EXETER-WEST GREENWICH
REGIONAL SCHOOL DISTRICT
ANNUAL FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2012

EXETER-WEST GREENWICH REGIONAL SCHOOL DISTRICT
ANNUAL FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2012

TABLE OF CONTENTS

Page

INDEPENDENT AUDITORS' REPORT 1

MANAGEMENT DISCUSSION AND ANALYSIS 3

BASIC FINANCIAL STATEMENTS

Statement of Net Assets 11
Statement of Activities 12
Balance Sheet – Governmental Funds 13
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets 14
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds 15
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in the Fund Balances to Government-Wide Statement of Activities 16
Statement of Fiduciary Net Assets 17
Notes to the Financial Statements 18

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Funding Progress – Pension Plans and Other Post Employment Benefit Plan 36
Budgetary Comparison Schedule – General Fund 37
Notes to Required Supplementary Information 38

OTHER SUPPLEMENTARY INFORMATION

Combining Balance Sheet – Nonmajor Governmental Funds 41
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds 47
Combining Statement of Net Assets – Agency Funds 53
Schedule of General Fund – Fund Balance – Restricted for Education Programs 54

SINGLE AUDIT SECTION

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 55
Report on Compliance with Requirements that Could Have a Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 57
Schedule of Findings and Questioned Costs 59
Schedule of Expenditures of Federal Awards 61
Notes to Schedule of Expenditures of Federal Awards 62

BACON & COMPANY, LLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Superintendent and
Members of the School Committee
of the Exeter-West Greenwich Regional School District

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Exeter-West Greenwich Regional School District, as of and for the year ended June 30, 2012, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Exeter-West Greenwich Regional School District'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 previously present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Exeter-West Greenwich Regional School District, as of June 30, 2012, and the respective changes in financial position 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 December 27, 2012 on our consideration of Exeter-West Greenwich Regional School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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.

875 Centerville Road, Building 3 - Unit 10, Warwick, Rhode Island 02886 - 401-586-6565 - Fax: 401-826-1710

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information and supplementary pension and other postemployment benefit information on pages 3 through 10 and 36 through 40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Exeter-West Greenwich Regional School District's 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, as required by the U.S. Office of Management and Budget Circular A-133, *"Audits of States, Local Governments, and Non-profit Organizations"* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements, the combining fiduciary fund financial statements, other supplementary information, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements as a whole.

Bacon & Company, LLC

Warwick, Rhode Island
December 27, 2012

Exeter-West Greenwich Regional School District
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2012

This discussion and analysis is intended to serve as an introduction to the District's Annual Financial report.

Our discussion and analysis of the Exeter-West Greenwich Regional School District's financial performance provide an overview of the District's financial activities for the year ending June 30, 2012.

The following analysis includes a comparison of the current year to prior year financial information, found in the government-wide financial statements.

Financial Highlights

- The assets of the District exceeded the liabilities at the close of the fiscal year by $11,501,186, a decrease from the prior year of $1,368,263 which resulted primarily from a net decrease in restricted assets of $1,306,655 and increase in investment in Capital Assets, net of related debt of $39,025.

- As of June 30, 2012, the General Fund reported a positive fund balance for the School District of $841,428, a decrease of $865,347.

Overview of the Financial Statements

This financial report consists of four parts: Management's discussion and analysis, the basic financial statements, required supplementary information, and an optional combining statement for non-major governmental funds. The basic financial statements are comprised of three components: (1) Government-Wide Financial Statements, (2) Fund Financial Statements and (3) Notes to Financial Statements.

Government-Wide Financial Statements

The "statement of net assets" provides information on all of the District's assets and liabilities. The difference between the two being reported as Net Assets. Changes in Net Assets assist us in determining the District's financial health. The "statement of activities" provides information on how the District's assets change during the fiscal year.

These statements are reported on the accrual basis of accounting. All of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Our District, along with other state and local governments, use fund accounting to guarantee and demonstrate compliance with finance – related legal requirements.

The District has two kinds of funds:

Governmental Funds

The governmental fund statements focus on the short term financing requirements of the Districts operations. The funds are reported using the modified accrual method of accounting, measuring cash and other financial assets that can be converted to cash. Governmental funds track expenditures and revenues of expendable financial resources.

Fiduciary Funds

Fiduciary funds for the Exeter-West Greenwich Regional School District consists of Student Activity Accounts for individual schools. These funds are not reflected in the government-wide financial statements because resources of those funds are not available to support the District's programs.

Notes to Financial Statements

The notes to the financial statements provide essential information to fully understand the data reported in the government-wide and fund financial statements. The notes are presented and follow the Fund Financial Statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The supplementary section includes budgetary comparison schedules, which include a reconciliation between the budgetary revenues and expenditures and the revenues and expenditures for the General Fund as presented in the governmental funds financial statements. Required supplementary information follows the notes to the financial statement.

Government-Wide Financial Analysis

As previously noted, net assets for the District totaled $11,501,186 and may serve over time to be a useful indicator of the District's financial position.

Investments in Capital Assets, net of related debt totaling $11,559,787, encompass the largest portion of the District's net assets. This is a direct result of the District's investment in land and building projects, less any related debt. These assets are not available for future spending and the resources needed to repay the related debt must be provided by other sources. The investment in capital assets, net of related debt reported an increase of $39,025, the unrestricted net assets reported a decrease of $100,633. The restricted fund balance is $44,187.

Exeter-West Greenwich Regional School District

Statement of Net Assets

June 30, 2011 and 2012
Governmental Activities

Assets	2011	2012
Current Assets	$ 5,672,247	$ 4,865,595
Capital Assets	$18,341,285	$17,966,288
Total Assets	$24,013,532	$22,831,883
Liabilities		
Current Liabilities	$ 4,007,439	$ 4,337,765
Non-Current Liabilities	$ 7,136,644	$ 6,992,932
Total Liabilities	$11,144,083	$11,330,697
Net Assets		
Invested in capital assets, net of related debt	$ 11,520,762	$11,559,787
Restricted for other purposes	$ 1,350,842	$ 44,187
Unrestricted	$ (2,155)	$ (102,788)
Total Net Assets	$12,869,449	$11,501,186

A net decrease in total assets of $1,181,649 resulted primarily from the acceptance that a portion of the General Fund Balance would be used to support existing contractual and mandated operational obligations in lieu of passing those increased expenses on to the local taxing authority as well as increased capital asset depreciation.

Non-current liabilities or long-term debt at the end of the current fiscal year consist of $85,342 in compensated absences, net post-employment benefit obligation of $780,590, capital lease payable of $117,000 and $6,010,000 in outstanding bonded debt which is backed by the government and will be paid in full by the year 2029. Additional information of the District's long-term debt can be found in notes to financial statements on pages 21 through 23.

Exeter-West Greenwich Regional School District
Changes in Net Assets

For the fiscal year ended June 30, 2011 and 2012

Governmental Activities

Revenues:	2011	2012
Program Revenues:		
Charges for Services	$ 679,558	$ 841,694
Grants and Contributions	$ 3,647,562	$ 3,267,397
General Revenue:		
Town Appropriations	$22,265,853	$22,404,132
State Aid, Unrestricted	$ 6,306,562	$ 6,483,351
Investment Income	$ 164	$ 34
Miscellaneous Income	$ 593,401	$ 690,788
Total Revenues	$33,493,100	$33,687,396
Expenses:		
Instruction	$17,805,215	$18,682,325
Instructional support	$ 4,325,588	$ 4,521,087
Operations	$ 4,689,818	$ 5,153,814
Other commitments	$ 2,984,702	$ 3,639,439
Leadership	$ 1,798,988	$ 2,043,099
Debt Service	$ 353,006	$ 326,412
Depreciation	$ 619,175	$ 689,483
Total Expenses	$32,576,492	$35,055,659
Change in Net Assets	$ 916,608	$(1,368,263)
Net Assets, Beginning	$11,952,841	$12,869,449
Net Assets, Ending	$12,869,449	$11,501,186

Financial Analysis of the Governmental Funds

As noted previously, the District uses fund accounting to ensure and demonstrate compliance with financial related requirements.

Governmental Funds

The General Fund is the major operating fund of the Exeter-West Greenwich Regional School District. As of June 30, 2012, the District's governmental funds reported a combined ending fund balance of $1,147,223. The General Fund balance of $841,428 makes up 74% of the total fund balance. The remaining balance consists of the Grants and Special Revenue Funds with $50,683 (4%) and the Debt Service and the Capital Project Funds totaling $255,112 or 22% of the fund balance.

