

# Town of Narragansett, Rhode Island



## Comprehensive Annual Financial Report For the Year Ended June 30, 2009

Prepared by: Finance Department  
Finance Director: Robert J. Uyttebroek



TOWN OF NARRAGANSETT, RHODE ISLAND

YEAR ENDED JUNE 30, 2009

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TOWN OF NARRAGANSETT, RHODE ISLAND

YEAR ENDED JUNE 30, 2009

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YEAR ENDED JUNE 30, 2009

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## **INTRODUCTORY SECTION**

This section contains the following subsections:

LETTER OF TRANSMITTAL

TOWN OF NARRAGANSETT ORGANIZATIONAL CHART

LIST OF ELECTED AND APPOINTED OFFICIALS



Town of Narragansett, Rhode Island  
Finance Department  
25 Fifth Avenue  
Narragansett, RI 02882

January 14, 2009

To the Honorable Members of the Town Council and the Citizens of the Town of Narragansett, Rhode Island:

The Comprehensive Annual Financial Report of the Town of Narragansett for the fiscal year ended **June 30, 2009** is submitted herewith. This report was prepared by the Town's Finance Department. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that has been established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Lefkowitz, Garfinkel, Champi & DeRienzo P.C., certified public accountants, have issued an unqualified ("clean") opinion on the Town of Narragansett's financial statements for the year ended June 30, 2009. The independent auditors' report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A complements this *Letter of Transmittal* and should be read in conjunction with it.

## **Profile of the Government**

### **History**

A narrow strip of land running along the eastern bank of the Pettaquamscutt River to the shore of Narragansett Bay, the Town of Narragansett was separated from South Kingstown in 1888. The early history of Narragansett is shared with the contiguous community of South Kingstown. It was in this area that the rival Narragansett and Niantic Native-Americans hunted, fished, tilled the soil and fought. Originally a farming area, Narragansett rapidly developed into a summer resort and fishing community as it became settled. Residential development was predominantly single-family dwellings, with a major portion used as seasonal residences. Today, the year-round population is increasing.

The parallel pair of stone arches spanning Ocean Road, anchored on either side by curved towers, are a powerful image today of a glorious past now gone. The Towers, all that remains of the famous Casino (burned in a fire in 1900), are a testament to the Golden Victorian resort era. Designed in 1883 by the famous New York architectural firm of McKim, Mead and White, the three-story blocks of granite, with semi-circular ends topped by conical roofs, are connected by one long gallery room. Now owned by the Town, it is, along with Kinney Bungalow, available for functions and events.

The Town of Narragansett, incorporated as a town on March 28, 1901, is situated in Washington County, on the southeastern coast of the State of Rhode Island (State), approximately 30 miles south of Providence. The total area of the community is 18.3 square miles, which includes 4.4 square miles of inland water. The year-round population of the Town has continued to increase from 3,444 persons counted in the 1960 census to 15,004 persons counted in the 1990 census and 16,361 persons counted in the 2000 census.

Commercial development is limited to tourist-oriented businesses. Other developments are centered on the waterfront living and research activities at the University of Rhode Island's Narragansett Bay Campus, site of the nationally recognized Graduate School of Oceanography. The Port of Galilee is another important facet of this community. The history of Galilee and Point Judith has always been tied to the Point Judith Pond and the breachway that joins it to the sea. In the eighteenth century, the area around Point Judith Pond was inhabited primarily by farmers who used the breachway to transport crops to markets in Providence, Newport, Boston and New London. In the nineteenth century, a thriving fishing industry also developed. Area farmers often supplemented their income by fishing for bass and alewife, or digging oysters.

As traffic between the busy ports along the east coast increased in the nineteenth century, many ships were wrecked during storms along the rocky coast of Point Judith. In 1806, a wooden lighthouse was constructed on Point Judith to aid navigation. That structure, destroyed in the Great Gale of 1815, was replaced with the existing stone lighthouse in 1816.

In the early 1900s, a series of construction projects allowed Point Judith's Port of Galilee to become one of the largest fishing ports on the east coast. First, the Town of South Kingstown and the State dredged the current breachway and stabilized it with stone jetties. Then, the Army Corps of Engineers constructed nearly three miles of stone breakwaters in open ocean to create the Point Judith Harbor of Refuge. Originally constructed to provide a refuge for ships traveling between Boston and New York during bad weather, the breakwaters also protected the breachway from the full force of the sea.

Finally, in the 1930s, the State dredged an anchorage basin just inside the breachway and built wharves to provide the Village of Galilee with a harbor for large, ocean-going fishing vessels. Many of these diesel-powered trawlers are capable of traveling hundreds of miles to fishing grounds in Georges Bank. Each year, more than ten million pounds of fish and shellfish are processed in Galilee and trucked to markets along the east coast. The Village of Jerusalem, opposite Galilee across the breachway, is also part of the Town of Narragansett.

During World War II, Point Judith became a key installation in the country's shore defense network. Huge sixteen-inch guns were located in the area now known as Fisherman's Memorial State Park to protect the west side of Narragansett Bay. Smaller fortifications were located along the shore line. Some of these installations, now abandoned, can still be found along the shoreline. Today, Point Judith is home to shops, beaches, charter fishing boats, a fleet of commercial fishing and lobster boats and, of course, seafood restaurants.

## Government

### *Town:*

The Town operates under a charter form of government, which provides for a five-member elected Town Council, serving concurrent two-year terms. The Town Council is responsible for enacting local legislation and for the appointment of a Town Manager who executes the laws and administers the Town government. The Town Council is granted all powers to enact, amend or repeal ordinances relating to the Town's property, affairs and government. It also authorizes the issuance of bonds or notes by ordinance, except that no bonded indebtedness may be incurred pledging the credit of the Town in excess of 1.5% of the budget in any one fiscal year unless submitted to a vote of the electors at either a general or special election and approved by a majority of the electors voting at said election.

### *Schools:*

The School Department is governed by a five-member School Committee serving concurrent two-year terms. The School Committee determines and controls all policies affecting the administration, maintenance, and operation of the public schools in the Town. The School Committee appoints a Superintendent as its chief administrative agent; submits a detailed budget of expenditures and revenues to the Town Council and, once the school budget has been approved, determines the allocation of the amount appropriated. The School Department educates Narragansett students from kindergarten through 12<sup>th</sup> grade and operates a school system that includes three schools: Pier Elementary School (K - 4), Narragansett Middle School (5 - 8) and Narragansett High School (9 - 12). Approximately 89% (or \$25.1M) of the School Department budget is funded locally, 7% (or \$1.9M) is funded by the State and 4% (or \$1.1M) is funded by the federal government (2007-08 school year). At the beginning of each school year, the student enrollment in the Narragansett School System for the past ten years, as well as the projected enrollment for the succeeding two years, is as follows:

<b>Fiscal Year Ending June 30,</b>	<b>Enrollment</b>
2000	1,891
2001	1,801
2002	1,761
2003	1,758
2004	1,685
2005	1,680
2006	1,600
2007	1,532
2008	1,473
2009	1,477
Projected:	
2010	1,460
2011	1,456



The Town provides major public services, which are detailed as follows:

*Wastewater Facilities:*

The Town of Narragansett Wastewater Division has 19 sewage-pumping stations and approximately 90 miles of sanitary sewers. Service to the southern portion of the Town, including the commercial fishing port of Galilee, is provided at the Town-owned Scarborough Wastewater Treatment Plant, a 1.4 million-gallon per day (MGD) extended aeration plant. The South Kingstown Regional Treatment Facility provides wastewater treatment for the Pier area and the northern portion of the Town. The Town services 6,388 connections, distributed as follows:

<b>Class</b>	<b>Type</b>	<b>Number of Accounts</b>	<b>Number of Units</b>
01	Residential	5,833	5,974
02	Apartments	331	1,328
05	Hotel / Motel	6	6
07	Public Use	4	4
10	Commercial	194	381
Total		6,368	7,693

The minimum charge for residential users is currently \$345 per unit, with an excess charge applied based upon water consumption. The Wastewater Division operates as a proprietary fund, or enterprise fund, with all operations funded from user fees and assessments.

*Water Facilities:*

The Town of Narragansett Water Division (Division) is responsible for the conveyance of potable water for domestic, commercial, industrial and fire protection uses. All water used within the Town's system is purchased from United Water of Rhode Island, a private company, and the Town of North Kingstown. In addition to its operational and maintenance activities related to the Town's water storage, transmission and conveyance systems and infrastructure, the Division provides technical assistance to the Town in reviewing water-related plans or regulations.

The Town of Narragansett owns, operates and maintains three water storage tanks, with a combined capacity of two million gallons, and approximately 71 miles of water mains. Approximately one-half of the Town's populated area (representing 5,206 accounts) is served by the Town water system, while service to the remaining citizens is provided directly by United Water of Rhode Island. The Division operates as a proprietary fund, or enterprise fund, with all operations funded from user fees and assessments.

*Public Works:*

The Town of Narragansett Highway and Facilities Maintenance Division provides a full range of services including street construction/maintenance, snow removal, and maintenance of Town property. The Town expended \$2,062,454 for the fiscal year ended June 30, 2009 and budgeted \$2,276,349 for the fiscal year ending June 30, 2010.

*Public Safety:*

The Town of Narragansett Public Safety Department provides fire prevention, emergency medical rescue, police patrol, investigations, community education and animal control functions.

The Narragansett Police Department has a force that consists of 52 full-time police officers and other support personnel including dispatch, animal control, and harbor police. The Police Department expended \$5,776,069 for the fiscal year ended June 30, 2009 and budgeted \$5,993,430 for the fiscal year ending June 30, 2010.

The Narragansett Fire Department has three fire stations staffed by 35 full-time firefighters and a secretary. The Fire Department expended \$4,200,949 for the fiscal year ended June 30, 2009 and budgeted \$4,324,028 for the fiscal year ending June 30, 2010.

*Employee Relations:*

The Town currently employs 162 full-time employees, exclusive of those employed by the School Department. The School Department employs 168 professional employees and 114 full-time and part-time non-professional employees.

The Town has agreements with six collective bargaining units. Due to the recession, the ability to negotiate ensuing contracts has become contentious. The Town is committed to obtaining necessary concessions in the form of health insurance co-shares, affordable wage increases and limitations to overtime wages to ensure sustainability of the workforce. The current status of union contracts for municipal and school employees is as follows:

<b>Bargaining Group</b>	<b>Term &amp; Expiration</b>
Fire Department	3 year contract expired June 30, 2008 (in arbitration)
Municipal Middle Management	3 year contract expired June 30, 2008
Police Department	3 year contract expires June 30, 2010
Public Works & Municipal Clerical	4 year contract expires June 30, 2011
School Teachers	3 year contract expired August 31, 2009
School Non-Certified	3 year contract expired June 30, 2008

*Local Economy:*

The fiscal year began with the State and the country beginning to realize that an economic downturn of epic proportions was starting to wreck havoc on governmental operations. During the slide, funding support from the State diminished. The State, facing looming and increasing budget shortfalls, began to withhold revenue from the State's municipalities. The recession has reduced the collection rate of property taxes from a historical trend of 99% down to 95%. However, in comparison with the State's other municipalities, Narragansett has weathered the economic storm better than most. The Town has not laid-off any employees, still provides essential government services to its citizens and is making preparations for a long and slow recovery.

Major economic sectors within the Town include retail industries, service industries, fishing and government. The *Rhode Island Economic Development Corporation* (RIEDC) annually issues a listing of the “Major Employers in Rhode Island” with a “major employer” defined as one employing over 100 employees. This report cites the following as “major” employers located in Narragansett as of February 2009:

<b>North American Industrial Classification System</b>	<b>Employer</b>
Ambulatory Health Care Services	VNS Home Health Services
Amusement, Gambling & Recreational Industries	The Dunes Club
Executive, Legislative & Other General Government Support	Town of Narragansett
Food & Beverage Stores	The Stop & Shop Co., Inc.
Food Services & Drinking Places	Georges of Galilee Restaurants, Inc.

The VNS Home Health Services is also cited by RIEDC as a “Top 100 Employer in Rhode Island.”

The Rhode Island Department of Labor & Training issues a Quarterly Census of Employment & Wages. For illustrative and comparative purposes, the First Quarter of 2008 and the First Quarter of 2009 are exhibited:

*First Quarter, 2008*

	<b>Number of Units</b>	<b>Average Employment</b>	<b>Total Wages</b>
Total Private & Government	496	3,759	\$30,099,415
Total Private Only	477	2,744	18,669,265
Agriculture, Forestry, Fishing & Hunting	8	12	156,491
Construction	46	92	736,215
Manufacturing	20	86	947,308
Wholesale Trade	30	62	719,753
Retail Trade	57	714	4,013,918
Transportation & Warehousing	10	76	793,138
Information	*	*	*
Finance & Insurance	16	65	1,021,386
Real Estate, Rental & Listing	29	92	696,356
Professional & Technical Services	51	115	1,741,607
Administrative Support & Waste Management	32	64	560,373
Educational Services	5	6	62,729
Health Care & Social Assistance	41	390	3,112,900
Arts, Entertainment & Recreation	13	52	397,330
Accommodation & Food Services	69	743	2,357,094
Other Services (except Public)	46	173	1,092,432
Government	19	1,014	11,430,150

First Quarter, 2009

	<b>Number of Units</b>	<b>Average Employment</b>	<b>Total Wages</b>
Total Private & Government	492	3,640	\$29,645,237
Total Private Only	472	2,651	17,520,964
Agriculture, Forestry, Fishing & Hunting	6	12	134,655
Construction	50	66	513,090
Manufacturing	18	80	845,113
Wholesale Trade	27	60	858,989
Retail Trade	52	624	3,379,110
Transportation & Warehousing	*	*	*
Information	3	1	31,945
Finance & Insurance	18	48	1,075,353
Real Estate, Rental & Listing	30	88	718,284
Professional & Technical Services	48	81	1,113,755
Administrative Support & Waste Management	32	55	518,202
Educational Services	7	12	68,755
Health Care & Social Assistance	43	475	3,751,189
Arts, Entertainment & Recreation	12	48	368,732
Accommodation & Food Services	72	784	2,515,736
Other Services (except Public)	44	152	949,332
Government	20	990	12,124,273

\*Some data is not shown to avoid revealing data of a specific employer.

The Rhode Island Department of Labor & Training also provides statistics regarding unemployment for both the Town of Narragansett and the State. The following is a comparison of unemployment data as of June 30, 2009:

<b>June 30, 2009</b>	<b>Rhode Island</b>	<b>Narragansett</b>
Labor Force	572,656	9,717
Employed	502,582	8,981
Unemployment	70,074	736
Unemployment Rate	12.2%	7.6%

## **Long-term Financial Planning**

Long-term financial planning is driven by four major concerns that must be addressed in the coming year and beyond. First, the partnership between the State and local governments has deteriorated over the past few years. Budget deficits at the State level have caused the flow of financial resources down to the municipalities to be reduced to a trickle. General Revenue Sharing was reduced by 50% in this reporting year (\$678,178 was promised and \$339,089 has been withheld by the State) and was eliminated in its entirety for fiscal year 2010. A planned phase-out of the motor vehicle personal property tax was enacted in 2000. The plan was for the State to exempt an increasing level of valuation until the entire tax is eliminated, and the loss of tax revenue was to be offset by a reimbursement from the State. The reduction to the average retail value of vehicles assessed in the Town has been locked at \$6,000 since FY2007. As this report is presented, the Governor has proposed the elimination of 50% of the FY2010 reimbursement (\$1,224,495 was promised and \$612,248 will be withheld by the State). General Aid for Education was enacted to provide \$1,332,131 to the School Department during this reporting period, but was reduced with \$690,037 being withheld by the State. All of these reductions in State aid came in the final six months of the fiscal year. These losses, combined with the lack of a codified aid distribution formula for educational assistance, lead to uncertainty when planning the FY2011 budgets.

Second, funding for the Town's obligations to its current and future beneficiaries of the Pension Fund must be increased in a systematic manner to build the Fund balance and to reduce the unfunded liability. The downturn in the economy vaporized 20% of the Fund in the first half of the year; however, the rally in the financial markets in the second half of the year restored most of the losses. The Fund is still about 80% funded. To address this, the Town increased the rate of the employer's contribution from 11.5% to 12.5% in this reporting year, from 12.5% to 13.5% for FY2010 and is planning to raise this rate to 16% for FY2011.

Third, the Town has quantified the Town's "other postemployment benefits" (OPEB) and recognizes that the \$70,365,417 unfunded liability for these benefits for our current and future retirees must be addressed. The FY2010 budget contains a 5% assessment applied to all full-time wages, with these funds flowing to a holding account as a precursor to an OPEB Trust Fund. It is anticipated that approximately \$500,000 will be set aside, a modest attempt, in comparison to the liability, but a start. Going forward through FY2011 and beyond, the Town realizes that the employer's pension contribution will increase over the next few years to about 22% of applicable wages and the OPEB contribution will increase to 10%. Therefore, sustaining both the Pension Fund and future retiree health benefits will require a combined contribution rate of over 30% of applicable wages, a rate that will impact future spending considerations.

Fourth, the Town's unreserved, undesignated fund balance must be increased. The Town has a policy of maintaining an Unreserved General Fund Balance that is equal to 7% to 10% of the General Fund budget. The following is a table of Unreserved General Fund Balances, with the June 30, 2002 amount as the "high watermark" in terms of percentage of the General Fund budget.

<b>Fiscal Year Ending</b>	<b>Undesignated &amp; Unreserved Fund Balance</b>	<b>% of the General Fund Budget</b>
June 30, 2002	\$3,396,845	9.7%
June 30, 2003	3,032,001	8.2%
June 30, 2004	2,690,895	7.6%
June 30, 2005	3,005,784	7.5%
June 30, 2006	3,088,227	7.5%
June 30, 2007	2,755,351	6.4%
June 30, 2008	1,611,116	3.6%
June 30, 2009	1,883,690	4.0%

For the FY2009 budget, \$1,000,000 was appropriated from the Unreserved Fund Balance; however, less than \$150,000 was appropriated from the Unreserved Fund Balance for the FY2010 budget. Limits will be placed on the funds available from the Unreserved Fund Balance as the Town tries to reach 7% of the General Fund budget.

With these concerns weighing heavily on our collective minds, our goal is to continue offering a wide array of governmental services to our citizens in the most cost-effective and efficient manner. Current economists have been defining the “new normal” with respect to the contraction of the economy. Our “new normal” may require a reduced workforce, limits on the government services and programs we offer our citizens and increased fees to offset those costs for services that are not universally provided to our citizens.

### **Major Initiatives**

Due to the economic recession, any general fund initiative is on hold. The Town has had an active capital improvement program with the major initiatives in the General Fund having been a pavement management program for the Town’s roads, a vehicle replacement program for Public Works and Public Safety and a stormwater containment program. Continuing with these initiatives will require more deliberations and analysis. The Enterprise Funds (Water, Wastewater and Beach) will move forward with their respective capital improvement plans which include upgrades to the water and wastewater plant, and reconstruction of one of the beach pavilions.

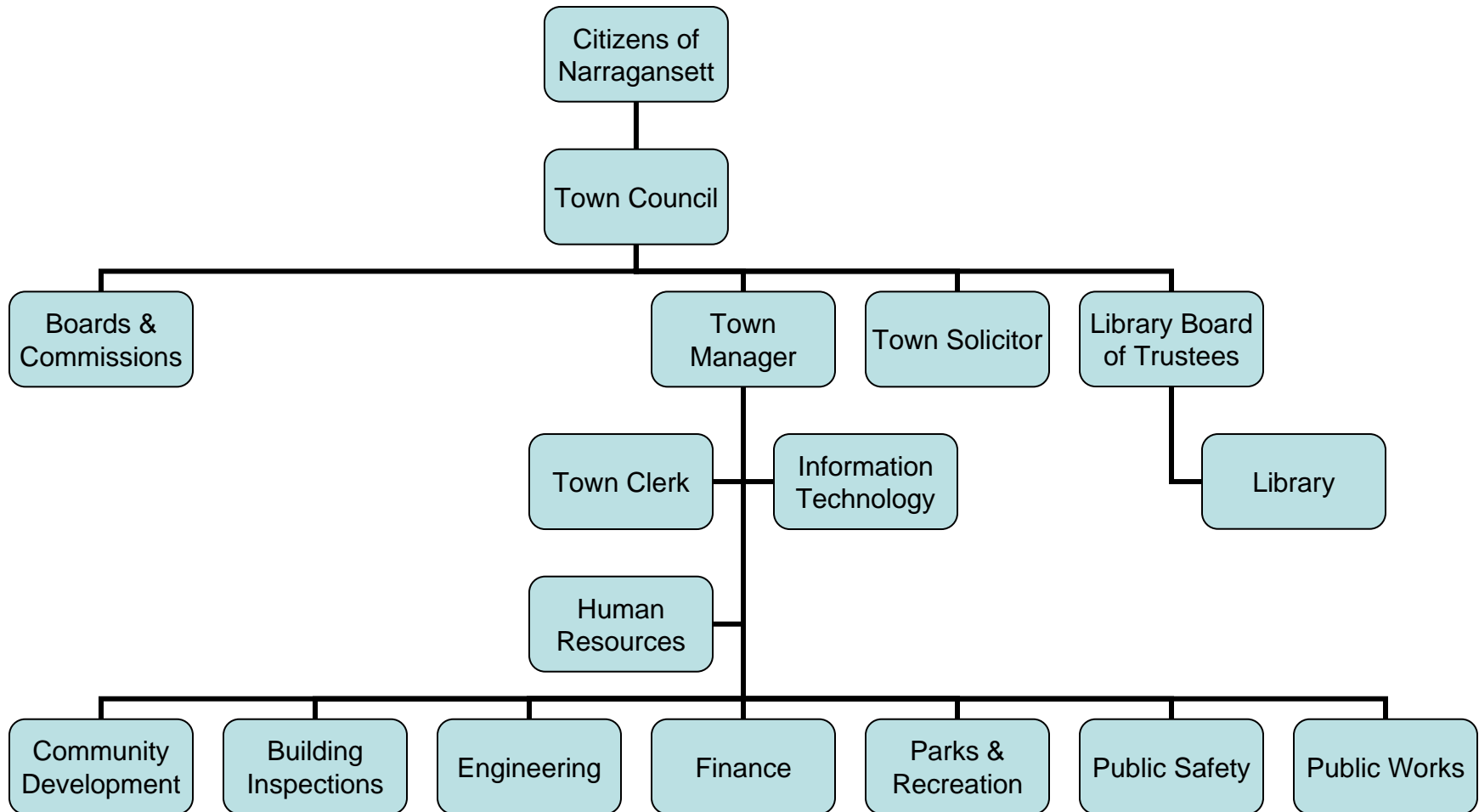
### **Acknowledgements**

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the Finance Department. I wish to express my appreciation to all members of the department who assisted and contributed to the preparation of this report. Appreciation must also be extended to all of the departments of the Town for their respective contributions to the compilation of data for the audit and this report. Credit must be given to the Town Manager and the Town Council for their unfailing support for maintaining the highest standards of professionalism in the management of the Town of Narragansett’s finances.

Respectfully submitted,

Robert J. Uyttebroek  
Finance Director

# Governmental Organization



TOWN OF NARRAGANSETT, RHODE ISLAND  
LIST OF ELECTED AND APPOINTED OFFICIALS

JUNE 30, 2009

Elected Officials

Council President	David J. Crook, Sr.
President Pro Tempore	Christopher Wilkens
Council Member	Susan Cicilline-Buonanno
Council Member	Alisa Trainor Fleet
Council Member	Glenna M. Hagopian
School Committee, Chairperson	Tammie McNeiece
School Committee, Vice-Chairperson	Diane S. Nobles
School Committee, Member	Terrence Ashworth
School Committee, Member	Susan Pandolfo
School Committee, Member	Raymond Ranaldi

Appointed Officials

Town Manager	Jeffry Ceasrine
Town Solicitor	Mark A. McSally
Finance Director	Robert J. Uyttebroek
Town Clerk	Anne M. Irons
Town Engineer	Jeffry Ceasrine
Police Chief	Joseph T. Little, Jr.
Fire Chief	James J. Cotter
Public Works Director	David E. Ousterhout
Recreation Director	Barry S. Fontaine
Community Development Director	Michael J. DeLuca
Inspectional Services Director	Anthony L. Santilli
Human Resources Manager	Sharon L. Kitchin
Town Controller	Laurie A. LaBore
Tax Assessor	John D. Majeika
Tax Collector	Christine A. Beck
Purchasing Agent	Susan W. Gallagher
Library Director	Patricia A. Arkwright
Superintendent of Schools	Katherine E. Sipala
Director of Finance, School Department	Karen M. Hagan



## **FINANCIAL SECTION**

This section contains the following:

INDEPENDENT AUDITORS' REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS

BASIC FINANCIAL STATEMENTS

REQUIRED SUPPLEMENTARY INFORMATION

OTHER SUPPLEMENTARY INFORMATION



Lefkowitz, Garfinkel, Champi & DeRienzo P.C.  
Certified Public Accountants / Business Consultants

## **Independent Auditors' Report**

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

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

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

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

In accordance with Government Auditing Standards, we have also issued our report dated January 15, 2010 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

**Independent Auditors' Report (Continued)**

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

Management's Discussion and Analysis on pages 3 through 14, and budgetary comparison schedules and historical pension information on pages 63 through 72 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Town. Such information and the statistical section has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole. The other schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Leffkowitz, Jan. Jankel, Cimini & DeGuzman, C.*

January 15, 2010

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As Finance Director for the Town of Narragansett (the Town), I offer the following narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2009. I encourage all to consider the information presented here in conjunction with additional information we have furnished in my *Letter of Transmittal*, which can be found at the beginning of this report.

### Financial Highlights

The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$89,253,449 (net assets).

The Town issued a school construction bond in the amount of \$20,900,000 for the improvements to system-wide facilities. The Town's outstanding debt increased by \$8,179,000 over the prior fiscal year.

### Overview of the Financial Statements

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

1. Government-wide financial statements: The *government-wide financial statements* are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.
  - a. *Statement of Net Assets*: This statement presents information on all of the Town's assets and liabilities, with the difference between the two reported as *net assets*. Increases or decreases in net assets may serve as a useful indicator of an improving or deteriorating financial position.
  - b. *Statement of Activities*: This statement presents information showing how the government's net assets changed during the reporting period. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (that is, uncollected taxes and earned but unused personnel leaves).
  - c. Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town include general government, education, public safety, public works and highway, community development and recreation. The business-type activities of the Town include water, sewer and beach operations.

