	(246,012)	-	-	-	-	-
Total other financing sources (uses)	(246,012)	636,744	-	-	-	-
Net change in fund balances	70,816	59,222	(6,345)	(500)	(88,026)	(94,613)
Fund balances - July 1, 2007	696,781	106,468	115,530	867	344,911	116,451
Fund balances - June 30, 2008	$ 767,597	$ 165,690	$ 109,185	$ 367	$ 256,885	$ 21,838

(Continued)

CITY OF WARWICK, RHODE ISLAND

Special Revenue Funds - City Restricted

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)

For the Fiscal Year Ended June 30, 2008

	Senior Center Gift Shop	*Community Benefit Fund*	*JAG Grant*	*Excess Hotel Tax Fund*	*Special Detail Fund*	*Rescue Services Fund*
Revenues						
Intergovernmental revenue	$ -	$ -	$ 34,464	$ -	$ -	$ -
Charges for services	24,577	-	-	-	2,564,674	3,029,769
Investment income	634	581	-	16,625	-	20,032
Contributions and private grants	-	-	-	-	-	-
Other revenue	7,192	-	-	-	-	56
Total revenues	32,403	581	34,464	16,625	2,564,674	3,049,857
Expenditures						
Current:						
Executive and administration	-	-	-	-	-	-
Public safety	-	-	34,464	-	2,156,210	1,003,855
Recreation	-	-	-	-	-	-
Public libraries	-	-	-	-	-	-
Social services	30,019	-	-	-	-	-
Planning and economic development	-	-	-	-	-	-
Total expenditures	30,019	-	34,464	-	2,156,210	1,003,855
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	2,384	581	-	16,625	408,464	2,046,002
Other financing sources (uses)						
Transfers from other funds	-	-	-	23,353	-	-
Transfers to other funds	-	-	-	-	(335,645)	(2,046,002)
Total other financing sources (uses)	-	-	-	23,353	(335,645)	(2,046,002)
Net change in fund balances	2,384	581	-	39,978	72,819	-
Fund balances - July 1, 2007	16,206	15,774	-	446,519	438,236	-
Fund balances - June 30, 2008	$ 18,590	$ 16,355	$ -	$ 486,497	$ 511,055	$ -

(Continued)

CITY OF WARWICK, RHODE ISLAND

Special Revenue Funds - City Restricted

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)

For the Fiscal Year Ended June 30, 2008

	Mooring Fee Reserve Fund	*City Clerk Restricted Fund*	*State Asset Forfeiture Fund*	*Sewer Connection Grants*	*Lead Reduction Program*	*Total*
Revenues						
Intergovernmental revenue	$ -	$ -	$ 12,163	$ -	$ 637,751	$ 5,261,765
Charges for services	-	128,158	-	-	-	5,747,178
Investment income	1,520	-	610	1,981	-	63,586
Contributions and private grants	-	-	-	-	-	92,052
Other revenue	-	-	1,139	-	-	296,280
Total revenues	1,520	128,158	13,912	1,981	637,751	11,460,861
Expenditures						
Current:						
Executive and administration	-	2,495	-	-	-	2,495
Public safety	-	-	20,000	-	-	3,256,435
Recreation	-	-	-	-	-	3,699,995
Public libraries	-	-	-	-	-	215,894
Social services	-	-	-	-	-	30,019
Planning and economic development	-	-	-	88,000	247,019	1,806,337
Total expenditures	-	2,495	20,000	88,000	247,019	9,011,175
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	1,520	125,663	(6,088)	(86,019)	390,732	2,449,686
Other financing sources (uses)						
Transfers from other funds	25,858	-	-	50,000	-	735,955
Transfers to other funds	-	-	-	-	(390,732)	(3,018,391)
Total other financing sources (uses)	25,858	-	-	50,000	(390,732)	(2,282,436)
Net change in fund balances	27,378	125,663	(6,088)	(36,019)	-	167,250
Fund balances - July 1, 2007	54,295	629,094	19,723	39,153	-	3,040,008
Fund balances - June 30, 2008	$ 81,673	$ 754,757	$ 13,635	$ 3,134	$ -	$ 3,207,258

CITY OF WARWICK, RHODE ISLAND

Special Revenue Funds - School Restricted
Combining Balance Sheet
June 30, 2008

	School Lunch	*Title I*	*Pentamation Upgrade*	*Wal-Mart Teacher*	*Lowe's Grant Career Center*	*Social Skills for Life*	*Title V Innovative Ed*	*Title III LEP*
ASSETS								
Cash	$ 5,744	$ -	$ -	$ 8,909	$ 1,159	$ 2,500	$ -	$ -
Accounts receivable	40,819	-	-	-	-	-	-	-
Due from federal and state governments	87,149	562,394	-	-	-	-	2,728	13,333
Due from other funds	240,959	-	4,380	-	-	-	-	-
Total assets	$ 374,671	$ 562,394	$ 4,380	$ 8,909	$ 1,159	$ 2,500	$ 2,728	$ 13,333
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts payable and accrued expenditures	$ 374,671	$ 138,748	$ 4,380	$ 189	$ 1,130	$ -	$ 1,160	$ 187
Due to other funds	-	423,646	-	-	-	-	1,568	13,146
Total liabilities	374,671	562,394	4,380	189	1,130	-	2,728	13,333
Fund balances - unreserved	-	-	-	8,720	29	2,500	-	-
Total liabilities and fund balances	$ 374,671	$ 562,394	$ 4,380	$ 8,909	$ 1,159	$ 2,500	$ 2,728	$ 13,333

(Continued)

CITY OF WARWICK, RHODE ISLAND

Special Revenue Funds - School Restricted (Continued)
Combining Balance Sheet
June 30, 2008

	IDEA PL94-142	*Adult Learning Center*	*Pilgrim Zen Garden*	*Perkins Long Term*	*Vocational Training for Adults*	*Title IV Drug Free Schools*	*RIPIN*	*Preschool*
ASSETS								
Cash	$ -	$ -	$ -	$ -	$ -	$ -	$ 832	$ -
Accounts receivable	-	-	-	-	-	-	2,947	-
Due from federal and state governments	886,525	42,794	-	166,069	13,912	8,258	-	31,844
Due from other funds	-	-	-	-	-	-	-	-
Total assets	$ 886,525	$ 42,794	$ -	$ 166,069	$ 13,912	$ 8,258	$ 3,779	$ 31,844
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts payable and accrued expenditures	$ 191,520	$ 1,373	$ -	$ 108,397	$ 148	$ 1,600	$ -	$ 12,797
Due to other funds	695,005	41,421	-	57,672	13,764	6,658	3,364	19,047
Total liabilities	886,525	42,794	-	166,069	13,912	8,258	3,364	31,844
Fund balances - unreserved	-	-	-	-	-	-	415	-
Total liabilities and fund balances	$ 886,525	$ 42,794	$ -	$ 166,069	$ 13,912	$ 8,258	$ 3,779	$ 31,844

(Continued)

CITY OF WARWICK, RHODE ISLAND

Special Revenue Funds - School Restricted (Continued)
Combining Balance Sheet
June 30, 2008

	Title II Prof. Development	*Cedar Hill Feinstein*	*Title II Technology*	*Harris Foundation*	*Literacy Set-Aside*	*E2T2 MCI*	*Champlin Grants*	*Intra-mural Grant*
ASSETS								
Cash	$ -	$ -	$ -	$ 1,067	$ -	$ -	$ 11,858	$ 435
Accounts receivable	-	-	-	-	-	-	-	-
Due from federal and state governments	237,985	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	218,649	-	-	-
Total assets	$ 237,985	$ -	$ -	$ 1,067	$ 218,649	$ -	$ 11,858	$ 435
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts payable and accrued expenditures	$ 92,735	$ -	$ -	$ 504	$ 52,314	$ -	$ -	$ -
Due to other funds	145,250	-	-	-	-	-	-	-
Total liabilities	237,985	-	-	504	52,314	-	-	-
Fund balances - unreserved	-	-	-	563	166,335	-	11,858	435
Total liabilities and fund balances	$ 237,985	$ -	$ -	$ 1,067	$ 218,649	$ -	$ 11,858	$ 435

(Continued)

CITY OF WARWICK, RHODE ISLAND

Special Revenue Funds - School Restricted (Continued)
Combining Balance Sheet
June 30, 2008

	Signs of Enlightment	*Reading Excellence Oakland Beach*	*Science Olympiad*	*Sherman After School*	*Feinstein Grant*	*VSA Arts*	*Ceramics Garden Pilgrim*	*Commercial Foods*
ASSETS								
Cash	$ 920	$ 1,412	$ -	$ 178	$ 20,590	$ 388	$ -	$ 2,822
Accounts receivable	-	-	-	-	-	-	-	-
Due from federal and state governments	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	4,621	-	-	-
Total assets	$ 920	$ 1,412	$ -	$ 178	$ 25,211	$ 388	$ -	$ 2,822
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts payable and accrued expenditures	$ -	$ -	$ -	$ -	$ 6,684	$ -	$ -	$ -
Due to other funds	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	6,684	-	-	-
Fund balances - unreserved	920	1,412	-	178	18,527	388	-	2,822
Total liabilities and fund balances	$ 920	$ 1,412	$ -	$ 178	$ 25,211	$ 388	$ -	$ 2,822

(Continued)

CITY OF WARWICK, RHODE ISLAND

Special Revenue Funds - School Restricted (Continued)
Combining Balance Sheet
June 30, 2008

	Gorton After School Math	*Multi Media Lab Rhodes*	*WPS Defibrillators*	*Holliman Feinstein*	*Winman Champlin*	*Lippitt Playground*	*Homeless Children Youth*
ASSETS							
Cash	$ 608	$ 2,533	$ 700	$ 3,658	$ 39	$ -	$ -
Accounts receivable	-	-	-	-	-	-	-
Due from federal and state governments	-	-	-	-	-	-	8,656
Due from other funds	-	-	-	-	-	-	-
Total assets	$ 608	$ 2,533	$ 700	$ 3,658	$ 39	$ -	$ 8,656
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable and accrued expenditures	$ -	$ -	$ -	$ -	$ -	$ -	$ 6,089
Due to other funds	-	-	-	-	-	-	2,567
Total liabilities	-	-	-	-	-	-	8,656
Fund balances - unreserved	608	2,533	700	3,658	39	-	-
Total liabilities and fund balances	$ 608	$ 2,533	$ 700	$ 3,658	$ 39	$ -	$ 8,656

(Continued)

CITY OF WARWICK, RHODE ISLAND

Special Revenue Funds - School Restricted (Continued)