The General Fund balance decreased by $865,347, for the year ended June 30, 2012. The decrease was a result of the assignment of fund balance for the purposes of covering anticipated shortfalls in Transportation and Tuitions in fiscal year 2012 in lieu of passing increased expenses on to the local taxing authority

Non-Major Governmental Funds

The District maintains twenty-nine individual non-major funds. The information is presented separately in the non-major governmental fund combining balance sheet and the combining statement of revenue, expenditures and changes in fund balances.

Combining Balance Sheet
Non-Major Governmental Funds
As of June 30, 2011 and 2012

Assets	2011	2012
Cash	$ 398,478	$ 98,935
Due from State & Federal Government	$ 398,223	$ 490,446
Due from other funds	$ 480,401	$ 170,027
Accounts Receivable	$ 0	$ 7,440
Total Assets	$1,277,102	$ 766,848
Liabilities and Fund Balances		
Liabilities		
Cash Overdraft	$ 239,894	$ 17,749
Accounts Payable and Accrued expenditures	$ 163,379	$ 114,663
Due to other funds	$ 338,633	$ 328,641
Total Liabilities	$ 741,906	$ 461,053
Fund balance		
Restricted	$ 451,562	$ 183,369
Committed	$ 83,634	$ 122,426
Total fund balances	$ 535,196	$ 305,795
Total liabilities and fund balances	$1,277,102	$ 766,848

General Fund Budgetary Highlights

At the All Day Referendum on April 09, 2012 an operating budget for the 2012-2013 fiscal year was adopted in the amount of $29,900,000 an increase from the prior year of 0%.

Capital Asset and Debt Administration

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2012, amounted to $17,966,288.

Exeter-West Greenwich Regional School District
Capital Assets

	2011	2012
Land	$ 655,844	$ 655,844
Construction in Progress	$ 4,322,960	$ 35,000
Buildings & Improvements	$ 26,581,626	$ 31,043,488
Machinery & Equipment	$ 462,647	$ 540,003
Motor Vehicles	$ 55,738	$ 88,966
Less: Accumulated Depreciation	$ (13,737,530)	$ (14,397,013)
Governmental Activities Capital Assets, Net	$ 18,341,285	$ 17,966,288

The change in net capital assets is due to an increase in accumulated depreciation totaling $659,483, a decrease of construction in progress of $4,287,960, an increase in Building and Improvements of $4,461,862 and capital asset acquisitions of $110,584.

For additional information, refer to "Notes to Financial Statements", Note 1-D, Capital Assets and Depreciation.

Long-Term Debt

At the end of the fiscal year 2012, the District had outstanding long-term debt totaling $7,580,688. General Obligation bonds are backed by the full faith credit of the two towns and the State of Rhode Island. All general obligation debt currently outstanding was approved by a vote of the citizens of Exeter and West Greenwich. See "Notes to Financial Statement" Note 2, General Long Term Liabilities information.

Long Term Liabilities	2011 Ending Balance	Due in One Year	2012 Ending Balance	Due in One Year
General Obligation Bonds	$ 1,400,000	$ 175,000	$ 1,225,000	$ 175,000
Capital leases	$ 11,374	$ 11,374	$ 170,773	$ 53,773
Compensated Absences	$ 132,733	$ 48,983	$ 134,325	$ 48,983
Loans payable	$ 5,575,000	$ 305,000	$ 5,270,000	$ 310,000
Net Post Employment Benefit Obligation	$ 557,894	$ 0	$ 780,590	$ 0
Total	$ 7,677,001	$ 540,357	$ 7,580,688	$ 587,756

Economic Factors and Next Year's Budget

In preparing the District's budget for the 2012– 2013 fiscal year, the following factors were considered:

- Increases in OPEB Liability
- Employee contractual salary increases
- Increases in Transportation
- Increases in Out of District Tuitions
- Increases in Charter School Tuitions
- District share of Race to the Top Initiatives
- Projected 3.0% decrease in State Aid mandated by Funding Formula legislation
- Expenses related to aligning to Common Core Standards

The adopted operations budget for the 2012 – 2013 fiscal year was $29,900,000 which was increased by 0% from the 2011-2012 operations budget.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any information provided in this report or request for additional financial information should be addressed to the District Treasurer, 940 Nooseneck Hill Road, West Greenwich, RI 02817.

EXETER-WEST GREENWICH REGIONAL SCHOOL DISTRICT

Statement of Net Assets
June 30, 2012

	Governmental Activities
ASSETS	
Current assets:	
Cash	$ 4,170,092
Due from state and federal governments	490,446
Accounts receivable	97,044
Prepaid expenses	108,013
Total current assets	4,865,595
Noncurrent assets:	
Capital assets:	
Land	655,844
Buildings, property and equipment, net	17,275,444
Construction in progress	35,000
Total noncurrent assets	17,966,288
Total assets	$ 22,831,883
LIABILITIES	
Current liabilities:	
Accounts payable and accrued expenses	3,750,009
Current portion of long term obligations:	
Accrued compensated absences	48,983
Bonds, loan and lease payable	538,773
Total current liabilities	4,337,765
Noncurrent liabilities:	
Accrued compensated absences	85,342
Bonds payable	1,050,000
Loan payable	4,960,000
Capital lease payable	117,000
Net post-employment benefit obligation	780,590
Total liabilities	11,330,697
NET ASSETS	
Invested in capital assets, net of related debt	11,559,787
Restricted for capital projects	44,187
Unrestricted	(102,788)
Total net assets	$ 11,501,186

The notes to the financial statements are an integral part of this statement.

EXETER-WEST GREENWICH REGIONAL SCHOOL DISTRICT

Statement of Activities
For the Fiscal Year Ended June 30, 2012

Functions/Programs	*Expenses*	*Program Revenues*			*Net (Expense) Revenue and Changes in Net Assets*
		Charges for Services	*Operating Grants and Contributions*	*Capital Grants and Contributions*	*Total Governmental Activities*
Governmental activities:					
Instruction	$18,682,325	$ 138,015	$ 1,633,821	$ -	$ (16,910,489)
Instructional support	4,521,087	442,253	440,598	-	(3,638,236)
Operations	5,153,814	261,426	161,936	64,659	(4,665,793)
Other commitments	3,639,439	-	23,030	-	(3,616,409)
Leadership	2,043,099	-	92,980	-	(1,950,119)
Debt service	326,412	-	850,373	-	523,961
Depreciation	689,483	-	-	-	(689,483)
Total	$35,055,659	$ 841,694	$ 3,202,738	$ 64,659	$ (30,946,568)
		General revenues:			
		Town appropriations			22,404,132
		State aid, unrestricted			6,483,351
		Investment income			34
		Miscellaneous			690,788
		Total general revenues			29,578,305
		Change in net assets			(1,368,263)
		Net assets - beginning of year			12,869,449
		Net assets - end of year			$ 11,501,186

The notes to the financial statements are an integral part of this statement.

EXETER-WEST GREENWICH REGIONAL SCHOOL DISTRICT

Balance Sheet
Governmental Funds
June 30, 2012

	General Fund	*Other Governmental Funds*	*Total Governmental Funds*
Assets			
Cash	$ 4,088,906	$ 98,935	$ 4,187,841
Due from state and federal government	-	490,446	490,446
Accounts receivable	89,604	7,440	97,044
Due from other funds	328,641	170,027	498,668
Prepaid expenditures	108,013	-	108,013
Total assets	$ 4,615,164	$ 766,848	$ 5,382,012
Liabilities and Fund Balances			
Liabilities			
Cash overdraft	$ -	$ 17,749	$ 17,749
Accounts payable and accrued expenditures	3,554,726	114,663	3,669,389
Due to other funds	170,027	328,641	498,668
Accrued compensated absences	48,983	-	48,983
Total liabilities	3,773,736	461,053	4,234,789
Fund balances			
Nonspendable:			
Prepaid expenditures	108,013	-	108,013
Restricted for:			
Education programs	733,415	50,683	784,098
Capital projects	-	132,686	132,686
Committed for:			
Debt service	-	122,426	122,426
Total fund balances	841,428	305,795	1,147,223
Total liabilities and fund balances	$ 4,615,164	$ 766,848	$ 5,382,012

The notes to the financial statements are an integral part of this statement.

EXETER-WEST GREENWICH REGIONAL SCHOOL DISTRICT

Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Assets
June 30, 2012

Total Fund Balances - Total Governmental Funds	$ 1,147,223
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.	17,966,288
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.	(80,620)
Long-term liabilities (including bonds, loans, lease payable, net other post-employment benefit obligations and compensated absences) are not due and payable in the current period and therefore are not reported in the Governmental Funds Balance Sheet.	(7,531,705)
Net Assets of Governmental Activities	$ 11,501,186

The notes to the financial statements are an integral part of this statement.