The government-wide financial statements can be found on pages 15-16 of this report.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### Overview of the Financial Statements (Continued)

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

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

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

Funds are classified as "major" and "nonmajor." Data from major governmental funds is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances and can be found on pages 18 and 19 of this report. Data from the nonmajor funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* and can be found on pages X through X of this report.

The Town adopts an annual appropriated budget for its General Fund, School Fund, Water Fund, Wastewater Fund and Beach Fund. Budgetary comparison statements have been provided for the General Fund and School Fund to demonstrate compliance with this budget.

The basic governmental funds financial statements can be found on pages 17-20 of this report.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### Overview of the Financial Statements (Continued)

- b. Proprietary Funds:* The Town maintains three different types of proprietary funds. *Enterprise Funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses enterprise funds to account for its Water, Wastewater and Beach operations. *Internal Service Funds* are an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town uses an internal service fund to account for its fleet of vehicles and for its management information systems.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water, Wastewater and Beach operations, all of which are considered to be major funds of the Town.

The proprietary fund financial statements can be found on pages 21-24 of this report.

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

The fiduciary fund financial statements can be found on pages 25-26 of this report.

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

The notes to the financial statements can be found on pages 27-62 of this report.

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's progress in funding its obligation to provide pension benefits to its enrolled employees. Required supplementary information can be found on pages 63-72 of this report.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### Government-wide Financial Analysis

*Net Assets:* As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets exceeded liabilities by \$89,253,449 at the close of this reporting period.

The Town's net assets consist principally of its investment in capital assets (that is, land, buildings, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

### Town of Narragansett's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$11,177,268	\$12,148,530	\$17,515,478	\$19,030,644	\$28,692,746	\$31,179,174
Capital assets	93,183,199	47,878,866	34,227,335	34,790,462	127,410,534	82,669,328
Total assets	<u>104,360,467</u>	<u>60,027,396</u>	<u>51,742,813</u>	<u>53,821,106</u>	<u>156,103,280</u>	<u>113,848,502</u>
Long-term liabilities outstanding	46,617,734	20,397,941	13,920,114	16,913,480	60,537,848	37,311,421
Other liabilities	4,532,919	15,985,191	1,779,064	1,577,545	6,311,983	17,562,736
Total liabilities	<u>51,150,653</u>	<u>36,383,132</u>	<u>15,699,178</u>	<u>18,491,025</u>	<u>66,849,831</u>	<u>54,874,157</u>
Net assets:						
Invested in capital assets, net of related debt	65,852,760	30,048,212	26,399,950	24,910,202	92,252,710	54,958,414
Unrestricted	<u>(12,642,946)</u>	<u>(6,403,948)</u>	<u>9,643,685</u>	<u>10,419,879</u>	<u>(2,999,261)</u>	<u>4,015,931</u>
Total net assets	<u><u>\$53,209,814</u></u>	<u><u>\$23,644,264</u></u>	<u><u>\$36,043,635</u></u>	<u><u>\$35,330,081</u></u>	<u><u>\$89,253,449</u></u>	<u><u>\$58,974,345</u></u>

At the end of this fiscal year, the Town is able to report positive balances in both categories of net assets for its business-type activities. For governmental activities, the deficit in the Town's unrestricted net assets increased due principally to the recording of liabilities for other postemployment benefits (OPEB), and accrued claims and judgments totaling \$5,021,974 and \$2,336,450, respectively.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### Government-wide Financial Analysis (Continued)

*Governmental Activities:* Governmental activities decreased the Town's net assets by \$8,775,588 before a prior period adjustment of \$38,341,138 to record infrastructure net assets for a net increase of \$29,565,550.

### Town of Narragansett's Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 3,501,549	\$ 3,660,936	\$ 6,593,536	\$ 6,651,696	\$ 10,095,085	\$ 10,312,632
Operating grants and contributions	2,996,995	4,718,839			2,996,995	4,718,839
Capital grants and contributions	1,190,259	3,717,528			1,190,259	3,717,528
General revenues, property taxes	41,435,378	38,699,963			41,435,378	38,699,963
Grants and contributions not restricted to specific programs	2,501,803	2,828,020			2,501,803	2,828,020
Other	(60,651)	951,479	534,147	753,114	473,496	1,704,593
<b>Total revenues</b>	<b>51,565,333</b>	<b>54,576,765</b>	<b>7,127,683</b>	<b>7,404,810</b>	<b>58,693,016</b>	<b>61,981,575</b>
<b>Expenses:</b>						
General government	3,758,548	3,483,345			3,758,548	3,483,345
Financial administration	868,872	951,634			868,872	951,634
Public safety	10,932,393	12,652,621			10,932,393	12,652,621
Public works	3,757,059	2,084,085			3,757,059	2,084,085
Social services	249,641	264,272			249,641	264,272
Parks and recreation	1,451,280	1,423,735			1,451,280	1,423,735
Planning, engineering and inspection	1,843,867	1,229,624			1,843,867	1,229,624
Library	727,401	667,178			727,401	667,178
Food service	357,069	343,724			357,069	343,724
Other	7,590,833	1,648,603			7,590,833	1,648,603
Education	27,651,643	27,177,622			27,651,643	27,177,622
Interest on long-term debt	1,152,315	536,422			1,152,315	536,422
Water			1,722,238	1,611,942	1,722,238	1,611,942
Wastewater			3,497,571	3,009,609	3,497,571	3,009,609
Beach			1,194,320	1,143,886	1,194,320	1,143,886
<b>Total expenses</b>	<b>60,340,921</b>	<b>52,462,865</b>	<b>6,414,129</b>	<b>5,765,437</b>	<b>66,755,050</b>	<b>58,228,302</b>
<b>Increase (decrease) in net assets</b>	<b>(8,775,588)</b>	<b>2,113,900</b>	<b>713,554</b>	<b>1,639,373</b>	<b>(8,062,034)</b>	<b>3,753,273</b>
<b>Net assets, beginning of year:</b>						
As previously reported	23,644,264	23,077,386	35,330,081	33,690,708	58,974,345	56,768,094
Prior period adjustment	38,341,138	(1,547,022)			38,341,138	(1,547,022)
As restated	61,985,402	21,530,364	35,330,081	33,690,708	97,315,483	55,221,072
<b>Net assets, end of year</b>	<b>\$ 53,209,814</b>	<b>\$ 23,644,264</b>	<b>\$ 36,043,635</b>	<b>\$ 35,330,081</b>	<b>\$ 89,253,449</b>	<b>\$ 58,974,345</b>



## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### Government-wide Financial Analysis (Continued)

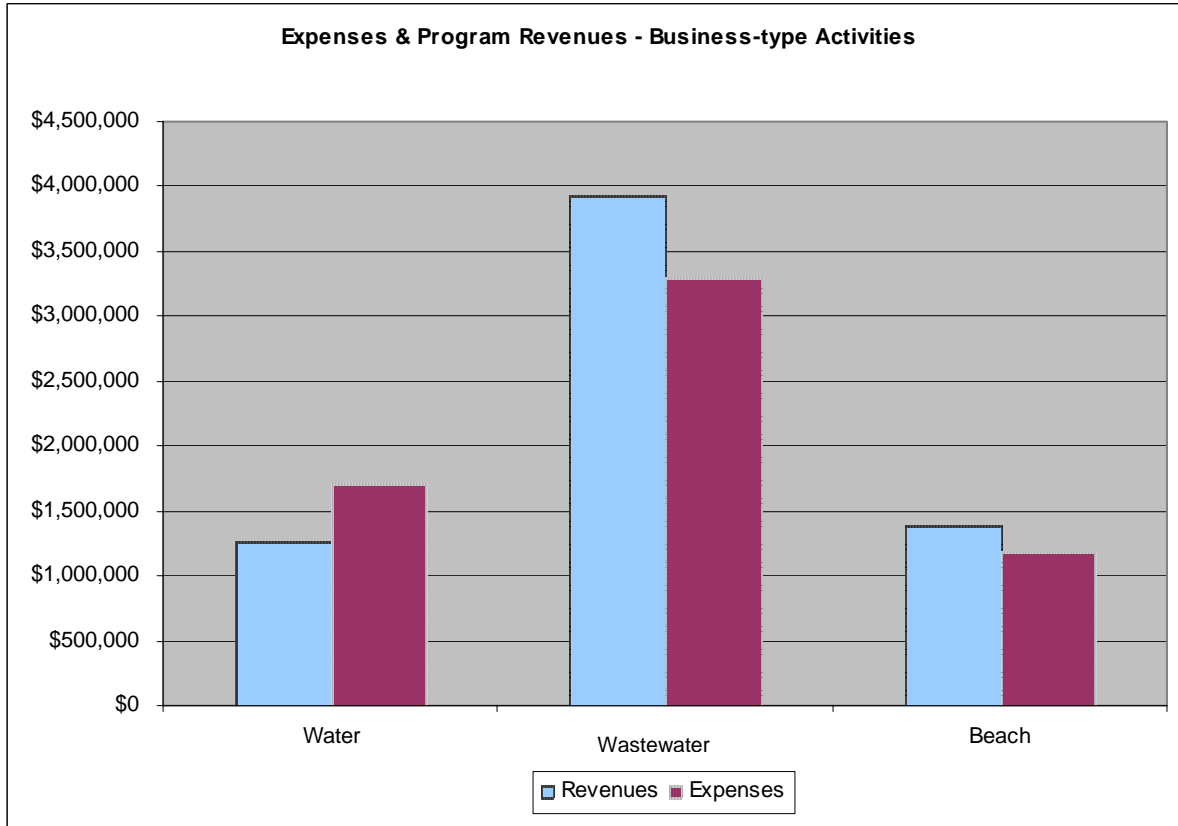
Property taxes increased by \$2,735,415, or 7.1%. Most of this increase can be traced to the augment in the property tax levy authorized under "Senate 3050." Chapter 253 of the Public Laws of 2006 (introduced as Senate 3050) entitled "Relating to Taxation – Property Taxes" modified the calculation of the property tax cap beginning in fiscal year 2008, changed the criteria for exemptions from the property tax cap, limited the increase that the School Committees could request from municipal funds in their annual budget proposal and amended the definition of "state mandates." The state-wide property tax cap that became effective on July 1, 2007. This cap limited the property tax levy increase to 5.25% in fiscal year 2008 and set in place a .25% reduction for each successive fiscal year until fiscal year 2013, when the will be set at 4.0%. For fiscal year 2009, the capped levy increase was 5.0% (fiscal year 2009 Certified Net Levy was \$38,325,157 and the fiscal year 2009 maximum net levy was calculated to be \$40,241,415 and the actual levy was \$40,209,538).

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### Government-wide Financial Analysis (Continued)

*Business-type activities:* Business-type activities increased the Town's net assets by \$713,554. Key elements of the increase are as follows:

- a. Water Fund: The net assets of the Water enterprise are down \$388,302, or 5.6%.
- b. Wastewater Fund: The net assets for the Wastewater enterprises are up \$855,999, or 3.6%
- c. Beach Fund: The net assets for the Beach enterprises are up \$245,857, or 5.1%.



### Financial Analysis of the Town's Funds

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

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### Financial Analysis of the Town's Funds (Continued)

*Governmental funds (continued):* As of the end of the reporting period, the Town governmental funds reported combined ending fund balances of \$7,924,746, an increase of \$1,619,049 in comparison with the prior year. Approximately 96% of this total amount (\$7,635,843) constitutes *unreserved fund balance*, which is available for spending at the Town's discretion.

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, *unreserved*, undesignated fund balance of the general fund was \$1,883,690, while total fund balance was \$2,172,593. As a measure of the general fund's liquidity, it may be useful to compare both *unreserved* fund balance and total fund balance to total fund expenditures. Unreserved, undesignated fund balances represents 4.8% of the total general fund expenditures, while total fund balance represents 5.5% of the same amount.

The fund balance of the Town's general fund decreased by \$749,004 during the year ended June 30, 2009 (FY 2009).

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

- a. Water fund: The unrestricted net assets of the water fund at June 30, 2009 totaled \$1,889,068.
- b. Wastewater fund: The unrestricted net assets of the wastewater fund at the end of the year amounted to \$6,084,397.
- c. Beach fund: The unrestricted net assets of the beach fund at the end of the year totaled \$1,670,220.

### General Fund Budgetary Highlights

The annual capital and operating budgets were not radically altered once they were approved by the Town Council in June 2008. Minor transfers between budgetary line items within the same department are routinely administered by the Purchasing Agent; however, there were major budget changes that were administered without a supplemental budget ordinance.

1. Taxation: Due to a change in the number of notices sent to taxpayers to remind them of their quarterly tax payments, the collection of property taxes was \$470,813 less than budget.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### General Fund Budgetary Highlights (Continued)

2. General Revenue Sharing: The State of Rhode Island cancelled 50% of this form of state aid in the second half of the fiscal year. Thus, \$717,780 was budgeted, but only \$339,000 was realized, resulting in a reduction of \$378,780.

### Capital Assets and Debt Administration

1. Capital assets: The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2009 amounts to \$127,410,534 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, roads and bridges. The total increase in the Town's investment in capital assets, net of accumulated depreciation, for FY2009 was 5.2% (a 7.9% increase for governmental activities and a 1.6% decrease for business-type activities). Major capital asset events during the reporting period included the following:
  - a. The completion of the \$21.5 million school construction project that renovated and rehabilitated the public school facilities.
  - b. The purchase of Public Works' trucks and heavy equipment in the amount of \$401,000.
  - c. The continuation of the Public Works' pavement management program with the investment of \$283,000.
  - d. The initiation of a town-wide statistical revaluation of all town-assessed properties. During the year ended June 30, 2009, \$192,000 was expended; and this project was completed in the succeeding fiscal year.
  - e. The purchase of a new fire apparatus for the Fire Department for \$175,000.
  - f. Renovations and repairs to the Towers (previously described, this structure is now owned by the Town and is operated as a function hall that is rented for weddings, receptions and other gatherings) in the amount of \$157,000.

### Town of Narragansett's Capital Assets (Net of accumulated depreciation)

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 10,064,696	\$ 10,064,696	\$ 2,187,780	\$ 2,187,780	\$ 12,252,476	\$ 12,252,476
Construction in progress	2,012,582	16,379,664	1,640,809	2,310,217	3,653,391	18,689,881
Buildings and improvements	34,763,812	14,348,783	5,069,163	5,245,312	39,832,975	19,594,095
Machinery and equipment	3,597,059	1,925,659	556,995	615,476	4,154,054	2,541,135
Vehicles	2,641,467	2,524,056	76,069	109,135	2,717,536	2,633,191
Infrastructure	40,103,583	41,085,802	24,696,518	24,322,542	64,800,101	65,408,344
<b>Total</b>	<b>\$ 93,183,199</b>	<b>\$ 86,328,660</b>	<b>\$ 34,227,334</b>	<b>\$ 34,790,462</b>	<b>\$ 127,410,533</b>	<b>\$ 121,119,122</b>

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### Capital Assets and Debt Administration (Continued)

2. Debt administration: At the end of the fiscal year, the Town had total bonds and notes outstanding of \$34,516,178, all of which is backed by the full faith and credit of the Town. Total debt increased by \$8.2 million during the reporting year.

The Town began the fiscal year with a \$9.8 million bond anticipation note (BAN) outstanding for the \$21.5 million school construction project approved by the voters of the Town in 2006. This project was designed to complete needed repairs and rehabilitation to the three Narragansett schools. This note was retired in July 2008 when a \$21.5 million BAN was issued. A bond in the amount of \$20.9 million was issued through the Rhode Island Health and Educational Building Corporation (RIHEBC) in May 2009. Established by the Rhode Island General Assembly in 1966, RIHEBC was created to provide nonprofit educational and healthcare providers with access to low-cost affordable capital financing for their capital projects through the sale of tax-exempt bonds. Combined with the net premium realized from the sale, the \$21.5 million BAN was retired with the proceeds. The State of Rhode Island is committed to supporting 30% of the combined principal and interest costs, and remits the reimbursement within thirty days of the gross debt service payment.

The Town maintained an "AA-" rating from Standard & Poors for general obligation debt.

#### Town of Narragansett's Outstanding Debt General Obligation Bonds and Revenue Bonds (in thousands)

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
General obligation bonds	\$ 24,159	\$ 14,457	\$ 5,283	\$ 5,825	\$ 29,442	\$ 20,282
Notes and loans	2,503	2,786	2,571	3,269	5,074	6,055
Total	\$ 26,662	\$ 17,243	\$ 7,854	\$ 9,094	\$ 34,516	\$ 26,337

Except as provided below, under Rhode Island general laws, the Town may not, without special statutory authorization, incur any debt which would increase its aggregate indebtedness not otherwise excepted by law to an amount greater than 3% of the taxable property of the Town. Deducted from the computation of aggregated indebtedness is the amount of any borrowing in anticipation of taxes authorized by law and the amount of any sinking funds maintained by the Town. The 3% debt limit of the Town is \$161,949,000 based on net assessed valuations of \$4,825,966,196 as of December 31, 2008. As of June 30, 2009, the Town had \$24,159,047 of debt outstanding under the 3% debt limit provision; the remaining outstanding debt has been authorized by special act of the Rhode Island State Legislature and referenda approved by the Town Electorate.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### Capital Assets and Debt Administration (Continued)

The Town is also guided by a Debt Policy, adopted by a prior Town Council, which places internal limits on the amount of General Fund debt the Town may undertake. These restrictions are as follows:

<u>Debt Issuance Ratios</u>	<u>Limitation</u>
Debt Service as a Percentage of Operating Budget	7% of Operating Budget
Outstanding Debt as a Percentage of Assessed Valuation	2.5% of assessed valuations
Debt Service as a Percentage of Maximum Allowable Tax Levy	8% of Maximum Allowable Tax Levy
Outstanding Debt Per Capita	\$2,500 per capita

### Environmental Remediation

The United States Environmental Protection Agency (US EPA) has notified the Town that two former landfills used by the Town, Rose Hill Regional Landfill (Rose Hill) and West Kingston/URI Disposal Area Landfills, have been placed on the Superfund list.

#### *Rose Hill Regional Landfill:*

Rose Hill was previously operated by the towns of South Kingstown and Narragansett. In September 2002, the US EPA, the Rhode Island Department of Environmental Management (RIDEM) and the towns of Narragansett and South Kingstown entered into a Final Consent Decree for remediation of Rose Hill. Since then, the site has been capped and long-term groundwater and air monitoring has commenced to determine the effectiveness of the cap and what, if any, additional remediation actions may be necessary in the future.

The current estimated cost of completing the clean-up of Rose Hill is approximately \$22,800,000. The Town of Narragansett paid \$2,000,000 to the Federal Government to settle all past liabilities associated with Rose Hill. The amount was funded through a 20-year general obligation bond sold in September 2002 with interest at 1.18%. The outstanding bond balance at June 30, 2009 is \$1,513,068. The Town also paid \$504,931 for its share of natural resource damages.

The Final Consent Decree also requires reimbursement to the State of Rhode Island (State) of 30% of the costs associated with remediation of this landfill and ongoing operation and maintenance costs. Such costs are currently estimated at \$3,964,000 and will be shared equally by the two towns. The Town of Narragansett's share of the estimated cost, totaling \$1,982,000, will be paid to the State over a 27-year period beginning in 2011. As such, \$1,982,000 has been reported as accrued claims and judgments in the 2009 government-wide financial statements.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

### Environmental Remediation (Continued)

#### *West Kingston/URI Disposal Area Landfills:*

The West Kingston/URI Disposal Area Landfills, also known as the Plains Road Landfill (Plains Road), was added to the Superfund list in 1992. The University of Rhode Island (URI) and the Towns of Narragansett and South Kingstown have agreed to participate in the remediation of the site under State landfill closure regulations. Total project costs paid to date approximate \$7,073,000, for which the Town has paid approximately \$1,476,000. In addition to these costs, ongoing maintenance costs will be paid as part of the annual operating budget.

### Other Postemployment Benefits

During the year ended June 30, 2009, the Town adopted GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefit Plans Other than Pensions," which is being applied on a prospective basis. The Town's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined, in accordance with the parameters of GASB Statement No. 45. The Town's net OPEB obligation at June 30, 2009 of \$5,021,974 has been recorded as a long-term obligation in the government-wide financial statements.

### Economic Factors and Next Year's Budget and Rates

The primary economic factor affecting fiscal year 2010 is the recession that is plaguing the entire nation. Rhode Island has been identified as one of the three states most adversely affected by the downturn. The recession has negatively impacted tax and utility collection rates, investment earnings and state aid.

### Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Finance Director  
25 Fifth Avenue  
Narragansett, RI 02882

TOWN OF NARRAGANSETT, RHODE ISLAND

STATEMENT OF NET ASSETS

JUNE 30, 2009

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 6,549,203	\$ 1,500	\$ 6,550,703
Investments	8,688,692		8,688,692
Accounts receivable, less allowance for doubtful accounts of \$300,000:			
Property taxes	2,294,430		2,294,430
Federal and state government Assessments and user fees:	670,814		670,814
Current		467,054	467,054
Noncurrent		7,301,224	7,301,224
Other	301,702	369,575	671,277
Prepaid expenses and other	662,711		662,711
Due from fiduciary funds	960,320		960,320
Internal balances	(9,241,276)	9,241,276	-
Deferred charges	290,672		290,672
Capital assets not being depreciated	12,077,278	3,828,590	15,905,868
Capital assets being depreciated, net	81,105,921	30,398,745	111,504,666
Other assets		134,849	134,849
	<u>104,360,467</u>	<u>51,742,813</u>	<u>156,103,280</u>
<b>LIABILITIES:</b>			
Accounts payable and accrued expenses	1,700,258	382,992	2,083,250
Accrued compensated absences		249,531	249,531
Deferred revenue		7,239,270	7,239,270
Long-term obligations:			
Due within one year	2,832,661	1,146,541	3,979,202
Due in more than one year	46,617,734	6,680,844	53,298,578
	<u>51,150,653</u>	<u>15,699,178</u>	<u>66,849,831</u>
Commitments and contingencies (Note 11)			
<b>NET ASSETS (DEFICIENCY):</b>			
Invested in capital assets, net of related debt	65,852,760	26,399,950	92,252,710
Unrestricted	(12,642,946)	9,643,685	(2,999,261)
	<u>\$ 53,209,814</u>	<u>\$ 36,043,635</u>	<u>\$ 89,253,449</u>

See notes to basic financial statements.



TOWN OF NARRAGANSETT, RHODE ISLAND

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2009

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental activities:</b>							
General government	\$ 3,758,548	\$ 1,018,126	\$ 174,617		\$ (2,565,805)		\$ (2,565,805)
Financial administration	868,872	645,099			(223,773)		(223,773)
Public safety	10,932,393	507,740	616	\$ 1,173,524	(9,250,513)		(9,250,513)
Public works	3,757,059	1,625	340,500		(3,414,934)		(3,414,934)
Social services	249,641		34,292		(215,349)		(215,349)
Parks and recreation	1,451,280	135,667	208,344		(1,107,269)		(1,107,269)
Planning, engineering and inspection	1,843,867	228,230	(392,478)		(2,008,115)		(2,008,115)
Library	727,401	6,644	117,559	16,735	(586,463)		(586,463)
Food service	357,069	234,592	81,543		(40,934)		(40,934)
Other	7,590,833	381,414	35,355		(7,174,064)		(7,174,064)
Education	27,651,643	342,412	2,396,647		(24,912,584)		(24,912,584)
Interest on long-term debt	1,152,315				(1,152,315)		(1,152,315)
Total governmental activities	<u>60,340,921</u>	<u>3,501,549</u>	<u>2,996,995</u>	<u>1,190,259</u>	<u>(52,652,118)</u>		<u>(52,652,118)</u>
<b>Business-type activities:</b>							
Water	1,722,238	1,263,442				\$ (458,796)	(458,796)
Sewer	3,497,571	3,935,886				438,315	438,315
Beach	1,194,320	1,394,208				199,888	199,888
Total business-type activities	<u>6,414,129</u>	<u>6,593,536</u>				<u>179,407</u>	<u>179,407</u>
Total	<u>\$ 66,755,050</u>	<u>\$ 10,095,085</u>	<u>\$ 2,996,995</u>	<u>\$ 1,190,259</u>	<u>(52,652,118)</u>	<u>179,407</u>	<u>(52,472,711)</u>
General revenues:							
Property taxes					41,435,378		41,435,378
Grants and contributions not restricted to specific programs					2,501,803		2,501,803
Investment earnings (loss)					(172,041)	534,147	362,106
Miscellaneous					111,390		111,390
Total general revenues					<u>43,876,530</u>	<u>534,147</u>	<u>44,410,677</u>
Change in net assets					<u>(8,775,588)</u>	<u>713,554</u>	<u>(8,062,034)</u>
Net assets, beginning of year:							
As previously reported					23,644,264	35,330,081	58,974,345
Prior period adjustment (Notes 5 and 7)					38,341,138		38,341,138
As restated					<u>61,985,402</u>	<u>35,330,081</u>	<u>97,315,483</u>
Net assets, end of year					<u>\$ 53,209,814</u>	<u>\$ 36,043,635</u>	<u>\$ 89,253,449</u>

See notes to basic financial statements.

TOWN OF NARRAGANSETT, RHODE ISLAND

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2009

ASSETS	General Fund	School Unrestricted Fund	School Renovation Funds	Other Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 6,503,048	\$ 125		\$ 46,030	\$ 6,549,203
Investments	8,688,692				8,688,692
Accounts receivable:					
Property taxes, net	2,594,430				2,594,430
Federal and state government	159,103	68,226		443,485	670,814
Other	94,726	8,010		198,966	301,702
Prepaid and other expenses	409,703	253,008			662,711
Due from fiduciary funds	960,320				960,320
Due from other funds		2,275,192	\$ 42,073	4,619,712	6,936,977
<b>Total assets</b>	<b>\$ 19,410,022</b>	<b>\$ 2,604,561</b>	<b>\$ 42,073</b>	<b>\$ 5,308,193</b>	<b>\$ 27,364,849</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable and accrued expenses	\$ 581,012	\$ 675,782	\$ 154,347	\$ 97,697	\$ 1,508,838
Accrued compensated absences	269,483			4,862	274,345
Due to other funds	15,068,031			1,082,410	16,150,441
Deferred revenue	1,318,903			187,576	1,506,479
<b>Total liabilities</b>	<b>17,237,429</b>	<b>675,782</b>	<b>154,347</b>	<b>1,372,545</b>	<b>19,440,103</b>
Fund balances:					
Reserved for prepaid and other expenses	288,903				288,903
Unreserved, reported in:					
General Fund	1,883,690				1,883,690
Special revenue funds		1,928,779		3,935,648	5,864,427
School renovation funds			(112,274)		(112,274)
<b>Total fund balances</b>	<b>2,172,593</b>	<b>1,928,779</b>	<b>(112,274)</b>	<b>3,935,648</b>	<b>7,924,746</b>
<b>Total liabilities and fund balances</b>	<b>\$ 19,410,022</b>	<b>\$ 2,604,561</b>	<b>\$ 42,073</b>	<b>\$ 5,308,193</b>	<b>\$ 27,364,849</b>

See notes to basic financial statements.