Combining Balance Sheet

June 30, 2008

	RIPIN Nutrition	*Achieve Algebra*	*Safe Sitter Program Winman*	*Arts Integration Curriculum*	*Warwick Vets Education Foundation*	*Total*
ASSETS						
Cash	$ -	$ -	$ 508	$ 4,200	$ -	$ 71,060
Accounts receivable	574	-	-	-	-	44,340
Due from federal and state governments	-	10,917	-	-	-	2,072,564
Due from other funds	-	-	-	700	25,972	495,281
Total assets	$ 574	$ 10,917	$ 508	$ 4,900	$ 25,972	$2,683,245
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable and accrued expenditures	$ -	$ 10,917	$ -	$ 4,300	$ -	$1,009,843
Due to other funds	574	-	-	-	25,363	1,449,045
Total liabilities	574	10,917	-	4,300	25,363	2,458,888
Fund balances - unreserved	-	-	508	600	609	224,357
Total liabilities and fund balances	$ 574	$ 10,917	$ 508	$ 4,900	$ 25,972	$2,683,245

CITY OF WARWICK, RHODE ISLAND

Special Revenue Funds - School Restricted
Combining Statements of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2008

	School Lunch	*Title I*	*Pentamation Upgrade*	*Wal-Mart Teacher*	*Lowe's Grant Career Center*	*Social Skills for Life*	*Title V Innovative Ed*	*Title III LEP*
Revenues								
Intergovernmental revenues	$ 1,084,209	$ 1,631,486	$ 47,049	$ -	$ -	$ -	$ 32,220	$ 16,575
Charges for services	1,542,363	-	-	-	-	-	-	-
Contributions and private grants	-	-	-	11,000	10,000	2,500	-	-
Other revenues	41,317	-	-	-	-	-	-	-
Total revenues	2,667,889	1,631,486	47,049	11,000	10,000	2,500	32,220	16,575
Expenditures								
Education:								
Salaries	-	1,072,208	-	-	-	-	-	5,665
Employee benefits	-	516,663	-	-	-	-	-	-
Purchased services	-	6,981	45,928	-	-	-	25,925	6,668
Supplies and materials	-	10,890	1,121	2,280	8,000	-	5,806	3,991
Capital outlay	-	-	-	-	1,971	-	-	-
Indirect costs	-	24,744	-	-	-	-	489	251
Other objects	-	-	-	-	-	-	-	-
Cafeteria operations	2,908,848	-	-	-	-	-	-	-
Total expenditures	2,908,848	1,631,486	47,049	2,280	9,971	-	32,220	16,575
Excess (deficiency) of revenues over (under) expenditures before other financing sources	(240,959)	-	-	8,720	29	2,500	-	-
Other financing sources								
Transfer from other funds	240,959	-	-	-	-	-	-	-
Total other financing sources	240,959	-	-	-	-	-	-	-
Net change in fund balances	-	-	-	8,720	29	2,500	-	-
Fund balances - July 1, 2007	-	-	-	-	-	-	-	-
Adjustments to prior years	-	-	-	-	-	-	-	-
Restated fund balances - July 1, 2007	-	-	-	-	-	-	-	-
Fund balances - June 30, 2008	$ -	$ -	$ -	$ 8,720	$ 29	$ 2,500	$ -	$ -

(Continued)

CITY OF WARWICK, RHODE ISLAND

Special Revenue Funds - School Restricted (Continued)
Combining Statements of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2008

	IDEA PL94-142	*Adult Learning Center*	*Pilgrim Zen Garden*	*Perkins Long Term*	*Vocational Training for Adults*	*Title IV Drug Free Schools*	*RIPIN*	*Preschool*
Revenues								
Intergovernmental revenues	$ 2,547,904	$ 118,702	$ -	$ 368,567	$ 45,924	$ 65,279	$ -	$ 108,565
Charges for services	-	-	-	-	-	-	-	-
Contributions and private grants	-	-	2,500	-	-	-	4,182	-
Other revenues	-	-	-	-	-	-	-	-
Total revenues	2,547,904	118,702	2,500	368,567	45,924	65,279	4,182	108,565
Expenditures								
Education:								
Salaries	2,298,719	93,891	-	150,336	36,110	-	917	92,217
Employee benefits	196,121	14,394	-	11,500	2,762	-	70	-
Purchased services	14,421	6,651	2,500	33,504	4,748	62,977	1,490	15,475
Supplies and materials	-	1,503	-	14,293	1,607	1,312	1,290	873
Capital outlay	-	-	-	155,612	-	-	-	-
Indirect costs	38,643	1,769	-	3,322	697	990	-	-
Other objects	-	494	-	-	-	-	-	-
Cafeteria operations	-	-	-	-	-	-	-	-
Total expenditures	2,547,904	118,702	2,500	368,567	45,924	65,279	3,767	108,565
Excess (deficiency) of revenues over (under) expenditures before other financing sources	-	-	-	-	-	-	415	-
Other financing sources								
Transfer from other funds	-	-	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	-	-	-
Net change in fund balances	-	-	-	-	-	-	415	-
Fund balances - July 1, 2007	-	-	-	-	-	-	-	-
Adjustments to prior years	-	-	-	-	-	-	-	-
Restated fund balances - July 1, 2007	-	-	-	-	-	-	-	-
Fund balances - June 30, 2008	$ -	$ -	$ -	$ -	$ -	$ -	$ 415	$ -

(Continued)

CITY OF WARWICK, RHODE ISLAND

Special Revenue Funds - School Restricted (Continued)
Combining Statements of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2008

	Title II Prof. Development	*Cedar Hill Feinstein*	*Title II Technology*	*Harris Foundation*	*Literacy Set-Aside*	*E2T2 MCI*	*Champlin Grants*	*Intra-mural Grant*
Revenues								
Intergovernmental revenues	$ 709,489	$ -	$ 17,106	$ -	$ 873,802	$ 199,412	$ -	$ -
Charges for services	-	-	-	-	-	-	-	-
Contributions and private grants	-	-	-	-	-	-	-	16,148
Other revenues	-	-	-	-	-	-	-	-
Total revenues	709,489	-	17,106	-	873,802	199,412	-	16,148
Expenditures								
Education:								
Salaries	449,902	-	-	-	526,658	-	-	14,596
Employee benefits	223,226	-	-	-	196,052	-	-	1,117
Purchased services	22,878	-	6,000	-	53,900	-	-	-
Supplies and materials	2,722	-	-	-	496	-	-	-
Capital outlay	-	4,011	11,106	504	-	199,412	-	-
Indirect costs	10,761	-	-	-	-	-	-	-
Other objects	-	-	-	-	-	-	-	-
Cafeteria operations	-	-	-	-	-	-	-	-
Total expenditures	709,489	4,011	17,106	504	777,106	199,412	-	15,713
Excess (deficiency) of revenues over (under) expenditures before other financing sources	-	(4,011)	-	(504)	96,696	-	-	435
Other financing sources								
Transfer from other funds	-	-	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	-	-	-
Net change in fund balances	-	(4,011)	-	(504)	96,696	-	-	435
Fund balances - July 1, 2007	-	4,011	-	1,067	69,639	-	11,858	-
Adjustments to prior years	-	-	-	-	-	-	-	-
Restated fund balances - July 1, 2007	-	4,011	-	1,067	69,639	-	11,858	-
Fund balances - June 30, 2008	$ -	$ -	$ -	$ 563	$ 166,335	$ -	$ 11,858	$ 435

(Continued)

CITY OF WARWICK, RHODE ISLAND

Special Revenue Funds - School Restricted (Continued)
Combining Statements of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2008

	Signs of Enlightment	*Reading Excellence Oakland Beach*	*Science Olympiad*	*Sherman After School*	*Feinstein Grant*	*VSA Arts*	*Ceramics Garden Pilgrim*	*Commercial Foods*
Revenues								
Intergovernmental revenues	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Charges for services	-	-	-	-	-	-	-	56,683
Contributions and private grants	1,700	-	750	-	35,250	-	1,900	-
Other revenues	-	-	-	-	-	-	-	-
Total revenues	1,700	-	750	-	35,250	-	1,900	56,683
Expenditures								
Education:								
Salaries	-	-	250	-	320	-	-	-
Employee benefits	-	-	19	-	24	-	-	-
Purchased services	-	-	-	-	-	-	1,900	-
Supplies and materials	780	-	481	187	4,962	-	-	56,289
Capital outlay	-	-	-	-	11,417	-	-	-
Indirect costs	-	-	-	-	-	-	-	-
Other objects	-	-	-	-	-	-	-	-
Cafeteria operations	-	-	-	-	-	-	-	-
Total expenditures	780	-	750	187	16,723	-	1,900	56,289
Excess (deficiency) of revenues over (under) expenditures before other financing sources	920	-	-	(187)	18,527	-	-	394
Other financing sources								
Transfer from other funds	-	-	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	-	-	-
Net change in fund balances	920	-	-	(187)	18,527	-	-	394
Fund balances - July 1, 2007	-	1,412	-	365	-	388	-	2,428
Adjustments to prior years	-	-	-	-	-	-	-	-
Restated fund balances - July 1, 2007	-	1,412	-	365	-	388	-	2,428
Fund balances - June 30, 2008	$ 920	$ 1,412	$ -	$ 178	$ 18,527	$ 388	$ -	$ 2,822

(Continued)

CITY OF WARWICK, RHODE ISLAND

Special Revenue Funds - School Restricted (Continued)
Combining Statements of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2008

	Gorton After School Math	*Multi Media Lab Rhodes*	*WPS Defibrillators*	*Holliman Feinstein*	*Winman Champlin*	*Lippitt Playground*	*Homeless Children Youth*
Revenues							
Intergovernmental revenues	$ -	$ -	$ -	$ -	$ -	$ -	$ 26,926
Charges for services	-	-	-	-	-	-	-
Contributions and private grants	-	-	-	2,000	-	-	-
Other revenues	-	-	-	-	-	-	-
Total revenues	-	-	-	2,000	-	-	26,926
Expenditures							
Education:							
Salaries	-	-	-	1,050	-	-	13,905
Employee benefits	-	-	-	80	-	-	1,064
Purchased services	-	-	-	-	-	-	11,517
Supplies and materials	-	-	-	-	-	-	440
Capital outlay	-	-	-	269	471	750	-
Indirect costs	-	-	-	-	-	-	-
Other objects	-	-	-	-	-	-	-
Cafeteria operations	-	-	-	-	-	-	-
Total expenditures	-	-	-	1,399	471	750	26,926
Excess (deficiency) of revenues over (under) expenditures before other financing sources	-	-	-	601	(471)	(750)	-
Other financing sources							
Transfer from other funds	-	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	-	-
Net change in fund balances	-	-	-	601	(471)	(750)	-
Fund balances - July 1, 2007	608	10,000	700	3,057	510	750	-
Adjustments to prior years	-	(7,467)	-	-	-	-	-
Restated fund balances - July 1, 2007	608	2,533	700	3,057	510	750	-
Fund balances - June 30, 2008	$ 608	$ 2,533	$ 700	$ 3,658	$ 39	$ -	$ -

(Continued)

CITY OF WARWICK, RHODE ISLAND

Special Revenue Funds - School Restricted (Continued)
Combining Statements of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2008