EXETER-WEST GREENWICH REGIONAL SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2012

	General Fund	*Other Governmental Funds*	*Total Governmental Funds*
Revenues			
Assessment to member Towns:			
Exeter	$ 10,196,120	$ 169,799	$ 10,365,919
West Greenwich	12,208,012	203,303	12,411,315
State and federal aid and grants	7,718,921	1,658,725	9,377,646
Investment and interest income	-	34	34
Other revenue	1,256,577	275,904	1,532,481
Total revenues	31,379,630	2,307,765	33,687,395
Expenditures			
Current:			
Instruction	17,981,037	701,288	18,682,325
Instructional support	4,231,599	289,488	4,521,087
Operations	4,606,838	422,766	5,029,604
Other commitments	3,393,713	23,030	3,416,743
Leadership	2,031,790	11,309	2,043,099
Capital outlay	234,372	277,704	512,076
Debt service	-	811,581	811,581
Total expenditures	32,479,349	2,537,166	35,016,515
Deficiency of revenues under expenditures before other financing sources	(1,099,719)	(229,401)	(1,329,120)
Other financing sources:			
Capital lease issued	234,372	-	234,372
Total other financing sources	234,372	-	234,372
Net change in fund balance	(865,347)	(229,401)	(1,094,748)
Fund balances - beginning of year	1,706,775	535,196	2,241,971
Fund balances - end of year	$ 841,428	$ 305,795	$ 1,147,223

The notes to the financial statements are an integral part of this statement.

EXETER-WEST GREENWICH REGIONAL SCHOOL DISTRICT

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, 2012

Net Changes in Fund Balances - Total Governmental Funds	$ (1,094,748)
Amounts reported for Governmental Activities in the Statement of Activities are different because:	
Governmental Funds financial statement report capital outlay as expenditures. However, in the Government-Wide Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.	314,486
Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in Governmental Funds financial statements.	(689,483)
Long-term compensated absences and net post-employment benefit obligations are reported in the the Government-Wide Statement of Activities and Changes in Net Assets, but they do not require the use of current financial resources. Therefore, compensated absences and net post-employment benefit obligations are not reported as expenditures in the Governmental Funds financial statements.	(224,289)
Accrued interest expense on long-term debt is reported in the Government-Wide Statement of Activities and Changes in Net Assets, but it does not require the use of current financial resources. Therefore, accrued interest expense is not reported as expenditures in the Governmental Funds financial statements.	5,170
Loan and lease proceeds provide current financial resources to Governmental Funds, but issuing debt increases the long-term liabilities in the Government-Wide Statement of Net Assets. Repayment of bond and lease principal is an expenditure in the Governmental Funds, but the payments reduce long-term liabilities in the Government-Wide Statement of Net Assets.	
This amount represents lease proceeds.	(234,372)
This amount represents long-term debt payments.	554,973
Change in Net Assets of Governmental Activities	$ (1,368,263)

The notes to the financial statements are an integral part of this statement.

EXETER-WEST GREENWICH REGIONAL SCHOOL DISTRICT

Statement of Fiduciary Nets Assets
Agency Funds
June 30, 2012

ASSETS	
Cash	$ 195,075
Total assets	$ 195,075
LIABILITIES	
Deposits held in custody for others	$ 195,075
Total liabilities	$ 195,075

The notes to the financial statements are an integral part of this statement.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Exeter-West Greenwich Regional School District 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 School District's financial statements.

A. REPORTING ENTITY

The Exeter-West Greenwich Regional School District was formed by the Towns of Exeter and West Greenwich, through an agreement dated July 1, 1965, for the responsibility of operating elementary and secondary schools within the Towns. The District is governed by an elected School Committee.

In evaluating the inclusion of other separate and distinct legal entities as component units within its financial reporting entity, the School District 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. Exeter-West Greenwich Regional School District does not have any component units.

B. BASIS OF PRESENTATION AND ACCOUNTING

The accounts of the School District are maintained on the basis of funds, each of which is considered a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to specific School District functions or activities. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity and revenues, and expenditures.

Government-Wide Financial Statements

The School District's Government-Wide Financial Statements include a Statement of Net Assets and a Statement of Activities. These statements present summaries of Governmental Activities for the School District. Fiduciary activities of the School District are not included in these statements.

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

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Assets have been eliminated.

Governmental Fund Financial Statements

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

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

Major Governmental Funds

General Fund – The General Fund is the general operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund.

Fiduciary Funds

Fiduciary Fund Financial Statements include a Statement of Net Assets and a Statement of Changes in Net Assets. Fiduciary Funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, or other governments. The School District's fiduciary funds include agency funds. Agency funds are purely custodial and thus do not involve measurement of results of operations.

C. INVESTMENTS

Investments are recorded at fair value. Unrealized gains and losses from changes in fair value are recognized as investment income.

D. 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 cost (or estimated historical cost). Donated capital assets are recorded at their fair market values as of the date received. The School District follows the policy of not capitalizing assets with a cost of less than $5,000 and a useful life of less than 1 year.

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

Description	***Useful Life***
Building and improvements	10-50 years
Machinery and equipment	5-15 years
Motor vehicles	5 years

E. COMPENSATED ABSENCES

Under the terms of various contracts and agreements, School District employees are granted vacation and sick leave in varying amounts based on length of service. Vacation benefits are accrued as a liability based on the accumulated benefits earned at June 30. Employees covered under the RI Council 94 contract are eligible to receive 60% of their accumulated sick leave at retirement or upon their death. The School District accrued the cost associated with these sick leave benefits for those employees with over twenty years of service. The liability is calculated at the rate of pay in effect at June 30, 2012.

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

F. ACCRUED LIABILITIES AND LONG-TERM DEBT

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

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

G. 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 – GENERAL LONG TERM LIABILITIES

A. LONG-TERM LIABILITIES

The following schedule reflects the changes in long-term liabilities during the year:

	Beginning Balance	*Additions*	*Retirements*	*Ending Balance*	*Amounts Due in One Year*
Governmental Activities					
General Obligation Bonds payable	$ 1,400,000	$ -	$ 175,000	$ 1,225,000	$ 175,000
Loans payable	5,575,000	-	305,000	5,270,000	310,000
Accrued compensated absences	132,733	1,592	-	134,325	48,983
Capital lease payable	11,374	234,372	74,973	170,773	53,773
Net postemployment benefit obligation	557,894	222,696	-	780,590	-
Total Governmental Activities	$ 7,677,001	$ 458,660	$ 554,973	$ 7,580,688	$ 587,756

All debt of the Governmental Activities is general obligation debt. The payments on the bonds and loans are made from the Debt Service Fund. The payments on capital leases are made from the General Fund. The payment of compensated absences and other post-employment benefit obligations are paid from the General Fund.

B. GENERAL OBLIGATION BONDS PAYABLE

Purpose	*Date of Issue*	*Interest Rate*	*Date of Maturity*	*Authorized and Issued*	*Outstanding June 30, 2011*	*Additions*	*Deductions*	*Outstanding June 30, 2012*
General obligation bonds payable								
School bonds	1/15/98	4.1-6.5%	9/15/18	3,500,000	$1,400,000	$ -	$ 175,000	$ 1,225,000
Total general obligation bonds payable					$1,400,000	$ -	$ 175,000	$ 1,225,000

C. GENERAL OBLIGATION BONDS DEBT SERVICE REQUIREMENTS

The debt service requirements at June 30, 2012, were as follows:

	Governmental Activities General Obligation	
Fiscal Year Ending June 30,	***Principal***	***Interest***
2013	$ 175,000	$ 55,038
2014	175,000	46,856
2015	175,000	38,588
2016	175,000	30,231
2017	175,000	21,766
2018-2019	350,000	17,500
	$1,225,000	$209,979

D. CAPITAL LEASE COMMITMENTS

The School District acquired computers and related equipment valued at $278,784 that were financed with lease purchase agreements.

Obligation of governmental activities under capital leases at June 30, 2012 was as follows:

Fiscal Year Ended June 30,	*Lease Payment Requirements*
2013	$ 63,599
2014	63,599
2015	63,599
Total minimum lease payments	190,797
Less: Amount representing interest cost	(20,024)
Present value of minimum lease payments	$170,773

E. LOANS PAYABLE

On August 7, 2008, the School District entered into a loan agreement in the amount of $5,875,000 with RI Health and Educational Building Corporation (RIHEBC). The loan bears interest of 3.75 – 5.25% and is due April 1, 2010-2029.