TOWN OF NARRAGANSETT, RHODE ISLAND

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS

JUNE 30, 2009

Total fund balances for governmental funds		\$	7,924,746
Assets used in governmental activities which are not financial resources and, therefore, are not reported in the funds:			
Capital assets, net	\$	93,183,199	
Deferred charges		<u>290,672</u>	93,473,871
Some taxes and grants will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as deferred revenue in the funds, less amounts not expected to be collected			1,206,479
Internal service funds are used by management to charge the costs of fleet management services to individual departments			(40,919)
Liabilities not due and payable in the current period which therefore are not reported in the funds:			
Bonds and notes payable, including premiums or discounts		(27,330,438)	
Net pension obligation		(11,664,593)	
Other postemployment benefits		(5,021,974)	
Claims and judgements		(2,336,450)	
Compensated absences payable		(2,822,595)	
Accrued interest		<u>(178,313)</u>	<u>(49,354,363)</u>
Net assets of governmental activities			<u>\$ 53,209,814</u>

See notes to basic financial statements.

TOWN OF NARRAGANSETT, RHODE ISLAND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2009

	General Fund	School Unrestricted Fund	School Renovation Funds	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
General property taxes and payments in lieu of taxes	\$ 40,314,466				\$ 40,314,466
State aide, unrestricted	2,501,803	\$ 1,214,014			3,715,817
Charges for services	2,536,487	342,412		\$ 622,650	3,501,549
Operating grants and contributions				2,180,945	2,180,945
Capital gains and contributions				1,190,259	1,190,259
Investment and interest income (loss)	(37,671)		\$ 30,041	56,671	49,041
Other revenues	100,000			17,189	117,189
<b>Total revenues</b>	<b>45,415,085</b>	<b>1,556,426</b>	<b>30,041</b>	<b>4,067,714</b>	<b>51,069,266</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General government	1,481,303			246,890	1,728,193
Financial administration	957,878				957,878
Public safety	9,977,018			1,022,665	10,999,683
Public works	2,062,454			916,412	2,978,866
Social services	206,418			19,928	226,346
Parks and recreation	1,220,704			290,644	1,511,348
Planning, engineering and inspection	960,789			1,175,244	2,136,033
Library				634,152	634,152
Food service				357,069	357,069
Other	1,389,536				1,389,536
Education		24,632,382		1,454,841	26,087,223
<b>Debt service:</b>					
Principal	21,500,000			1,429,810	22,929,810
Interest				1,290,766	1,290,766
Capital outlay			\$ 9,482,535		9,482,535
<b>Total expenditures</b>	<b>39,756,100</b>	<b>24,632,382</b>	<b>9,482,535</b>	<b>8,838,421</b>	<b>82,709,438</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>5,658,985</b>	<b>(23,075,956)</b>	<b>(9,452,494)</b>	<b>(4,770,707)</b>	<b>(31,640,172)</b>
<b>Other financing sources (uses):</b>					
Bond anticipation note, net			11,548,271		11,548,271
Bond proceeds	20,930,000				20,930,000
Bond premium	780,950				780,950
Transfers from other funds		24,473,441		4,907,520	29,380,961
Transfers to other funds	(28,118,939)	(1,237,022)		(25,000)	(29,380,961)
<b>Total other financing sources (uses)</b>	<b>(6,407,989)</b>	<b>23,236,419</b>	<b>11,548,271</b>	<b>4,882,520</b>	<b>33,259,221</b>
<b>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses</b>	<b>(749,004)</b>	<b>160,463</b>	<b>2,095,777</b>	<b>111,813</b>	<b>1,619,049</b>
<b>Fund balance, beginning of year</b>	<b>2,921,597</b>	<b>1,768,316</b>	<b>(2,208,051)</b>	<b>3,823,835</b>	<b>6,305,697</b>
<b>Fund balance, end of year</b>	<b>\$ 2,172,593</b>	<b>\$ 1,928,779</b>	<b>\$ (112,274)</b>	<b>\$ 3,935,648</b>	<b>\$ 7,924,746</b>

See notes to basic financial statements.

TOWN OF NARRAGANSETT, RHODE ISLAND

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2009

Net change in fund balances for governmental funds		\$ 1,619,049
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities these costs are allocated over the life of the related debt and reported as depreciation expense.</p>		
Capital outlays, including amounts charged to current expenditures	\$ 11,013,460	
Depreciation expense	<u>(3,911,346)</u>	7,102,114
<p>Governmental funds report bond issuance costs as expenditures. However, in the statement of activities these costs are allocated over the life of the related debt and reported as amortization expense.</p>		
		(25,898)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.</p>		
Deferred revenue	717,149	
Accrued interest receivable	<u>(221,082)</u>	496,067
<p>The issuance of long-term debt (including premiums or discounts) provides current resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment and refunding of bonds and notes use current financial resources, but decrease long-term liabilities in the statement of net assets. Bond premiums and refunding charges are deferred and amortized as part of future interest expense.</p>		
Principal repayment on long-term debt	1,690,539	
Repayment of bond anticipation notes	21,239,271	
Issuance of general obligation bonds, including premium of \$780,950	(21,710,950)	
Issuance of bond anticipation notes	(11,548,271)	
Bond issuance costs	190,950	
Amortization of:		
Deferred charge on refunding	(43,505)	
Bond premiums	<u>20,166</u>	(10,161,800)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources in governmental funds in the current year:</p>		
Accrued compensated absences	876,080	
Accrued claims and judgments	(2,336,450)	
Allowance for doubtful accounts	(300,000)	
Pension contributions	(1,179,323)	
Other postemployment health benefits	<u>(5,021,974)</u>	(7,961,667)
<p>Internal service funds are used by management to charge the costs of fleet management services to individual departments</p>		
		(5,243)
<p>Accrued interest reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in governmental funds</p>		
		<u>161,790</u>
Change in net assets of governmental activities		<u><u>\$ (8,775,588)</u></u>

See notes to basic financial statements.

TOWN OF NARRAGANSETT, RHODE ISLAND  
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

JUNE 30, 2009

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Water Fund	Sewer Fund	Beach Fund	Total	Internal Service Fund
<b>ASSETS:</b>					
Current assets:					
Cash and cash equivalents			\$ 1,500	\$ 1,500	
Accounts receivable:					
Assessments and user fees	\$ 145,274	\$ 321,780		467,054	
Other	130,325	239,250		369,575	
Due from other funds	1,869,505	5,620,335	1,751,436	9,241,276	
Total current assets	2,145,104	6,181,365	1,752,936	10,079,405	
Noncurrent assets:					
Assessments and user fees		7,301,224		7,301,224	
Capital assets not being depreciated	603,960	1,350,607	1,874,023	3,828,590	
Capital assets being depreciated, net	4,358,789	24,398,062	1,641,894	30,398,745	\$ 66,163
Other assets	12,498	122,351	-	134,849	
Total assets	7,120,351	39,353,609	5,268,853	51,742,813	66,163
<b>LIABILITIES:</b>					
Current liabilities:					
Accounts payable and accrued expenses	195,048	105,228	82,716	382,992	13,107
Due to other funds					27,812
Accrued compensated absences	73,486	176,045		249,531	
Current portion of long-term debt	50,567	991,772	104,202	1,146,541	
Total current liabilities	319,101	1,273,045	186,918	1,779,064	40,919
Noncurrent liabilities:					
Deferred revenue		7,239,270		7,239,270	
Long term debt, net of current portion	301,237	6,379,607		6,680,844	
Total noncurrent liabilities	301,237	13,618,877		13,920,114	
Total liabilities	620,338	14,891,922	186,918	15,699,178	40,919
<b>NET ASSETS:</b>					
Invested in capital assets, net of related debt	4,610,945	18,377,290	3,411,715	26,399,950	25,244
Unrestricted	1,889,068	6,084,397	1,670,220	9,643,685	
Total net assets	\$ 6,500,013	\$ 24,461,687	\$ 5,081,935	\$ 36,043,635	\$ 25,244

See notes to basic financial statements.

TOWN OF NARRAGANSETT, RHODE ISLAND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS -  
PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2009

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Water Fund	Sewer Fund	Beach Fund	Total	Internal Service Fund
Operating revenues:					
Assessments and user fees	\$ 1,234,603	\$ 3,882,480		\$ 5,117,083	
Beach admittance and rental fees			\$ 1,394,208	1,394,208	
Vehicle maintenance changes					\$ 406,920
Other revenues	28,839	53,406		82,245	
Total operating revenues	1,263,442	3,935,886	1,394,208	6,593,536	406,920
Operating expenses:					
Salaries and benefits	424,212	670,918	594,953	1,690,083	278,855
Materials and supplies	633,249	1,093,839	170,442	1,897,530	119,364
Utilities	21,109	184,843	23,088	229,040	1,204
Administrative and miscellaneous	194,515	593,015	318,031	1,105,561	4,009
Depreciation and amortization	434,890	747,769	82,607	1,265,266	8,731
Total operating expenses	1,707,975	3,290,384	1,189,121	6,187,480	412,163
Operating income (loss)	(444,533)	645,502	205,087	406,056	(5,243)
Nonoperating revenues (expenses):					
Interest revenue	70,494	417,684	45,969	534,147	
Interest expense	(14,263)	(207,187)	(5,199)	(226,649)	
Total nonoperating revenues (expenses)	56,231	210,497	40,770	307,498	
Change in net assets	(388,302)	855,999	245,857	713,554	(5,243)
Net assets, beginning of year	6,888,315	23,605,688	4,836,078	35,330,081	30,487
Net assets, end of year	\$ 6,500,013	\$ 24,461,687	\$ 5,081,935	\$ 36,043,635	\$ 25,244

See notes to basic financial statements.

TOWN OF NARRAGANSETT, RHODE ISLAND

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2009

	Business-Type Activities - Enterprise Funds				Governmental
	Water Fund	Sewer Fund	Beach Fund	Total	Activities Internal Service Fund
Cash flows from operating activities:					
Cash received from customers	\$ 1,223,863	\$ 3,744,510	\$ 1,399,409	\$ 6,367,782	\$ 406,920
Cash received from other sources	28,839	53,406		82,245	
Cash paid to employees and for benefits	(404,894)	(707,527)	(594,953)	(1,707,374)	(278,855)
Cash paid to suppliers	(655,126)	(1,327,680)	(165,187)	(2,147,993)	(122,689)
Cash paid for administrative expenses	(194,515)	(593,015)	(318,031)	(1,105,561)	4,722
Net cash provided by (used in) operating activities	(1,833)	1,169,694	321,238	1,489,099	10,098
Cash provided by noncapital financing activities, interfund balances	273,065	(75,950)	(151,478)	45,637	(10,098)
Cash flows from capital and related financing activities:					
Acquisition and construction of fixed assets	(272,037)	(263,941)	(80,309)	(616,287)	
Principal paid on long-term debt	(55,426)	(1,040,300)	(130,021)	(1,225,747)	
Interest paid on long-term debt	(14,263)	(207,187)	(5,199)	(226,649)	
Net cash used in capital and related financing activities	(341,726)	(1,511,428)	(215,529)	(2,068,683)	
Cash provided by investing activities, interest received	70,494	417,684	45,969	534,147	
Net increase in cash and cash equivalents	-	-	200	200	-
Cash and cash equivalents, beginning of year	-	-	1,300	1,300	-
Cash and cash equivalents, end of year	\$ -	\$ -	\$ 1,500	\$ 1,500	\$ -

See notes to basic financial statements.



TOWN OF NARRAGANSETT, RHODE ISLAND

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (CONTINUED)

YEAR ENDED JUNE 30, 2009

	Business-Type Activities - Enterprise Funds				Governmental
	Water Fund	Sewer Fund	Beach Fund	Total	Internal Service Fund
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ (444,533)	\$ 645,502	\$ 205,087	\$ 406,056	\$ (5,243)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	434,890	747,769	82,607	1,265,266	8,731
Changes in assets and liabilities:					
Accounts receivable	(10,740)	629,768	5,201	624,229	
Accounts payable and accrued expenses	(768)	(48,998)	28,343	(21,423)	6,610
Accrued compensated absences	19,318	(36,609)		(17,291)	
Deferred revenue		(767,738)		(767,738)	
Net cash provided by (used in) operating activities	<u>\$ (1,833)</u>	<u>\$ 1,169,694</u>	<u>\$ 321,238</u>	<u>\$ 1,489,099</u>	<u>\$ 10,098</u>

See notes to basic financial statements.

TOWN OF NARRAGANSETT, RHODE ISLAND

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS

YEAR ENDED JUNE 30, 2009

	<u>Pension Trust Funds</u>	<u>Private Purpose Trust Funds</u>
<b>ASSETS:</b>		
Cash and cash equivalents		\$ 15,737
Due from other funds		104,982
Prepaid expenses	<u>\$ 224,328</u>	<u>                    </u>
	<u>224,328</u>	<u>120,719</u>
Investments, at fair value	<u>43,275,858</u>	<u>-</u>
Total assets	<u>43,500,186</u>	<u>120,719</u>
<b>LIABILITIES:</b>		
Internal balances	1,065,302	
Accounts payable and accrued expenses	<u>11,922</u>	
	<u>1,077,224</u>	
<b>NET ASSETS:</b>		
Held in trust for pension benefits and other purposes	<u>\$ 42,422,962</u>	<u>\$ 120,719</u>

See notes to basic financial statements.

TOWN OF NARRAGANSETT, RHODE ISLAND

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS

YEAR ENDED JUNE 30, 2009

	<u>Pension Trust Funds</u>	<u>Private Purpose Trust Funds</u>
Additions to net assets:		
Contributions:		
Employer	\$ 1,342,866	
Plan members	1,004,705	
Retiree health benefits	<u>1,093,029</u>	
Total contributions	<u>3,440,600</u>	
Investment earnings, interest and dividends	<u>1,599,314</u>	<u>29,585</u>
Total additions	<u>5,039,914</u>	<u>29,585</u>
Deductions from net assets:		
Benefits	2,826,758	
Retiree health benefits	1,082,614	
Net decrease in fair value of investments	7,735,201	4,301
Administrative and other expenses	301,191	
Refund of contributions	132,886	
Miscellaneous	<u>24,165</u>	
Total deductions	<u>12,102,815</u>	<u>4,301</u>
Change in net assets	(7,062,901)	25,284
Net assets, beginning of year	<u>49,485,863</u>	<u>95,435</u>
Net assets, end of year	<u>\$ 42,422,962</u>	<u>\$ 120,719</u>

See notes to basic financial statements.

TOWN OF NARRAGANSETT, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2009

1. Summary of significant accounting policies:

The financial statements of the Town of Narragansett, Rhode Island (the Town) have been prepared in conformity with accounting principles generally accepted in the United States applicable to governmental entities. In certain instances, summaries of the Town's significant accounting policies have been presented throughout the notes to the basic financial statements in conjunction with other disclosures to which they relate.

*Financial reporting entity:*

The Town of Narragansett was founded in 1888 and is governed under the 1966 Narragansett Home Rule Charter (the Charter), which provides for a Town Council/Town Manager form of government. Legislative authority is vested in a five-member Town Council elected to biennial terms. A five-member School Committee is vested with autonomous legislative authority over the Town's public school system. Members of the School Committee are elected to biennial terms.

The council-appointed Town Manager serves as chief executive officer over all municipal services including: public safety (police, fire, and emergency services); public works (highway, streets, and facilities management); parks and recreation; planning, engineering and inspection; education; social services and general administrative services.

The Superintendent of Schools, appointed by the School Committee, serves as the chief executive officer for the School Department, which provides elementary and secondary education to Town residents.

All legislative powers of the Town, except those reserved by state law or vested in the Financial Town Meeting by the Charter and by-laws enacted by the Town Council, are vested in the Town Council by the Charter, including the ordering of any tax, making of appropriations and transacting of any other business pertaining to the financial affairs of the Town.

In evaluating the inclusion of other separate and distinct legal entities as component units within its financial reporting structure, the Town applied the criteria prescribed by Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity," as amended by GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units." A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable or for which the nature and significance of its relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Town has identified no component units through the application of GASB Statement Nos. 14 and 39 criteria.

TOWN OF NARRAGANSETT, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2009

1. Summary of significant accounting policies (continued):

*Basis of presentation:*

*Government-wide financial statements:*

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

The statement of activities presents a comparison between expenses and program revenue for each function of the Town's governmental activities. Program revenues include a) fees, fines and charges paid by the recipients of goods or services offered by the programs and b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

*Fund financial statements:*

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

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

All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

TOWN OF NARRAGANSETT, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2009

1. Summary of significant accounting policies (continued):

*Basis of presentation (continued):*

*Fund financial statements (continued):*

*Governmental funds:*

Governmental funds are used to account for operations that supply basic government services.

The Town reports the following major governmental funds:

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

The *School unrestricted fund*, a special revenue fund, is the school's primary operating fund. Special revenue funds are used to account for the proceeds of specific revenue sources that are legally or administratively restricted to expenditures for specific purposes. The School unrestricted fund is a special revenue fund because the revenue sources are legally restricted to educational expenditures. It accounts for all financial resources of the school, other than those specifically restricted by the providers for certain uses.

The *School renovation funds*, capital project funds, are used to account for the acquisition of capital assets or construction of major school capital projects.

*Proprietary funds:*

Proprietary funds are used to account for business-like activities provided to the general public (enterprise funds) or within the government (internal service funds). These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The Town considers all enterprise funds and internal service funds to be major funds for financial statement purposes even though they may not qualify under the GASB guidelines. The Town's proprietary funds consist of the Water Fund, Sewer Fund, Beach Fund and an Internal Service Fund.

TOWN OF NARRAGANSETT, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2009

1. Summary of significant accounting policies (continued):

*Basis of presentation (continued):*

*Fund financial statements (continued):*

Additionally, the Town reports the following fund types:

*Capital projects funds* are used to account for resources restricted for the acquisition or construction of specific capital projects or items, other than those financed by proprietary funds or those accounted for in the school renovation fund.

*Permanent funds* account for assets held by the Town where the principal portion of this fund type must remain intact, but the earnings may be used to achieve the objectives of the fund.

*Fiduciary funds* are used to report assets held by the Town in a trustee or agency capacity and, therefore, cannot be used to support the Town's own programs. The following fiduciary funds are used by the Town:

*Pension trust funds* account for contributions made by the Town and its participating employees to provide retirement and other postemployment benefits to participating employees.

Private purpose trust funds account for resources legally held in trust for use by an outside committee to provide awards and scholarships in accordance with a donor's instructions. All resources of the fund, including any earnings on investments, may be used. There is no requirement that any portion of these resources be preserved as capital.

*Measurement focus and basis of accounting:*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

TOWN OF NARRAGANSETT, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2009

1. Summary of significant accounting policies (continued):

*Basis of presentation (continued):*

*Measurement focus and basis of accounting (continued):*

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are susceptible to accrual. Susceptibility occurs when revenues are both measurable and available for liquidating liabilities of the current period. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period (sixty days). Revenues not considered to be available are recorded as deferred revenues. Expenditures, including capital outlays, are recognized when a liability has been incurred, except for those involving debt service and other long-term obligations that are recognized when paid.

Those revenues susceptible to accrual are property taxes, special assessments, federal impact aid, state aid, meals and hotel taxes collected by the State of Rhode Island (the State) on behalf of the Town, interest and charges for services. Fines, licenses and permit revenues are not susceptible to accrual because generally they are not measurable until received in cash and thus are recognized when received.

Recognition of grant revenues is based on the susceptibility of accrual as determined by the legal and contractual requirements established by each grantor. For grants not restrictive as to specific purposes and revocable only for failure to comply with general prescribed requirements, revenues are recognized when actually received. Where expenditure is the prime factor in determining eligibility, grant revenue is recognized as allowable expenditures are made provided they are collected during the year or within 60 days subsequent to year-end. Prior to expenditure, proceeds are recorded as deferred revenues.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

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



TOWN OF NARRAGANSETT, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2009

1. Summary of significant accounting policies (continued):

*Basis of presentation (continued):*

*Measurement focus and basis of accounting (continued):*

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water, Sewer, and Beach Funds are charges to customers for sales and services. The Internal Service Fund is used to account for vehicle repair and maintenance services provided to Town departments. Operating expenses for the proprietary funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed.

*Property taxes:*

Property taxes are recognized as revenue in the year they are levied and become available. Taxes are levied in August on (a) one hundred percent of the full and fair value of real and tangible personal property owned within the Town the previous December 31; and, (b) the value, as determined by the Rhode Island Vehicle Valuation Commission, of vehicles registered within the Town the previous calendar year, prorated for the actual number of days so registered. Taxes levied in July are payable quarterly on July 31, October 31, January 31 and April 30. Failure to make payments will result in a lien on the taxpayer's property.

Rhode Island general laws restrict the Town's ability to increase its total tax levy by more than 5.0% over that of the preceding fiscal year for 2009. The rate decreases annually by .25% to 4% in 2013.

*Use of estimates:*

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States 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 basic financial statements. Estimates also affect the reported amounts of revenues, expenditures and expenses during the reporting period. Actual results could differ from those estimates.

TOWN OF NARRAGANSETT, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2009

1. Summary of significant accounting policies (continued):

*Cash and cash equivalents:*

Cash and cash equivalents consist of cash on hand, time and demand deposits and short-term investments maturing within three months from the date of acquisition. The Town maintains deposits in various financial institutions that are carried at cost except for those amounts which are carried as petty cash. The carrying amount of deposits is separately displayed on the balance sheet as "cash and cash equivalents."

Under Rhode Island general laws, depository institutions must insure deposits of municipalities or pledge eligible collateral equal to 100% of deposits maturing in greater than 60 days. Any institution not meeting certain federally prescribed minimum capital standards must insure deposits or provide collateral regardless of date of maturity. The Town complied with these requirements. The Town does not have a deposit policy for custodial credit risk or other risks.

*Investments:*

Investments are reported at fair value. Fair values are established by quotations from applicable national securities exchanges. Unrealized gains and losses from changes in fair value are recognized as investment income. The State of Rhode Island (State) does not have pertinent laws regarding investments that apply to cities and towns. Except for the Town's Pension Fund investments, the Town does not have a formal investment policy for custodial credit risk or other risks. The purpose of the Pension Fund investment policy is to communicate to the investment managers a clear understanding of the Pension Fund investment policies and objectives. The Pension Board is authorized and permitted to engage services of investment managers and to set the direction of the investments of the pension plans. The Town's Pension Board is responsible for the supervision of the investment of the Town's Pension Fund investments with the objective of preserving capital and investing with care to minimize the risk of large losses. The Town's policy is to maintain a diversified portfolio to minimize the risk of loss resulting from the concentration of assets in a specific maturity.

*Interfund transactions:*

Transactions between funds have been eliminated in the government-wide financial statements but fully presented within the governmental fund financial statements with no elimination made between or within funds. Reimbursements are accounted for as expenditures in the reimbursing fund and reductions to expenditures in the reimbursed fund. All other interfund transactions in the governmental fund financial statements are operating transfers on the operating statements of the funds involved.

TOWN OF NARRAGANSETT, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2009

1. Summary of significant accounting policies (continued):

*Interfund transactions (continued):*

Interfund receivables and payables are classified as “due from other funds” or “due to other funds.”

*Capital assets:*

In the government-wide financial statements, fixed assets are accounted for as capital assets. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets, which are recorded at their estimated fair value at the date of donation.

Capitalizable fixed assets are defined by the Town as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

	<u>Years</u>
Land improvements	5-65
Buildings and improvements	25-65
Machinery and equipment	5-30
Vehicles	6
Infrastructure	15-65

Capital assets acquired by governmental funds are accounted for in the Capital Projects Fund.

*Bond issuance costs:*

Bond issuance costs for government-wide operations and enterprise funds are deferred and amortized over the term of the bonds using the straight-line method. In governmental funds, bond issuance costs are recognized as expenditures in the current period.

TOWN OF NARRAGANSETT, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2009

1. Summary of significant accounting policies (continued):

*Compensated absences:*

The liability for compensated absences reported in the government-wide financial statements consists of unpaid, accumulated annual vacation and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

In the governmental fund financial statements, vested or accumulated vacation and sick leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it.

*Long-term obligations:*

In the government-wide financial statements, long-term debt and long-term compensated absences are reported as liabilities in the statement of net assets. Bond issuance costs are deferred and amortized over the term of the related debt.

In the governmental fund financial statements, long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. Bond issuance costs are expended as incurred.

*Fund equity:*

*Government-wide financial statements:*

*Net assets:*

The Town's net assets have been segregated into the following three components:

Invested in capital assets, net of related debt – represents the net book value of all capital assets less the outstanding balances of bonds and other debt used to acquire, construct or improve these assets.

Restricted – those that have been limited to uses specified either externally by creditors, contributors, laws or regulations of other governments or internally by enabling legislation or law.

Unrestricted – a residual category for the balance of net assets.

TOWN OF NARRAGANSETT, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2009

1. Summary of significant accounting policies (continued):

*Fund equity (continued):*

*Fund financial statements:*

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Reserves represent those portions of fund equity not appropriable for expenditures or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

2. Fund balances:

As of June 30, 2009, \$148,171 of unreserved fund balance in the General Fund has been designated for use in fiscal 2010.

At June 30, 2009, the following funds had a deficit (negative) fund balance:

	<u>Fund balance</u>
<b><i>Major governmental funds:</i></b>	
School Renovation Fund	\$ (112,274)
<b><i>Nonmajor governmental funds:</i></b>	
Food Service Fund	(40,934)
Grants Fund	(592,626)
Forfeited Funds	(23,863)
Millennium Fund	(73)
Dare Fund	(1,013)
Towers Committee Fund	(21,830)

Recoveries of the deficits are expected to come through the receipt of grant revenue and user charges.