	RIPIN Nutrition	*Achieve Algebra*	*Safe Sitter Program Winman*	*Arts Integration Curriculum*	*Warwick Vets Education Foundation*	*Total*
Revenues						
Intergovernmental revenues	$ -	$ 10,917	$ -	$ 4,900	$ -	$7,909,032
Charges for services	-	-	210	-	-	1,599,256
Contributions and private grants	574	-	1,075	-	-	89,579
Other revenues	-	-	-	-	-	41,317
Total revenues	574	10,917	1,285	4,900	-	9,639,184
Expenditures						
Education:						
Salaries	533	-	250	-	-	4,757,527
Employee benefits	41	-	19	-	-	1,163,152
Purchased services	-	-	-	4,300	-	327,763
Supplies and materials	-	10,917	508	-	-	130,748
Capital outlay	-	-	-	-	107,581	493,104
Indirect costs	-	-	-	-	-	81,666
Other objects	-	-	-	-	-	494
Cafeteria operations	-	-	-	-	-	2,908,848
Total expenditures	574	10,917	777	4,300	107,581	9,863,302
Excess (deficiency) of revenues over (under) expenditures before other financing sources	-	-	508	600	(107,581)	(224,118)
Other financing sources						
Transfer from other funds	-	-	-	-	-	240,959
Total other financing sources	-	-	-	-	-	240,959
Net change in fund balances	-	-	508	600	(107,581)	16,841
Fund balances - July 1, 2007	-	-	-	-	108,190	214,983
Adjustments to prior years	-	-	-	-	-	(7,467)
Restated fund balances - July 1, 2007	-	-	-	-	108,190	207,516
Fund balances - June 30, 2008	$ -	$ -	$ 508	$ 600	$ 609	$ 224,357

CITY OF WARWICK, RHODE ISLAND

Capital Project Funds
Combining Balance Sheet
June 30, 2008

	2000 City Buildings Bond Fund	*1998 Recreation Bond Fund*	*1999 Animal Shelter Bond Fund*	*2000 Recreation Bond*	*2002 Public Safety Bond*
ASSETS					
Investments	$ 88	$ 1	$ 65	$ -	$ 77,813
Due from other funds	-	-	-	-	-
Total assets	$ 88	$ 1	$ 65	$ -	$ 77,813
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable and accrued expenditures	$ -	$ -	$ -	$ -	$ 66,959
Due to other funds	88	1	-	427,897	269
Total liabilities	88	1	-	427,897	67,228
Fund balances (deficits)					
Unreserved	-	-	65	(427,897)	10,585
Total fund balances (deficits)	-	-	65	(427,897)	10,585
Total liabilities and fund balances	$ 88	$ 1	$ 65	$ -	$ 77,813

(Continued)

CITY OF WARWICK, RHODE ISLAND

Capital Project Funds
Combining Balance Sheet (Continued)
June 30, 2008

	2002 Drainage Bond	*2000 Open Space Bond Fund*	*2000 School Bond Fund*	*Capital Leases*	*Total*
ASSETS					
Investments	$ 610,039	$ 100,562	$ 134,592	$ 1,327,610	$ 2,250,770
Due from other funds	-	339,656	-	-	339,656
Total assets	$ 610,039	$ 440,218	$ 134,592	$ 1,327,610	$ 2,590,426
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable and accrued expenditures	$ -	$ -	$ -	$ -	$ 66,959
Due to other funds	6,708	-	20,166	723,910	1,179,039
Total liabilities	6,708	-	20,166	723,910	1,245,998
Fund balances (deficits)					
Unreserved	603,331	440,218	114,426	603,700	1,344,428
Total fund balances (deficits)	603,331	440,218	114,426	603,700	1,344,428
Total liabilities and fund balances	$ 610,039	$ 440,218	$ 134,592	$ 1,327,610	$ 2,590,426

CITY OF WARWICK, RHODE ISLAND

Capital Project Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

For the Fiscal Year Ended June 30, 2008

	2000 City Buildings Bond Fund	*1998 Recreation Bond Fund*	*1999 Animal Shelter Bond Fund*	*2000 Recreation Bond*	*2002 Public Safety Bond*
Revenues					
Investment income	$ -	$ -	$ -	$ -	$ -
Other revenue	-	-	-	-	-
Total revenues	-	-	-	-	-
Expenditures					
Current:					
Executive and administration	-	-	-	-	-
Public safety	-	-	-	-	69,951
Recreation	-	293,940	-	427,897	-
Public works	14,454	-	-	-	-
Education	-	-	-	-	-
Debt service	-	-	-	-	-
Total expenditures	14,454	293,940	-	427,897	69,951
Deficiency of revenues under expenditures before other financing uses	(14,454)	(293,940)	-	(427,897)	(69,951)
Other financing uses					
Transfers to other funds	(88)	(1)	-	-	-
Total other financing uses	(88)	(1)	-	-	-
Net change in fund balances	(14,542)	(293,941)	-	(427,897)	(69,951)
Fund balances - July 1, 2007	14,542	293,941	65	-	80,536
Fund balances (deficits) - June 30, 2008	$ -	$ -	$ 65	$ (427,897)	$ 10,585

(Continued)

CITY OF WARWICK, RHODE ISLAND

Capital Project Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)

For the Fiscal Year Ended June 30, 2008

	2002 Drainage Bond	*2000 Open Space Bond Fund*	*2000 School Bond Fund*	*Capital Leases*	*Total*
Revenues					
Investment income	$ -	$ -	$ -	$ 40,855	$ 40,855
Other revenue	-	-	50	-	50
Total revenues	-	-	50	40,855	40,905
Expenditures					
Current:					
Executive and administration	-	-	-	5,650	5,650
Public safety	-	-	-	499,428	569,379
Recreation	-	26,057	-	-	747,894
Public works	14,016	-	-	234,858	263,328
Education	-	-	84,895	-	84,895
Debt service	-	-	-	64,225	64,225
Total expenditures	14,016	26,057	84,895	804,161	1,735,371
Deficiency of revenues under expenditures before other financing uses	(14,016)	(26,057)	(84,845)	(763,306)	(1,694,466)
Other financing uses					
Transfers to other funds	-	-	-	(144)	(233)
Total other financing uses	-	-	-	(144)	(233)
Net change in fund balances	(14,016)	(26,057)	(84,845)	(763,450)	(1,694,699)
Fund balances - July 1, 2007	617,347	466,275	199,271	1,367,150	3,039,127
Fund balances (deficits) - June 30, 2008	$ 603,331	$ 440,218	$ 114,426	$ 603,700	$ 1,344,428

CITY OF WARWICK, RHODE ISLAND

Nonmajor Proprietary Funds
Combining Statement of Net Assets
June 30, 2008

	Industrial Pretreatment Fund	*On-Site Revolving Loan Fund*	*Sewer Renewal & Replacement Fund*	*Sewer Infrastructure Replacement Fund*	*Water Renewal & Replacement Fund*	*Water Restricted Emergency Fund*	*Water Infrastructure Replacement Fund*	*Total*
ASSETS								
Current assets:								
Cash and cash equivalents	$ 1,041,142	$ 428,686	$ 1,221,667	$ 19,941	$ 40,311	$ 288,408	$ 4,111,903	$ 7,152,058
Accounts receivable, net:								
Water and sewer user fees	556,499	-	-	-	-	-	-	556,499
Accrued interest	-	80,230	-	-	-	-	-	80,230
Other receivables	-	68,026	-	-	-	-	-	68,026
Due from other funds	2,845	734	1,935,077	257,222	450,000	150,000	2,000,000	4,795,878
Total current assets	1,600,486	577,676	3,156,744	277,163	490,311	438,408	6,111,903	12,652,691
Noncurrent assets:								
Construction in progress	-	-	-	-	-	-	111,761	111,761
Depreciable capital assets, net	106,227	-	-	-	-	-	-	106,227
Total noncurrent assets	106,227	-	-	-	-	-	111,761	217,988
Total assets	1,706,713	577,676	3,156,744	277,163	490,311	438,408	6,223,664	12,870,679
LIABILITIES								
Current liabilities:								
Accounts payable and accrued expenses	5,503	-	2,813	4,467	-	-	8,669	21,452
Due to other funds	349,052	-	28,878	-	-	32,050	3,304	413,284
Total current liabilities	354,555	-	31,691	4,467	-	32,050	11,973	434,736
Noncurrent liabilities:								
Accrued compensated absences	25,143	-	-	-	-	-	-	25,143
Net other post-employment benefits obligation	14,741	-	-	-	-	-	-	14,741
Total noncurrent liabilities	39,884	-	-	-	-	-	-	39,884
Total liabilities	394,439	-	31,691	4,467	-	32,050	11,973	474,620
NET ASSETS								
Investment in capital assets - net of related debt	106,227	-	-	-	-	-	111,761	217,988
Unrestricted	1,206,047	577,676	3,125,053	272,696	490,311	406,358	6,099,930	12,178,071
Total net assets	$ 1,312,274	$ 577,676	$ 3,125,053	$ 272,696	$ 490,311	$ 406,358	$ 6,211,691	$ 12,396,059

CITY OF WARWICK, RHODE ISLAND

Nonmajor Proprietary Funds
Combining Statement of Revenues, Expenses and Changes in Net Assets
For the Fiscal Year Ended June 30, 2008

	Industrial Pretreatment Fund	*On-Site Revolving Loan Fund*	*Sewer Renewal & Replacement Fund*	*Sewer Infrastructure Replacement Fund*	*Water Renewal & Replacement Fund*	*Water Restricted Emergency Fund*	*Water Infrastructure Replacement Fund*	*Total*
Operating revenues								
Assessments and user fees	$ 330,776	$ -	$ -	$ -	$ -	$ -	$ -	$ 330,776
Other revenues	91,265	8,361	-	31,664	-	-	-	131,290
Total operating revenues	422,041	8,361	-	31,664	-	-	-	462,066
Operating expenses								
Salaries and benefits	314,110	-	-	-	-	-	-	314,110
Materials and supplies	3,090	-	48,351	-	-	44,639	20,952	117,032
Depreciation and amortization	10,285	-	-	-	-	-	-	10,285
Operations	49,315	-	-	-	-	-	-	49,315
Miscellaneous	-	2,000	-	-	-	-	-	2,000
Total operating expenses	376,800	2,000	48,351	-	-	44,639	20,952	492,742
Operating income (loss)	45,241	6,361	(48,351)	31,664	-	(44,639)	(20,952)	(30,676)
Nonoperating revenues								
Interest income	37,252	14,838	47,131	48	1,423	10,575	149,366	260,633
Total nonoperating revenues	37,252	14,838	47,131	48	1,423	10,575	149,366	260,633
Income before transfers	82,493	21,199	(1,220)	31,712	1,423	(34,064)	128,414	229,957
Transfers in	3,198	-	155,000	250,000	150,000	50,000	-	608,198
Transfers out	(255,000)	(50,000)	(122,921)	(9,016)	-	-	(170,581)	(607,518)
Change in net assets	(169,309)	(28,801)	30,859	272,696	151,423	15,936	(42,167)	230,637
Total net assets - beginning of year	1,481,583	606,477	3,094,194	-	338,888	390,422	6,253,858	12,165,422
Total net assets - end of year	$ 1,312,274	$ 577,676	$ 3,125,053	$ 272,696	$ 490,311	$ 406,358	$ 6,211,691	$ 12,396,059