The loan proceeds are to be used by the School District for capital improvements to school buildings. RIHEBC reimburses the School District for costs incurred on the projects. As of June 30, 2012, loans payable of $5,270,000 is reflected in the Government-Wide Financial Statements. A due from RIHEBC of $154,477 is shown for that portion of the loan which has not been advanced as of June 30, 2012. The School District is responsible to drawdown and to repay the full amount of the loan.

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

Fiscal Year Ending June 30,	***Principal***	***Interest***
2013	$ 310,000	$ 256,525
2014	310,000	244,125
2015	310,000	231,725
2016	310,000	218,550
2017	310,000	205,375
2018-2022	1,550,000	781,200
2023-2027	1,550,000	392,927
2028-2029	620,000	48,438
	$5,270,000	$2,378,865

NOTE 3 – CASH DEPOSITS

DEPOSITS – are in two 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 Government-Wide Statement of Net Assets as "Cash and Cash Equivalents" and "Cash Overdraft."

	Carrying Amount
Total Deposits	$4,365,167
Total Cash and Cash Equivalents – Reported in the Financial Statements	$4,365,167

CUSTODIAL CREDIT RISK – custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the School District 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 School District does not have a formal deposit policy for custodial credit risk, but is governed by State Laws as described below. As of June 30, 2012, $222,011 of the School District's bank balance of $4,405,160 was exposed to custodial credit risk as follows:

	Bank Balance
Insured (Federal depository insurance funds)	$4,183,149
Uninsured and uncollateralized	222,011
Total	$4,405,160

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 100% of the deposits which are time deposits with maturities greater than 60 days. Any of these institutions which do not meet minimum capital standards prescribed by federal regulators shall insure or pledge eligible collateral equal to 100% of the deposits, regardless of maturity. At June 30, 2012, the School District's uninsured uncollateralized deposits with institutions was $222,011. These deposits are held by institutions that meet the minimum capital standards as prescribed by the federal regulations.

NOTE 4 – INVESTMENTS

As of June 30, 2012, the School District had no investments.

The School District's General Fund investments are governed by Title 35, Chapter 10, Section 11 of the State's General Laws. This law generally allows for short-term investments, such as Certificate of Deposits, Money Market Funds, Obligation guaranteed by the U.S. Government, etc. with the goal of seeking reasonable income while preserving capital.

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

Credit Risk – The School District is governed by State Laws that limit investment choices to short-term investments for its General Fund. The School District does not have a formal policy that limits investment choices, but the Treasurer is given the authority to invest in only obligations explicitly guaranteed by the U.S. Government.

Concentration of Credit Risk – The School District does not have a formal policy that limits the amount the School District may invest in any one issuer.

Custodial Credit Risk – Custodial credit risk for investments is the risk that in the event of failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

NOTE 5 – SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES/COMMITMENTS

A. LITIGATION

The School District is a party to various claims, legal actions and complaints. In the opinion of the School District's management and legal counsel, these matters are not anticipated to have a material financial impact on the District.

B. FEDERALLY ASSISTED PROGRAMS - COMPLIANCE AUDITS

The School District participates in a number of federal awards programs. The audits of these programs through the year ended June 30, 2012 were audited in connection with the accompanying financial statements under the Single Audit Act of 1996 and the reports thereon are presented in the Single Audit Section of this report.

NOTE 6 – RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injury to employees; and natural disasters. The School District carries commercial insurance for workers' compensation claims. The School District 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 School District signed a participation agreement which outlines the rights and responsibilities of both the Trust and the School District.

The agreement states that for premiums paid by the School District, the Trust will assume financial responsibility for the School District's losses up to the maximum amount of insurance purchased, minus the School District 's deductible amounts. The Trust provides this insurance coverage through a pooled, self-insurance mechanism which includes reinsurance purchased by the Trust to protect against large, catastrophic claims above the losses the Trust retains internally for payment from the pooled contributions of its members.

For its employee's health coverage, the School District participates in the WB Community Health Program, an independent non-profit organization. Premiums for the School District are determined annually by the organization based on the School District's experience and other trend factors. The organization is covered by excess loss insurance coverage to cover annual per person claims in excess of $200,000. In addition to the annual premiums, the School District is required by contract to fund an escrow in the event that the School District leaves the program or the program ceases operations.

NOTE 7 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012 was as follows:

	Beginning Balance	*Additions*	*Retirements*	*Ending Balance*
Governmental Activities:				
Nondepreciable assets:				
Land	$ 655,844	$ -	$ -	$ 655,844
Construction in progress	4,322,960	173,902	4,461,862	35,000
	4,978,804	173,902	4,461,862	690,844
Depreciable assets:				
Buildings and improvements	26,581,626	4,461,862	-	31,043,488
Machinery and equipment	462,647	77,356	-	540,003
Motor vehicles	55,738	63,228	30,000	88,966
	27,100,011	4,602,446	30,000	31,672,457
Total capital assets	32,078,815	4,776,348	4,491,862	32,363,301
Less accumulated depreciation for:				
Buildings and improvements	13,396,030	639,243	-	14,035,273
Machinery and equipment	285,762	5,143	-	290,905
Motor vehicles	55,738	45,097	30,000	70,835
Total accumulated depreciation	13,737,530	689,483	30,000	14,397,013
Governmental activities capital assets net	$18,341,285	$4,086,865	$4,461,862	$17,966,288

NOTE 8 – INTERFUND BALANCES

The School District 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	*Other Governmental Funds*	*Total*
Due To:			
General Fund	$ -	$ 328,641	$ 328,641
Other Governmental Funds	170,027	-	170,027
Total	$ 170,027	$ 328,641	$ 498,668

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

NOTE 9 – NET ASSETS/FUND BALANCES

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

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

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

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

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

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

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

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

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

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

Committed fund balances are established, modified or rescinded by the voters at an all-day referendum. Assigned fund balances are authorized by the School Committee. The School District considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The School District considers unrestricted fund balance classifications to be used in the following order when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used: 1) committed; 2) assigned; and 3) unassigned.

The School District has the following minimum fund balance policy:

General Fund – 2% of annual operating budget.

NOTE 10 – DISAGGREGATION OF RECEIVABLE AND PAYABLE BALANCES

A. ACCOUNTS RECEIVABLE

Assumptions: The School District disaggregates significant components of receivables in the financial statements. Receivable balances determined immaterial are included as other receivables. The School District expects to receive all receivables within the subsequent year.

B. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The accounts payable and accrued liabilities at June 30, 2012 were as follows:

	Vendors	*Salaries and Benefits*	*Other*	*Total*
Governmental activities:				
General Fund	$ 1,280,251	$ 2,274,475	$ -	$ 3,554,726
Other governmental funds	34,771	79,892	-	114,663
Reconciliation of balances in fund financial statements to government -wide financial statements	-	-	80,620	80,620
	$ 1,315,022	$ 2,354,367	$ 80,620	$ 3,750,009

NOTE 11 – POST EMPLOYMENT BENEFITS

Plan Description

The Exeter-West Greenwich Regional School District administers a single-employer, defined benefit post-employment healthcare plan. The plan provides healthcare and dental insurance for eligible retirees and their spouses through the School District's group healthcare and dental insurance plans, which cover both active and retired members. Benefit provisions are established and amended by the union contracts through negotiations between the School District and the respective unions. The plan does not issue a publicly available financial report.

As of July 1, 2010 the plan membership data is as follows:

Active Employees	192
Retirees and Beneficiaries	31
	223

Funding Policy

Contribution requirements are negotiated between the School District and the respective unions. The School District is required to contribute 100% of the healthcare costs, except for any annual increase over 5% for those eligible retirees based on the following:

- Employees who retire with 20 years of service receive two years of standard individual healthcare coverage plus accrued sick time converted to years of healthcare coverage.
- Employees who retire with 15 years of service receive one year of standard individual healthcare coverage plus accrued sick time converted to years of healthcare coverage.

The expiration date is the earlier of the date healthcare coverage runs out or the age 65. After the retiree's expiration date, the retirees have an option to pay 100% of the premium plus a 2% carrying charge until age 65.

The retirees, upon retirement have the option to continue dental insurance coverage until age 65 by paying 100% of the dental insurance premium plus a 2% carrying charge.

For the year ended June 30, 2012, 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, 2012, the School District contributed $245,099 to the plan.