TOWN OF NARRAGANSETT, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2009

3. Deposits and investments:

*Cash and cash equivalents (deposits):*

At June 30, 2009, the carrying amount of the Town's deposits, including \$4,000,000 of cash equivalents, was \$6,550,703 and the bank balance was \$7,472,526, of which \$4,725,685 was uninsured and collateralized with securities held by the pledging financial institution, but not in the Town's name.

At June 30, 2009, deposits are categorized as follows:

	Insured/ collateralized in Town's name	Rating	Maturities	Total bank balance	Carrying amount
Deposits:					
Demand deposits	\$ 1,751,815			\$ 1,751,815	\$ 829,992
Certificates of deposit	745,026	N/A	07/17/09 - 08/14/09	1,720,711	1,720,711
Money market	250,000			4,000,000	4,000,000
	<u>\$ 2,746,841</u>			<u>\$ 7,472,526</u>	<u>\$ 6,550,703</u>

*Investments:*

	General Fund	Pension Funds	Total
Cash		\$ 30,575	\$ 30,575
Corporate stocks		13,191,619	13,191,619
Corporate bonds	\$ 1,321,274	4,671,044	5,992,318
Government securities	6,376,004	2,506,788	8,882,792
Mutual funds	991,414	19,302,161	20,293,575
Other investments		3,573,671	3,573,671
Total investments	<u>\$ 8,688,692</u>	<u>\$ 43,275,858</u>	<u>\$ 51,964,550</u>

TOWN OF NARRAGANSETT, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2009

3. Deposits and investments (continued):

*Investments (continued):*

The market values of the Town's Pension Fund investments and the Town's other investments as of November 30, 2009 are \$48,735,937 and \$8,975,430, respectively, which represent a 13% and 4% increase, respectively, in the values since June 30, 2009. The Town is currently reviewing various options with its actuarial consultant and investment advisors to address the contributions required as a result of the current market conditions.

*Interest rate risk:*

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in interest rates. Information about the exposure of the Town's debt securities to interest rate risk using the segmented time distribution model is as follows:

Type of investment	Fair value	Investment maturities (in years)			
		Less than 1 year	1-5 years	6-10 years	Over 10 years
U.S. Government securities	\$ 8,882,792	\$ 1,583,465	\$ 874,373	\$ 1,070,434	\$ 5,354,520
Corporate bonds	5,992,318	818,121	2,695,515	1,899,865	578,817
Total	<u>\$ 14,875,110</u>	<u>\$ 2,401,586</u>	<u>\$ 3,569,888</u>	<u>\$ 2,970,299</u>	<u>\$ 5,933,337</u>

Although there is no established policy for investments other than for the Pension Fund, the Town manages its exposure to declines in fair values by adhering to the Pension Fund investment policy.

Pension Fund investments are subject to interest rate risk, which is mitigated by continuous evaluation of the portfolio's performance by the Finance Director and the Pension Board. The Finance Director receives monthly investment performance reports from its investment advisors and meets quarterly with the Pension Board to review the reports to determine if market conditions reflect the investment performance policies of the Town.

TOWN OF NARRAGANSETT, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2009

3. Deposits and investments (continued):

*Investments (continued):*

*Credit risk:*

Credit risk, the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment, this is measured by the assignment of a rating by a nationally recognized statistical rating organization to debt securities.

The Town's Pension Fund investment policy allows for investments in obligations of the U.S. Government and its agencies, state and municipal obligations, corporate debt securities, preferred stock, corporate debt, preferred stocks convertible to equities, repurchase agreements and commercial paper. These allowed investments are subject to the following limitations: 1) at the time of purchase all investments must have a rating of A or higher from Moody's or a comparable established rating agency, 2) fixed income investments must be rated at least Baa2 or its equivalent by at least one recognized bond rating service and at least 80% of the fixed income portfolio must carry a rating of A, and 3) commercial paper must be rated P-1 or A-1 by Standard & Poor's or Moody's, respectively. The Moody's ratings for all of the Town's debt securities are listed below.

<u>Average rating</u>	<u>Corporate bonds</u>
Aaa	\$ 1,125,154
Aa1	76,353
Aa2	1,084,791
Aa3	197,680
A1	182,947
A2	1,937,064
A3	595,464
Baa1	314,930
Baa2	463,185
WR	14,750
	<u>\$ 5,992,318</u>



TOWN OF NARRAGANSETT, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2009

3. Deposits and investments (continued):

*Investments (continued):*

*Concentration of credit risk:*

Concentration of credit risk is the risk of loss attributed to the magnitude of the investment in a single issuer. Pension funds reflect a balanced array of investment products with planned diversity consistent with the need for short-term liquidity, as well as long-term deferred obligations. The Town's Pension Fund investment policy states that not more than 5% of the Pension Fund's portfolio value can be invested in any one issuer, with the exception of the U.S. Government or its agencies.

*Custodial credit risk:*

Custodial credit risk for deposits is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are held by a counterparty or held by a counterparty's agent or trust department, but not in the Town's name. Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty or agent of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of the outside party. The Town's investments, totaling \$51,964,550, are held by the Town's counterparty, not in the Town's name.

4. Interfund transactions:

Interfund receivables and payables at June 30, 2009 are as follows:

Receivable Fund	Payable Fund	Amount
Due to/from:		
Governmental funds:		
General Fund	Governmental funds, Internal Service	\$ 27,812
School Unrestricted	Governmental funds: General Fund Nonmajor funds	1,592,441 682,751
		2,275,192

(continued)

TOWN OF NARRAGANSETT, RHODE ISLAND  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED JUNE 30, 2009

4. Interfund transactions (continued):

Receivable Fund	Payable Fund	Amount
Due to/from (continued):		
Governmental funds (continued):		
Capital Projects	Governmental funds, General Fund	\$ 42,073
Nonmajor governmental funds	Governmental funds, General Fund	3,537,302
Enterprise funds:		
Water Fund	Governmental funds, General Fund	1,869,505
Sewer Fund	Governmental funds, General Fund	5,620,335
Beach Fund	Governmental funds, General Fund	1,751,436
		<u>\$ 15,123,655</u>

Operating transfers between funds for the year ended June 30, 2009 were as follows:

Transfer to Fund	Transfer from Fund	Amount
Governmental funds:		
School Unrestricted	Governmental funds, General Fund	\$ 24,473,441
Nonmajor governmental funds	Governmental funds:	
	General Fund	3,645,498
	School Unrestricted	1,237,022
	Nonmajor Governmental	25,000
		<u>4,907,520</u>
		<u>\$ 29,380,961</u>

TOWN OF NARRAGANSETT, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2009

5. Capital assets:

Governmental activities beginning balances have been restated to reflect a prior period adjustment to record infrastructure in accordance with GASB Statement No. 34. The adjustment increased fixed assets by \$38,449,794, net of accumulated depreciation, for infrastructure assets not previously recognized. Had the assets been recorded as of June 30, 2007, the change in net assets for 2008 would have decreased approximately \$1,238,000 due to depreciation expense.

Governmental activities:	Beginning balances, as restated	Increases	Decreases	Ending balances
Capital assets not being depreciated:				
Land	\$ 10,064,696			\$ 10,064,696
Construction in progress	16,379,664	\$ 9,874,137	\$ 24,241,219	2,012,582
Total capital assets not being depreciated	<u>26,444,360</u>	<u>9,874,137</u>	<u>24,241,219</u>	<u>12,077,278</u>
Capital assets being depreciated:				
Buildings and improvements	24,093,405	22,207,444	104,800	46,196,049
Machinery and equipment	4,500,427	2,021,798		6,522,225
Vehicles	6,172,969	882,248	129,322	6,925,895
Infrastructure	56,499,719	269,052		56,768,771
Total capital assets being depreciated	<u>91,266,520</u>	<u>25,380,542</u>	<u>234,122</u>	<u>116,412,940</u>
Less accumulated depreciation for:				
Buildings and improvements	9,744,622	1,687,615	-	11,432,237
Machinery and equipment	2,574,768	350,398		2,925,166
Vehicles	3,648,913	635,515		4,284,428
Infrastructure	15,413,917	1,251,271		16,665,188
Total accumulated depreciation	<u>31,382,220</u>	<u>3,924,799</u>	<u>-</u>	<u>35,307,019</u>
Total capital assets being depreciated, net	<u>59,884,300</u>	<u>21,455,743</u>	<u>234,122</u>	<u>81,105,921</u>
Governmental activities capital assets, net	<u>\$ 86,328,660</u>	<u>\$ 31,329,880</u>	<u>\$ 24,475,341</u>	<u>\$ 93,183,199</u>
Depreciation was charged to functions as follows:				
Governmental activities:				
General government		\$ 20,825		
Financial administration		1,210		
Public safety		455,661		
Public works		1,520,022		
Social services		23,295		
Parks and recreation		179,281		
Planning, engineering and inspection		37,602		
Education		1,673,450		
		<u>\$ 3,911,346</u>		

TOWN OF NARRAGANSETT, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2009

5. Capital assets (continued):

Business-type activities:	Beginning balances	Increases	Decreases	Ending balances
Capital assets not being depreciated:				
Land	\$ 2,187,780			\$ 2,187,780
Construction in progress	2,310,217	\$ 315,946	\$ 985,353	1,640,810
Total capital assets not being depreciated	4,497,997	315,946	985,353	3,828,590
Capital assets being depreciated:				
System improvements and infrastructure	36,460,869	1,176,033	-	37,636,902
Buildings and improvements	9,327,468	141,265		9,468,733
Machinery and equipment	2,149,555	21,145		2,170,700
Vehicles	537,916			537,916
Total capital assets being depreciated	48,475,808	1,338,443	-	49,814,251
Less accumulated depreciation for:				
System improvements and infrastructure	12,138,327	802,057	-	12,940,384
Buildings and improvements	4,082,156	317,414		4,399,570
Machinery and equipment	1,534,079	79,626		1,613,705
Vehicles	428,781	33,066		461,847
Total accumulated depreciation	18,183,343	1,232,163	-	19,415,506
Total capital assets being depreciated, net	30,292,465	106,280	-	30,398,745
Business-type activities capital assets, net	<u>\$ 34,790,462</u>	<u>\$ 422,226</u>	<u>\$ 985,353</u>	<u>\$ 34,227,335</u>

Depreciation was charged to business-type activities as follows:

Water Fund	\$ 431,394
Sewer Fund	722,196
Beach Fund	78,573
	<u>\$ 1,232,163</u>

TOWN OF NARRAGANSETT, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2009

6. Accounts payable and accrued expenses:

	<u>Vendors</u>	<u>Other governments</u>	<u>Employees</u>	<u>Accrued Interest</u>	<u>Total</u>
Governmental activities:					
General Fund	\$ 226,858	\$ 26,418	\$ 327,736		\$ 581,012
School Unrestricted Fund	144,904	8,369	522,509		675,782
School Renovation Fund	154,347				154,347
Nonmajor funds	97,697				97,697
Internal Service Fund	8,504		4,603		13,107
Reconciliation of balances in fund financial statements to government- wide financial statements				\$ 178,313	178,313
	<u>\$ 632,310</u>	<u>\$ 34,787</u>	<u>\$ 854,848</u>	<u>\$ 178,313</u>	<u>\$ 1,700,258</u>
Business-type activities:					
Water Fund	\$ 164,964	\$ 16,002	\$ 8,983	\$ 5,099	\$ 195,048
Sewer Fund	25,484		13,779	65,965	105,228
Beach Fund	31,927		49,523	1,266	82,716
	<u>\$ 222,375</u>	<u>\$ 16,002</u>	<u>\$ 72,285</u>	<u>\$ 72,330</u>	<u>\$ 382,992</u>

TOWN OF NARRAGANSETT, RHODE ISLAND  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED JUNE 30, 2009

7. Long-term obligations:

*General obligation bonds, notes and loans payable:*

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both general government and proprietary activities, as well as to refund previously outstanding general obligation bonds.

Rhode Island general laws cap the amount of each municipality's general obligation bonds that may be outstanding to 3% of its assessed property values. Exceptions apply to bonds financed from nontax revenues and special exemptions are granted for other purposes as well. The assessed value of the Town's properties at December 31, 2008 was \$5,398,305,332, limiting the amount of nonexcepted general obligation bonds outstanding to approximately \$161,949,000. At June 30, 2009, bonds outstanding totaled \$24,159,047.

TOWN OF NARRAGANSETT, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2009

7. Long-term obligations (continued):

General obligation bonds, notes and loans payable:

	<u>Date of issuance</u>	<u>Interest rate</u>	<u>Date of maturity</u>	<u>Authorized</u>	<u>Outstanding July 1, 2008 (Restated)</u>	<u>Additions</u>	<u>Retirements</u>	<u>Outstanding June 30, 2009</u>	<u>Amounts due within one year</u>
<b>Governmental activities:</b>									
General obligation bonds payable:									
Refunding - School and General Fund	12/1/2002	1.35- 4.4%	9/15/2009	\$ 5,924,804	\$ 1,696,776		\$ 938,790	\$ 757,986	\$ 757,986
School renovation bond anticipation note	10/10/2007	3.75%	7/15/2008	9,800,000	9,800,000		9,800,000	-	-
Pavement management	3/1/1999	3.5 - 4.1%	3/1/2009	1,300,000	50,000		50,000	-	-
Refunding - open space	7/13/2004	2.5-4.0%	8/15/2015	473,835	259,844		68,783	191,061	66,235
Pavement management and school refunding	7/13/2004	2.5-4.0%	8/15/2015	3,740,000	2,650,000		350,000	2,300,000	350,000
School renovation bond anticipation note	7/15/2008	2.50%	5/19/2009	11,700,000		\$ 21,500,000	21,500,000	-	-
School renovation	5/14/2009	3.0 - 5.0%	4/1/2029	20,910,000		20,910,000		20,910,000	715,000
				<u>53,848,639</u>	<u>14,456,620</u>	<u>42,410,000</u>	<u>32,707,573</u>	<u>24,159,047</u>	<u>1,889,221</u>
Notes and loans payable:									
Towers rehabilitation note	5/15/2002	4.95%	5/15/2012	510,000	204,000	-	51,000	153,000	51,000
Rose Hill clean-up loan	9/3/2002	1.18%	9/1/2022	2,000,000	1,600,034		86,966	1,513,068	89,446
Narrow River clean-up loan	12/12/2007	1.38%	9/1/2029	600,000	600,000			600,000	
Landfill closure costs	12/15/2005	1.34%	9/1/2025	350,000	320,000		15,000	305,000	15,000
Camp Jori loan	6/5/2003	3.70%	6/5/2013	500,000	250,000		50,000	200,000	50,000
School note	10/18/2006	4.62%	10/15/2011	500,000	400,000		100,000	300,000	100,000
				<u>4,460,000</u>	<u>3,374,034</u>	<u>-</u>	<u>302,966</u>	<u>3,071,068</u>	<u>305,446</u>
Total long-term obligations				<u>58,308,639</u>	<u>17,830,654</u>	<u>42,410,000</u>	<u>33,010,539</u>	<u>27,230,115</u>	<u>2,194,667</u>
Less undrawn note proceeds					<u>(588,000)</u>		<u>(20,000)</u>	<u>(568,000)</u>	
				<u>\$ 58,308,639</u>	<u>\$ 17,242,654</u>	<u>\$ 42,410,000</u>	<u>\$ 32,990,539</u>	<u>\$ 26,662,115</u>	<u>\$ 2,194,667</u>
<b>Business-type activities</b>									
Bonds:									
Refunding - Water	7/13/2004	2.5-4.00%	8/15/2015	\$ 585,000	\$ 415,000	\$ -	\$ 55,000	\$ 360,000	\$ 50,000
Refunding - Wastewater	12/1/2002	1.35-4.0%	9/15/2009	1,749,158	500,932		277,155	223,777	223,777
Refunding - Wastewater	7/13/2004	2.5 - 4.0%	8/15/2015	456,165	250,156		66,218	183,938	63,765
Refunding - Beach	12/1/2002	1.35-4.0%	9/15/2009	846,038	242,292		134,055	108,237	108,237
				<u>3,636,361</u>	<u>1,408,380</u>	<u>-</u>	<u>532,428</u>	<u>875,952</u>	<u>445,779</u>
Notes and loans payable:									
Point Judith water note - Water	6/2/1981	5.00%	6/15/2011	50,000	9,409	-	3,304	6,105	2,950
4.1 SRLF sewer projects - Sewer	1/0/1900	0.00%	1/0/1900	4,189,137	1,255,610		208,855	1,046,755	209,457
2.1 SRLF sewer projects - Sewer	3/11/1992	3.19%	9/1/2013	2,100,000	735,000		105,000	630,000	105,000
.78 SRLF sewer projects - Sewer	6/29/1994	2.96%	9/1/2014	780,000	517,581		36,990	480,591	38,008
3.5 SRLF sewer projects - Sewer	8/25/1999	2.75%	9/1/2019	3,500,000	2,303,280		166,928	2,136,352	171,106
Briggs Farm sewer project - Sewer	12/1/2002	1.35-4.0%	9/1/2024	4,200,000	2,865,307		187,000	2,678,307	189,000
				<u>14,819,137</u>	<u>7,686,187</u>	<u>-</u>	<u>708,077</u>	<u>6,978,110</u>	<u>715,521</u>
Total long-term obligations				<u>\$ 18,455,498</u>	<u>\$ 9,094,567</u>	<u>\$ -</u>	<u>\$ 1,240,505</u>	<u>\$ 7,854,062</u>	<u>\$ 1,161,300</u>

TOWN OF NARRAGANSETT, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2009

7. Long-term obligations (continued):

*General obligation bonds, notes and loans payable (continued):*

At June 30, 2009, scheduled annual debt service requirements to maturity for general obligation bonds and notes are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<b>Governmental activities:</b>			
2010	\$ 2,194,667	\$ 1,083,968	\$ 3,278,635
2011	1,477,685	1,025,554	2,503,239
2012	1,488,760	979,709	2,468,469
2013	1,299,319	935,268	2,234,587
2014	1,268,094	879,039	2,147,133
2015-2019	5,885,960	3,754,099	9,640,059
2020-2024	6,349,630	2,548,381	8,898,011
2025-2029	7,229,000	1,100,462	8,329,462
2030	37,000	465	37,465
	<u>\$ 27,230,115</u>	<u>\$ 12,306,945</u>	<u>\$ 39,537,060</u>
<b>Business-type activities:</b>			
2010	\$ 1,161,300	\$ 1,381,962	\$ 2,543,262
2011	840,367	1,029,601	1,869,968
2012	843,223	1,007,056	1,850,279
2013	787,968	927,188	1,715,156
2014	802,185	917,475	1,719,660
2015-2019	2,512,758	2,855,141	5,367,899
2020-2024	906,261	1,001,221	1,907,482
	<u>\$ 7,854,062</u>	<u>\$ 9,119,644</u>	<u>\$ 16,973,706</u>



TOWN OF NARRAGANSETT, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2009

7. Long-term obligations (continued):

The Governmental activities July 1, 2008 balance has been restated to reflect the undrawn note proceeds related to the Narrow River clean-up loan. The adjustment decreased the total governmental long-term obligations outstanding at June 30, 2008 by \$588,000.

Changes in long-term obligations during the year ended June 30, 2009 were as follows:

	Balance, July 1, 2008 (Restated)	Additions	Retirements	Balance, June 30, 2009	Due within one year
<b>Governmental activities:</b>					
Bonds, notes and loans payable:					
Bonds payable	\$ 14,456,620	\$ 42,410,000	\$ 32,707,573	\$ 24,159,048	\$ 1,889,221
Notes and loans payable	3,374,034		302,966	3,071,068	305,446
Less undrawn note proceeds	(588,000)		(20,000)	(568,000)	
	17,242,654	42,410,000	32,990,539	26,662,116	2,194,667
Deferred amounts:					
Loss on refundings	(163,282)		(43,505)	(119,777)	(43,506)
Premium on bonds	27,316	780,950	20,166	788,100	52,705
Total bonds, notes and loans payable	17,106,688	43,190,950	32,967,200	27,330,439	2,203,866
Compensated absences	3,698,674		601,735	3,096,939	274,345
Net pension obligation	10,485,270	1,179,323	-	11,664,593	
Other postemployment benefits	-	6,406,441	1,384,467	5,021,974	
Claims and judgements	-	2,336,450	-	2,336,450	354,450
Total long-term obligations	<u>\$ 31,290,632</u>	<u>\$ 53,113,164</u>	<u>\$ 34,953,402</u>	<u>\$ 49,450,395</u>	<u>\$ 2,832,661</u>
<b>Business-type activities:</b>					
Bonds, notes and loans payable:					
Bonds payable	\$ 5,825,879	\$ -	\$ 542,983	\$ 5,282,896	\$ 445,779
Notes and loans payable	3,268,688	-	697,522	2,571,166	715,521
	9,094,567	-	1,240,505	7,854,062	1,161,300
Deferred amounts, loss on refundings	(41,434)	-	(14,758)	(26,676)	(14,759)
Total bonds, notes and loans payable	9,053,133	-	1,225,747	7,827,386	1,146,541
Compensated absences	266,822	-	266,822	-	-
Total long-term obligations	<u>\$ 9,319,955</u>	<u>\$ -</u>	<u>\$ 1,492,569</u>	<u>\$ 7,827,386</u>	<u>\$ 1,146,541</u>

TOWN OF NARRAGANSETT, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2009

7. Long-term obligations (continued):

A summary of long-term obligations as of June 30, 2009 is as follows:

	Governmental activities	Business-type activities	Total
Bonds and notes	\$ 27,230,116	\$ 7,854,062	\$ 35,084,178
Less undrawn note proceeds	(568,000)		(568,000)
	26,662,116	7,854,062	34,516,178
Deferred amounts:			
Loss on refundings	(119,777)	(26,677)	(146,454)
Premium	788,100		788,100
	27,330,439	7,827,385	35,157,824
Accrued compensated absences	3,096,939		3,096,939
Pension obligation	11,664,593		11,664,593
Other postemployment benefits	5,021,974		5,021,974
Claims and judgments	2,336,450		2,336,450
	49,450,395	7,827,385	57,277,780
Less portion due within one year	2,832,661	1,146,541	3,979,202
	<u>\$ 46,617,734</u>	<u>\$ 6,680,844</u>	<u>\$ 53,298,578</u>

TOWN OF NARRAGANSETT, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2009

8. Pension plans:

All eligible employees of the Town are covered by one of three pension plans: the Employees' Retirement System of the State of Rhode Island (Teachers' Plan), the Chapter 1666 Police Pension Plan (Police Plan), or the Town of Narragansett Pension Plan (Town Plan).

Teachers' Plan

*Plan description:*

The Teachers' Plan covers all School Department personnel certified by the Rhode Island Department of Education who are or have been engaged in teaching as a principal occupation. The Teachers' Plan is a statutory, mandatory, statewide, cost-sharing multiple employer public employee retirement system administered by the State. Financial statements for the plan are issued separately and may be obtained from the Employees' Retirement System, 40 Fountain Street, Providence, RI 02903. Total covered payroll under the Teachers' Plan during 2009 was \$11,621,294, including \$208,500 of federally reimbursed payroll.

Participants' rights to pension benefits become fully vested after 10 years of service. Participants are eligible to retire after 10 years of service if they have attained age 60, or after 28 years of service regardless of age. Benefits are equal to 1.7% of final average salary for each of the first 10 years of service, 1.9% for each of the next 10 years, 3% for each of the next 14 years thereafter, and 2% for the 35<sup>th</sup> year, resulting in a maximum benefit of 80% of final average salary. Final average salary is computed using the highest three consecutive years of base earnings. Retirees' benefits are subject to a 3% compounded annual cost of living increase, commencing on the January 1<sup>st</sup> following the third anniversary of an employee's retirement.

The Teachers' Plan also provides pre-retirement benefits under the Retirement Formula for nonoccupational disabilities after 5 years of service, and at 67% of salary for occupational disabilities regardless of service. Surviving spouses are also eligible for both pre- and post-retirement death benefits with minimum amounts established under varying circumstances.

*Funding policy:*

Rhode Island general laws set the contribution rates of participating employees at 9.5% of salary. Annual required contributions by both employers and the State on behalf of those employees are determined by actuaries and assessed as a percentage of participants' payroll. The required contributions include (a) normal costs; (b) payments to amortize the unfunded frozen actuarial accrued liability as of June 30, 1999 over 30 years; and (c) interest on the unfunded frozen actuarial liability. Normal cost is determined using the entry age normal cost method with frozen initial liability. The Town participates in the optional Teachers Survivor Benefits Fund whereby the employer and the employee each contribute 1% of the first \$9,600 of each participating employee's salary for survival benefits.

TOWN OF NARRAGANSETT, RHODE ISLAND  
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)  
YEAR ENDED JUNE 30, 2009

8. Pension plans (continued):

Teachers' Plan (continued):

*Funding policy (continued):*

As prescribed by Rhode Island general law, the State pays the entire portion of the annual required contribution attributable to the costs of contributions deferred by the State in prior years, plus 40% of contributions assessed to employers on payroll not reimbursable through federal programs. For fiscal year 2009, the Town's actuarial required contributions were 11.886% of participant salary (20.07% for federally reimbursed salary). This resulted in a contribution rate paid by the State on behalf of Town teachers of 10.17% (\$1,423,153). The Town's required and actual contributions to the Teachers' Plan for fiscal years 2009, 2008 and 2007 were \$1,149,017, \$1,541,538, and \$1,344,630, respectively.

Police Plan

*Plan description:*

All police officers hired before July 1, 1978 who refused the September 1984 offer to join the Town Plan are covered by the Police Plan, a single-employer defined benefit pension plan established in accordance with the Town Charter. The Police Plan is included in the Town's financial statements as a pension trust fund. The Police Plan is closed to new entrants.

The following benefit provisions and contribution requirements were established and may be amended by Town Ordinance. A police officer may retire upon the earlier of attainment of age 58 or the completion of 20 years of credited service. The normal retirement benefit is equal to 50% of final earnings. Retirement benefits are payable in the form of a 67.5 percent survivor annuity if the participant is married at the retirement date or a life annuity if single.

Death benefits are provided for members with 25 years of service. The surviving spouse shall receive a monthly benefit equal to 67 percent of the member's accrued benefit continuing until his/her death or remarriage.

In the event a member becomes unable to perform active police duty by reason of physical or mental disability, they shall be entitled to a monthly pension in the amount of 50 percent of final earnings in the year of disability.

As of July 1, 2008, the date of the latest actuarial valuation, there were 13 participants receiving benefits.