CITY OF WARWICK, RHODE ISLAND

Nonmajor Proprietary Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2008

	Industrial Pretreatment Fund	*On-Site Revolving Loan Fund*	*Sewer Renewal & Replacement Fund*	*Sewer Infrastructure Replacement Fund*	*Water Renewal & Replacement Fund*	*Water Restricted Emergency Fund*	*Water Infrastructure Replacement Fund*	*Total*
Cash flows from operating activities								
Cash received from customers	$ 322,785	$ -	$ -	$ -	$ -	$ -	$ -	$ 322,785
Cash payments to suppliers for goods and services	(54,226)	-	(46,867)	-	-	(44,639)	(20,952)	(166,684)
Cash payments to employees for services	(292,185)	-	-	-	-	-	-	(292,185)
Other operating receipts	91,265	8,556	-	31,664	-	-	-	131,485
Other operating payments	-	(2,000)	-	-	-	-	-	(2,000)
Net cash provided by (used for) operating activities	67,639	6,556	(46,867)	31,664	-	(44,639)	(20,952)	(6,599)
Cash flows from non-capital financing activities								
Interfund cash activity	285,164	6,267	(144,980)	(257,222)	(111,112)	(27,263)	3,304	(245,842)
Transfers from other funds	3,198	-	155,000	250,000	150,000	50,000	-	608,198
Transfers to other funds	(255,000)	(50,000)	(122,921)	(4,549)	-	-	(9,298)	(441,768)
Net cash provided by (used for) non-capital financing activities	33,362	(43,733)	(112,901)	(11,771)	38,888	22,737	(5,994)	(79,412)
Cash flows from capital and related financing activities								
Acquisition and construction of capital assets	(3,198)	-	-	-	-	-	(103,092)	(106,290)
Net cash used for capital and related financing activities	(3,198)	-	-	-	-	-	(103,092)	(106,290)
Cash flows from investing activities								
Interest and dividends on investments	37,252	14,838	47,131	48	1,423	10,575	149,366	260,633
Net cash provided by investing activities	37,252	14,838	47,131	48	1,423	10,575	149,366	260,633
Net increase (decrease) in cash and cash equivalents	135,055	(22,339)	(112,637)	19,941	40,311	(11,327)	19,328	68,332
Cash and cash equivalents at beginning of year	906,087	451,025	1,334,304	-	-	299,735	4,092,575	7,083,726
Cash and cash equivalents at end of year	$ 1,041,142	$ 428,686	$ 1,221,667	$ 19,941	$ 40,311	$ 288,408	$ 4,111,903	$ 7,152,058

(Continued)

CITY OF WARWICK, RHODE ISLAND

Nonmajor Proprietary Funds
Combining Statement of Cash Flows (Continued)
For the Fiscal Year Ended June 30, 2008

Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	*Industrial Pretreatment Fund*	*On-Site Revolving Loan Fund*	*Sewer Renewal & Replacement Fund*	*Sewer Infrastructure Replacement Fund*	*Water Renewal & Replacement Fund*	*Water Restricted Emergency Fund*	*Water Infrastructure Replacement Fund*	*Total*
Operating income (loss)	$ 45,241	$ 6,361	$ (48,351)	$ 31,664	$ -	$ (44,639)	$ (20,952)	$ (30,676)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:								
Depreciation and amortization	10,285	-	-	-	-	-	-	10,285
Changes in assets and liabilities:								
(Increase) decrease in accounts receivable	(33,617)	-	-	-	-	-	-	(33,617)
Increase (decrease) in allowance for uncollectible accounts	25,626	-	-	-	-	-	-	25,626
(Increase) decrease in other receivables	-	4,635	-	-	-	-	-	4,635
(Increase) decrease in accrued interest receivable	-	(4,440)	-	-	-	-	-	(4,440)
Increase (decrease) in accounts payable and accrued expenses	(721)	-	1,484	-	-	-	-	763
Increase (decrease) in accrued compensated absences	6,084	-	-	-	-	-	-	6,084
Increase (decrease) in net other post-employment benefits obligation	14,741	-	-	-	-	-	-	14,741
Total adjustments	22,398	195	1,484	-	-	-	-	24,077
Net cash provided by (used for) operating activities	$ 67,639	$ 6,556	$ (46,867)	$ 31,664	$ -	$ (44,639)	$ (20,952)	$ (6,599)

COMBINING FINANCIAL STATEMENTS
FOR PRIVATE PURPOSE TRUST FUNDS

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

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

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

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

CITY OF WARWICK, RHODE ISLAND

Private Purpose Trust Funds
Combining Statement of Fiduciary Net Assets
June 30, 2008

	Employee Benefit Trust Fund	*Neighbors Helping Neighbors*	*Jeanette Cram Scholarship Fund*	*Total*
ASSETS				
Cash	$ -	$ -	$ 30,947	$ 30,947
Investments	119,090	12,751	-	131,841
Due from other funds	1,237	8,310	-	9,547
Total assets	120,327	21,061	30,947	172,335
LIABILITIES				
Accounts payable and accrued expenses	140	-	-	140
Total liabilities	140	-	-	140
NET ASSETS				
Held in trust for scholarships and other purposes	$ 120,187	$ 21,061	$ 30,947	$ 172,195

CITY OF WARWICK, RHODE ISLAND

Private Purpose Trust Funds
Combining Statement of Changes in Fiduciary Net Assets
For the Fiscal Year Ended June 30, 2008

	Employee Benefit Trust Fund	*Neighbors Helping Neighbors*	*Jeanette Cram Scholarship Fund*	*Total*
Additions				
Investment income	$ 4,400	$ 585	$ 1,189	$ 6,174
Other revenue	17,485	19,058	-	36,543
Total additions	21,885	19,643	1,189	42,717
Deductions				
Other	24,317	18,525	1,004	43,846
Total deductions	24,317	18,525	1,004	43,846
Change in net assets	(2,432)	1,118	185	(1,129)
Net assets - beginning of year	122,619	19,943	30,762	173,324
Net assets - end of year	$ 120,187	$ 21,061	$ 30,947	$ 172,195

AGENCY FUNDS

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

Warwick Neck Sewer Extension – Established to account for monies held for private parties in connection with sewer projects.

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

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

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

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

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

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

CITY OF WARWICK, RHODE ISLAND

Agency Funds
Combining Statement of Fiduciary Net Assets
June 30, 2008

	Warwick Neck Sewer Extension	*Apponaug Sewer Easement*	*Treasurer's Agent*	*Funds in Registry of Probate Court*	*Sewer Line Agency*	*Realty Tax Fund*	*Winman Student Activity Fund*
ASSETS							
Cash	$ -	$ -	$ 139,452	$ 278,111	$ -	$ 179,998	$ 41,758
Investments	13,122	47,168	247,052	-	290,821	-	-
Due from other funds	-	-	7,949	-	8,098	-	-
Total assets	$ 13,122	$ 47,168	$ 394,453	$ 278,111	$ 298,919	$ 179,998	$ 41,758
LIABILITIES							
Accounts payable and accrued expenditures	$ -	$ -	$ 482	$ -	$ 21,523	$ -	$ -
Due to state government	-	-	-	-	-	80,980	-
Due to other funds	-	-	-	-	27,897	99,018	-
Deposits held in custody for others	13,122	47,168	393,971	278,111	249,499	-	41,758
Total liabilities	$ 13,122	$ 47,168	$ 394,453	$ 278,111	$ 298,919	$ 179,998	$ 41,758

(Continued)

CITY OF WARWICK, RHODE ISLAND

Agency Funds

Combining Statement of Fiduciary Net Assets (Continued)

June 30, 2008

	Career Center Student Activity Fund	*Pilgrim Student Activity Fund*	*Gorton Student Activity Fund*	*Toll Gate Student Activity Fund*	*Aldrich Student Activity Fund*	*Warwick Veterans Student Activity Fund*	*Total*
ASSETS							
Cash	$ 12,770	$ 111,103	$ 21,582	$ 194,707	$ 61,933	$ 80,723	$ 1,122,137
Investments	-	-	-	-	-	-	598,163
Due from other funds	-	-	-	-	-	-	16,047
Total assets	$ 12,770	$ 111,103	$ 21,582	$ 194,707	$ 61,933	$ 80,723	$ 1,736,347
LIABILITIES							
Accounts payable and accrued expenditures	$ -	$ -	$ -	$ -	$ -	$ -	$ 22,005
Due to state government	-	-	-	-	-	-	80,980
Due to other funds	-	-	-	-	-	25,972	152,887
Deposits held in custody for others	12,770	111,103	21,582	194,707	61,933	54,751	1,480,475
Total liabilities	$ 12,770	$ 111,103	$ 21,582	$ 194,707	$ 61,933	$ 80,723	$ 1,736,347

CITY OF WARWICK, RHODE ISLAND

Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended June 30, 2008

	Balance July 1, 2007	*Additions*	*Deductions*	*Balance June 30, 2008*
WARWICK NECK SEWER EXTENSION				
Assets				
Investments	$ 12,655	$ 467	$ -	$ 13,122
Total assets	$ 12,655	$ 467	$ -	$ 13,122
Liabilities				
Deposits held in custody for others	$ 12,655	$ 467	$ -	$ 13,122
Total liabilities	$ 12,655	$ 467	$ -	$ 13,122
APPONAUG SEWER EASEMENT				
Assets				
Investments	$ 45,491	$ 1,677	$ -	$ 47,168
Total assets	$ 45,491	$ 1,677	$ -	$ 47,168
Liabilities				
Deposits held in custody for others	$ 45,491	$ 1,677	$ -	$ 47,168
Total liabilities	$ 45,491	$ 1,677	$ -	$ 47,168
TREASURER'S AGENT				
Cash	$ 79,796	$ 79,113	$ 19,457	$ 139,452
Investments	221,596	59,478	34,022	247,052
Due from other funds	-	133,210	125,261	7,949
Total assets	$ 301,392	$ 271,801	$ 178,740	$ 394,453
Liabilities				
Account payable and accrued expenditures	$ 4,000	$ 44,844	$ 48,362	$ 482
Due to other funds	2,256	-	2,256	-
Deposits held in custody for others	295,136	159,444	60,609	393,971
Total liabilities	$ 301,392	$ 204,288	$ 111,227	$ 394,453
FUNDS IN REGISTRY OF PROBATE COURT				
Assets				
Cash	$ 460,571	$ 74,936	$ 257,396	$ 278,111
Total assets	$ 460,571	$ 74,936	$ 257,396	$ 278,111
Liabilities				
Deposits held in custody for others	$ 460,571	$ 74,936	$ 257,396	$ 278,111
Total liabilities	$ 460,571	$ 74,936	$ 257,396	$ 278,111

(Continued)

CITY OF WARWICK, RHODE ISLAND

Agency Funds

Combining Statement of Changes in Assets and Liabilities (Continued)