Annual OPEB Cost and Net OPEB Obligation

The School District's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), 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 School District's annual OPEB cost for the year, the amount actually contributed to the plan, and the changes in the School District's net OPEB obligation:

Annual required contribution (ARC)	$469,167
Interest on net OPEB obligation	22,316
Adjustment to annual required contribution	(23,688)
Annual OPEB cost	467,795
Contributions made	245,099
Increase in net OPEB obligation	222,696
Net OPEB obligation, beginning of year	557,894
Net OPEB obligation, end of year	$780,590

The School District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal 2010, 2011 and 2012 are as follows:

Fiscal Year Ended	*Annual OPEB Cost*	*Percentage of Annual OPEB Cost Contributed*	*Net OPEB Obligation*
6/30/2010	$412,191	57.3%	$317,795
6/30/2011	$460,643	47.9%	$557,894
6/30/2012	$467,795	52.4%	$780,590

Funded Status and Funding Progress

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

Actuarial Accrued Liability (AAL)	$3,999,389
Actuarial Value of Plan Assets	-
Unfunded Actuarial Accrued Liability (UAAL)	$3,999,389
Funded ratio (Actuarial Value of Plan Assets/AAL)	0%
Annual Covered Payroll (Active Plan Members)	N/A
UAAL as a Percentage of Covered Payroll	N/A

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

Actuarial Methods and Assumptions

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

The annual required contribution for fiscal 2012 was determined as part of the July 1, 2010 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included:

Interest Rate – 4.00%

Healthcare Trend Rates:

Year	*Medical Rates*	*Dental Rates*
2010	10.0%	5.0%
2011	9.0%	5.0%
2012	8.0%	5.0%
2013	7.0%	5.0%
2014	6.0%	5.0%
2015+	5.0%	5.0%

Annual Payroll Growth Rate 2.5%

The unfunded actuarial accrued liability as of the July 1, 2010 is being amortized using level percent age of projected payroll on a closed basis. The remaining amortized period at July 1, 2010 was 28 years.

NOTE 12 – PENSION PLANS

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

All Exeter-West Greenwich Regional School District certified school personnel participate in the Employees' Retirement System of the State of Rhode Island ("ERS"), a cost-sharing multiple-employer defined benefit pension plan administered by the State of Rhode Island. The payroll for employees covered by the ERS for the year ended June 30, 2012 was $13,990,059 ($389,625 for employees charged to federal programs and $13,600,434 for all other employees).

The State of Rhode Island's Employees' Retirement System issues a publicly available annual financial report that includes financial statements and required supplementary information. That report may be obtained from the administrative offices of the State of Rhode Island Retirement Board, 50 Service Avenue, Warwick, Rhode Island 02886 or at www.ersri.org.

Plan Description

Eligibility and benefit provisions are established by Rhode Island General Laws, Title 16, Chapter 16-16, which are subject to amendment by the General Assembly. All Exeter-West Greenwich School District certified school personnel are eligible to participate in the System if they are certified by the Board of Regents, engaged in teaching as principal occupation and are regularly employed on at least a half time basis. Superintendents, principals, business agents and other administrators participate as teachers. The plan provides retirement and disability benefits, annual cost-of-living adjustments (COLAs), and death benefits to plan members and beneficiaries.

Funding Policy

The funding policy is established by Rhode Island General Laws, Title 16, Chapter 16-16. Covered employees were required by State Statute to contribute 9.5% of their salary to the plan. The State and the School District 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 District is specified by State Statute. The contribution requirement for the year ended June 30, 2012 was 22.32%. The Teachers' Plan cost is paid 60% by the School District and 40% by the State. However, the State will pay the total cost of the contribution deferrals which were .27% for the year ended June 30, 2012. This results in a contribution requirement for Schools of 13.23% and a contribution requirement for the State of 9.09%.

The State contribution for the cut off year ended June 30, 2012 was $1,235,570, which represented 8.83% of covered payroll. The payments made by the State to the Employees' Retirement System are considered on behalf of payments and are reported as a revenue and as an expenditure in the financial statements. The contribution requirement for the cut off year ended June 30, 2012 was $3,214,661, which consisted of $1,885,606 from the School District ($86,964 for federal employees and $1,798,642 for other employees), and $1,329,055 from employees. These contributions represented 13.48% and 9.5% of covered payroll respectively. The annual required contribution was determined as part of the June 30, 2009 actuarial valuation.

Three-Year Trend Information

Fiscal Year	*Annual Required Contribution*	*Percentage Contributed*
2010	$1,563,823	100%
2011	$1,553,308	100%
2012	$1,885,606	100%

Pension Reform Impacting Future Periods

In November 2011, the Rhode Island General Assembly enacted comprehensive pension reform legislation which included implementing a supplemental defined contribution plan and other benefit and eligibility changes including changes in the automatic COLA, including suspension/reduction of COLAs. The above changes and other provisions of the reform enacted are effective July 1, 2012.

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

The Exeter-West Greenwich Regional School District participates in the Municipal Employees Retirement System ("MERS"), an agent multiple employer defined benefit pension plan administered by the State of Rhode Island. The School District's noncertified general employees participate in the plan. The payroll for employees covered by the MERS for the year ended June 30, 2012 was $2,444,488.

The State of Rhode Island's Municipal Employees' Retirement System issues a publicly available annual financial report that includes financial statements and required supplementary information. That report may be obtained from the administrative offices of the State of Rhode Island Retirement Board, 50 Service Avenue, Warwick, Rhode Island 02886 or at www.ersri.org.

Plan Description

The following eligibility and benefit provisions are established by Rhode Island General Laws. Title 45, Chapters 19, 19.1, 21, 21.1, 21.2 and 21.3 and may be amended by State Statute. The MERS generally provides retirement benefits equal to 2% of a member's final average compensation multiplied by the number of years of total service up to 37.5 years, up to a maximum benefit of 75% of final average compensation. Final average compensation is the average of the three highest consecutive years of earned compensation exclusive of overtime, bonuses or severance pay. Such benefits are available to members at or after age 58 with 10 years of service or after 30 years regardless of age. The plan also provides non service connected disability benefits after 5 years of service, service connected disability benefits with no minimum service requirement, survivor's benefits, and certain lump sum death benefits. Employees are vested in their retirement benefits upon completion of 10 years of service. Members employed by municipalities who elect one of the optional COLA provisions receive an increase equal to 3% of the original retirement benefit each year, beginning January 1 following the member's retirement. The School District has elected COLA Plan B.

Funding Policy

General employees are required by State Statute to contribute 6% of their annual earnings. The contribution rate is increased to 7% with the optional cost-of-living provision. The Exeter-West Greenwich Regional School District is required to contribute based on an actuarially determined amount and as provided by State Statute for each participating municipality. The School District's contribution rate for the year ended June 30, 2012 was 10.8% of covered payroll.

Annual Pension Cost

For fiscal 2012, the School District's annual pension cost of $262,959 for the MERS was equal to the School District's annual required contribution.

Three-Year Trend Information

Fiscal Year	*Annual Pension Cost (APC)*	*Percentage of APC Contributed*	*Net Pension Obligation*
2010	$232,083	100%	-
2011	$205,522	100%	-
2012	$262,959	100%	-

The required contribution was determined as part of the June 30, 2009 actuarial valuation. The actuarial method used is the entry age actuarial cost method. Under this method, the employer contribution rate is the sum of (i) the employer normal cost rate, and (ii) a rate that will amortize the unfunded actuarial accrued liability. Significant actuarial assumptions used in the June 30, 2009 valuation include the following:

- Investment return – 8.25% compounded annually, composed of an assumed 3% inflation rate and a 5.25% net real rate of return
- Projected salary increases – general employees – a 4.5% wage inflation assumption (composed of a 3% price inflation assumption and a 1.5% additional general increase) plus a service related component
- Cost of living adjustment – 3%, not compounded

The actuarial value of assets is based on market value of assets with a five year phase-in of actual investment return in excess of (less than) expected investment income. The MERS' unfunded actuarial accrued liability is being amortized over 30 years as a level percentage of payroll on a closed basis. The remaining amortization period at June 30, 2009 was 20 years.

Funded Status and Funding Progress

As of June 30, 2011, the most recent actuarial valuation date, the plan was 84.9% funded. The actuarial accrued liability for benefits was $8,360,255, and the actuarial value of assets was $7,093,716, resulting in an unfunded actuarial accrued liability (UAAL) of $1,266,539. The covered payroll (annual payroll of active employees covered by the plan) was $2,266,700, and the ratio of the UAAL to the covered payroll was 55.9%. The June 30, 2011 actuarial valuation used the same methods and assumptions described above under annual pension cost, except the investment rate of return was reduced to 7.5% and the projected salary increases were reduced to 4% for general employees; and the amortization period for the UAAL has been changed to 25 years from June 30, 2010.

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

Pension Reform Impacting Future Periods

In November 2011, the Rhode Island General Assembly enacted comprehensive pension reform legislation which included implementing a supplemental defined contribution plan and other benefit and eligibility changes including changes in the automatic COLA, including suspension/reduction of COLAs. The above changes and other provisions of the reform enacted are effective July 1, 2012.