*Funding policy:*

Employees are not required to contribute to the Police Plan since there are no active participants. The Town is required to contribute an amount appropriated annually by the Town Council to fund the benefits of the Police Plan based on an actuarial valuation. Administrative costs are paid from plan assets.

TOWN OF NARRAGANSETT, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2009

8. Pension plans (continued):

Police Plan (continued):

*Actuarial methods and significant assumptions:*

The annual required contribution was determined as part of the July 1, 2008 actuarial valuation using the Entry Age Normal Cost Method and is based upon a funding policy which provides for the payment of normal cost plus an amount that will amortize the unfunded actuarial accrued liability as a level percentage of pay over 30 years plus interest. Significant actuarial assumptions used in each valuation are summarized as follows:

Interest: 7.50% annually  
 Mortality: Rates in accordance with RP 2000 Mortality table  
 Disability: Rates in accordance with RP 2000 Mortality table

*Annual pension costs and net benefit obligation:*

The annual pension cost of \$77,093 was determined as described above and was based on an actuarial valuation as of July 1, 2008. Annual pension cost consists of normal cost plus estimated expenses and one year of interest at 7.5%. No contributions were made to the pension plan in fiscal 2009.

A summary of annual pension costs, contributions and net pension obligations for the preceding three years is as follows:

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Annual required contribution	\$ 77,093	\$ 80,656	\$ 80,656
Interest on net pension obligation		9,935	3,924
Adjustment to annual required contribution		<u>(10,434)</u>	<u>(4,430)</u>
Annual pension cost	77,093	80,157	80,150
Contributions made		<u>(215,717)</u>	
Increase (decrease) in net pension obligation	77,093	(135,560)	80,150
Net pension obligation, beginning of year	<u>(3,089)</u>	<u>132,471</u>	<u>52,321</u>
Net pension obligation, end of year	<u>\$ 74,004</u>	<u>\$ (3,089)</u>	<u>\$ 132,471</u>
Percent of annual pension cost contributed	<u>0%</u>	<u>269.1%</u>	<u>0%</u>

TOWN OF NARRAGANSETT, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2009

8. Pension plans (continued):

Police Plan (continued):

*Funded status and funding progress:*

As of July 1, 2008, the Police Plan was .4% funded. The actuarial accrued liability for benefits was \$914,018 and the actuarial value of assets was \$3,525, resulting in an unfunded actuarial accrued liability (UAAL) of \$910,493. There is no covered payroll as there are no active participants.

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial values of the Police Plan are increasing or decreasing over time relative to accrued actuarial liabilities for benefits.

Town Plan

*Plan description:*

All permanent, regular and probationary status employees who work for at least five months of a year and for at least twenty hours per week are eligible to participate in the Town Plan, a single-employer defined benefit pension plan, except as follows: School System employees who have been, are, or will be eligible for membership in the Teachers' Plan and any police officer covered under the Police Plan who has refused to join the Town Plan. The Town Plan is included in the Town's financial statements as a pension trust fund.

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

Active participants	263
Terminated vested participants	16
Retirees and beneficiaries	<u>147</u>
Total	<u><u>426</u></u>

*Benefit provisions:*

The following eligibility and benefit provisions were established and may be amended by an ordinance of the Town Council. Effective July 1, 2001, all new employees of the Town join either the Town or Teachers' Plan.

TOWN OF NARRAGANSETT, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2009

8. Pension plans (continued):

Town Plan (continued):

*Benefit provisions (continued):*

A municipal or school system employee may retire upon the later of attainment of age 58 or the completion of 10 years of credited service; but, in any case, the member can retire immediately after completing 20 years of credited service. This represents a change for school system employees from the prior year, in which 25 years of credited service were required. A police officer may retire upon the earlier of attainment of age 58 or the completion of 20 years of credited service. A firefighter may retire upon completion of 20 years of credited service. The normal retirement benefit is equal to 2.5% of final average compensation multiplied by years of credited service (subject to a maximum benefit of 75% of final average compensation). Final average compensation is the average annual basic compensation during the highest three consecutive years of service. The normal form of benefit is a life annuity with a minimum refund of employee contributions. In lieu of the normal form of benefit, any member (except employees of the school system) who is married at the time of retirement may elect a pension that provides, upon the member's death, for 67.5% of the pension to continue to the dependent spouse or dependent children.

Municipal employees (excluding school employees) who retire on or after July 1, 2002 shall receive annual 3% compounded cost of living adjustments (COLA) beginning on the July 1 of the year that the employee turns 58 years old. Firefighters who retire on or after July 1, 2002 shall receive annual 3% compounded COLA beginning on the July 1 of the year that the firefighter turns 52 years old. Police officers who retire on or after July 1, 2002 shall receive annual 3% compounded COLA beginning on the earlier of July 1 of the year that the employee turns 52 years old or July 1 of the year that is the fifth anniversary of the officer's retirement.

A member who has attained age 55 with 10 years of credited service or has attained age 50 with 20 years of credited service may elect to retire early. A member who elects to retire early will receive a monthly benefit equal to the actuarial equivalent of the accrued benefit determined as of the normal retirement date.

The Town Plan includes death benefits. Beneficiaries of municipal employees receiving death benefits for nonoccupational causes shall be entitled to a refund of employee contributions with interest plus a lump-sum death benefit equal to \$400 times the number of years of credited service (subject to a minimum of \$2,000 and maximum of \$8,000). Beneficiaries of municipal employees who die after completing 10 years of credited service will receive a monthly benefit of 50% of the member's accrued benefit, and a refund of employee contributions plus interest, if greater than the benefit described above. For occupational causes, the death benefit is a refund of the municipal employee's contributions with interest, plus a benefit equal to 50% of compensation.

TOWN OF NARRAGANSETT, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2009

8. Pension plans (continued):

Town Plan (continued):

*Benefit provisions (continued):*

Beneficiaries of firefighters or police officers who have completed 10 years of credited service may elect either a refund of employee contributions with interest or a benefit equal to 50% of the member's accrued benefit. Special rules apply for death after meeting eligibility for retirement.

The disability benefit for nonoccupational causes for municipal employees with seven years of credited service but prior to attainment of age 58 is a monthly benefit equal to the greater of:

- a.) 2.5% of final average compensation times years of credited service (subject to a minimum benefit equal to 25% of final average compensation and maximum benefit equal to 50% of final average compensation).
- b.) 1 2/3% of final average compensation times years of credited service (subject to a minimum benefit equal to 25% of final average compensation).

Disability benefits for nonoccupational causes for firefighters and police officers with seven years of credited service but prior to attainment of age 58 (age 55 for firefighters) is a benefit equal to 2.5% of compensation times years of credited service (subject to a minimum benefit equal to 25% and a maximum benefit equal to 50%). Municipal employees, firefighters and police officers disabled due to occupational causes receive a disability benefit equal to 66 2/3% of the annualized rate of compensation determined as of the date of disability, reduced by the monthly value of any payments provided for the member under any workers' compensation law.

*Funding policy and contributions:*

Contribution requirements are established and may be amended by Town Council ordinance or union contract.

Employees are required to contribute a percentage of their gross pay as follows:

Police	9%
Fire	8.5%
Certain laborers; clerical	9%
Others	8%

The Town is required to contribute an amount determined in accordance with the actuarial valuation. Administrative costs are paid from plan assets.



TOWN OF NARRAGANSETT, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2009

8. Pension plans (continued):

Town Plan (continued):

*Actuarial method and significant assumptions:*

The annual required contribution was determined as part of the July 1, 2008 actuarial valuation using the Entry Age Normal Cost Method and is based upon a funding policy which provides for the payment of normal cost plus an amount that will amortize the unfunded actuarial accrued liability as a level percentage of pay over 30 years plus interest. Significant actuarial assumptions used are summarized as follows:

Retirement probability:

Town employees – 100% at the earlier of the completion of 20 years of service or attainment of age 58 with at least 10 years of service

Firefighters and Police – 100% at the earlier of the completion of 20 years of service or attainment of age 58

Mortality:

Town employees – Rates in accordance with RP 2000 Mortality table

Firefighters and Police – Rates in accordance with RP 2000 Mortality table

Disability:

Town employees – Rates in accordance with RP 2000 Mortality table

Firefighters and Police – Rates in accordance with RP 2000 Mortality table

Withdrawals:

Town employees – rates in accordance with the T2 Table of The Pension Actuary's Handbook.

Firefighters and Police - None

Salary increase: 4.0% compounded annually

Interest: 7.5%

Eligible spouse: 100% of participants assumed to be married with female spouse 4 years younger

TOWN OF NARRAGANSETT, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2009

8. Pension plans (continued):

Town Plan (continued):

*Annual pension costs and net benefit obligation:*

The actuarially determined employer contribution requirement of \$2,599,592 was determined as described above and was based on an actuarial valuation as of July 1, 2008. The contribution consists of normal cost plus estimated expenses and one year of interest at 7.5%. Total contributions to the pension plan in fiscal 2009 amounted to \$2,347,571, of which \$1,342,866 and \$1,004,705 were made by the Town and its employees, respectively. Contributions made by the Town and employees represented 11.20% and 8.36%, respectively, of covered payroll for the year.

A summary of annual pension costs, contributions and net pension obligations over the preceding three years is as follows:

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Annual required contribution	\$ 2,462,870	\$ 3,379,131	\$ 2,653,919
Interest on net pension obligation	730,506	622,871	507,605
Adjustment to annual required contribution	<u>(748,280)</u>	<u>(654,130)</u>	<u>(573,080)</u>
Annual pension cost	2,445,096	3,347,872	2,588,444
Contributions made	<u>(1,342,866)</u>	<u>(1,164,457)</u>	<u>(1,051,572)</u>
Increase in net pension obligation	1,102,230	2,183,415	1,536,872
Net pension obligation, beginning of year	<u>10,488,359</u>	<u>8,304,944</u>	<u>6,768,072</u>
Net pension obligation, end of year	<u>\$11,590,589</u>	<u>\$10,488,359</u>	<u>\$ 8,304,944</u>
Percent of annual pension cost contributed	<u>54.9%</u>	<u>34.8%</u>	<u>40.6%</u>

*Funded status and funding progress:*

As of July 1, 2008, the most recent actuarial valuation date, the Town Plan was 79.8% funded. The actuarial accrued liability for benefits was \$66,594,667 and the actuarial value of assets was \$53,153,249, resulting in an unfunded actuarial accrued liability (UAAL) of \$13,441,418. Covered payroll under the Town Plan for fiscal 2009 was \$11,989,702.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multilayer trend information about whether the actuarial values of Town Plan assets are increasing or decreasing over time relative to accrued actuarial liabilities for benefits.

TOWN OF NARRAGANSETT, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2009

9. Other postemployment benefits:

In addition to pension benefits, the Town and School Department provide, under the provisions of various union contracts and other employment agreements, postemployment health insurance benefits, or compensation in lieu of postemployment health insurance benefits, to eligible retirees for a specified maximum number of years. Eligibility is determined based on years of service, employee age, and other available health care coverage. The Town and School Department fund these benefits on a pay-as-you-go basis. During the year ended June 30, 2009, expenditures for postemployment benefits totaled \$1,384,467; 138 participants received such benefits. The Town's postemployment benefits plan does not issue a stand-alone financial report.

The Town engaged an actuary to prepare an actuarial valuation of its postemployment benefits plan as of July 1, 2008. The purpose of the valuation was to analyze the current funded position of the Town's postemployment benefits program, determine the level of contributions necessary to assure sound funding, and provide reporting and disclosure information for financial statements, governmental agencies and other interested parties.

During the year ended June 30, 2009, the Town adopted GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefit Plans Other than Pensions," which is being applied on a prospective basis. The Town's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined, in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year. The following table shows the components of the annual OPEB cost, the amounts actually contributed to the plan, and changes in the Town's net OPEB obligation for the year ended June 30, 2009:

Annual required contribution and OPEB cost	\$ 6,406,441
Contributions	<u>(1,384,467)</u>
Increase in Net OPEB obligation	5,021,974
Net OPEB obligation, beginning of year	<u>- 0 -</u>
Net OPEB obligation, end of year	<u>\$ 5,021,974</u>
Percent of ARC contributed in current year	22%

TOWN OF NARRAGANSETT, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2009

9. Other postemployment benefits (continued):

Funded status and progress of the plan as of the most recent actuarial valuation date, July 1, 2008, is as follows:

Actuarial accrued liability (AAL)	\$ 70,365,417
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 70,365,417</u>
Funded ratio (actuarial value of plan assets (AAL))	-
Annual covered payroll (active plan members)	\$ 20,259,117
UAAL as a percentage of covered payroll	347%

The 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 ARC are subject to continual revision as actual results are compared with past expectations. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations. The ARC was calculated based on the projected unit credit, level percent of payroll actuarial cost method. The assumptions included a 4.5% investment rate of return and an annual healthcare cost trend rate of 10% initially, reduced by decrements to an ultimate rate of 4.5% after ten years.

The School budgeted and set aside funds in fiscal year 2009 totaling \$175,000 (in a nonmajor special revenue fund) for the purpose of funding the UAAL. As of June 30, 2009, the School had set aside a total of \$522,788 to fund its UAAL. Based upon the July 1, 2008 valuation report, the estimated 2009 ARC is \$6,604,220 and the Town has budgeted funding of approximately \$425,000. In fiscal 2010, the Town plans to establish, and remit the accumulated funds to, an Other Postemployment Benefits (OPEB) Trust, which was authorized by the Rhode Island General Assembly on June 26, 2008. By doing so, the Town will be required, and expects, to implement the provisions of GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*.

TOWN OF NARRAGANSETT, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2009

10. Risk management:

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors or omissions; injuries to employees; and natural disasters. As a result, the Town participates in a nonprofit, public entity risk pool (Rhode Island Interlocal Risk Management Trust, Inc.) (the Trust) which provides coverage for property/liability and workers' compensation claims. Upon joining the Trust, the Town signed a participation agreement which outlines the rights and responsibilities of both the Trust and the Town. The agreement states that for premiums paid by the Town, the Trust will assume financial responsibility for the Town's losses up to the maximum amount of insurance purchased, minus the Town's deductible amounts. The Trust provides this insurance coverage through a pooled, self-insurance mechanism which includes reinsurance purchased by the Trust to protect against large, catastrophic claims above the losses the Trust retains internally for payment from the pooled contributions of its members. Under the participation agreement, the Town is insured for a maximum of **\$4,000,000 per occurrence**. Settled claims resulting from these risks have not exceeded the Trust coverage in any of the past three fiscal years. There were no significant reductions in insurance coverage during the year ended June 30, 2009.

11. Commitments and contingencies:

The United States Environmental Protection Agency (US EPA) has notified the Town that two former landfills used by the Town, Rose Hill Regional Landfill (Rose Hill) and West Kingston/URI Disposal Area Landfills, have been placed on the Superfund list.

*Rose Hill Regional Landfill:*

Rose Hill was previously operated by the towns of South Kingstown and Narragansett. In September 2002, the US EPA, the Rhode Island Department of Environmental Management (RIDEM) and the towns of Narragansett and South Kingstown entered into a Final Consent Decree for remediation of Rose Hill. Since then, the site has been capped and long-term groundwater and air monitoring has commenced to determine the effectiveness of the cap and what, if any, additional remediation actions may be necessary in the future.

The current estimated cost of completing the clean-up of Rose Hill is approximately \$22,800,000. The Town of Narragansett paid \$2,000,000 to the Federal Government to settle all past liabilities associated with Rose Hill. The amount was funded through a 20-year general obligation bond sold in September 2002 with interest at 1.18%. The outstanding bond balance at June 30, 2009 is \$1,513,068. The Town also paid \$504,931 for its share of natural resource damages.

TOWN OF NARRAGANSETT, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2009

11. Commitments and contingencies (continued):

*Rose Hill Regional Landfill (continued):*

The Final Consent Decree also requires reimbursement to the State of Rhode Island (State) of 30% of the costs associated with remediation of this landfill and ongoing operation and maintenance costs. Such costs are currently estimated at \$3,964,000 and will be shared equally by the two towns. The Town of Narragansett's share of the estimated cost, totaling \$1,982,000, will be paid to the State over a 27-year period beginning in 2011. Accordingly, \$1,982,000 has been reported as accrued claims and judgments in the 2009 government-wide financial statements.

*West Kingston/URI Disposal Area Landfills:*

The West Kingston/URI Disposal Area Landfills, also known as the Plains Road Landfill (Plains Road), was added to the Superfund list in 1992. The University of Rhode Island (URI) and the Towns of Narragansett and South Kingstown have agreed to participate in the remediation of the site under State landfill closure regulations. Total project costs paid to date approximate \$7,073,000, for which the Town has paid approximately \$1,476,000. In addition to these costs, ongoing maintenance costs will be paid as part of the annual operating budget.

*Other contingencies:*

Amounts received or receivable from grantor agencies are subject to audit and adjustment by the grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Town expects such amounts, if any, to be immaterial. Total federal financial assistance received by the Town totaled approximately \$2,327,000 for the year ended June 30, 2009.

The Town is involved in settlement negotiations for a claim, for which the Town has recorded an estimated liability of \$354,450 at June 30, 2009.

The Town is a party to various other claims, legal actions and complaints. It is not presently possible to determine the outcome of these cases; therefore, no liability has been recorded in the accompanying basic financial statements. In the opinion of the Town's management and Town Solicitor, these matters cannot be estimated nor can the likelihood of a favorable outcome be determined at this time.

TOWN OF NARRAGANSETT, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED JUNE 30, 2009

12. Joint venture:

*WB Community Health:*

The Town participates in a joint venture entitled WB Community Health (WBCH), a not-for-profit organization formed to provide programs of health insurance coverage to Rhode Island cities, towns, and other governmental units. WBCH is governed by a Board of Directors (Board) that consists of one Board position from each school district or municipality that is a member.

Upon joining WBCH, members execute a member agreement. That document, pursuant to which the WBCH was established and operates, outlines the rights and responsibilities of both the members and WBCH. Members of WBCH participate in WBCH's health insurance plan administered through Blue Cross Blue Shield of Rhode Island (BCBSRI).

WBCH does not pool member funds and each member has a separate account into which that member's monthly payments are deposited and against which that member's expenses are charged. Members pay a monthly working rate which is set by WBCH based on the individual member's experience. If a member has a good claims year and their account has a surplus, those surplus funds remain in the member's account and are used to reduce the following year's premium increase. If the member experiences a bad claims year and their account has a deficit, the result is a higher premium increase in the following year to cover the deficit and the projected subsequent year claims. Funds from one member are not used to pay claims from another member since each member remains responsible for their own claims and expenses at all times. The WBCH agreement provides for an annual independent audit of its financial statements.

WBCH members can withdraw from the program at the end of any contract year provided they give a 90 day written notice of their intention to withdraw. There are no exit fees or penalties imposed by either WBCH or BCBSRI if a member wishes to withdraw. Members may have to pay an administrative fee to BCBSRI for two months after they withdraw for the processing of claims occurring prior to the withdrawal date.

For the year ended June 30, 2009, WBCH generated \$87,241,216 in operating revenues and net revenue of \$1,376,709. WBCH had \$19,807,457 in total assets and \$10,511,903 in total equity as of June 30, 2009.

WBCH retains certain levels of insurance risk and acquires reinsurance for specific losses in excess of \$450,000. As of June 30, 2009, WBCH's membership consisted of 19 school and municipal members.

Separate financial statements are available at WB Community Health, 10 Teakwood Drive, Coventry, RI 02816.

## **REQUIRED SUPPLEMENTARY INFORMATION**

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

### **Budgetary Comparison Schedules - General Fund and School Unrestricted Fund**

#### **Schedule of Funding Progress - Pension and OPEB Plans**

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



TOWN OF NARRAGANSETT, RHODE ISLAND

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
 SCHEDULE OF REVENUES - BUDGET TO ACTUAL (BUDGETARY BASIS)

YEAR ENDED JUNE 30, 2009

	Original Budget Revenues	Revised Budget Revenues	Actual Revenues	Variance
General property taxes:				
Taxes current year	\$ 39,804,801	\$ 39,804,801	\$ 39,333,988	\$ (470,813)
Taxes prior year	175,000	175,000	321,402	146,402
Total general property taxes	39,979,801	39,979,801	39,655,390	(324,411)
Investment and interest income:				
Interest delinquent payments	200,000	200,000	386,294	186,294
Interest on investments	300,000	300,000	(37,671)	(337,671)
Total investment and interest income	500,000	500,000	348,623	(151,377)
Intergovernmental:				
State revenue sharing	717,780	717,780	339,090	(378,690)
Motor vehicle tax reimbursement	1,264,605	1,264,605	1,224,374	(40,231)
State beach parking fees	240,750	240,750	207,649	(33,101)
State telephone tax	159,267	159,267	159,103	(164)
Meal and beverage tax	376,001	376,001	463,152	87,151
Hotel tax	70,000	70,000	71,446	1,446
Federal in lieu of taxes	-	-	7,792	7,792
State shared recycling revenue	-	-	29,197	29,197
Total intergovernmental	2,828,403	2,828,403	2,501,803	(326,600)
Licenses and permits:				
Building permits	316,000	316,000	181,510	(134,490)
Mooring fees	40,000	40,000	34,495	(5,505)
Galilee landing fees	85,000	85,000	-	(85,000)
Variance and exception fees	18,000	18,000	10,355	(7,645)
Fire alarm inspection fees	5,000	5,000	4,981	(19)
Road permit fees	1,000	1,000	1,625	625
VIN inspections	4,000	4,000	2,830	(1,170)
Total licenses and permits	469,000	469,000	235,796	(233,204)
Fines and forfeitures:				
Police fees and fines	10,000	10,000	6,589	(3,411)
Municipal court	300,000	300,000	270,084	(29,916)
Total fines and forfeitures	310,000	310,000	276,673	(33,327)

(continued)

TOWN OF NARRAGANSETT, RHODE ISLAND

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
 SCHEDULE OF REVENUES - BUDGET TO ACTUAL (BUDGETARY BASIS)

YEAR ENDED JUNE 30, 2009

	Original Budget Revenues	Revised Budget Revenues	Actual Revenues	Variance
Interfund revenues:				
Beach in lieu of taxes	\$ 143,896	\$ 143,896	\$ 143,896	\$ -
Housing in lieu of taxes	10,000	10,000	-	(10,000)
Water in lieu of taxes	20,320	20,320	20,320	-
Sewer in lieu of taxes	108,566	108,566	108,566	-
Water administrative fees	112,262	112,262	112,262	-
Sewer administrative fees	429,975	429,975	429,975	-
Beach administrative fees	102,862	102,862	102,862	-
Total interfund revenues	<u>927,881</u>	<u>927,881</u>	<u>917,881</u>	<u>(10,000)</u>
Miscellaneous revenue:				
Town clerk general receipts	700,000	700,000	564,269	(135,731)
Town clerk alcoholic beverages	32,000	32,000	34,945	2,945
Police detail revenue	93,550	93,550	128,614	35,064
Miscellaneous receipts	40,000	40,000	50,088	10,088
Emergency medical services	300,000	300,000	350,673	50,673
Miscellaneous fire department	6,000	6,000	(10)	(6,010)
Miscellaneous police department	5,000	5,000	783	(4,217)
Fire marshall's plan review	54,000	54,000	13,280	(40,720)
Renter's registration fee	90,000	90,000	98,740	8,740
WB health surplus withdrawal	100,000	100,000	100,000	-
Total miscellaneous revenue	<u>1,420,550</u>	<u>1,420,550</u>	<u>1,341,382</u>	<u>(79,168)</u>
Recreation receipts:				
Community center rental	2,500	2,500	1,870	(630)
Parks and recreation receipts	50,000	50,000	23,095	(26,905)
Basketball league	43,000	43,000	41,339	(1,661)
Workshops	20,000	20,000	3,917	(16,083)
Soccer	2,000	2,000	3,747	1,747
The Camp	75,000	75,000	63,569	(11,431)
Total recreation receipts	<u>192,500</u>	<u>192,500</u>	<u>137,537</u>	<u>(54,963)</u>
Other financing sources:				
Gain on sale of capital assets	20,000	20,000	-	(20,000)
Appropriated fund balance	1,000,000	1,000,000	1,000,000	-
Total other financing sources	<u>1,020,000</u>	<u>1,020,000</u>	<u>1,000,000</u>	<u>(20,000)</u>
Total revenue and other financing sources	<u>\$ 47,648,135</u>	<u>\$ 47,648,135</u>	<u>\$ 46,415,085</u>	<u>\$ (1,233,050)</u>

TOWN OF NARRAGANSETT, RHODE ISLAND

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
 SCHEDULE OF EXPENDITURES - BUDGET TO ACTUAL (BUDGETARY BASIS)

YEAR ENDED JUNE 30, 2009

	Original Budget Expenditures	Revised Budget Expenditures	Actual Expenditures	Variance
<b>General government:</b>				
Town manager	\$ 234,725	\$ 234,725	\$ 213,942	\$ 20,783
Town council	47,888	47,888	142,266	(94,378)
Town clerk	318,857	318,857	285,793	33,064
Town solicitor	97,010	97,010	95,889	1,121
Information resource center	272,045	272,045	277,535	(5,490)
Board of canvassers	128,676	128,676	96,372	32,304
Zoning board	15,960	15,960	16,664	(704)
Historic district	1,475	1,475	33	1,442
Conservation commission	2,385	2,385	133	2,252
Tree Board	4,385	4,385	-	4,385
Municipal Court	177,369	177,369	145,273	32,096
Planning Board	9,400	9,400	6,400	3,000
Pension Board	11,500	11,500	10,053	1,447
<b>Total general government</b>	<b>1,321,675</b>	<b>1,321,675</b>	<b>1,290,353</b>	<b>31,322</b>
<b>Financial administration:</b>				
Financial and records administration	274,778	274,778	251,448	23,330
Accounting	320,786	320,786	289,718	31,068
Tax assessor	235,694	235,694	210,827	24,867
Treasury and tax collections	249,207	249,207	205,885	43,322
<b>Total financial administration</b>	<b>1,080,465</b>	<b>1,080,465</b>	<b>957,878</b>	<b>122,587</b>
<b>Public safety:</b>				
Public safety	771,136	771,136	720,294	50,842
Police administration	4,925,140	4,925,140	4,848,533	76,607
Fire administration	4,085,514	4,085,514	4,200,949	(115,435)
Emergency management	3,100	3,100	(1,246)	4,346
Harbor police	53,713	53,713	50,930	2,783
Animal control	204,572	204,572	157,558	47,014
<b>Total public safety</b>	<b>10,043,175</b>	<b>10,043,175</b>	<b>9,977,018</b>	<b>66,157</b>
<b>Public works:</b>				
Facilities maintenance	251,135	251,135	216,467	34,668
Highway	1,721,309	1,721,309	1,588,739	132,570
Public works	303,905	303,905	257,248	46,657
<b>Total public works</b>	<b>2,276,349</b>	<b>2,276,349</b>	<b>2,062,454</b>	<b>213,895</b>