For the Fiscal Year Ended June 30, 2008

	Balance July 1, 2007	*Additions*	*Deductions*	*Balance June 30, 2008*
SEWER LINE AGENCY				
Investments	$ 219,157	$ 103,813	$ 32,149	$ 290,821
Accounts receivable	212,110	-	212,110	-
Due from other funds	-	345,724	337,626	8,098
Total assets	$ 431,267	$ 449,537	$ 581,885	$ 298,919
Liabilities				
Account payable and accrued expenditures	$ 160,345	$ 261,425	$ 400,247	$ 21,523
Due to other funds	18,776	9,801	680	27,897
Deposits held in custody for others	252,146	474,599	477,246	249,499
Total liabilities	$ 431,267	$ 745,825	$ 878,173	$ 298,919
REALTY TAX FUND				
Assets				
Cash	$ 262,105	$ 1,730,493	$ 1,812,600	$ 179,998
Total assets	$ 262,105	$ 1,730,493	$ 1,812,600	$ 179,998
Liabilities				
Due to state government	$ 117,901	$ 778,603	$ 815,524	$ 80,980
Due to other funds	144,204	951,890	997,076	99,018
Total liabilities	$ 262,105	$ 1,730,493	$ 1,812,600	$ 179,998
WINMAN STUDENT ACTIVITY FUND				
Assets				
Cash	$ 33,885	$ 73,660	$ 65,787	$ 41,758
Total assets	$ 33,885	$ 73,660	$ 65,787	$ 41,758
Liabilities				
Deposits held in custody for others	$ 33,885	$ 73,660	$ 65,787	$ 41,758
Total liabilities	$ 33,885	$ 73,660	$ 65,787	$ 41,758
CAREER CENTER STUDENT ACTIVITY				
Assets				
Cash	$ 29,919	$ 117,320	$ 134,469	$ 12,770
Total assets	$ 29,919	$ 117,320	$ 134,469	$ 12,770
Liabilities				
Deposits held in custody for others	$ 29,919	$ 117,320	$ 134,469	$ 12,770
Total liabilities	$ 29,919	$ 117,320	$ 134,469	$ 12,770

(Continued)

CITY OF WARWICK, RHODE ISLAND

Agency Funds

Combining Statement of Changes in Assets and Liabilities (Continued)

For the Fiscal Year Ended June 30, 2008

	Balance July 1, 2007	*Additions*	*Deductions*	*Balance June 30, 2008*
PILGRIM STUDENT ACTIVITY				
Assets				
Cash	$ 85,739	$ 263,777	$ 238,413	$ 111,103
Total assets	$ 85,739	$ 263,777	$ 238,413	$ 111,103
Liabilities				
Deposits held in custody for others	$ 85,739	$ 263,777	$ 238,413	$ 111,103
Total liabilities	$ 85,739	$ 263,777	$ 238,413	$ 111,103
GORTON STUDENT ACTIVITY				
Assets				
Cash	$ 15,763	$ 102,921	$ 97,102	$ 21,582
Total assets	$ 15,763	$ 102,921	$ 97,102	$ 21,582
Liabilities				
Deposits held in custody for others	$ 15,763	$ 102,921	$ 97,102	$ 21,582
Total liabilities	$ 15,763	$ 102,921	$ 97,102	$ 21,582
TOLL GATE STUDENT ACTIVITY				
Assets				
Cash	$ 200,830	$ 294,647	$ 300,770	$ 194,707
Total assets	$ 200,830	$ 294,647	$ 300,770	$ 194,707
Liabilities				
Deposits held in custody for others	$ 200,830	$ 294,647	$ 300,770	$ 194,707
Total liabilities	$ 200,830	$ 294,647	$ 300,770	$ 194,707
ALDRICH STUDENT ACTIVITY				
Assets				
Cash	$ 56,121	$ 108,546	$ 102,734	$ 61,933
Total assets	$ 56,121	$ 108,546	$ 102,734	$ 61,933
Liabilities				
Deposits held in custody for others	$ 56,121	$ 108,546	$ 102,734	$ 61,933
Total liabilities	$ 56,121	$ 108,546	$ 102,734	$ 61,933

(Continued)

CITY OF WARWICK, RHODE ISLAND

Agency Funds

Combining Statement of Changes in Assets and Liabilities (Continued)

For the Fiscal Year Ended June 30, 2008

	Balance July 1, 2007	*Additions*	*Deductions*	*Balance June 30, 2008*
WARWICK VETERANS STUDENT ACTIVITY				
Assets				
Cash	$ 141,189	$ 182,078	$ 242,544	$ 80,723
Total assets	$ 141,189	$ 182,078	$ 242,544	$ 80,723
Liabilities				
Due to other funds	$ 108,190	$ -	$ 82,218	$ 25,972
Deposits held in custody for others	32,999	182,078	160,326	54,751
Total liabilities	$ 141,189	$ 182,078	$ 242,544	$ 80,723
TOTAL AGENCY FUNDS				
Assets				
Cash	$ 1,365,918	$ 3,027,491	$ 3,271,272	$ 1,122,137
Investments	498,899	165,435	66,171	598,163
Accounts receivable	212,110	-	212,110	-
Due from other funds	-	478,934	462,887	16,047
Total assets	$ 2,076,927	$ 3,671,860	$ 4,012,440	$ 1,736,347
Liabilities				
Accounts payable and accrued expenditures	$ 164,345	$ 306,269	$ 448,609	$ 22,005
Due to state government	117,901	778,603	815,524	80,980
Due to other funds	273,426	961,691	1,082,230	152,887
Deposits held in custody for others	1,521,255	1,854,072	1,894,852	1,480,475
Total liabilities	$ 2,076,927	$ 3,900,635	$ 4,241,215	$ 1,736,347

CITY OF WARWICK, RHODE ISLAND

Tax Collector's Annual Report
For the Fiscal Year Ended June 30, 2008

Real Estate and Personal Property Taxes

Year	*Balance July 1, 2007*	*Current Year Assessment*	*Additions & Adjustments*	*Tax Titles*	*Abatements*	*Amount to Be Collected*	*Current Year Collections*	*Balance June 30, 2008*
2007	$ -	$ 187,228,328	$ 174,191	$ 199,216	$ 734,078	$ 186,469,225	$ 182,293,289	$ 4,175,936
2006	2,987,627	-	3,857	-	28,053	2,963,431	2,243,608	719,823
2005	633,842	-	2,260	-	41,480	594,622	154,930	439,692
2004	447,469	-	160	-	38,142	409,487	26,878	382,609
2003	317,837	-	70	-	2,517	315,390	22,230	293,160
2002	291,022	-	67	-	632	290,457	17,192	273,265
2001	310,015	-	65	-	318	309,762	8,381	301,381
2000	387,260	-	62	-	342	386,980	5,593	381,387
1999	1,401,748	-	59	-	68	1,401,739	5,672	1,396,067
1998	1,401,260	-	59	-	-	1,401,319	3,880	1,397,439
1997	400,927	-	60	-	149	400,838	3,254	397,584
1996	434,305	-	-	-	187	434,118	689	433,429
1995	400,453	-	-	-	-	400,453	205	400,248
1994	439,663	-	-	-	-	439,663	2,143	437,520
1993	470,675	-	-	-	-	470,675	1,076	469,599
1992	663,729	-	-	-	-	663,729	413	663,316
1991	766,016	-	-	-	-	766,016	226	765,790
1990	849,232	-	-	-	-	849,232	305	848,927
1989	515,043	-	-	-	-	515,043	-	515,043
prior	4,414,163	-	-	-	-	4,414,163	-	4,414,163
	$ 17,532,286	$ 187,228,328	$ 180,910	$ 199,216	$ 845,966	$ 203,896,342	$ 184,789,964	$ 19,106,378

Schedule of Most Recent Net Assessed Property Value by Category

Description of Property	*Valuations*	*Levy*
Real property	$ 11,224,736,100	$ 161,811,143
Motor vehicles	748,042,188	25,882,260
Other personality	672,362,200	12,206,019
Net assessed value	12,645,140,488	199,899,422
Hold harmless, state exemptions, state phase-out, adjustments	(355,970,592)	(12,671,094)
Net	$ 12,289,169,896	$ 187,228,328

Reconciliation of Current Year Property Tax Revenue

Current year collections	$ 184,789,964
Adjustments and reversals	(950)
Revenue collected 60 days after June 30, 2008	1,494,580
Prior year revenue collected 60 days after June 30, 2007	(1,162,092)
Current year property tax revenues	$ 185,121,502

CITY OF WARWICK, RHODE ISLAND

Analysis of Prior Year Tax Collections

For the Fiscal Year Ended June 30, 2008

Tax Years	*Collections (refunds netted)*	*Less Prior Year 60 Day Collections*	*Less Adjustments For Redemptions*	*Plus Current Year 60 Day Collections*	*Net Total*	
2007	182,293,288.92		(5,357.92)	1,396,310.70	**183,684,241.70**	
2006	2,243,608.05	(1,083,859.93)	(3,857.25)	68,968.14	**1,224,859.01**	
2005	154,930.27	(53,487.40)	8,867.22	17,176.71	**127,486.80**	
2004	26,877.79	(9,490.48)	(159.95)	4,134.49	**21,361.85**	
2003	22,229.80	(6,089.80)	(69.58)	3,550.32	**19,620.74**	
2002	17,191.83	(4,096.10)	(67.22)	821.89	**13,850.40**	
2002	8,381.03	(1,605.07)	(64.53)	200.48	**6,911.91**	
2000	5,593.07	(1,162.28)	(62.10)	220.04	**4,588.73**	
1999	5,672.43	(1,154.15)	(59.67)	1,319.51	**5,778.12**	**1,437,260.36**
1998	3,879.73	(299.80)	(59.67)	815.01	**4,335.27**	**Prior Year Collections**
1997	3,253.59	(485.17)	(59.67)	1,063.13	**3,771.88**	
1996	688.74	(361.49)			**327.25**	
1995	205.42				**205.42**	
1994	2,142.93				**2,142.93**	
1993	1,075.92				**1,075.92**	
1992	412.82				**412.82**	
1991	226.30				**226.3**	
1990	305.01				**305.01**	
	184,789,963.65	(1,162,091.67)	(950.34)	1,494,580.42	**185,121,502.06**	

Tax Revenue Number Can Be Referenced
To Audit Pages 21 & 81

STATISTICAL SECTION

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

Statistical Section

This part of the City of Warwick's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents	Page(s)
Financial Trends These schedules contain trend information to help the reader understand how the City's financial position has changed over time.	132 - 138
Revenue Capacity These schedules contain information to help the reader understand and assess the factors affecting the City's ability to generate its most significant local revenue sources, the real and personal property tax .	139 - 143
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	144 - 147
Economic and Demographic Information These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.	148 - 149
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	150 - 152

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

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

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

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

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

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

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

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

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

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

Source: City of Warwick Comprehensive Annual Financial Report
Note: GASB34 was implemented in 2002. Prior information is unavailable.
(1) In Fiscal 2006 non-major enterprise funds were combined within Sewer and Water.