EXETER-WEST GREENWICH REGIONAL SCHOOL DISTRICT

Required Supplementary Information - Pension Plans and Other Post Employment Benefit Plan
Schedule of Funding Progress (1)
"Unaudited"

Municipal Employees Retirement System

Actuarial Valuation Date	*Actuarial Value of Assets*	*Actuarial Accrued Liability (AAL) -Entry Age (2)*	*Unfunded Liability (Funding Excess)*	*Funded Ratio*	*Covered Payroll*	*Unfunded Liability (Funded Excess) as a Percentage of Covered Payroll*
06/30/2009	$ 6,935,738	$ 8,415,997	$1,480,259	82.4%	$ 2,473,983	59.8%
06/30/2010	$ 7,063,006	$ 8,724,283	$1,661,277	81.0%	$ 2,267,715	73.3%
06/30/2011	$ 7,093,716	$ 8,360,255	$1,266,539	84.9%	$ 2,266,700	55.9%

Other Postemployment Benefit Plan

07/01/2008	$ -	$ 3,554,702	$3,554,702	0.0%	N/A	N/A
07/01/2010	$ -	$ 3,999,389	$3,999,389	0.0%	N/A	N/A

(1) The information included in the schedule of funding progress was obtained from the annual actuarial valuation at the date indicated.

(2) Entry Age Normal

(3) The June 30, 2010 and 2011 actuarial valuation amounts reflect the comprehensive pension reform changes enacted by the Rhode Island General Assembly in November 2011. The original June 30, 2010 actuarial valuation amounts were revised to reflect the pension reform changes.

EXETER-WEST GREENWICH REGIONAL SCHOOL DISTRICT

Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2012

	General Fund			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Assessment to member Towns:				
Exeter	10,196,120	10,196,120	10,196,120	$ -
West Greenwich	12,208,012	12,208,012	12,208,012	-
State and federal aid and grants	6,483,351	6,483,351	6,483,351	-
Other revenue	1,012,517	1,012,517	1,256,577	244,060
Total revenues	29,900,000	29,900,000	30,144,060	244,060
Expenditures				
Current:				
Instruction	17,131,695	17,110,461	16,978,248	132,213
Instructional support	4,038,438	4,061,987	4,080,489	(18,502)
Operations	4,442,829	4,441,579	4,606,838	(165,259)
Other commitments	2,370,417	2,370,417	3,393,713	(1,023,296)
Leadership	1,916,621	1,915,556	1,950,119	(34,563)
Total expenditures	29,900,000	29,900,000	31,009,407	(1,109,407)
Deficiency of revenues under expenditures - budgetary basis	$ -	$ -	$ (865,347)	$ (865,347)

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

NOTE 1 - SCHEDULE OF FUNDING PROGRESS

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

	Municipal Employee Retirement System		***Other Postemployment Benefit Plan***	
Valuation date	6/30/2011		7/1/2010	
Actuarial cost method	Entry Age		Entry Age	
Amortization method	Level percent of payroll over a closed period		Level percent of payroll over a closed period	
Average amortization period	25 year period from June 30, 2010 or 24 years as of the valuation date		30 years	
Asset valuation method	Market value of assets with a five year phase in of actual investment return in excess of (less than) expected investment income		Not applicable - the plan has no assets	
Actuarial assumptions:				
Investment rate of return	7.5% compounded annually, composed of an assumed 2.75% inflation rate and a 4.75% net real rate of return.		4%	
Projected salary increases	The sum of a 4.0% wage inflation assumption (composed of a 2.75% price inflation assumption and 1.25% additional general increase) and a service related component		N/A	
Cost-of-living adjustments	Assumed to be 2% per annum for all units. The actual COLA will be determined based on the plan's five-year average investment rate minus 5.5% and will range from zero to 4.0%		N/A	
Medical Trend Rate	N/A		10%, decreased by 1% per year until the ultimate trend rate of 5% is reached in 2015	
Annual Payroll Growth Rate	N/A		2.50%	
Participant information	Active employees	67	Active employees	192
	Retirees and beneficiaries	29	Retirees and beneficiaries	31
		96		223

NOTE 2 - BUDGETARY DATA

In accordance with the District's bylaws and State law, the District has formally established budgetary accounting control for its General Fund and Debt Service Fund. The General Fund operating budget and Debt Service Fund budget are prepared annually by the Superintendent and submitted to the School Committee for review and adoption. The adopted final budgets are then acted upon by the voters at an all-day referendum.

The School District's General Fund budget is prepared on a budgetary basis of accounting, which is not in conformity with generally accepted accounting principles. The Debt Service Fund budget is prepared in accordance with generally accepted accounting principles. The budget to actual presentation in the financial statement for the General Fund is reflected on the appropriate basis of accounting. A reconciliation between the General Fund budgetary and GAAP basis of accounting is presented below.

Changes to the total appropriated budgets require action by the voters at an all-day referendum. Amendments to the operating budget that do not result in additional appropriations may be made within major budget classifications by the Superintendent by means of a transfer. Transfers made outside the major budget classifications level require School Committee approval.

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

Revenues	
Actual amounts (budgetary basis)	$30,144,060
Differences – budget to GAAP:	
The pension contributions made to the Employees' Retirement System by the State on behalf of the Exeter-West Greenwich Regional School District is not reported as a budgetary revenue, but is a current year revenue for financial reporting purposes.	1,235,570
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances – governmental funds	$31,379,630

Expenditures	
Actual amounts (budgetary basis)	$31,009,407
Differences – budget to GAAP:	
The pension contributions made to the Employees' Retirement System by the State on behalf of the Exeter-West Greenwich Regional School District is not reported as a budgetary expenditure, but is a current year expenditure for financial reporting purposes.	1,235,570
Capital assets acquired by a capital lease are not reported as budgetary expenditures, but are current year expenditures for financial reporting purposes.	234,372
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances – governmental funds	$32,479,349

EXETER-WEST GREENWICH REGIONAL SCHOOL DISTRICT

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2012

	Special Revenue Funds				
	Food Service	*IDEA Part B*	*Champlin #3*	*RIF Super's Program*	*Cox Communications*
ASSETS					
Cash	$ 26,946	$ 31,323	$ 1,403	$ 79	$ 875
Due from state and federal government	7,276	130,835	-	-	-
Accounts receivable	-	-	-	-	-
Due from other funds	-	-	-	-	-
Total assets	$ 34,222	$ 162,158	$ 1,403	$ 79	$ 875
LIABILITIES AND FUND BALANCES					
Liabilities					
Cash overdraft	$ -	$ -	$ -	$ -	$ -
Accounts payable and accrued expenditures	26,816	28,119	-	-	-
Due to other funds	3,819	134,039	-	-	-
Total liabilities	30,635	162,158	-	-	-
Fund balances					
Restricted	3,587	-	1,403	79	875
Committed	-	-	-	-	-
Total fund balances	3,587	-	1,403	79	875
Total liabilities and fund balances	$ 34,222	$ 162,158	$ 1,403	$ 79	$ 875

(Continued)

EXETER-WEST GREENWICH REGIONAL SCHOOL DISTRICT

Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2012

	Special Revenue Funds				
	Article 31 Tech	*Article 31 Prof Dev*	*Title I*	*FFA Technical Assistance*	*Title II Professional Development*
ASSETS					
Cash	$ -	$ 606	$ -	$ -	$ -
Due from state and federal government	-	-	25,192	5,492	36,781
Accounts receivable	-	-	-	-	-
Due from other funds	-	-	-	-	-
Total assets	$ -	$ 606	$ 25,192	$ 5,492	$ 36,781
LIABILITIES AND FUND BALANCES					
Liabilities					
Cash overdraft	$ -	$ -	$ 6,425	$ 4,317	$ 6,567
Accounts payable and accrued expenditures	-	-	7,690	1,175	9,280
Due to other funds	-	-	11,077	-	20,934
Total liabilities	-	-	25,192	5,492	36,781
Fund balances					
Restricted	-	606	-	-	-
Committed	-	-	-	-	-
Total fund balances	-	606	-	-	-
Total liabilities and fund balances	$ -	$ 606	$ 25,192	$ 5,492	$ 36,781

(Continued)