(continued)

TOWN OF NARRAGANSETT, RHODE ISLAND

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
 SCHEDULE OF EXPENDITURES - BUDGET TO ACTUAL (BUDGETARY BASIS)

YEAR ENDED JUNE 30, 2009

	Original Budget Expenditures	Revised Budget Expenditures	Actual Expenditures	Variance
Social service:				
Adeline Laplante Center	\$ 1,500	\$ 1,500	\$ 1,500	\$ -
Cane Day Care	2,500	2,500	2,500	-
Thundermist Health Center	13,000	13,000	13,000	-
South Shore Mental Health	5,000	5,000	5,000	-
Johnnycake Center	8,000	8,000	8,000	-
Visiting Nurse Service	6,000	6,000	6,000	-
Phoenix House	2,500	2,500	2,500	-
South County Community Action	2,500	2,500	2,500	-
Galilee Fishermen Mission	4,000	4,000	4,000	-
Youth Football	5,000	5,000	5,000	-
Hospice of Rhode Island	3,500	3,500	2,625	875
Narrow River Preservation	2,500	2,500	2,500	-
Seniors Helping Others	5,000	5,000	5,000	-
Narragansett Youth Basketball	3,000	3,000	750	2,250
Southern RI Conservation Committee	1,500	1,500	1,500	-
SK Senior Services Center	20,000	20,000	20,000	-
Narragansett Youth Soccer	5,000	5,000	5,000	-
Veterans Memorial	2,000	2,000	2,000	-
South County Museum	4,000	4,000	4,000	-
Domestic Violence Resource	3,000	3,000	3,000	-
South County Lacrosse	2,000	2,000	500	1,500
South County Youth Wrestling	1,500	1,500	750	750
Elderly Nutrition	34,278	34,278	34,278	-
Narragansett Drug Abuse Task Force	3,500	3,500	3,500	-
Narragansett Little League	5,000	5,000	5,000	-
Senior Citizens Day Care	57,767	57,767	57,765	2
Boy Scouts of America	750	750	750	-
Welcome House	3,000	3,000	3,000	-
Washington County Coalition	1,000	1,000	1,000	-
Narragansett Wave Hockey	3,500	3,500	3,500	-
<b>Total social service</b>	<b>211,795</b>	<b>211,795</b>	<b>206,418</b>	<b>5,377</b>
Parks and recreation:				
Administration	184,861	184,861	167,445	17,416
Maintenance	608,604	608,604	569,143	39,461
Programs	604,373	604,373	484,116	120,257
<b>Total parks and recreation</b>	<b>1,397,838</b>	<b>1,397,838</b>	<b>1,220,704</b>	<b>177,134</b>
Planning, engineering and inspection:				
Community development	343,017	343,017	322,688	20,329
Building inspection	372,908	372,908	330,355	42,553
Engineering	314,279	314,279	307,746	6,533
<b>Total planning, engineering and inspection</b>	<b>1,030,204</b>	<b>1,030,204</b>	<b>960,789</b>	<b>69,415</b>

(continued)

TOWN OF NARRAGANSETT, RHODE ISLAND

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
 SCHEDULE OF EXPENDITURES - BUDGET TO ACTUAL (BUDGETARY BASIS)

YEAR ENDED JUNE 30, 2009

	Original Budget <u>Expenditures</u>	Revised Budget <u>Expenditures</u>	Actual <u>Expenditures</u>	<u>Variance</u>
Other:				
Contingency	\$ 364,398	\$ 364,398	\$ -	\$ 364,398
Retirement sinking fund	150,000	150,000	278,507	(128,507)
Land Trust	3,000	3,000	3,000	-
Narragansett Tourist Information Center	15,000	15,000	15,000	-
Retiree benefits	<u>1,093,029</u>	<u>1,093,029</u>	<u>1,093,029</u>	<u>-</u>
Total other	<u>1,625,427</u>	<u>1,625,427</u>	<u>1,389,536</u>	<u>235,891</u>
Total expenditures	<u>18,986,928</u>	<u>18,986,928</u>	<u>18,065,150</u>	<u>921,778</u>
Transfers to other funds:				
School Unrestricted Fund	24,473,441	24,473,441	24,473,441	-
Capital Project Funds - Town	1,674,012	1,674,012	1,674,012	-
School OPEB Fund	175,000	175,000	175,000	-
Capital Project Funds - School	68,450	68,450	68,450	-
Debt Service Funds	1,648,741	1,648,741	1,106,473	542,268
Land Trust	50,000	50,000	50,000	-
Library	<u>571,563</u>	<u>571,563</u>	<u>571,563</u>	<u>-</u>
Total transfers	<u>28,661,207</u>	<u>28,661,207</u>	<u>28,118,939</u>	<u>542,268</u>
Total expenditures and other financing uses	<u>\$ 47,648,135</u>	<u>\$ 47,648,135</u>	<u>\$ 46,184,089</u>	<u>\$ 1,464,046</u>

TOWN OF NARRAGANSETT, RHODE ISLAND

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE - SCHOOL UNRESTRICTED FUND  
 SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET TO ACTUAL (BUDGETARY BASIS)

YEAR ENDED JUNE 30, 2009

	Original Budget	Revised Budget	Actual	Variance
Revenues:				
State aid	\$ 1,704,225	\$ 1,704,225	\$ 1,214,014	\$ (490,211)
Charges for services	80,000	80,000	299,473	219,473
Other revenue	211,000	211,000	42,939	(168,061)
Total revenues	<u>1,995,225</u>	<u>1,995,225</u>	<u>1,556,426</u>	<u>(438,799)</u>
Expenditures:				
Instruction	12,795,768	12,795,768	12,499,456	296,312
Instructional support	5,135,662	5,135,662	4,979,327	156,335
Operations	5,979,522	5,979,522	5,371,320	608,202
Leadership	2,013,148	2,013,148	1,782,279	230,869
Total expenditures	<u>25,924,100</u>	<u>25,924,100</u>	<u>24,632,382</u>	<u>1,291,718</u>
Excess of expenditures over revenues before other financing sources (uses)	<u>(23,928,875)</u>	<u>(23,928,875)</u>	<u>(23,075,956)</u>	<u>852,919</u>
Other financing sources (uses):				
Operating transfer from General Fund	24,473,441	24,473,441	24,473,441	-
Operating transfer to debt service bonds payable	(1,237,022)	(1,237,022)	(1,237,022)	-
Appropriated unreserved fund balance	692,456	692,456	692,456	-
Total other financing sources (uses)	<u>23,928,875</u>	<u>23,928,875</u>	<u>23,928,875</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 852,919</u>	<u>\$ 852,919</u>

TOWN OF NARRAGANSETT, RHODE ISLAND

REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF FUNDING PROGRESS

YEAR ENDED JUNE 30, 2009

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded Actuarial Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as % of Covered Payroll</u>
<i>Police Pension Plan (Police Plan)</i>						
July 1, 2007	\$ (106,318)	\$ 846,266	\$ 952,584	-12.6%	\$ -	N/A
July 1, 2008	3,525	914,018	910,493	0.4%	-	N/A
July 1, 2009	N/A	N/A	N/A	N/A	-	N/A
<i>Town of Narragansett Pension Plan (Town Plan)</i>						
July 1, 2007	\$ 50,566,985	\$ 64,920,534	\$ 14,353,549	77.9%	\$ 9,803,980	146.4%
July 1, 2008	53,153,249	66,594,667	13,441,418	79.8%	9,620,655	139.7%
July 1, 2009	N/A	N/A	N/A	N/A	11,989,702	N/A
<i>Town of Narragansett Other Postemployment Benefits (OPEB)</i>						
July 1, 2008	\$ -	\$ 70,365,417	\$ 70,365,417	0.0%	\$ 20,259,117	347.3%
July 1, 2009	N/A	N/A	N/A	N/A	N/A	N/A

(1) N/A not available

(2) The information was obtained from the annual actuarial valuation as of the date indicated. The latest actuarial valuation for the plans is as of July 1, 2008.

TOWN OF NARRAGANSETT, RHODE ISLAND  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2009

1. Schedule of funding progress:

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

	Police Pension Plan		Town Pension Plan
Valuation date	7/1/08		7/1/08
Actuarial cost method	Entry Age Normal Cost		Entry Age Normal Cost
Amortization method	Level percent of payroll – open		Level percent of payroll – open
Amortization factor	40 years prior to July 1, 2006 and 30 years after July 1, 2006		40 years prior to July 1, 2006 and 30 years after July 1, 2006
Asset valuation method	Fair market value		Fair market value
Actuarial assumptions:			
Investment rate of return	7.5% per annum		7.5% per annum
Projected salary increases	Not applicable		4.0% compounded annually
Cost-of-living adjustments	Not applicable		3%, compounded for all employees retiring on or after July 1, 2002 except school employees.
Participant information	Active participants	- 0 -	Active participants
	Retirees	6	Terminated vested participants
	Beneficiaries	7	Retirees and beneficiaries
	13		263
	13		426



TOWN OF NARRAGANSETT, RHODE ISLAND

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

YEAR ENDED JUNE 30, 2009

2. Budgetary data and budgetary compliance:

In accordance with the Town's Charter, the Town has formally established budgetary accounting control for its General Fund and the School Unrestricted Fund, which is a Special Revenue Fund, and its Enterprise Funds. All of the above are subject to an annual operating budget enacted and adopted by ordinance of the Town Council. The School Unrestricted Fund is subject to an annual operating budget approved by the School Committee before being enacted and adopted by the Town Council. Only the General Fund and School Unrestricted Fund are required to present budgetary comparison schedules as required supplementary information.

The Town makes use of an encumbrance system for all Governmental Fund Types. Encumbrances are commitments related to unperformed contracts for goods or services.

When a purchase order or commitment is placed, the Town reduces the amount of budgetary authority remaining in a budget category and records an encumbrance. When goods or services are received, the encumbrance balance is reduced and an expenditure and liability is recorded. The Town's outstanding encumbrances for its General Fund will expire at year-end.

Appropriations in addition to those contained in the annual operating budget require Town Council approval. Amendments to the operating budgets that do not result in additional appropriations may be made within departments by means of a transfer. The Town Manager has the authority to make such transfers within departments. Transfers made outside the departmental level require Town Council approval. The level on which General Fund expenditures may not legally exceed appropriations is at the department level. Other budgeted funds are not legally responsible for excesses of expenditures over budgeted amounts as long as additional revenues over the estimated revenue amounts become available. All unencumbered appropriations lapse at the end of each fiscal year. There were no supplemental budgetary appropriations during fiscal year 2009.

TOWN OF NARRAGANSETT, RHODE ISLAND

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

YEAR ENDED JUNE 30, 2009

The accompanying budgetary schedules are reflected on the budgetary basis. The difference between the budgetary basis and accounting principles generally accepted in the United States (GAAP) is explained below:

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

	General Fund	School Unrestricted Fund
	<u>                    </u>	<u>                    </u>
Revenues:		
Actual amounts (budgetary basis)	\$ 46,415,085	\$ 26,722,323
Difference – budget to GAAP:		
The appropriated fund balance is a budgetary revenue but is not a current year revenue for financial reporting purposes.	<u>(1,000,000)</u>	<u>(692,456)</u>
 Total revenues as reported on the statement of revenues, expenditures and changes in fund balances – governmental funds	 <u>\$ 45,415,085</u>	 <u>\$ 26,029,867</u>
 Expenditures:		
Actual amounts (budgetary basis):	\$ 46,184,089	\$ 25,869,404
Differences – budget to GAAP:	<u>-</u>	<u>-</u>
 Total expenditures as reported in the statement of revenues, expenditures and changes in fund balances – governmental funds	 <u>\$ 46,184,089</u>	 <u>\$ 25,869,404</u>

## **OTHER SUPPLEMENTARY INFORMATION**

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

THIS SECTION CONTAINS THE FOLLOWING:

**Combining Fund Financial Statements for Nonmajor Governmental Funds**

**Combining Financial Statements for Pension Trust Funds**

**Combining Fund Financial Statements for Private Purpose Trust Funds**

**Other Supplementary Information**

TOWN OF NARRAGANSETT, RHODE ISLAND

TAX COLLECTOR'S ANNUAL REPORT

YEAR ENDED JUNE 30, 2009

<u>Tax Roll Year</u>	<u>Balance, June 30, 2008</u>	<u>Current Year Assessment</u>	<u>Adjustments/ abatements</u>	<u>Amount to be collected</u>	<u>Collections</u>	<u>Balance, June 30, 2009</u>
2008		\$ 40,209,538	\$ 268,232	\$ 40,477,770	\$ 38,251,119	\$ 2,226,651
2007	\$ 415,396	-	75,037	490,433	403,717	86,716
2006	45,094	-	(80)	45,014	12,981	32,033
2005	33,848	-	-	33,848	707	33,141
2004	31,273	-	-	31,273	651	30,622
2003	31,344	-	-	31,344	451	30,893
2002	32,069	-	-	32,069	39	32,030
2001	42,931	-	-	42,931	87	42,844
2000	24,938	-	-	24,938	147	24,791
1999	24,907	-	-	24,907	99	24,808
1998	29,940	-	-	29,940	39	29,901
Total	<u>\$ 711,740</u>	<u>\$ 40,209,538</u>	<u>\$ 343,189</u>	<u>\$ 41,264,467</u>	<u>\$ 38,670,037</u>	2,594,430
					Less allowance for doubtful accounts	<u>300,000</u>
						<u>\$ 2,294,430</u>

TOWN OF NARRAGANSETT, RHODE ISLAND  
TAX COLLECTOR'S ANNUAL REPORT (CONTINUED)  
YEAR ENDED JUNE 30, 2009

Schedule of net assessed property value by category:

Description of property	Valuations	Levy
Real property	\$ 5,181,471,400	\$ 38,590,003
Motor vehicles	161,317,332	2,655,283
Tangible personal	<u>55,561,600</u>	<u>603,955</u>
Total	5,398,350,332	41,849,241
Exemptions	<u>125,764,322</u>	<u>1,639,703</u>
Current year assessment	<u><u>\$ 5,272,586,010</u></u>	<u><u>\$ 40,209,538</u></u>

Reconciliation of current year property tax revenue:

Current year collections	\$ 38,670,037
Revenue collected within 60 days subsequent to year ended June 30, 2009	<u>1,417,843</u>
	40,087,880
Prior year revenue received in current year	<u>(120,402)</u>
Current year real estate and personal property tax revenue	<u><u>\$ 39,967,478</u></u>

COMBINING FUND FINANCIAL STATEMENTS  
NONMAJOR GOVERNMENTAL FUNDS

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

**SPECIAL REVENUE FUNDS**

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

***School Special Revenue Funds***

Established to account for the receipts and disbursements of state and federal grants for education.

***Food Service Fund***

Established to account for the fees, federal reimbursements and related expenditures of the School's food service program.

The following are the Town special revenue funds:

***Grants Fund***

Established to account for state and federal grants for various purposes.

***Community Development Fund***

Established to administer a grant program which provides low-interest loans or outright grants to qualified citizens in the community for residential home improvements.

***Library Fund***

Established to account for the receipts and disbursements related to the operations of the library.

***Athletic Fund***

Established to account for the School athletic receipts and related expenses.

***Narragansett Preservation Donation Fund***

Established to account for donations to preserve Narragansett landmarks.

***Land Trust Fund***

Established to account for funds set aside for land acquisitions.

***Boon Street Donations Fund***

Established to account for donations for street-scape and roadway improvements to the Boon Street area.

***Forfeited Funds***

Established to account for local or federal money held by the police department.

***Parks and Recreation Fund***

Established to account for donations to the parks and recreation department.

COMBINING FUND FINANCIAL STATEMENTS  
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

THE FOLLOWING FUNDS OF THE TOWN ARE REPORTED IN THIS SECTION (CONTINUED):

**SPECIAL REVENUE FUNDS (CONTINUED)**

***Millennium Committee***

Established to account for activities associated with the new millennium.

***Dance of Peace Fund***

Established to account for activities associated with the purchase and maintenance of the Dance of Peace artwork placed at the Town Beach.

***Code Enforcement Fund***

Established to account for money held in connection with housing and building code violations.

***DARE Fund***

Established to account for restitution payments made to the Juvenile Hearing Board.

***Towers Committee Fund***

Established to account for donation to the Friends of the Towers or other individuals for the purpose of renovating, running, maintaining, or otherwise benefiting the Towers.

***Kinney Bungalow Fund***

Established to account for the operations of the "Kinney Bungalow" at Sunset Farms.

***Galilee Landing Fees Fund***

Established to account for fees collected at the ferry to be used for various governmental expenditures that benefit the Galilee area.

***Historical Preservation Fund***

Established to account for refunds collected to be used for the preservation of historical town records.

***Claims Fund***

Established to account for self-insured claims funded by the Town.

***Narragansett Skating Rink Fund***

Established to account for donations to be used for the building of a new skating rink.

**CAPITAL PROJECTS FUNDS**

Capital Projects Funds are used to account for all resources used for the acquisition and/or construction of capital items by the Town and School other than those financed by proprietary funds and trust funds.

**PERMANENT FUNDS**

Permanent funds are used to report resources that are legally restricted to the extent that only the earnings, not the principal, may be used for purposes that support the Town's programs,

SUPPLEMENTARY INFORMATION

TOWN OF NARRAGANSETT, RHODE ISLAND

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2009

	Town Special Revenue Funds	School Special Revenue Funds	Capital Projects Funds	Food Service Fund	Debt Service Fund	Total Nonmajor Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 21,884			\$ 24,146	\$ -	\$ 46,030
Accounts receivable:						
Federal and state government		\$ 434,840		8,645		443,485
Other	187,576	11,390				198,966
Due from other funds	<u>1,438,299</u>	<u>524,891</u>	<u>\$2,656,522</u>			<u>4,619,712</u>
Total assets	<u>\$1,647,759</u>	<u>\$ 971,121</u>	<u>\$2,656,522</u>	<u>\$ 32,791</u>	<u>\$ -</u>	<u>\$ 5,308,193</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable and accrued expenses	\$ 64,120	\$ 11,431	\$ 22,146		\$ -	\$ 97,697
Accrued compensated absences	4,862					4,862
Due to other funds	584,895	423,790		\$ 73,725		1,082,410
Deferred revenue	<u>187,576</u>					<u>187,576</u>
Total liabilities	<u>841,453</u>	<u>435,221</u>	<u>22,146</u>	<u>73,725</u>	<u>-</u>	<u>1,372,545</u>
Fund balances:						
Unreserved, reported in special revenue funds	<u>806,306</u>	<u>535,900</u>	<u>2,634,376</u>	<u>(40,934)</u>	<u>-</u>	<u>3,935,648</u>
Total fund balances	<u>806,306</u>	<u>535,900</u>	<u>2,634,376</u>	<u>(40,934)</u>	<u>-</u>	<u>3,935,648</u>
Total liabilities and fund balances	<u>\$1,647,759</u>	<u>\$ 971,121</u>	<u>\$2,656,522</u>	<u>\$ 32,791</u>	<u>\$ -</u>	<u>\$ 5,308,193</u>



SUPPLEMENTARY INFORMATION

TOWN OF NARRAGANSETT, RHODE ISLAND

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2009

	Town Special Revenue Funds	School Special Revenue Funds	Capital Projects Funds	Food Service Fund	Debt Service Fund	Total Nonmajor Governmental Funds
Revenues:						
Charges for services	\$ 388,058			\$ 234,592		\$ 622,650
Operating grants and contributions	212,358	\$ 1,194,023	\$ 693,021	81,543		2,180,945
Capital grants and contributions	1,190,259					1,190,259
Investment and interest income	56,671					56,671
Other	17,189					17,189
Total revenues	<u>1,864,535</u>	<u>1,194,023</u>	<u>693,021</u>	<u>316,135</u>		<u>4,067,714</u>
Expenditures:						
Current:						
General government			246,890			246,890
Public safety	739,995		282,670			1,022,665
Public works	209,003		707,409			916,412
Social services	19,928					19,928
Parks and recreation	106,548		184,096			290,644
Planning, engineering and inspection	850,487		324,757			1,175,244
Library	634,152					634,152
Food service				357,069		357,069
Education		1,233,815	221,026			1,454,841
Debt service:						
Principal					\$ 1,429,810	1,429,810
Interest					1,290,766	1,290,766
Total expenditures	<u>2,560,113</u>	<u>1,233,815</u>	<u>1,966,848</u>	<u>357,069</u>	<u>2,720,576</u>	<u>8,838,421</u>
Excess of expenditures over revenues	<u>(695,578)</u>	<u>(39,792)</u>	<u>(1,273,827)</u>	<u>(40,934)</u>	<u>(2,720,576)</u>	<u>(4,770,707)</u>
Other financing sources (uses):						
Operating transfers from other funds	621,563	175,000	1,767,462		2,343,495	4,907,520
Operating transfers to other funds	(25,000)					(25,000)
Total other financing sources (uses)	<u>596,563</u>	<u>175,000</u>	<u>1,767,462</u>		<u>2,343,495</u>	<u>4,882,520</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>(99,015)</u>	<u>135,208</u>	<u>493,635</u>	<u>(40,934)</u>	<u>(377,081)</u>	<u>111,813</u>
Fund balances, beginning of year	<u>905,321</u>	<u>400,692</u>	<u>2,140,741</u>		<u>377,081</u>	<u>3,823,835</u>
Fund balances, end of year	<u>\$ 806,306</u>	<u>\$ 535,900</u>	<u>\$ 2,634,376</u>	<u>\$ (40,934)</u>	<u>\$ -</u>	<u>\$ 3,935,648</u>

SUPPLEMENTARY INFORMATION

TOWN OF NARRAGANSETT, RHODE ISLAND

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE FUNDS - TOWN

JUNE 30, 2009

	Grants Fund	Community Development Fund	Library Fund	Athletic Fund	Narragansett Preservation Donation Fund	Land Trust Fund	Boon Street Donations Fund	Forfeited Funds	Parks and Recreation Fund	Millennium Committee Fund	Dance of Peace Fund	Code Enforcement Fund
<b>ASSETS</b>												
Cash and cash equivalents	\$ -	\$ -	\$ 21,784	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable, other		187,576										
Due from other funds		209,886	198,306	-	35,292	164,383	437	(23,863)	76,895	(73)	857	12,135
Total assets	<u>\$ -</u>	<u>\$ 397,462</u>	<u>\$ 220,090</u>	<u>\$ -</u>	<u>\$ 35,292</u>	<u>\$ 164,383</u>	<u>\$ 437</u>	<u>\$ (23,863)</u>	<u>\$ 76,895</u>	<u>\$ (73)</u>	<u>\$ 857</u>	<u>\$ 12,135</u>
<b>LIABILITIES AND FUND BALANCES</b>												
<b>Liabilities:</b>												
Accounts payable and accrued expenses	\$ 7,731	\$ -	\$ 15,117	\$ -	\$ -	\$ 365	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,549
Accrued compensated absences			4,862									
Due to other funds	584,895											
Deferred revenue		187,576										
Total liabilities	<u>592,626</u>	<u>187,576</u>	<u>19,979</u>	<u>-</u>	<u>-</u>	<u>365</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,549</u>
<b>Fund balances:</b>												
Unreserved, reported in special revenue funds	(592,626)	209,886	200,111	-	35,292	164,018	437	(23,863)	76,895	(73)	857	9,586
Total fund balances	<u>(592,626)</u>	<u>209,886</u>	<u>200,111</u>	<u>-</u>	<u>35,292</u>	<u>164,018</u>	<u>437</u>	<u>(23,863)</u>	<u>76,895</u>	<u>(73)</u>	<u>857</u>	<u>9,586</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 397,462</u>	<u>\$ 220,090</u>	<u>\$ -</u>	<u>\$ 35,292</u>	<u>\$ 164,383</u>	<u>\$ 437</u>	<u>\$ (23,863)</u>	<u>\$ 76,895</u>	<u>\$ (73)</u>	<u>\$ 857</u>	<u>\$ 12,135</u>

(continued)

SUPPLEMENTARY INFORMATION  
TOWN OF NARRAGANSETT, RHODE ISLAND  
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE FUNDS - TOWN

JUNE 30, 2009

	Dare Fund	Towers Committee Fund	Kinney Bungalow Fund	Galilee Landing Fees Fund	Historical Preservation Fund	Claims Fund	Narragansett Skating Rink Fund	Antique Fire Apparatus	Total Town Special Revenue Funds
<b>ASSETS</b>									
Cash and cash equivalents	\$ -	\$ 100	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,884
Accounts receivable, other									187,576
Due from other funds	<u>(1,013)</u>	<u>(3,799)</u>	<u>15,949</u>	<u>441,464</u>	<u>170,626</u>	<u>134,620</u>	<u>3,817</u>	<u>2,380</u>	<u>1,438,299</u>
Total assets	<u>\$ (1,013)</u>	<u>\$ (3,699)</u>	<u>\$ 15,949</u>	<u>\$ 441,464</u>	<u>\$ 170,626</u>	<u>\$ 134,620</u>	<u>\$ 3,817</u>	<u>\$ 2,380</u>	<u>\$ 1,647,759</u>
<b>LIABILITIES AND FUND BALANCES</b>									
<b>Liabilities:</b>									
Accounts payable and accrued expenses	\$ -	\$ 18,131	\$ 10,421	\$ 1,786	\$ -	\$ 8,020	\$ -	\$ -	\$ 64,120
Accrued compensated absences									4,862
Due to other funds									584,895
Deferred revenue									187,576
Total liabilities	<u>-</u>	<u>18,131</u>	<u>10,421</u>	<u>1,786</u>	<u>-</u>	<u>8,020</u>	<u>-</u>	<u>-</u>	<u>841,453</u>
<b>Fund balances:</b>									
Unreserved, reported in special revenue funds	<u>(1,013)</u>	<u>(21,830)</u>	<u>5,528</u>	<u>439,678</u>	<u>170,626</u>	<u>126,600</u>	<u>3,817</u>	<u>2,380</u>	<u>806,306</u>
Total fund balances	<u>(1,013)</u>	<u>(21,830)</u>	<u>5,528</u>	<u>439,678</u>	<u>170,626</u>	<u>126,600</u>	<u>3,817</u>	<u>2,380</u>	<u>806,306</u>
Total liabilities and fund balances	<u>\$ (1,013)</u>	<u>\$ (3,699)</u>	<u>\$ 15,949</u>	<u>\$ 441,464</u>	<u>\$ 170,626</u>	<u>\$ 134,620</u>	<u>\$ 3,817</u>	<u>\$ 2,380</u>	<u>\$ 1,647,759</u>