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

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

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

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

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

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

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

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

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

	Real Property					
Fiscal Year	Residential	Commercial	Less Tax-Exempt Property	Total Taxable Assessed Value	Estimated Actual Value	Tax Rate Res/Comm
1999	4,214,036,300	-	53,965,100	4,160,071,200	4,674,237,303	$23.87 / $31.83
2000	3,030,237,600	1,216,277,100	53,141,100	4,193,373,600	4,876,015,814	$23.87 / $31.83
2001	3,051,265,000	1,249,134,700	52,193,100	4,248,206,600	5,310,258,250	$24.84 / $33.12
2002	3,070,748,900	1,267,019,600	51,539,100	4,286,229,400	5,714,972,533	$25.81 / $34.41
2003	3,095,621,600	1,286,381,700	48,964,100	4,333,039,200	7,221,732,000	$26.89 / $35.85
2004	3,111,897,200	1,307,742,200	48,449,100	4,371,190,300	7,947,618,727	$27.83 / $37.11
2005	6,220,219,600	2,076,887,200	70,960,000	8,226,146,800	8,226,146,800	$14.81/ $22.22
2006	6,241,260,800	2,098,104,400	69,168,000	8,270,197,200	9,397,951,364	$15.46/ $23.18
2007	6,281,527,400	2,129,669,100	67,760,000	8,343,436,500	10,913,586,004	$15.95/ $23.93
2008	8,079,072,500	3,212,249,600	66,586,000	11,224,736,100	11,224,736,100	$12.75/ $19.13

	Personal Property Tangible				
Fiscal Year	Tangible Personal Property	Less Tax-Exempt Property	Total Tangible Taxable Assessed Value	Estimated Actual Value	Tax Rate Tangible/ Inventory
1999	423,492,300	2,000	423,490,300	423,490,300	$31.83
2000	433,170,700	2,000	433,168,700	433,168,700	$31.83/ $28.65
2001	461,758,480	2,000	461,756,480	461,756,480	$33.12/ $25.46
2002	494,394,530	2,000	494,392,530	494,392,530	$34.41/ $22.28
2003	505,710,630	2,000	505,708,630	505,708,630	$35.85/ $19.10
2004	522,734,110	8,000	522,726,110	522,726,110	$37.82/ $15.92
2005	595,492,890	30,030	595,462,860	595,462,860	$29.62/ $12.73
2006	626,759,280	12,000	626,747,280	626,747,280	$30.91/ $9.55
2007	678,223,300	19,830	678,203,470	678,203,470	$31.90/ $6.37
2008	672,374,200	12,000	672,362,200	672,362,200	$25.50/ $3.18

Notes:
(1) During Fiscal Years 1998-1999, Residential and Commerical Real Estate Information Was Combined.
(2) City completed a full revaluation in 2008

Source: Tax Assessor's Official Tax Certification List

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

	Personal Property Motor Vehicle					
Fiscal Year	Motor Vehicles	Less Tax-Exempt Property	Less State M/V Phaseout	Total Motor Vehicle Taxable Assessed Value	Estimated Actual Value	Tax Rate Motor Vehicles
1999	447,138,711	15,783,298	-	431,355,413	431,355,413	$34.60
2000	542,708,712	23,509,431	97,404,336	421,794,945	421,794,945	$34.60
2001	586,727,431	21,154,723	157,209,299	408,363,409	408,363,409	$34.60
2002	623,396,269	20,496,619	209,834,409	393,065,241	393,065,241	$34.60
2003	618,834,373	17,971,143	258,692,872	342,170,358	342,170,358	$34.60
2004	657,795,263	17,751,203	269,352,802	370,691,258	370,691,258	$34.60
2005	635,241,587	16,206,433	266,395,881	352,639,273	352,639,273	$34.60
2006	705,512,480	16,780,014	276,222,602	412,509,864	412,509,864	$34.60
2007	760,806,808	16,121,945	347,776,394	396,908,469	396,908,469	$34.60
2008	762,431,180	15,453,410	354,906,174	392,071,596	392,071,596	$34.60

	Total All		
Fiscal Year	Assessed Value	Estimated Actual Value	Ratio
1999	5,014,916,913	5,529,083,016	90.70%
2000	5,048,337,245	5,730,979,459	88.09%
2001	5,118,326,489	6,180,378,139	82.82%
2002	5,173,687,171	6,602,430,304	78.36%
2003	5,180,918,188	8,069,610,988	64.20%
2004	5,264,607,668	8,841,036,095	59.55%
2005	9,174,248,933	9,174,248,933	100.00%
2006	9,309,454,344	10,437,208,508	89.19%
2007	9,418,548,439	11,988,697,943	78.56%
2008	12,289,169,896	12,289,169,896	100.00%

Notes:
(1) During Fiscal Years 1998-1999, Residential and Commerical Real Estate Information Was Combined.
(2) City completed a full revaluation in 2008

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

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

Fiscal Year		General Fund
1999	Real Estate Residential	23.87
	Real Estate Commercial	31.83
	Tangible Personal Property &	31.83
	Manufacturers' Machinery	31.83
	Motor Vehicles	34.60
2000	Real Estate Residential	23.87
	Real Estate Commercial	31.83
	Tangible Personal Property	31.83
	Manufacturers' Machinery	28.65
	Motor Vehicles	34.60
2001	Real Estate Residential	24.84
	Real Estate Commercial	33.12
	Tangible Personal Property	33.12
	Manufacturers' Machinery	25.46
	Motor Vehicles	34.60
2002	Real Estate Residential	25.81
	Real Estate Commercial	34.41
	Tangible Personal Property	34.41
	Manufacturers' Machinery	22.28
	Motor Vehicles	34.60
2003	Real Estate Residential	26.89
	Real Estate Commercial	35.85
	Tangible Personal Property	35.85
	Manufacturers' Machinery	19.10
	Motor Vehicles	34.60
2004	Real Estate Residential	27.83
	Real Estate Commercial	37.11
	Tangible Personal Property	37.82
	Manufacturers' Machinery	15.92
	Motor Vehicles	34.60
2005	Real Estate Residential	14.81
	Real Estate Commercial	22.20
	Tangible Personal Property	29.62
	Manufacturers' Machinery	12.73
	Motor Vehicles	34.60
2006	Real Estate Residential	15.46
	Real Estate Commercial	23.18
	Tangible Personal Property	30.91
	Manufacturers' Machinery	9.55
	Motor Vehicles	34.60
2007	Real Estate Residential	15.95
	Real Estate Commercial	23.93
	Tangible Personal Property	31.90
	Manufacturers' Machinery	6.37
	Motor Vehicles	34.60
2008	Real Estate Residential	12.75
	Real Estate Commercial	19.13
	Tangible Personal Property	25.50
	Manufacturers' Machinery	3.18
	Motor Vehicles	34.60

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

CITY OF WARWICK, RHODE ISLAND
PRINCIPAL TAXPAYERS
June 30, 2008
(Unaudited)

Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Warwick Mall LLC	81,409,700	1	0.66%
GLL Rhode Island Mall LP	61,423,700	2	0.50%
CAR WAR LLC	56,387,700	3	0.46%
AIMCO Warwick LLC	54,161,800	4	0.44%
National Grid	46,683,300	5	0.38%
Narragansett Electric Co.	46,531,200	6	0.38%
Metropolitan Life Insurance	45,246,400	7	0.37%
R S Picerne Pool LLC	44,405,300	8	0.36%
DDRTC Warwick Center	36,869,000	9	0.30%
Warwick Hotel Associates	36,311,300	10	0.30%
	509,429,400		4.15%
Total Assessed Value 2008	12,289,169,896		

Source: City of Warwick Tax Collector
Information from 1999 was unavailable

CITY OF WARWICK, RHODE ISLAND
PROPERTY TAX LEVIES AND COLLECTIONS
LAST NINE FISCAL YEARS
(Unaudited)

Fiscal Year Ended	Original Tax Levy	Cumulative Adjustments	Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Cumulative Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
2000	136,725,603	659,015	137,384,618	134,103,290	98.08%	1,882,205	135,985,495	99.0%
2001	143,163,870	(711,369)	142,452,501	140,293,424	97.99%	1,764,102	142,057,526	99.7%
2002	149,304,181	(369,072.00)	148,935,109	146,686,973	98.25%	1,943,927	148,630,900	99.8%
2003	154,467,467	(314,751.00)	154,152,716	152,466,406	98.70%	1,408,254	153,874,660	99.8%
2004	162,075,109	202,548.00	162,277,657	160,736,584	99.17%	1,245,567	161,982,151	99.8%
2005	161,867,391	(526,955.00)	161,340,436	160,009,037	98.85%	949,184	160,958,221	99.8%
2006	171,526,009	(1,179,926.04)	170,346,083	168,617,003	98.30%	1,222,020	169,839,023	99.7%
2007	178,109,831	(419,568.99)	177,690,262	175,814,548	98.71%	1,224,859	177,039,407	99.6%
2008	187,228,328	(762,311)	186,466,017	183,684,242	98.1%	-	183,684,242	98.5%

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

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

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

	Governmental Activities		Business-type Activities						
Fiscal Year	General Obligation Bonds	Capital Leases	General Obligation Bonds	RICWFA Loans	Sewer BAN	Capital Leases	Total Primary Government	Percentage of Personal Income	Per Capita
1999	52,570,418	3,770,000	17,749,582	28,658,584	-	-	102,748,584	6.87%	$1,202.76
2000	48,680,456	4,509,666	15,609,545	42,028,303	-	-	110,827,970	5.52%	$1,291.58
2001	58,115,111	4,569,333	15,949,890	60,871,506	-	-	139,505,840	6.94%	$1,625.79
2002	63,553,872	4,469,000	16,346,128	70,706,160	-	-	155,075,160	7.72%	$1,807.23
2003	69,827,645	2,902,000	16,857,355	87,863,133	15,000,000	-	177,450,133	8.71%	$2,038.74
2004	65,171,217	2,816,000	15,173,783	104,515,674	15,000,000	-	187,676,674	9.21%	$2,156.24
2005	72,369,424	5,109,725	14,720,576	120,260,838	15,000,000	-	212,460,563	10.39%	$2,431.87
2006	70,174,747	3,634,725	28,225,254	120,055,206	-	-	222,089,932	11.04%	$2,584.70
2007	65,316,412	8,662,725	26,238,588	123,389,963	-	-	223,607,688	11.12%	$2,602.36
2008	60,851,033	6,306,818	24,963,967	127,795,468	-	-	219,917,286	10.93%	$2,559.41

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

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

Fiscal Year	General Obligation Bonds	Less; Amounts Reimbursed By State	Net Bonded Debt	Percentage of Estimated Actual Taxable Value Of Property	Per Capita
1999	52,570,418	734,320	51,836,098	0.94%	$606.79
2000	48,680,456	889,448	47,791,008	0.83%	$556.95
2001	58,115,111	1,309,069	56,806,042	0.92%	$662.01
2002	63,553,872	1,271,498	62,282,374	0.94%	$725.83
2003	69,827,645	1,248,910	68,578,735	0.85%	$787.91
2004	65,171,217	1,388,508	63,782,709	0.72%	$732.81
2005	72,369,424	1,465,965	70,903,459	0.77%	$811.58
2006	70,174,747	1,563,909	68,610,838	0.66%	$798.50
2007	65,316,412	1,542,099	63,774,313	0.53%	$742.21
2008	60,851,033	1,505,114	59,345,919	0.48%	$690.67