EXETER-WEST GREENWICH REGIONAL SCHOOL DISTRICT

Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2012

	Special Revenue Funds				
	RILDPA	*Substance Abuse Task Force*	*RIC Sherlock Center*	*Preschool*	*ARRA IDEA*
ASSETS					
Cash	$ -	$ 23,101	$ 1,524	$ -	$ 98
Due from state and federal government	-	3,264	-	2,642	-
Accounts receivable	-	-	-	-	-
Due from other funds	-	3,264	-	-	-
Total assets	$ -	$ 29,629	$ 1,524	$ 2,642	$ 98
LIABILITIES AND FUND BALANCES					
Liabilities					
Cash overdraft	$ -	$ -	$ -	$ 440	$ -
Accounts payable and accrued expenditures	-	-	-	2,202	-
Due to other funds	-	-	-	-	98
Total liabilities	-	-	-	2,642	98
Fund balances					
Restricted	-	29,629	1,524	-	-
Committed	-	-	-	-	-
Total fund balances	-	29,629	1,524	-	-
Total liabilities and fund balances	$ -	$ 29,629	$ 1,524	$ 2,642	$ 98

(Continued)

EXETER-WEST GREENWICH REGIONAL SCHOOL DISTRICT

Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2012

	Special Revenue Funds				
	Champlin	*Champlin Sr. High*	*ARRA Preschool*	*Actuarial Foundation*	*Common Core Standards*
ASSETS					
Cash	$ 62	$ 10,995	$ -	$ 1,923	$ -
Due from state and federal government	-	-	-	-	2,718
Accounts receivable	-	-	-	-	-
Due from other funds	-	-	-	-	-
Total assets	$ 62	$ 10,995	$ -	$ 1,923	$ 2,718
LIABILITIES AND FUND BALANCES					
Liabilities					
Cash overdraft	$ -	$ -	$ -	$ -	$ -
Accounts payable and accrued expenditures	-	-	-	-	-
Due to other funds	-	-	-	-	2,718
Total liabilities	-	-	-	-	2,718
Fund balances					
Restricted	62	10,995	-	1,923	-
Committed	-	-	-	-	-
Total fund balances	62	10,995	-	1,923	-
Total liabilities and fund balances	$ 62	$ 10,995	$ -	$ 1,923	$ 2,718

(Continued)

EXETER-WEST GREENWICH REGIONAL SCHOOL DISTRICT

Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2012

	Special Revenue Funds				
	ARRA Educator Effectiveness	*ARRA Standards & Curriculum*	*ARRA Instructional Improvement System*	*ARRA Educator Effectiveness Set Aside*	*ARRA Human Capital Development Set aside*
ASSETS					
Cash	$ -	$ -	$ -	$ -	$ -
Due from state and federal government	7,688	3,472	-	-	-
Accounts receivable	-	-	-	-	-
Due from other funds	-	-	-	-	-
Total assets	$ 7,688	$ 3,472	$ -	$ -	$ -
LIABILITIES AND FUND BALANCES					
Liabilities					
Cash overdraft	$ -	$ -	$ -	$ -	$ -
Accounts payable and accrued expenditures	1,750	46	-	-	-
Due to other funds	5,938	3,426	-	-	-
Total liabilities	7,688	3,472	-	-	-
Fund balances					
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Total fund balances	-	-	-	-	-
Total liabilities and fund balances	$ 7,688	$ 3,472	$ -	$ -	$ -

(Continued)

EXETER-WEST GREENWICH REGIONAL SCHOOL DISTRICT

Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2012

			Capital Project Funds		
	ARRA Education Jobs	*Debt Service Fund*	*Capital Reserve Fund*	*$5,875,000 Capital Project Fund*	*Total*
ASSETS					
Cash	$ -	$ -	$ -	$ -	$ 98,935
Due from state and federal government	110,609	-	-	154,477	490,446
Accounts receivable	-	-	-	7,440	7,440
Due from other funds	-	122,426	44,337	-	170,027
Total assets	$ 110,609	$ 122,426	$ 44,337	$ 161,917	$ 766,848
LIABILITIES AND FUND BALANCES					
Liabilities					
Cash overdraft	$ -	$ -	$ -	$ -	$ 17,749
Accounts payable and accrued expenditures	34,215	-	150	3,220	114,663
Due to other funds	76,394	-	-	70,198	328,641
Total liabilities	110,609	-	150	73,418	461,053
Fund balances					
Restricted	-	-	44,187	88,499	183,369
Committed	-	122,426	-	-	122,426
Total fund balances	-	122,426	44,187	88,499	305,795
Total liabilities and fund balances	$ 110,609	$ 122,426	$ 44,337	$ 161,917	$ 766,848

EXETER-WEST GREENWICH REGIONAL SCHOOL DISTRICT

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2012

	Special Revenue Funds				
	Food Service	*IDEA Part B*	*Champlin #3*	*RIF Super's Program*	*Cox Communications*
Revenues					
Assessment to member Towns					
Exeter	$ -	$ -	$ -	$ -	$ -
West Greenwich	-	-	-	-	-
State and federal aid and grants	123,270	380,470	-	-	-
Investment and interest income	34	-	-	-	-
Other revenue	258,426	-	-	-	-
Total revenues	381,730	380,470	-	-	-
Expenditures					
Current:					
Instruction	-	175,349	7,338	-	-
Instructional support	-	188,328	-	-	-
Operations	384,100	-	-	-	-
Other commitments	-	16,793	-	-	-
Leadership	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service	-	-	-	-	-
Total expenditures	384,100	380,470	7,338	-	-
Net change in fund balance	(2,370)	-	(7,338)	-	-
Fund balances - beginning of year	5,957	-	8,741	79	875
Fund balances - end of year	$ 3,587	$ -	$ 1,403	$ 79	$ 875

(Continued)

EXETER-WEST GREENWICH REGIONAL SCHOOL DISTRICT

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2012

	Special Revenue Funds				
	Article 31 Tech	*Article 31 Prof Dev*	*Title I*	*FFA Technical Assistance*	*Title II Professional Development*
Revenues					
Assessment to member Towns					
Exeter	$ -	$ -	$ -	$ -	$ -
West Greenwich	-	-	-	-	-
State and federal aid and grants	-	-	60,193	15,000	77,618
Investment and interest income	-	-	-	-	-
Other revenue	-	-	-	-	-
Total revenues	-	-	60,193	15,000	77,618
Expenditures					
Current:					
Instruction	9,115	-	52,169	-	71,051
Instructional support	-	-	8,024	12,796	6,567
Operations	-	-	-	2,204	-
Other commitments	-	-	-	-	-
Leadership	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service	-	-	-	-	-
Total expenditures	9,115	-	60,193	15,000	77,618
Net change in fund balance	(9,115)	-	-	-	-
Fund balances - beginning of year	9,115	606	-	-	-
Fund balances - end of year	$ -	$ 606	$ -	$ -	$ -

(Continued)

EXETER-WEST GREENWICH REGIONAL SCHOOL DISTRICT

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2012

	Special Revenue Funds				
	RILDPA	*Substance Abuse Task Force*	*RIC Sherlock Center*	*Preschool*	*ARRA IDEA*
Revenues					
Assessment to member Towns					
Exeter	$ -	$ -	$ -	$ -	$ -
West Greenwich	-	-	-	-	-
State and federal aid and grants	-	39,169	-	4,546	110,923
Investment and interest income	-	-	-	-	-
Other revenue	-	17,478	-	-	-
Total revenues	-	56,647	-	4,546	110,923
Expenditures					
Current:					
Instruction	39,784	53,188	-	4,546	12,200
Instructional support	-	-	-	-	61,968
Operations	-	-	-	-	36,422
Other commitments	-	-	-	-	333
Leadership	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service	-	-	-	-	-
Total expenditures	39,784	53,188	-	4,546	110,923
Net change in fund balance	(39,784)	3,459	-	-	-
Fund balances - beginning of year	39,784	26,170	1,524	-	-
Fund balances - end of year	$ -	$ 29,629	$ 1,524	$ -	$ -

(Continued)

EXETER-WEST GREENWICH REGIONAL SCHOOL DISTRICT

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2012

	Special Revenue Funds				
	Champlin	*Champlin Sr. High*	*ARRA Preschool*	*Actuarial Foundation*	*Common Core Standards*
Revenues					
Assessment to member Towns					
Exeter	$ -	$ -	$ -	$ -	$ -
West Greenwich	-	-	-	-	-
State and federal aid and grants	-	-	4,936	-	2,718
Investment and interest income	-	-	-	-	-
Other revenue	-	-	-	-	-
Total revenues	-	-	4,936	-	2,718
Expenditures					
Current:					
Instruction	-	-	3,122	-	-
Instructional support	-	-	1,814	-	2,718
Operations	-	-	-	-	-
Other commitments	-	-	-	-	-
Leadership	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service	-	-	-	-	-
Total expenditures	-	-	4,936	-	2,718
Net change in fund balance	-	-	-	-	-
Fund balances - beginning of year	62	10,995	-	1,923	-
Fund balances - end of year	$ 62	$ 10,995	$ -	$ 1,923	$ -

(Continued)