SUPPLEMENTARY INFORMATION

TOWN OF NARRAGANSETT, RHODE ISLAND

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE FUNDS - TOWN

YEAR ENDED JUNE 30, 2009

	Grants Fund	Community Development Fund	Library Fund	Athletic Fund	Narragansett Preservation Donation Fund	Land Trust Fund	Boon Street Donations Fund	Forfeited Funds	Parks and Recreation Fund	Millennium Committee Fund	Dance of Peace Fund	Code Enforcement Fund	Dare Fund
<b>Revenues:</b>													
Charges for services	\$ -	\$ -	\$ 6,644	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating grants and contributions	34,292		117,559			240			27,263				
Capital grants and contributions	1,173,524		16,735										
Investment and interest income		15,057			1,700	5,767	21	(1,171)	3,103	(4)	41	461	36
Other		11,045	2,351					616					
<b>Total revenues</b>	<b>1,207,816</b>	<b>26,102</b>	<b>143,289</b>	<b>-</b>	<b>1,700</b>	<b>6,007</b>	<b>21</b>	<b>(555)</b>	<b>30,366</b>	<b>(4)</b>	<b>41</b>	<b>461</b>	<b>36</b>
<b>Expenditures:</b>													
<b>Current:</b>													
General government	-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety	712,093							159					1,773
Public works	209,003												
Social services	19,928												
Parks and recreation				9,694					14,822				
Planning, engineering and inspection	629,053					6,004							
Library			634,152										
Food service													
Education													
<b>Debt service:</b>													
Principal													
Interest													
Capital outlay													
<b>Total expenditures</b>	<b>1,570,077</b>	<b>-</b>	<b>634,152</b>	<b>9,694</b>	<b>-</b>	<b>6,004</b>	<b>-</b>	<b>159</b>	<b>14,822</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,773</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(362,261)</b>	<b>26,102</b>	<b>(490,863)</b>	<b>(9,694)</b>	<b>1,700</b>	<b>3</b>	<b>21</b>	<b>(714)</b>	<b>15,544</b>	<b>(4)</b>	<b>41</b>	<b>461</b>	<b>(1,737)</b>
<b>Other financing sources (uses):</b>													
Operating transfers from other funds	-	-	571,563	-	-	50,000	-	-	-	-	-	-	-
Operating transfers to other funds													
Sale of capital assets													
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>571,563</b>	<b>-</b>	<b>-</b>	<b>50,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses</b>	<b>(362,261)</b>	<b>26,102</b>	<b>80,700</b>	<b>(9,694)</b>	<b>1,700</b>	<b>50,003</b>	<b>21</b>	<b>(714)</b>	<b>15,544</b>	<b>(4)</b>	<b>41</b>	<b>461</b>	<b>(1,737)</b>
<b>Fund balances, beginning of year</b>	<b>(230,365)</b>	<b>183,784</b>	<b>119,411</b>	<b>9,694</b>	<b>33,592</b>	<b>114,015</b>	<b>416</b>	<b>(23,149)</b>	<b>61,351</b>	<b>(69)</b>	<b>816</b>	<b>9,125</b>	<b>724</b>
<b>Fund balances, end of year</b>	<b>\$ (592,626)</b>	<b>\$ 209,886</b>	<b>\$ 200,111</b>	<b>\$ -</b>	<b>\$ 35,292</b>	<b>\$ 164,018</b>	<b>\$ 437</b>	<b>\$ (23,863)</b>	<b>\$ 76,895</b>	<b>\$ (73)</b>	<b>\$ 857</b>	<b>\$ 9,586</b>	<b>\$ (1,013)</b>

SUPPLEMENTARY INFORMATION

TOWN OF NARRAGANSETT, RHODE ISLAND

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
NONMAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE FUNDS - TOWN

YEAR ENDED JUNE 30, 2009

	Towers Committee Fund	Kinney Bungalow Fund	Galilee Landing Fees Fund	Historical Preservation Fund	Claims Fund	Narragansett Skating Rink Fund	Antique Fire Apparatus	Total Town Special Revenue Funds
Revenues:								
Charges for services	\$ 227,395	\$ 73,818	\$ 80,201	\$ -	\$ -	\$ -	\$ -	\$ 388,058
Operating grants and contributions				30,624			2,380	212,358
Capital grants and contributions								1,190,259
Investment and interest income	(800)	(235)	18,203	7,116	7,192	184		56,671
Other					3,177			17,189
Total revenues	<u>226,595</u>	<u>73,583</u>	<u>98,404</u>	<u>37,740</u>	<u>10,369</u>	<u>184</u>	<u>2,380</u>	<u>1,864,535</u>
Expenditures:								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety					25,970			739,995
Public works								209,003
Social services								19,928
Parks and recreation		63,405	18,627					106,548
Planning, engineering and inspection	207,617			7,813				850,487
Library								634,152
Food service								
Education								
Debt service:								
Principal								
Interest								
Capital outlay								
Total expenditures	<u>207,617</u>	<u>63,405</u>	<u>18,627</u>	<u>7,813</u>	<u>25,970</u>	<u>-</u>	<u>-</u>	<u>2,560,113</u>
Excess (deficiency) of revenues over expenditures	<u>18,978</u>	<u>10,178</u>	<u>79,777</u>	<u>29,927</u>	<u>(15,601)</u>	<u>184</u>	<u>2,380</u>	<u>(695,578)</u>
Other financing sources (uses):								
Operating transfers from other funds	-	-	-	-	-	-	-	621,563
Operating transfers to other funds	(25,000)							(25,000)
Sale of capital assets								
Total other financing sources (uses)	<u>(25,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>596,563</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>(6,022)</u>	<u>10,178</u>	<u>79,777</u>	<u>29,927</u>	<u>(15,601)</u>	<u>184</u>	<u>2,380</u>	<u>(99,015)</u>
Fund balances, beginning of year	<u>(15,808)</u>	<u>(4,650)</u>	<u>359,901</u>	<u>140,699</u>	<u>142,201</u>	<u>3,633</u>	<u>-</u>	<u>905,321</u>
Fund balances, end of year	<u>\$ (21,830)</u>	<u>\$ 5,528</u>	<u>\$ 439,678</u>	<u>\$ 170,626</u>	<u>\$ 126,600</u>	<u>\$ 3,817</u>	<u>\$ 2,380</u>	<u>\$ 806,306</u>

SUPPLEMENTARY INFORMATION  
TOWN OF NARRAGANSETT, RHODE ISLAND  
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE FUNDS - SCHOOL RESTRICTED

JUNE 30, 2009

	Title I	Title II	Title IV Drug Free Schools	Article 31	UCAI	Preschool Sect 619	Chariho Perkins Grant	Title V	E2T2 MCI Grant	IDEA Part B	NES Technology Fund	Title III	Post Employment Fringe Benefits
<b>ASSETS</b>													
Accounts receivable:													
Federal and state government	\$ 112,740	\$ 38,907	\$ -	\$ -	\$ -	\$ -	\$ 14,250	\$ -	\$ -	\$ 268,943	\$ -	\$ -	\$ -
Other													
Due from other funds													522,788
Total assets	<u>\$ 112,740</u>	<u>\$ 38,907</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,250</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 268,943</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 522,788</u>
<b>LIABILITIES AND FUND BALANCES</b>													
Liabilities:													
Accounts payable and accrued expenses	\$ -	\$ 1,228	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,269	\$ -	\$ -	\$ -
Due to other funds	112,740	37,679					14,250			260,674			
Total liabilities	<u>112,740</u>	<u>38,907</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,250</u>	<u>-</u>	<u>-</u>	<u>268,943</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:													
Unreserved, reported in special revenue funds	-	-	-	-	-	-	-	-	-	-	-	-	522,788
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>522,788</u>
Total liabilities and fund balance	<u>\$ 112,740</u>	<u>\$ 38,907</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,250</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 268,943</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 522,788</u>

(continued)

SUPPLEMENTARY INFORMATION  
TOWN OF NARRAGANSETT, RHODE ISLAND  
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE FUNDS - SCHOOL RESTRICTED

JUNE 30, 2009

	PL 94-142 IDEA Preschool	Early Childhood - State Invest Fund	Literacy Set - Aside - State Invest Fund	Student Equity - State Invest Fund	Language Assist - State Invest Fund	Professional Development - State Invest Fund	Technology - State Invest Fund	Casit, Inc. - AP Italian Program	Friends of Hockey	Total School Special Revenue Funds
<b>ASSETS</b>										
Accounts receivable:										
Federal and state government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 434,840
Other									11,390	11,390
Due from other funds			698		205			1,200		524,891
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 698</u>	<u>\$ -</u>	<u>\$ 205</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,200</u>	<u>\$ 11,390</u>	<u>\$ 971,121</u>
<b>LIABILITIES AND FUND BALANCES</b>										
Liabilities:										
Accounts payable and accrued expenses	\$ -	\$ 229	\$ 325	\$ 1,380	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,431
Due to other funds		(2,116)		(10,797)			(30)		11,390	423,790
Total liabilities	<u>-</u>	<u>(1,887)</u>	<u>325</u>	<u>(9,417)</u>	<u>-</u>	<u>-</u>	<u>(30)</u>	<u>-</u>	<u>11,390</u>	<u>435,221</u>
Fund balances:										
Unreserved, reported in special revenue funds	<u>-</u>	<u>1,887</u>	<u>373</u>	<u>9,417</u>	<u>205</u>	<u>-</u>	<u>30</u>	<u>1,200</u>	<u>-</u>	<u>535,900</u>
Total fund balances	<u>-</u>	<u>1,887</u>	<u>373</u>	<u>9,417</u>	<u>205</u>	<u>-</u>	<u>30</u>	<u>1,200</u>	<u>-</u>	<u>535,900</u>
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 698</u>	<u>\$ -</u>	<u>\$ 205</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,200</u>	<u>\$ 11,390</u>	<u>\$ 971,121</u>

SUPPLEMENTARY INFORMATION

TOWN OF NARRAGANSETT, RHODE ISLAND

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE FUNDS - SCHOOL RESTRICTED

YEAR ENDED JUNE 30, 2009

	Title I	Title II	Title IV Drug Free Schools	Article 31	UCAI	Preschool Sect 619	Chariho Perkins Grant	Title V	E2T2 MCI Grant	IDEA Part B	NES Technology Fund	Title III	Post Employment Fringe Benefits
Revenues:													
Operating grants and contributions	\$ 195,482	\$ 55,022	\$ 6,710	\$ -	\$ -	\$ -	\$ 29,375	\$ -	\$ -	\$ 449,211	\$ -	\$ -	\$ -
Total revenues	195,482	55,022	6,710	-	-	-	29,375	-	-	449,211	-	-	-
Expenditures:													
Current education	195,482	55,022	6,710				29,375			449,211			
Total expenditures	195,482	55,022	6,710				29,375			449,211			
Excess (deficiency) of revenues over expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-
Other financing sources:													
Operating transfers from other funds													175,000
Total other financing sources													175,000
Excess (deficiency) of revenues and other financing sources over expenditures	-	-	-	-	-	-	-	-	-	-	-	-	175,000
Fund balances, beginning of year	-	-	-	-	-	-	-	-	-	-	-	-	347,788
Fund balances, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 522,788

(continued)



SUPPLEMENTARY INFORMATION

TOWN OF NARRAGANSETT, RHODE ISLAND

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE FUNDS - SCHOOL RESTRICTED

YEAR ENDED JUNE 30, 2009

	PL 94-142 IDEA Preschool	Early Childhood - State Invest Fund	Literacy Set - Aside - State Invest Fund	Student Equity - State Invest Fund	Language Assist - State Invest Fund	Professional Development - State Invest Fund	Technology - State Invest Fund	Casit, Inc. - AP Italian Program	Friends of Hockey	Total School Special Revenue Funds
Revenues:										
Operating grants and contributions	\$ 10,161	\$ 77,097	\$ 11,770	\$ 303,467	\$ 4,781	\$ -	\$ 38,057	\$ 1,500	\$ 11,390	\$ 1,194,023
Total revenues	<u>10,161</u>	<u>77,097</u>	<u>11,770</u>	<u>303,467</u>	<u>4,781</u>	<u>-</u>	<u>38,057</u>	<u>1,500</u>	<u>11,390</u>	<u>1,194,023</u>
Expenditures:										
Current education	<u>10,161</u>	<u>83,341</u>	<u>12,022</u>	<u>318,391</u>	<u>4,576</u>	<u>18,619</u>	<u>38,027</u>	<u>1,488</u>	<u>11,390</u>	<u>1,233,815</u>
Total expenditures	<u>10,161</u>	<u>83,341</u>	<u>12,022</u>	<u>318,391</u>	<u>4,576</u>	<u>18,619</u>	<u>38,027</u>	<u>1,488</u>	<u>11,390</u>	<u>1,233,815</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(6,244)</u>	<u>(252)</u>	<u>(14,924)</u>	<u>205</u>	<u>(18,619)</u>	<u>30</u>	<u>12</u>	<u>-</u>	<u>(39,792)</u>
Other financing sources:										
Operating transfers from other funds										<u>175,000</u>
Total other financing sources										<u>175,000</u>
Excess (deficiency) of revenues and other financing sources over expenditures	<u>-</u>	<u>(6,244)</u>	<u>(252)</u>	<u>(14,924)</u>	<u>205</u>	<u>(18,619)</u>	<u>30</u>	<u>12</u>	<u>-</u>	<u>135,208</u>
Fund balances, beginning of year	<u>-</u>	<u>8,131</u>	<u>625</u>	<u>24,341</u>	<u>-</u>	<u>18,619</u>	<u>-</u>	<u>1,188</u>	<u>-</u>	<u>400,692</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 1,887</u>	<u>\$ 373</u>	<u>\$ 9,417</u>	<u>\$ 205</u>	<u>\$ -</u>	<u>\$ 30</u>	<u>\$ 1,200</u>	<u>\$ -</u>	<u>\$ 535,900</u>

SUPPLEMENTARY INFORMATION

TOWN OF NARRAGANSETT, RHODE ISLAND

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
CAPITAL PROJECTS FUNDS

JUNE 30, 2009

	<u>Town Capital Project Funds</u>	<u>School Capital Project Funds</u>	<u>Total Nonmajor Capital Projects Funds</u>
ASSETS			
Due from other funds	<u>\$ 2,188,317</u>	<u>\$ 468,205</u>	<u>\$ 2,656,522</u>
Total assets	<u><u>\$ 2,188,317</u></u>	<u><u>\$ 468,205</u></u>	<u><u>\$ 2,656,522</u></u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and accrued expenses	\$ 22,146	\$ -	\$ 22,146
Due to other funds			
Total liabilities	<u>22,146</u>	<u>-</u>	<u>22,146</u>
Fund balances, unreserved	<u>2,166,171</u>	<u>468,205</u>	<u>2,634,376</u>
Total fund balances	<u><u>2,166,171</u></u>	<u><u>468,205</u></u>	<u><u>2,634,376</u></u>
Total liabilities and fund balances	<u><u>\$ 2,188,317</u></u>	<u><u>\$ 468,205</u></u>	<u><u>\$ 2,656,522</u></u>

SUPPLEMENTARY INFORMATION

TOWN OF NARRAGANSETT, RHODE ISLAND

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
CAPITAL PROJECTS FUNDS

YEAR ENDED JUNE 30, 2009

	<u>Town Capital Project Funds</u>	<u>School Capital Project Funds</u>	<u>Total Nonmajor Capital Projects Funds</u>
Revenues:			
Operating grants and contributions	\$ 693,021		\$ 693,021
Total revenues	<u>693,021</u>		<u>693,021</u>
Expenditures:			
Current:			
General government	246,890		246,890
Public safety	282,670		282,670
Public works	707,409		707,409
Parks and recreation	184,096		184,096
Planning, engineering and inspection	324,757		324,757
Education		\$ 221,026	221,026
Total expenditures	<u>1,745,822</u>	<u>221,026</u>	<u>1,966,848</u>
Excess of expenditures over revenues	<u>(1,052,801)</u>	<u>(221,026)</u>	<u>(1,273,827)</u>
Other financing sources, operating transfers from other funds	<u>1,699,012</u>	<u>68,450</u>	<u>1,767,462</u>
Total other financing sources	<u>1,699,012</u>	<u>68,450</u>	<u>1,767,462</u>
Excess (deficiency) of revenues and other financing sources over expenditures	646,211	(152,576)	493,635
Fund balances, beginning of year	<u>1,519,960</u>	<u>620,781</u>	<u>2,140,741</u>
Fund balances, end of year	<u><u>\$ 2,166,171</u></u>	<u><u>\$ 468,205</u></u>	<u><u>\$ 2,634,376</u></u>

SUPPLEMENTARY INFORMATION

TOWN OF NARRAGANSETT, RHODE ISLAND

COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
PENSION TRUST FUNDS

JUNE 30, 2009

	Police Plan	Town Plan	Total
<b>ASSETS:</b>			
Prepaid expenses	\$ 8,880	\$ 215,448	\$ 224,328
Investments, at fair value	-	43,275,858	43,275,858
Total assets	8,880	43,491,306	43,500,186
 <b>LIABILITIES:</b>			
Due to General Fund	112,437	952,865	1,065,302
Accounts payable and accrued expenses	-	11,922	11,922
Total liabilities	112,437	964,787	1,077,224
 <b>NET ASSETS:</b>			
Held in trust for pension benefits and other purposes	\$ (103,557)	\$ 42,526,519	\$ 42,422,962

SUPPLEMENTARY INFORMATION

TOWN OF NARRAGANSETT, RHODE ISLAND

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
PENSION TRUST FUNDS

YEAR ENDED JUNE 30, 2009

	Police Plan	Town Plan	Total
Additions to net assets:			
Contributions:			
Employer	\$ -	\$ 1,342,866	\$ 1,342,866
Plan members		1,004,705	1,004,705
Retiree health benefits		1,093,029	1,093,029
Total contributions	-	3,440,600	3,440,600
Investment earnings, interest and dividends		1,599,314	1,599,314
Total additions	-	5,039,914	5,039,914
Deductions to net assets:			
Benefits	\$ 106,622	2,720,136	2,826,758
Retiree health benefits		1,082,614	1,082,614
Net decrease in fair value of investments	-	7,735,201	7,735,201
Administrative and other expenses		301,191	301,191
Refund of contributions		132,886	132,886
Miscellaneous		24,165	24,165
Total deductions	106,622	11,996,193	12,102,815
Change in net assets	(106,622)	(6,956,279)	(7,062,901)
Net assets, beginning of year	3,065	49,482,798	49,485,863
Net assets, end of year	\$ (103,557)	\$ 42,526,519	\$ 42,422,962

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

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

***Barton Memorial Scholarship Fund***

Established to issue an award to a graduating high school student who plans to pursue a career in home economics or industrial arts.

***Mary Jones Memorial Scholarship Fund***

Established to issue an annual award to a graduating high school student who has excelled in the area of English studies.

***Richard Colvin Memorial Scholarship Fund***

Established to issue an annual award to a graduating high school student who plans to pursue a career in law enforcement or human science or service.

***Phyllis Crawford Memorial Scholarship Fund***

Established to issue an annual award to a graduating high school student who has excelled in the area of educational studies.

***Barbara E. Duggan Memorial Scholarship Fund***

Established to issue an annual award to a graduating high school student who has excelled in the area of social studies.

***Peter Davis Burial Fund***

Established to be used for the perpetual care of cemetery plots.

***Franklin Burial Fund***

Established to be used for the perpetual care of cemetery plots.

***James Water Fund***

Established to issue an annual award to a graduating high school student.

***Frank L. Robinson Fund***

Established to provide classroom or field training for all Narragansett police department members.

SUPPLEMENTARY INFORMATION

TOWN OF NARRAGANSETT, RHODE ISLAND

COMBINING STATEMENT OF NET ASSETS  
PRIVATE PURPOSE TRUST FUNDS

JUNE 30, 2009

	Barton Memorial Scholarship Fund	Mary Jones Memorial Scholarship Fund	Richard Colvin Memorial Scholarship Fund	Phyllis Crawford Memorial Scholarship Fund	Barbara E. Duggan Memorial Scholarship Fund	Peter Davis Burial Fund	Franklin Burial Fund	James Water Fund	Frank L. Robinson Fund	Total Private Purpose Trust Funds
<b>ASSETS:</b>										
Cash and cash equivalents	\$ 7,903	\$ 421	\$ 4,480	\$ 1,437	\$ 1,496	\$ -	\$ -	\$ -	\$ -	\$ 15,737
Due from general fund						6,281	3,412	2,533	92,756	104,982
Total assets	<u>\$ 7,903</u>	<u>\$ 421</u>	<u>\$ 4,480</u>	<u>\$ 1,437</u>	<u>\$ 1,496</u>	<u>\$ 6,281</u>	<u>\$ 3,412</u>	<u>\$ 2,533</u>	<u>\$ 92,756</u>	<u>\$ 120,719</u>
<b>NET ASSETS:</b>										
Held in trust	<u>\$ 7,903</u>	<u>\$ 421</u>	<u>\$ 4,480</u>	<u>\$ 1,437</u>	<u>\$ 1,496</u>	<u>\$ 6,281</u>	<u>\$ 3,412</u>	<u>\$ 2,533</u>	<u>\$ 92,756</u>	<u>\$ 120,719</u>

SUPPLEMENTARY INFORMATION

TOWN OF NARRAGANSETT, RHODE ISLAND

COMBINING STATEMENT OF CHANGES IN NET ASSETS  
PRIVATE PURPOSE TRUST FUNDS

YEAR ENDED JUNE 30, 2009

	Barton Memorial Scholarship Fund	Mary Jones Memorial Scholarship Fund	Richard Colvin Memorial Scholarship Fund	Phyllis Crawford Memorial Scholarship Fund	Barbara E. Duggan Memorial Scholarship Fund	Peter Davis Burial Fund	Franklin Burial Fund	James Water Fund	Frank L. Robinson Fund	Total Private Purpose Trust Funds
Additions to net assets:										
Investment earnings, interest and dividends	\$ 409	\$ 9	\$ 95	\$ 5	\$ 2	\$ 1,726	\$ 1,155	\$ 696	\$ 25,488	\$ 29,585
Total addition	409	9	95	5	2	1,726	1,155	696	25,488	29,585
Deductions to net assets:										
Net increase (decrease) in fair value of investments	(2,253)	(198)	(2,103)	(97)	350	-	-	-	-	(4,301)
Scholarship awards										
Other										
Total deductions	(2,253)	(198)	(2,103)	(97)	350	-	-	-	-	(4,301)
Change in net assets	(1,844)	(189)	(2,008)	(92)	352	1,726	1,155	696	25,488	25,284
Net assets, beginning of year	9,747	610	6,488	1,529	1,144	4,555	2,257	1,837	67,268	95,435
Net assets, end of year	\$ 7,903	\$ 421	\$ 4,480	\$ 1,437	\$ 1,496	\$ 6,281	\$ 3,412	\$ 2,533	\$ 92,756	\$ 120,719



## **STATISTICAL SECTION**

The Statistical Section differs from other financial statement presentations because it generally discloses more than one fiscal year and may present nonaccounting data such as social and economic data and financial trends of the Town.