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

CITY OF WARWICK, RHODE ISLAND
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(Unaudited)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Debt Limit	150,447,507	151,450,117	153,549,795	155,210,615	155,427,546	157,938,230	275,227,468	279,283,630	282,556,453	368,675,097
Total Net Debt Applicable To Limit	52,570,418	48,680,456	58,115,111	63,553,872	69,827,645	65,171,217	72,369,424	70,174,747	65,316,412	60,851,033
Legal Debt Margin	97,877,089	102,769,661	95,434,684	91,656,743	85,599,901	92,767,013	202,858,044	209,108,883	217,240,041	307,824,064
Total Net Debt Applicable To The Limit As A Percentage of Debt Limit	34.94%	32.14%	37.85%	40.95%	44.93%	41.26%	26.29%	25.13%	23.12%	16.51%

Legal Debt Margin Calculation for Fiscal Year 2008	
Assessed Value:	12,289,169,896
Debt Limit (3% of total assessed value)	368,675,097
Debt Applicable to limit:	
General Obligation Bonds-Governmental	60,851,033
Legal Debt Margin	307,824,064

Source: City of Warwick Finance Department

THE CITY OF WARWICK
PLEDGED-REVENUE COVERAGE
LAST FOUR FISCAL YEARS
(Unaudited)

Sewer Revenue Bonds

Fiscal Year	Sewer Charges and Other	Less Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
2005	11,763,679	4,104,554	7,659,125	0	5,468	140067.68%
2006	15,082,662	4,765,154	10,317,508	0	189,952	5431.63%
2007	14,341,775	4,460,088	9,881,687	853,000	408,242	783.49%
2008	16,809,100	5,303,709	11,505,391	1,113,000.00	498,354	714.02%

The Warwick Sewer Authority has Issued the following revenue bonds:

December 31, 2004	$20,000,000
December 15, 2005	$5,000,000
December 21, 2006	$9,500,000
December 12, 2007	$6,942,000
April 30, 2008	$4,000,000

Debt Service only includes Principal and Interest related to Sewer Revenue Bonds.
Principal Payments on Revenue Bonds began in fiscal 2007
Debt Payments relating to Sewer General Obligation Debt has not been included.
Sewer Charges and Other includes Interest Income and Transfer from Sewer Assessment.
Operating Expenses do not include Depreciation or Debt Interest Expense.

Source: City of Warwick Finance Department

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

Fiscal Year	Population	Personal Income	Median Family Income	Per Capita Personal Income	School Enrollment	Unemployment Rate
1999	85,427	1,496,424,759	$38,773	$17,517	12,065	4.10%
2000	85,808	2,008,765,280	$56,225	$23,410	12,375	3.90%
2001	85,808	2,008,765,280	$56,225	$23,410	12,382	4.60%
2002	85,808	2,008,765,280	$56,225	$23,410	12,205	4.70%
2003	87,039	2,037,582,990	$56,225	$23,410	12,078	5.70%
2004	87,039	2,037,582,990	$56,225	$23,410	12,003	5.50%
2005	87,365	2,045,214,650	$56,225	$23,410	11,709	5.30%
2006	85,925	2,011,504,250	$56,225	$23,410	11,385	5.50%
2007	85,925	2,011,504,250	$56,225	$23,410	10,944	4.85%
2008	85,925	2,011,504,250	$58,087	$23,410	10,818	5.60%

Sources: **US Census Bureau**
US Dept of Labor, Bureau of Labor Statistics
MuniNet Guide

THE CITY OF WARWICK
PRINCIPAL EMPLOYERS
June 30, 2008
(Unaudited)

Employer	Employees	Rank	Percentage of Total City Employment
City of Warwick	2577	1	5.59%
Kent County Memorial Hospital	2300	2	4.99%
Metropolitan Life Insurance Co	1450	3	3.15%
United Parcel Service, Inc.	1000	4	2.17%
VNA of Care New England	508	5	1.10%
Kelly Services, Inc.	425	6	0.92%
West Bay Residential Services	417	7	0.91%
New England Institute of Technology	400	8	0.87%
Auto Center Imports	350	9	0.76%
Kenney Manufacturing	350	10	0.76%

Source: City of Warwick Economic Development Department
(Historical data for nine years prior was unavailable)

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

	Full Time Equivalent Employees as of July 1st									
Function	**2008**	**2007**	**2006**	**2005**	**2004**	**2003**	**2002**	**2001**	**2000**	**1999**
Municipal Administration	95	95	95	92	90	89	89	90	89	89
Public Safety										
Police Civilians	74	79	79	81	84	83	83	83	82	81
Officers	180	178	178	178	178	178	171	169	169	169
Fire Civilians	12	12	12	12	12	12	12	12	11	11
Firefighters/Officers	218	218	218	214	213	213	212	204	204	204
Municipal	18	18	17	16	16	16	17	16	16	16
Social Services	27	25	29	30	31	28	26	27	25	25
Recreation	72	72	73	88	88	87	87	87	84	79
Developmental Resources	20	21	20	20	17	15	16	15	15	14
Public Works										
Administration	4	5	5	5	6	6	6	6	6	6
Maintenance	46	46	42	27	27	27	27	27	27	26
Engineering	7	7	7	7	6	6	6	6	6	6
Recycling	25	25	27	28	27	26	25	24	24	23
Highway	64	65	64	64	64	66	64	64	64	65
Water	37	37	37	38	38	36	33	33	32	32
Sewer	36	35	33	33	34	33	31	29	29	29

Source : City of Warwick Finance Department - Personnel Supplements

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

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

Source: Various City Departments

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

Function	2004	2005	2006	2007	2008
General Government					
City Hall	2	2	2	2	2
Human Services	8	8	8	8	8
Public Works	2	2	2	2	2
Public Safety					
Police Stations	1	1	1	1	1
Fire Stations	9	9	9	9	9
Highway					
Streets (miles)	483	483	483	483	483
Streetlights	8,834	8,834	8,834	8,834	8,834
Traffic Lights (City)	27	27	27	27	27
Library					
Main	1	1	1	1	1
Branches	3	3	3	3	3
Recreation					
Parks	9	9	9	9	9
Bathing Beaches	6	6	6	6	6
Ice Arenas	2	2	2	2	2
Pools	2	2	2	2	2
Water/Wastewater					
Fire Hydrants	1,769	1,769	1,769	1,769	1,769
Max Daily Capacity (Gallons)-Water	12.57M	13.26M	13.3M	13.3M	13.3M
Max Daily Capacity (Gallons)-Sewer	12M	12M	12M	12M	12M
Education					
Elementary Schools	20	20	20	20	20
Middle Schools	3	3	3	3	3
High Schools	3	3	3	3	3
Career/Technical	1	1	1	1	1

Source: Various City Departments
(Historical data for ten years prior was unavailable)

SINGLE AUDIT SECTION

CPA SM
America Counts on CPAs

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Warwick, Rhode Island, as of and for the year ended June 30, 2008, which collectively comprise the City of Warwick, Rhode Island's basic financial statements and have issued our report thereon dated January 28, 2009. 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 City of Warwick, Rhode Island's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the City of Warwick, Rhode Island's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Warwick, Rhode Island'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 entity'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 entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of 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 City of Warwick, Rhode Island's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 08-01.

We noted certain matters that we reported to the management of the City of Warwick, Rhode Island in a separate letter dated January 28, 2009.

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

Bacon & Company, CPA's, LLC

Warwick, Rhode Island
January 28, 2009

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of the City of Warwick, Rhode Island with types of compliance requirements described in the U.S. Office of Management and Budget (OMB) ***Circular A-133 Compliance Supplement*** that are applicable to each of its major federal programs for the year ended June 30, 2008. The City of Warwick, Rhode Island's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Warwick, Rhode Island's management. Our responsibility is to express an opinion on the City of Warwick, Rhode Island's compliance based on our audit.

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

In our opinion, the City of Warwick, Rhode Island complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 08-02, 08-03 and 08-05.

Internal Control Over Compliance

The management of the City of Warwick, Rhode Island is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Warwick, Rhode Island's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Warwick, Rhode Island's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 08-02, 08-03, 08-04, and 08-05 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We did not consider any of the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses.

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

Bacon & Company, CPAs, LLC

Warwick, Rhode Island
January 28, 2009

CITY OF WARWICK, RHODE ISLAND
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2008

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

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

Federal Awards

Internal control over financial reporting:

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

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

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

Identification of major programs

CFDA Number	*Name of Program or Cluster*
10.555	*Child Nutrition Cluster* - National School Lunch Program
10.553	*Child Nutrition Cluster* - School Breakfast Program
84.010	Title I
84.027	*Special Education Cluster* – IDEA
84.173	*Special Education Cluster* – Preschool
84.318	Title II Technology
84.048	Perkins
84.367	Title II Professional Development
11.419	Coastal Zone Management Administration Awards

Dollar threshold used to distinguish between Type A and Type B programs: $342,158

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

SECTION II – FINANCIAL STATEMENT FINDINGS

08-01

Finding – Rhode Island General Law 16-2-18 prohibits Rhode Island School Departments from having a deficit. The Warwick School Department's Unrestricted Fund had an operating deficit of $(2,236,054) for the fiscal year ended June 30, 2008. The School's Unrestricted Fund cumulative fund balance as of June 30, 2008 was $(2,909,001). The City and School Department are in violation of Rhode Island General Law 16-2-18.

Recommendation – We recommend that the City and School Department implement a plan to fund the cumulative deficit.

Management Response – By statute, the City appropriates funding to the School Department each year. Once appropriated, the funds are under the complete control of the Warwick School Department. The City monitors spending through the generation of monthly budget reports. These reports consistently reflected the Department running under budget. After the close of the fiscal year, however, the School Department accrued significant expenditures which put the Department well over budget. The City received no notification of this prior to August 2008, and feels that it properly monitored the School budget. The City will work with the School Department, as well as the Rhode Island Auditor General, to develop reporting policies which would detect any potential deficit sooner so that a corrective action plan could be successfully implemented.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Program: National School Lunch Program Cluster

Agency: U.S. Department of Agriculture

Pass-through: RI Department of Education

CFDA Number: 10.555/10.553

08-02

Criteria: The School is required to perform income eligibility verifications on a sample basis each year by December 15. Sampling documentation and verification results must be maintained on file. In addition, a student's eligibility status must be changed if through the verification process that student is determined to be ineligible.

Condition: Based on our testing at John Wickes School and Warwick Veterans High School, changes noted as a result of the income verification process are not being used to update the students' eligibility status. In addition, Winman Junior High School did not have adequate documentation on file to support its income verification procedures for 2007-2008.