EXETER-WEST GREENWICH REGIONAL SCHOOL DISTRICT

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2012

	Special Revenue Funds				
	ARRA Educator Effectiveness	*ARRA Standards & Curriculum*	*ARRA Instructional Improvement System*	*ARRA Educator Effectiveness Set Aside*	*ARRA Human Capital Development Set aside*
Revenues					
Assessment to member Towns					
Exeter	$ -	$ -	$ -	$ -	$ -
West Greenwich	-	-	-	-	-
State and federal aid and grants	7,971	6,719	3,873	19	5,944
Investment and interest income	-	-	-	-	-
Other revenue	-	-	-	-	-
Total revenues	7,971	6,719	3,873	19	5,944
Expenditures					
Current:					
Instruction	-	-	-	-	-
Instructional support	284	6,719	251	19	-
Operations	-	-	-	-	40
Other commitments	-	-	-	-	5,904
Leadership	7,687	-	3,622	-	-
Capital outlay	-	-	-	-	-
Debt service	-	-	-	-	-
Total expenditures	7,971	6,719	3,873	19	5,944
Net change in fund balance	-	-	-	-	-
Fund balances - beginning of year	-	-	-	-	-
Fund balances - end of year	$ -	$ -	$ -	$ -	$ -

(Continued)

EXETER-WEST GREENWICH REGIONAL SCHOOL DISTRICT

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2012

			Capital Project Funds		
	ARRA Education Jobs	*Debt Service Fund*	*Capital Reserve Fund*	*$5,875,000 Capital Project Fund*	*Total*
Revenues					
Assessment to member Towns					
Exeter	$ -	$ 169,799	$ -	$ -	$ 169,799
West Greenwich	-	203,303	-	-	203,303
State and federal aid and grants	273,426	477,271	64,659	-	1,658,725
Investment and interest income	-	-	-	-	34
Other revenue	-	-	-	-	275,904
Total revenues	273,426	850,373	64,659	-	2,307,765
Expenditures					
Current:					
Instruction	273,426	-	-	-	701,288
Instructional support	-	-	-	-	289,488
Operations	-	-	-	-	422,766
Other commitments	-	-	-	-	23,030
Leadership	-	-	-	-	11,309
Capital outlay	-	-	211,726	65,978	277,704
Debt service	-	811,581	-	-	811,581
Total expenditures	273,426	811,581	211,726	65,978	2,537,166
Net change in fund balance	-	38,792	(147,067)	(65,978)	(229,401)
Fund balances - beginning of year	-	83,634	191,254	154,477	535,196
Fund balances - end of year	$ -	$ 122,426	$ 44,187	$ 88,499	$ 305,795

EXETER-WEST GREENWICH REGIONAL SCHOOL DISTRICT

Combining Statement of Net Assets
Agency Funds
June 30, 2012

	Wawaloam School Student Activity Fund	*Metcalf School Student Activity Fund*	*Senior High Student Activity Fund*	*Junior High Student Activity Fund*	*Lineham School Student Activity Fund*	*Total Agency Funds*
Assets						
Cash	$10,923	$ 21,915	$ 137,437	$ 23,794	$ 1,006	$ 195,075
Total assets	$10,923	$ 21,915	$ 137,437	$ 23,794	$ 1,006	$ 195,075
Liabilities						
Deposits held in custody for others	$10,923	$ 21,915	$ 137,437	$ 23,794	$ 1,006	$ 195,075
Total liabilities	$10,923	$ 21,915	$ 137,437	$ 23,794	$ 1,006	$ 195,075

EXETER-WEST GREENWICH REGIONAL SCHOOL DISTRICT

Schedule of General Fund - Fund Balance - Restricted for Education Programs

June 30, 2012

Restricted for Education:	
School Committee designation for tuition, transportation, support services and curriculum	$ 375,000
Undesignated	358,415
Total	$ 733,415

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

To the Superintendent and
Members of the School Committee
of the Exeter-West Greenwich Regional School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Exeter-West Greenwich Regional School District, as of and for the year ended June 30, 2012, which collectively comprise the Exeter-West Greenwich Regional School District's basic financial statements and have issued our report thereon dated December 27, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

Management of the Exeter-West Greenwich Regional School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Exeter-West Greenwich Regional School District'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 Exeter-West Greenwich Regional School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Exeter-West Greenwich Regional School District's internal control over financial reporting.

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

875 Centerville Road, Building 3 - Unit 10, Warwick, Rhode Island 02886 - 401-586-6565 - Fax: 401-826-1710

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

Compliance and Other Matters

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

We noted certain matters that we reported to the management of the Exeter-West Greenwich Regional School District in a separate letter dated December 27, 2012.

This report is intended solely for the information and use of management, 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, LLC

Warwick, Rhode Island
December 27, 2012

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

INDEPENDENT AUDITOR'S REPORT

To the Superintendent and
Members of the School Committee of the
Exeter-West Greenwich Regional School District

Compliance

We have audited the Exeter-West Greenwich Regional School District's compliance with the types of compliance requirements described in the ***OMB Circular A-133 Compliance Supplement*** that could have a direct and material effect on each of the Exeter-West Greenwich Regional School District's major federal programs for the year ended June 30, 2012. The Exeter-West Greenwich Regional School District'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 Exeter-West Greenwich Regional School District's management. Our responsibility is to express an opinion on the Exeter-West Greenwich Regional School District'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 Exeter-West Greenwich Regional School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Exeter-West Greenwich Regional School District's compliance with those requirements.

In our opinion, the Exeter-West Greenwich Regional School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

875 Centerville Road, Building 3 - Unit 10, Warwick, Rhode Island 02886 - 401-586-6565 - Fax: 401-826-1710

Internal Control Over Compliance

Management of the Exeter-West Greenwich Regional School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Exeter-West Greenwich Regional School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Exeter-West Greenwich Regional School District's internal control over compliance.

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

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

This report is intended solely for the information and use of management, the 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, LLC

Warwick, Rhode Island
December 27, 2012

EXETER-WEST GREENWICH REGIONAL SCHOOL DISTRICT

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2012

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 deficiencies identified that are not considered to be material weaknesses? ___ yes __X__ none reported

Noncompliance material to financial statements noted? ___ yes __X__ no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ___ yes __X__ no
- Significant deficiencies identified that are not considered to be material weaknesses? ___ yes __X__ none reported

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

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

Identification of major programs:

CFDA Number	*Name of Federal Program or Cluster*
	Special Education Cluster
84.027	IDEA, Part B
84.173	IDEA Preschool
84.391	IDEA, Part B – ARRA
84.392	IDEA Preschool - ARRA
84.410	***Education Jobs - ARRA***

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

Auditee qualified as low-risk auditee? ___ yes __X__ no

EXETER-WEST GREENWICH REGIONAL SCHOOL DISTRICT

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2012

SECTION II - FINANCIAL STATEMENT FINDINGS

NONE

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

NONE

EXETER-WEST GREENWICH REGIONAL SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2012

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	*Federal CFDA Number*	*Pass-through Entity identifying Number*	*Expenditures*
U.S. Department of Education			
Pass-through Rhode Island Department of Education:			
Title I, Part A Cluster:			
Title I	84.010A	2725-11702-201	$ 60,193
Special Education Cluster:			
IDEA Part B-ARRA	84.391	4572-10202-101	110,923
Section 619 Preschool-ARRA	84.392	4572-10802-101	4,936
IDEA Part B	84.027A	2725-13202-201	380,470
Section 619 Preschool	84.173A	2725-13502-201	4,546
Title II - Professional Development	84.367A	2725-16402-201	77,618
Education JOBS -ARRA	84.410	4572-13102-101	273,426
RTT-Educator Effectiveness- ARRA	84.395A	4572-13502-130	7,971
RTT-Standards & Curriculum -ARRA	84.395A	4572-13502-110	6,719
RTT-Instructional Improvement System - ARRA	84.395A	4572-13502-120	3,873
RTT-Educator Effectiveness set aside- ARRA	84.395A	4572-13502-170	19
RTT-Human Capital Development - ARRA	84.395A	4572-13502-140	5,944
FFA Technical Assistance	84.048A	2725-15702-201	15,000
Total U.S. Department of Education			$ 951,638
U.S. Department of Agriculture			
Pass-through Rhode Island Department of Education:			
Child Nutrition Cluster:			
National School Lunch Program/Breakfast Program	10.555/10.553	N/A	117,536
Food Distribution	10.550	N/A	19,040
Total U.S. Department of Agriculture			136,576
Total Expenditures of Federal Awards			$ 1,088,214

EXETER-WEST GREENWICH REGIONAL SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2012

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Exeter-West Greenwich Regional School District 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.