Questioned Costs: None

Recommendation: We recommend that students determined to be ineligible or students who do not respond to income verification requests be properly removed from the free/reduced lunch list. We also recommend that all income verification documentation be maintained on file as required by Federal requirements.

Program: National School Lunch Program Cluster

Agency: U.S. Department of Agriculture

Pass-through: RI Department of Education

CFDA Number: 10.555/10.553

08-03

Criteria: For a child to be eligible for free or reduced lunch benefits the child must be directly certified or the household must submit a complete application and be determined to be either categorically eligible or income eligible. The certifying school official must verify the application is complete, determine eligibility and approve the application.

Condition: During our testing at John Wickes School, Winman Junior High School and Warwick Veterans High School, we noted a total of twenty-six applications that were not completed properly and two applications that listed invalid food stamp numbers. The Schools could not provide eligibility documentation for eight students selected for testing. We also noted two students who were receiving free lunch who were actually only eligible for reduced lunch.

Questioned Costs: None

Recommendation: We recommend that completed applications be maintained on file for all students receiving free or reduced lunch as required by U.S.D.A. guidelines. We also recommend that more care be taken when reviewing the completed applications and preparing the free and reduced lunch lists to ensure students are receiving the appropriate lunch benefit.

Program: Title I; Perkins; Title II Technology

Agency: U.S. Department of Education

Pass-through: RI Department of Education

CFDA Number: 84.010; 84.048; 84.318

08-04

Criteria: The School Department must have internal controls in place to ensure compliance with types of activities allowed/unallowed, allowable cost principles and period of availability requirements. The School Department's internal control to ensure compliance with these requirements is the approval of all grant purchases/disbursements by each of the grant administrators.

Condition: During our testing of grant disbursements, we noted five grant disbursements that were not approved by the respective grant administrator as required by School Department policies and procedures.

Questioned Costs: None

Recommendation: We recommend that grant disbursements not be processed for payment unless approved by the appropriate grant administrator.

Program: Special Education Cluster; Title I; Perkins; Tile II Professional Development

Agency: U.S. Department of Education

Pass-through: RI Department of Education

CFDA Number: 84.027; 84.173; 84.010; 84.048; 84.367

08-05

Criteria: Attachment B of OMB Circular A-87 *"Cost Principles for State, Local, and Indian Tribal Governments"* states that wages, salaries and fringe benefits charged to federal awards are allowable only to the extent that they determined and documented as provided in Section 8(h). Specifically, where employees work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked

solely on that program for the period covered by the certification. These certifications must be prepared semi-annually and signed by the employee or supervisory official having first hand knowledge of the work performed by the employee. Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation. Personnel activity reports or equivalent documentation must reflect after-the-fact distribution of the actual activity of the employee and must account for the total activity for which the employee was compensated. Personnel activity reports must be prepared at least monthly and must coincide with one or more pay periods. Finally, personnel activity report must be signed by the employee. Budget estimates or other distribution percentages determined before the services are performed **do not qualify** as support for the charges to Federal awards.

Condition: The School Department has a certification system in place for employees charged to Federal grants who work on a single cost and multiple cost objectives. During our testing of this system, we noted nine employees who did not have certifications on file for fiscal year 2007-2008 and one employee who did not have a certification for January – June 2008.

Questioned Costs: None

Recommendation: We recommend that the School Department ensure that all employees charged to Federal grants complete certifications or personnel activity reports as required by OMB Circular A-87.

CITY OF WARWICK, RHODE ISLAND
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2008

Program: National School Lunch Program Cluster

Agency: U.S. Department of Agriculture

Pass-through: RI Department of Education

CFDA Number: 10.555/10.553

07-02

Criteria: The School is required to perform income eligibility verifications on a sample basis each year by December 15. Sampling documentation and verification results must be maintained on file. In addition, a student's eligibility status must be changed if through the verification process that student is determined to be ineligible.

Condition: Based on our testing at Tollgate High School, changes noted as a result of the income verification process are not being used to update the students' eligibility status.

Questioned Costs: None

Recommendation: We recommend that students determined to be ineligible or students who do not respond to income verification requests be properly removed from the free/reduced lunch list.

Current Status: See current year finding 08-02.

Program: National School Lunch Program Cluster

Agency: U.S. Department of Agriculture

Pass-through: RI Department of Education

CFDA Number: 10.555/10.553

07-03

Criteria: For a child to be eligible for free or reduced lunch benefits the child must be directly certified or the household must submit a complete application and be either categorically eligible or income eligible. The certifying school official must verify the application is complete, determine eligibility and approve the application.

Condition: During our testing at Oakland Beach School, Aldrich Junior High School and Toll Gate High School, we noted a total of five applications that were not properly completed. We also noted that the certifying official at Toll Gate High School did not approve any of the applications on file for the 2006-2007 school year.

Questioned Costs: None

Recommendation: We recommend that properly completed applications be maintained on file for all students receiving free or reduced lunch as required by U.S.D.A. guidelines. We also recommend that the certifying official at Toll Gate High School approve all applications of students determined to be eligible for free or reduced lunch.

Current Status: See current year finding 08-03.

Program: Special Education Cluster; Title I; Project Wired; E2T2

Agency: U.S. Department of Education

Pass-through: RI Department of Education

CFDA Number: 84.173; 84.010; 84.184; 84.318

07-04

Criteria: The School Department must have internal controls in place to ensure compliance with types of activities allowed/unallowed, allowable cost principles and period of availability requirements. The School Department's internal control to ensure compliance with these requirements is the grant coordinator's approval of all grant purchases/disbursements.

Condition: During our testing of grant disbursements, we noted six grant disbursements that were not approved by the grant coordinator as required by School Department policies and procedures.

Questioned Costs: None

Recommendation: We recommend that grant disbursements not be processed for payment unless approved by the grant coordinator.

Current Status: See current year finding 08-04.

Program: Special Education Cluster; Title I

Agency: U.S. Department of Education

Pass-through: RI Department of Education

CFDA Number: 84.027; 84.173; 84.010

07-05

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

Condition: The School Department has a certification system in place for employees charged to Federal grants who work on a single cost objective. During our testing of this system, we noted five employees who did not have a certification on file for fiscal year 2006-2007 and three employees who did not have a certification for January – June 2007.

Employees charged to Federal grants who worked on multiple cost objectives did not complete the required personnel activity reports for fiscal year 2006-2007. These employees only completed the semi-annual certifications.

Questioned Costs: None

Recommendation: We recommend that the School Department ensure that all employees charged to Federal grants who work on a single cost objective complete semi-annual certifications. We also recommend that the School Department require employees charged to Federal grants who work on multiple cost objectives to complete personnel activity reports as required by OMB Circular A-87.

Current Status: See current year finding 08-05.

CITY OF WARWICK, RHODE ISLAND
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2008

Federal Grantor/ Pass-Through Grantor/ Program Title	*Federal CFDA Number*	*Pass-Through Grantor's Number*	*Expenditures*
U.S. Department of Education			
Pass-through RI Department of Education:			
Title V Innovative Education	84.298A	1420-51000-801	$ 32,220
Special Education Cluster (IDEA):			
PL-94-142 - Project IDEA	84.027A	1430-50500-801	2,547,904
Preschool Section 619	84.173A	1430-50800-801	108,565
Title IV	84.186A	1420-52900-801	65,279
Title I	84.010A	1420-51600-801	1,631,486
Title III LEP	84.365A	1420-54100-801	16,575
Adult Learning	84.002A	1440-51000-801	118,702
Perkins	84.048A	8-1440-53200-35-01	368,567
Vocational Training for Adults	84.048A	8-1440-53500-35-01	45,924
Title II - Professional Development	84.367A	1420-54000-801	709,489
Title II - Technology	84.318X	1420-53600-801	17,106
Title II - Technology - E2T2	84.318X	1420-53600-730	199,412
Homeless Children Youth	84.196A	1410-51200-810	26,926
Total U.S. Department of Education			5,888,155
U.S. Department of Housing and Urban Development			
Direct:			
Community Development Block Grant	14.218	B07-MC-44-0004	1,121,669
Lead Reduction Program	14.900	RILHB0340	637,751
Total U.S. Department of Housing and Urban Development			1,759,420
U.S. Department of Agriculture			
Pass-through RI Department of Education:			
Child Nutrition Cluster:			
National School Lunch & Breakfast Programs	10.555/10.553	N/A	1,045,966
Food Distribution	10.550	N/A	135,954
Total U.S. Department of Agriculture			1,181,920
U.S. Department of Justice			
Direct:			
Federal Seized Assets	16.000	N/A	41,383
FBI Task Force	16.000	N/A	16,577
DEA Reimbursement	16.000	N/A	10,775
Local Law Enforcement Block Grant	16.592	N/A	523
Byrne Grant - JAG	16.738	2006-DJ-BX-0251	185
Byrne Grant - JAG	16.738	2005-DJ-BX-0921	64
Byrne Grant - JAG	16.738	2007-DJ-BX-0213	34,215
Total U.S. Department of Justice			103,722

(Continued)

CITY OF WARWICK, RHODE ISLAND
Schedule of Expenditures of Federal Awards (Continued)
For the Fiscal Year Ended June 30, 2008

Federal Grantor/ Pass-Through Grantor/ Program Title	*Federal CFDA Number*	*Pass-Through Grantor's Number*	*Expenditures*
U.S. Environmental Protection Agency			
Direct:			
Feasibility Study for Potowomut Community Wastewater Collection System	66.202	EM-97146501-0	39,153
Total U.S. Environmental Protection Agency			39,153
U.S. Department of Health and Human Services			
Pass- through RI Executive Office of Health and Human Services:			
Strategic Prevention Framework - State Incentive Grant	93.243	3033530	108,243
Pass- through RI Department of Elderly Affairs:			
Title III Older Americans - Senior Center Operations	93.044	2008-21201032-300	7,451
Total U.S. Department of Health and Human Services			115,694
U.S. Department of Commerce - National Oceanic & Atmospheric Administration			
Direct:			
Coastal Zone Management Administration Awards	11.419	FNA160Z2431	2,200,000
Total U.S. Department of Commerce			2,200,000
U.S. Department of Homeland Security			
Pass- through RI Emergency Management Agency:			
Homeland Security Cluster:			
Homeland Security Grant	97.004	35-242-FY06 CCP	869
Homeland Security Grant	97.004	35-242-FY06 HAZ	20,205
Homeland Security Grant	97.004	35-112-FY06 LET	13,083
Homeland Security Grant	97.004	35-242-FY07 EMP	40,418
Homeland Security Grant	97.004	35-65-FY07 HAZ	7,052
Homeland Security Grant	97.004	35-112-FY07 UASI	28,856
Homeland Security Grant	97.004	35-112-FY07 LET	6,708
Total U.S. Department of Homeland Security			117,191
Total Expenditures of Federal Awards			$11,405,255

CITY OF WARWICK, RHODE ISLAND

Notes to Schedule of Expenditures of Federal Awards

June 30, 2008

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