TOWN OF NARRAGANSETT, RHODE ISLAND

NET ASSETS BY COMPONENT  
LAST SIX FISCAL YEARS  
(UNAUDITED)

*Exhibit 1*

	Fiscal Year					
	2009	2008	2007	2006	2005	2004
Governmental activities:						
Invested in capital assets, net of related debt	\$ 65,852,760	\$ 30,048,212	\$ 26,117,977	\$ 23,203,860	\$ 20,357,642	\$ 16,698,191
Restricted	-	-	845,523	737,751	1,723,961	1,471,106
Unrestricted	<u>(12,642,946)</u>	<u>(6,403,948)</u>	<u>(3,886,114)</u>	<u>(4,047,557)</u>	<u>(5,989,589)</u>	<u>(5,305,303)</u>
Total governmental activities net assets	<u>\$ 53,209,814</u>	<u>\$ 23,644,264</u>	<u>\$ 23,077,386</u>	<u>\$ 19,894,054</u>	<u>\$ 16,092,014</u>	<u>\$ 12,863,994</u>
Business-type activities:						
Invested in capital assets, net of related debt	\$ 26,399,950	\$ 24,910,202	\$ 23,532,410	\$ 22,693,334	\$ 23,942,896	\$ 22,277,845
Unrestricted	<u>9,643,685</u>	<u>10,419,879</u>	<u>10,158,298</u>	<u>9,472,908</u>	<u>7,639,872</u>	<u>7,883,593</u>
Total business-type activities net assets	<u>\$ 36,043,635</u>	<u>\$ 35,330,081</u>	<u>\$ 33,690,708</u>	<u>\$ 32,166,242</u>	<u>\$ 31,582,768</u>	<u>\$ 30,161,438</u>
Primary government:						
Invested in capital assets, net of related debt	\$ 92,252,710	\$ 54,958,414	\$ 49,650,387	\$ 45,897,194	\$ 44,300,538	\$ 38,976,036
Restricted	-	-	845,523	737,751	1,723,961	1,471,106
Unrestricted	<u>(2,999,261)</u>	<u>4,015,931</u>	<u>6,272,184</u>	<u>5,425,351</u>	<u>1,650,283</u>	<u>2,578,290</u>
Total primary government net assets	<u>\$ 89,253,449</u>	<u>\$ 58,974,345</u>	<u>\$ 56,768,094</u>	<u>\$ 52,060,296</u>	<u>\$ 47,674,782</u>	<u>\$ 43,025,432</u>

TOWN OF NARRAGANSETT, RHODE ISLAND

CHANGES IN NET ASSETS  
LAST SIX FISCAL YEARS  
GOVERNMENTAL ACTIVITIES  
(ACCRUAL BASIS OF ACCOUNTING)  
(UNAUDITED)

*Exhibit 2*

	Fiscal Year					
	2009	2008	2007	2006	2005	2004
<b>Expenses:</b>						
Governmental activities:						
General government	\$ 3,758,548	\$ 3,483,345	\$ 3,166,633	\$ 2,941,590	\$ 2,095,847	\$ 1,758,306
Financial administration	868,872	951,634	1,029,179	1,035,841	1,047,539	979,911
Public safety	10,932,393	12,652,621	12,191,560	9,318,715	9,510,910	9,148,487
Public works	3,757,059	2,084,085	1,720,256	1,880,594	1,871,654	1,868,683
Social services	249,641	264,272	655,799	356,170	786,805	768,396
Parks and recreation	1,451,280	1,423,735	1,695,839	1,601,978	1,581,652	756,210
Planning, engineering and inspection	1,843,867	1,229,624	1,137,184	2,093,327	1,662,635	1,319,107
Library	727,401	667,178	-	-	-	-
Food service	357,069	343,724	363,427	419,440	419,192	424,704
Other	7,590,833	1,648,603	1,275,265	838,715	-	-
Education	27,651,643	27,177,622	25,829,729	24,897,064	25,304,922	24,551,635
Interest on long-term debt	1,152,315	536,422	318,649	226,897	482,638	544,242
Total governmental activities expenses	60,340,921	52,462,865	49,383,520	45,610,331	44,763,794	42,119,681
Business-type activities:						
Water Fund	1,722,238	1,611,942	1,420,822	1,815,665	1,425,268	1,323,968
Sewer Fund	3,497,571	3,009,609	2,998,432	3,070,767	3,285,810	3,004,775
Beach Fund	1,194,320	1,143,886	1,099,735	1,047,187	1,042,064	1,002,476
Total business-type activities expenses	6,414,129	5,765,437	5,518,989	5,933,619	5,753,142	5,331,219
Total primary government expenses	66,755,050	58,228,302	54,902,509	51,543,950	50,516,936	47,450,900
<b>Program Revenues:</b>						
Governmental activities:						
Charges for services:						
General government	1,018,126	974,427	983,611	1,019,898	1,553,177	1,286,962
Financial administration	645,099	325,000	325,000	195,000	195,000	195,000
Public safety	507,740	621,966	524,600	494,861	461,177	344,507
Public works	1,625	1,075	1,250	-	17,934	28,359
Social services	-	31,499	-	15,632	7,746	3,090
Parks and recreation	135,667	548,215	629,984	668,716	501,016	389,280
Planning, engineering and inspection	228,230	421,343	376,977	367,820	242,445	261,628
Library	6,644	-	-	-	-	-
Food service	234,592	264,559	295,032	303,682	329,454	322,744
Other	381,414	-	-	-	-	-
Education	342,412	472,852	202,797	273,618	587,178	305,279
Operating grants and contributions	2,996,995	4,718,839	3,376,402	3,316,221	4,336,928	4,199,212
Capital grants and contributions	1,190,259	3,717,528	2,059,431	2,455,066	2,142,157	1,000
Total governmental activities program revenues	7,688,803	12,097,303	8,775,084	9,110,514	10,374,212	7,337,061
Business-type activities:						
Charges for services:						
Water Fund	1,263,442	1,305,178	1,212,254	1,275,912	1,063,350	1,098,601
Sewer Fund	3,935,886	3,842,147	3,818,004	3,682,157	3,590,886	3,555,999
Beach Fund	1,394,208	1,504,371	1,380,711	1,204,459	1,256,654	1,202,502
Capital grants and contributions, Sewer Fund	-	-	-	-	477,894	-
Total business-type activities program revenues	6,593,536	6,651,696	6,410,969	6,162,528	6,388,784	5,857,102
Total primary government program revenues	14,282,339	18,748,999	15,186,053	15,273,042	16,762,996	13,194,163
<b>Net (Expense) Revenue:</b>						
Governmental activities	(52,652,118)	(40,365,562)	(39,061,414)	(36,499,817)	(34,389,582)	(34,782,620)
Business-type activities	179,407	886,259	891,980	228,909	635,642	525,883
Total primary government net expenses	(52,472,711)	(39,479,303)	(38,169,434)	(36,270,908)	(33,753,940)	(34,256,737)

(continued)

TOWN OF NARRAGANSETT, RHODE ISLAND

CHANGES IN NET ASSETS  
 LAST SIX FISCAL YEARS  
 GOVERNMENTAL ACTIVITIES  
 (ACCRUAL BASIS OF ACCOUNTING)  
 (UNAUDITED)

	Fiscal Year					
	2009	2008	2007	2006	2005	2004
<b>General Revenues and Other Changes in Net Assets:</b>						
Governmental activities:						
Property taxes and in lieu of taxes	\$ 41,435,378	\$ 38,699,963	\$ 37,454,608	\$ 36,424,752	\$ 34,777,052	\$ 33,534,531
State aid, unrestricted	2,501,803	2,828,020	3,651,506	3,297,710	2,495,003	2,259,551
Investment income	(172,041)	596,193	687,436	208,292	491,478	(197,273)
Other revenues	111,390	37,436	468,859	440,452	33,799	348,806
Transfers	-	-	-	-	-	4,000
Gain (loss) on sale of capital	-	317,850	(17,663)	(69,349)	-	-
<b>Total governmental activities</b>	<b>43,876,530</b>	<b>42,479,462</b>	<b>42,244,746</b>	<b>40,301,857</b>	<b>37,797,332</b>	<b>35,949,615</b>
Business-type activities:						
Investment income	534,147	753,114	651,007	354,565	302,370	175,272
Transfers	-	-	-	-	-	(4,000)
Other revenues	-	-	(18,521)	-	483,318	476,949
<b>Total business-type activities</b>	<b>534,147</b>	<b>753,114</b>	<b>632,486</b>	<b>354,565</b>	<b>785,688</b>	<b>648,221</b>
<b>Total primary government</b>	<b>44,410,677</b>	<b>43,232,576</b>	<b>42,877,232</b>	<b>40,656,422</b>	<b>38,583,020</b>	<b>36,597,836</b>
<b>Change in Net Assets:</b>						
Governmental activities	(8,775,588)	2,113,900	3,183,332	3,802,040	3,407,750	1,166,995
Business-type activities	713,554	1,639,373	1,524,466	583,474	1,421,330	1,174,104
<b>Total primary governmental</b>	<b>\$ (8,062,034)</b>	<b>\$ 3,753,273</b>	<b>\$ 4,707,798</b>	<b>\$ 4,385,514</b>	<b>\$ 4,829,080</b>	<b>\$ 2,341,099</b>

(concluded)

TOWN OF NARRAGANSETT, RHODE ISLAND  
 FUND BALANCES, GOVERNMENTAL FUNDS  
 LAST SIX FISCAL YEARS  
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)  
 (UNAUDITED)

*Exhibit 3*

	Fiscal Year					
	2009	2008	2007	2006	2005	2004
General Fund:						
Reserved	\$ 288,903	\$ 310,481	\$ 268,762	\$ 271,989	\$ 243,993	\$ 191,428
Unreserved:						
Designated for next year's budget	148,171	1,000,000	800,000	700,000	500,000	500,000
Undesignated	<u>1,735,519</u>	<u>1,611,116</u>	<u>2,755,351</u>	<u>3,088,227</u>	<u>3,005,784</u>	<u>2,190,895</u>
Total General Fund	<u>2,172,593</u>	<u>2,921,597</u>	<u>3,824,113</u>	<u>4,060,216</u>	<u>3,749,777</u>	<u>2,882,323</u>
All Other Governmental Funds:						
Reserved	-	220,017	2,780	-	202,545	-
Unreserved:						
Designated for next year's budget	-	692,456	530,646	219,973	506,646	435,555
Unreserved	-	859,171	792,456	530,646	119,973	506,646
Unreserved, reported in:						
Special Revenue Funds	5,864,427	1,301,496	293,909	1,105,154	1,015,000	1,007,746
Debt Service Fund	-	377,081	372,951	29,860	28,717	6,685
Capital Projects Funds	<u>(112,274)</u>	<u>(67,310)</u>	<u>845,523</u>	<u>737,751</u>	<u>974,845</u>	<u>740,870</u>
Total All Other Governmental Funds	<u>5,752,153</u>	<u>3,382,911</u>	<u>2,838,265</u>	<u>2,623,384</u>	<u>2,847,726</u>	<u>2,697,502</u>
Grand Total	<u><u>\$ 7,924,746</u></u>	<u><u>\$ 6,304,508</u></u>	<u><u>\$ 6,662,378</u></u>	<u><u>\$ 6,683,600</u></u>	<u><u>\$ 6,597,503</u></u>	<u><u>\$ 5,579,825</u></u>

TOWN OF NARRAGANSETT, RHODE ISLAND  
 CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS  
 LAST TEN FISCAL YEARS  
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)  
 (UNAUDITED)

Exhibit 4

	Fiscal Year									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
<b>Revenues:</b>										
General property taxes and payments in lieu of taxes	\$ 40,314,466	\$ 38,503,227	\$ 37,441,499	\$ 36,476,981	\$ 34,839,274	\$ 33,552,332	\$ 32,418,011	\$ 30,936,706	\$ 29,434,774	\$ 28,029,771
State aide, unrestricted	3,715,817	5,616,213	5,554,466	5,028,480	4,835,115	2,267,400	2,163,308	5,837,672	4,704,920	3,847,986
Charges for services	3,501,549	3,189,383	2,669,414	3,168,384	3,505,203	3,106,353	2,680,731	2,145,390	1,853,198	2,033,730
Operating grants and contributions	2,180,945	1,930,646	2,139,810	1,649,235	1,996,819	4,191,364	3,920,434			
Capital gains and contributions	1,190,259	3,717,528	2,062,900	2,562,125	2,142,157	1,000				
Investment income	49,041	601,366	707,448	208,292	452,438	(197,273)	182,293	294,688	679,715	576,969
Other revenues	117,189	508,989	468,859	440,452	422,888	377,954	267,758	1,027,093	622,989	572,100
<b>Total revenues</b>	<b>51,069,266</b>	<b>54,067,352</b>	<b>51,044,396</b>	<b>49,533,949</b>	<b>48,193,894</b>	<b>43,299,130</b>	<b>41,632,535</b>	<b>40,241,549</b>	<b>37,295,596</b>	<b>35,060,556</b>
<b>Expenditures:</b>										
<b>Current:</b>										
General government	1,728,193	2,005,594	1,787,904	1,898,830	1,247,670	1,111,626	1,057,897	988,466	897,740	860,158
Financial administration	957,878	950,184	1,026,003	1,032,665	981,876	924,635	1,198,570	908,117	854,545	788,198
Public safety	10,999,683	13,358,804	12,705,577	11,575,387	10,828,386	8,507,766	7,549,558	7,401,922	6,636,229	6,281,909
Public works	2,978,866	2,271,703	2,435,924	2,315,190	1,986,598	1,976,648	2,103,510	1,329,678	1,393,991	1,275,402
Social services	226,346	256,836	662,110	421,544	721,123	728,494	700,969	485,556	477,803	454,053
Parks and recreation	1,511,348	1,446,171	1,928,093	1,584,859	1,711,517	1,847,953	2,142,452	931,370	884,417	783,509
Planning, engineering and inspection	2,136,033	1,495,884	1,113,164	2,195,105	1,662,827	1,387,153	1,141,904	729,180	708,364	705,413
Library	634,152									
Food service	357,069	343,724	363,427	419,440	419,192	424,704	384,549			
Other	1,389,536	1,658,389	1,275,265	838,715	853,015	612,948	681,753	2,211,207	1,488,903	1,148,381
Education	26,087,223	26,809,613	26,466,513	25,018,820	25,333,368	24,310,688	23,138,004	20,834,397	20,047,484	19,341,596
<b>Debt service:</b>										
Principal	22,929,810	2,226,986	2,142,138	2,147,297	2,256,027	1,986,815	2,071,967	1,294,672	1,211,965	1,339,900
Interest	1,290,766							666,290	730,718	796,917
Capital outlay	9,482,535	11,771,334						5,299,180	1,009,752	1,257,788
<b>Total expenditures</b>	<b>82,709,438</b>	<b>64,595,222</b>	<b>51,906,118</b>	<b>49,447,852</b>	<b>48,001,599</b>	<b>43,819,430</b>	<b>42,171,133</b>	<b>43,080,035</b>	<b>36,341,911</b>	<b>35,033,224</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(31,640,172)</b>	<b>(10,527,870)</b>	<b>(861,722)</b>	<b>86,097</b>	<b>192,295</b>	<b>(520,300)</b>	<b>(538,598)</b>	<b>(2,838,486)</b>	<b>953,685</b>	<b>27,332</b>
<b>Other financing sources (uses):</b>										
Bond anticipation note, net	11,548,271	9,800,000								
Bond proceeds	20,930,000		840,500				2,500,000			
Bond premium	780,950				39,040					
Proceeds of refunding bonds					4,213,835		5,924,804			
Payment to refunding bond escrow agent					(4,156,083)		(5,911,578)			
Capital lease proceeds					617,175					
Transfers from other funds	29,380,961	28,979,592	28,510,981	27,641,778	26,156,616	25,296,612	25,160,367	23,974,123	22,875,859	22,050,061
Transfers to other funds	(29,380,961)	(28,979,592)	(28,510,981)	(27,641,778)	(26,156,616)	(25,292,612)	(25,160,367)	(23,974,123)	(22,863,859)	(22,050,061)
Sale of capital assets		360,000								
<b>Total other financing sources (uses)</b>	<b>33,259,221</b>	<b>10,160,000</b>	<b>840,500</b>	<b>-</b>	<b>713,967</b>	<b>4,000</b>	<b>2,513,226</b>	<b>-</b>	<b>12,000</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ 1,619,049</b>	<b>\$ (367,870)</b>	<b>\$ (21,222)</b>	<b>\$ 86,097</b>	<b>\$ 906,262</b>	<b>\$ (516,300)</b>	<b>\$ 1,974,628</b>	<b>\$ (2,838,486)</b>	<b>\$ 965,685</b>	<b>\$ 27,332</b>
<b>Debt service as a percentage of noncapital expenditure:</b>	<b>33.1%</b>	<b>4.2%</b>	<b>4.1%</b>	<b>4.3%</b>	<b>4.7%</b>	<b>4.5%</b>	<b>4.9%</b>	<b>5.2%</b>	<b>5.5%</b>	<b>6.3%</b>

TOWN OF NARRAGANSETT, RHODE ISLAND

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN FISCAL YEARS  
(UNAUDITED)

*Exhibit 5*

Fiscal Year	Real Property		Personal Property		Total		Ratio of Total Assessed Valuation to Total Estimated Actual Value
	Assessed Valuations	Estimated Actual Value	Assessed Valuations	Estimated Actual Value	Assessed Valuations	Estimated Actual Value	
2000	\$ 1,512,912,810	\$ 2,330,785,411	\$ 145,794,097	\$ 224,609,609	\$ 1,658,706,907	\$ 2,555,395,020	64.91%
2001	1,538,566,115	2,603,767,329	157,732,155	266,935,446	1,696,298,270	2,870,702,775	59.09%
2002	1,570,057,510	2,616,762,517	169,638,077	282,730,128	1,739,695,587	2,899,492,645	60.00%
2003	1,606,731,270	2,677,885,450	170,219,984	283,699,973	1,776,951,254	2,961,585,423	60.00%
2004	2,980,516,200	3,021,303,801	177,214,764	179,639,903	3,157,730,964	3,200,943,704	98.65%
2005	3,298,715,000	4,051,479,980	176,618,264	216,922,456	3,475,333,264	4,268,402,437	81.42%
2006	3,046,940,100	4,214,301,660	194,140,512	268,520,763	3,241,080,612	4,482,822,423	72.30%
2007	5,165,044,102	5,172,803,307	202,826,187	203,130,883	5,367,870,289	5,375,934,190	99.85%
2008	5,158,689,100	5,386,539,731	201,731,499	210,641,640	5,360,420,599	5,597,181,371	95.77%
2009	5,181,200,600	5,410,045,526	216,904,287	226,484,585	5,398,104,887	5,636,530,111	95.77%

TOWN OF NARRAGANSETT, RHODE ISLAND

PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND TEN YEARS AGO  
(UNAUDITED)

*Exhibit 6*

Taxpayer	Type of Business	2009			2000		
		Gross Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Gross Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Salt Pond Shopping Center LLC	Real Estate	\$ 27,509,500	1	0.51%	\$ 12,982,000	1	0.79%
Dunes Corporation	Real Estate	10,853,200	2	0.20%	6,322,775	2	0.39%
Narragansett Pier Village Apartments	Real Estate	8,498,900	3	0.16%	4,422,910	3	0.27%
Point Judith Country Club	Golf Course	7,811,700	4	0.14%	3,388,200	4	0.21%
Recreation Partners I	Real Estate	6,641,900	5	0.12%	2,752,990	5	0.17%
Russel A. Boss	Property owner	6,517,200	6	0.12%	1,707,400	6	0.10%
JDL Family LTD Partnership	Property owner	6,422,400	7	0.12%	414,900	10	0.03%
J. Terrance Murray	Property owner	6,397,100	8	0.12%	1,691,500	7	0.10%
Joseph P. Healey	Property owner	5,858,500	9	0.11%	600,200	9	0.04%
Adolf R. Dibiaio	Property owner	5,278,400	10	0.10%	1,210,700	8	0.07%
		<u>\$ 91,788,800</u>		<u>1.70%</u>	<u>\$ 35,493,575</u>		<u>2.17%</u>
	Total assessed valuation (gross)	<u>\$ 5,398,104,887</u>			<u>\$ 1,636,397,139</u>		

Source: Town of Narragansett Assessor, certified tax role.



TOWN OF NARRAGANSETT, RHODE ISLAND

PROPERTY TAX LEVIES AND COLLECTIONS  
 LAST TEN FISCAL YEARS  
 (UNAUDITED)

*Exhibit 7*

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year (net of abatements)	Collected within the Fiscal year of the Levy	
		Amount	Percentage of Levy
2000	\$ 27,916,250	\$ 27,834,929	99.71%
2001	29,431,215	29,188,477	99.18%
2002	30,911,443	30,655,112	99.17%
2003	32,033,250	31,898,786	99.58%
2004	33,462,184	33,267,395	99.42%
2005	34,339,260	34,158,944	99.47%
2006	36,266,408	36,131,210	99.63%
2007	37,367,278	37,136,701	99.38%
2008	38,496,512	38,081,116	98.92%
2009	40,477,770	38,251,119	94.50%

**Source: Town of Narragansett Tax Collector**

TOWN OF NARRAGANSETT, RHODE ISLAND

PROPERTY TAX RATES  
 (PER \$1000 OF ASSESSED VALUE)  
 LAST TEN FISCAL YEARS  
 (UNAUDITED)

*Exhibit 8*

Fiscal Year	Residential Property Rate	Commercial Property Rate	Personal Property Rate	Motor Vehicle Rate	Inventory Rate
2001	\$17.67	\$17.67	\$17.67	\$16.46	\$13.48
2002	\$18.24	\$18.24	\$18.24	\$16.46	\$11.80
2003	\$18.64	\$18.64	\$18.64	\$16.46	\$10.11
2004	\$10.30	\$15.45	\$15.45	\$16.46	\$8.43
2005	\$10.57	\$15.86	\$15.86	\$16.46	\$6.74
2006	\$10.89	\$16.34	\$16.34	\$16.46	\$5.05
2007	\$6.74	\$10.11	\$10.11	\$16.46	\$3.37
2008	\$6.96	\$10.44	\$10.44	\$16.46	\$1.69
2009	\$7.25	\$10.87	\$10.87	\$16.46	\$0.00
2010	\$8.58	\$12.87	\$16.46	\$16.46	\$0.00

TOWN OF NARRAGANSETT, RHODE ISLAND

RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE  
AND NET BONDED DEBT PER CAPITA  
LAST TEN FISCAL YEARS  
(UNAUDITED)

*Exhibit 9*

Fiscal Year	Population	Assessed Valuation	Gross Bonded Debt	Debt payable from Enterprise Revenues	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Valuation	Net Bonded Debt per Capita
2000	16,361	\$ 1,658,706,907	\$ 28,203,129	\$ 13,523,067	\$ 14,680,062	0.89%	\$ 897.26
2001	16,361	1,696,298,270	26,262,324	12,698,054	13,564,270	0.80%	\$ 829.06
2002	16,361	1,739,695,587	24,306,805	11,882,838	12,423,967	0.71%	\$ 759.36
2003	16,361	1,776,951,254	22,580,010	11,099,091	11,480,919	0.65%	\$ 701.72
2004	16,361	3,157,730,964	20,440,495	10,243,365	10,197,130	0.32%	\$ 623.26
2005	16,361	3,475,333,264	20,533,815	11,477,210	9,056,605	0.26%	\$ 553.55
2006	16,361	3,241,080,612	19,126,134	11,522,225	7,603,909	0.23%	\$ 464.76
2007	16,361	5,367,870,289	17,231,063	11,088,164	6,142,899	0.11%	\$ 375.46
2008	16,361	5,360,420,599	15,865,000	1,408,380	14,456,620	0.27%	\$ 883.60
2009	16,361	5,398,104,887	25,034,999	875,952	24,159,047	0.45%	\$ 1,476.62

TOWN OF NARRAGANSETT, RHODE ISLAND

COMPUTATION OF LEGAL DEBT MARGIN  
LAST FIVE FISCAL YEARS  
(UNAUDITED)

*Exhibit 10*

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Full assessed valuation	\$ 5,398,104,887	\$ 5,360,420,599	\$ 5,367,870,289	\$ 3,241,080,612	\$ 3,475,333,264
Debt limit	161,943,147	160,812,618	161,036,109	97,232,418	104,259,998
Total net debt applicable to limit	24,159,047	14,456,620	6,142,899	7,603,909	9,056,605
Legal debt margin	137,784,100	146,355,998	154,893,210	89,628,509	95,203,393
Total net debt applicable to limit as a percentage of the debt limit	14.92%	8.99%	3.81%	7.82%	8.69%

TOWN OF NARRAGANSETT, RHODE ISLAND

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR  
GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES  
LAST TEN FISCAL YEARS  
(UNAUDITED)

*Exhibit 11*

Fiscal Year	Principal	Interest	Total Debt Service	Total Governmental Funds Expenditures (1)	Ratio of Total Debt Service to Total Governmental Expenditures
2000	\$ 1,244,900	\$ 788,913	\$ 2,033,813	\$ 35,033,224	5.81%
2001	1,115,792	726,157	1,841,949	\$ 36,341,911	5.07%
2002	1,140,304	650,417	1,790,721	\$ 43,080,035	4.16%
2003	1,169,049	534,211	1,703,260	\$ 42,171,133	4.04%
2004	1,460,348	522,618	1,982,966	\$ 43,819,430	4.53%
2005	1,714,282	448,239	2,162,521	\$ 48,001,599	4.51%
2006	1,745,042	352,047	2,097,089	\$ 49,447,852	4.24%
2007	1,461,010	244,241	1,705,251	\$ 51,906,118	3.29%
2008	1,486,279	195,495	1,681,774	\$ 64,595,222	2.60%
2009	1,407,573	(2) 669,538	2,077,111	\$ 82,709,438	2.51%

Note:

(1) Modified accrual basis of accounting

(2) Excludes repayment of bond anticipation notes in the total amount of \$31,000,000

TOWN OF NARRAGANSETT, RHODE ISLAND

PRINCIPAL EMPLOYERS

JUNE 30, 2009  
(UNAUDITED)

*Exhibit 12*

<u>Employer</u>	<u>Type of Business</u>	<u>Number of Employees</u>
Town of Narragansett	Municipality/School	448
University of Rhode Island/Bay Campus	University	245
Stop & Shop	Supermarkets	225
Dunes Club	Beach Club/Seasonal	180
VNS Home Health Service	Healthcare Services	150
Environmental Protection Agency	Federal Government Laboratory	150
DeWal Industries	Manufacturer	120
George's of Galilee Restaurant	Restaurant	100
Marshall's	Retail	89

Unemployment rate: 7.6%

TOWN OF NARRAGANSETT, RHODE ISLAND

FULL-TIME EQUIVALENT TOWN EMPLOYEES BY FUNCTION  
LAST TEN FISCAL YEARS  
(UNAUDITED)

*Exhibit 13*

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
General government	11	11	10	10	10	10	10	10	10	10
Financial administration	13	13	14	14	14	14	14	14	14	14
Public safety:										
Police:										
Officers	40	41	41	41	39	39	39	39	39	39
Civilians	11	11	11	11	11	11	11	11	11	11
Fire:										
Firefighter and officers	35	35	35	35	35	35	35	35	35	35
Civilians	1	1	1	1	1	1	1	1	1	1
	<u>87</u>	<u>88</u>	<u>88</u>	<u>88</u>	<u>86</u>	<u>86</u>	<u>86</u>	<u>86</u>	<u>86</u>	<u>86</u>
Public works:										
Engineering	-	-	-	-	-	-	-	-	-	-
Maintenance	17	16	16	16	16	16	16	16	16	16
	<u>17</u>	<u>16</u>	<u>16</u>	<u>16</u>	<u>16</u>	<u>16</u>	<u>16</u>	<u>16</u>	<u>16</u>	<u>16</u>
Social services	-	-	-	-	-	-	-	-	-	-
Parks and recreation	9	9	9	9	9	9	9	9	9	9
Planning, engineering and inspection	13	13	13	13	13	13	13	13	13	13
Food service	-	-	-	-	-	-	-	-	-	-
Education:										
Administrative, certified	9	9	9	9	9	9	9	9	9	9
Administrative, noncertified	11	11	11	11	11	11	11	11	11	11
Classroom aides	37	37	37	37	37	37	37	37	37	37
Classroom Teachers	158	158	158	158	158	158	158	158	158	158
Bus drivers, monitors, and bus aides	35	35	35	35	35	35	35	35	35	35
Clerical aides	12	12	12	12	12	12	12	12	12	12
Operation and maintenance	19	19	19	19	19	19	19	19	19	19
	<u>281</u>	<u>281</u>	<u>281</u>	<u>281</u>	<u>281</u>	<u>281</u>	<u>281</u>	<u>281</u>	<u>281</u>	<u>281</u>
Library	4	5	5	5	5	5	5	5	5	5
Water	4	4	4	4	4	4	4	4	4	4
Sewer	9	9	9	9	9	9	9	9	9	9
Beach	-	-	-	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>448</u>	<u>449</u>	<u>449</u>	<u>449</u>	<u>447</u>	<u>447</u>	<u>447</u>	<u>447</u>	<u>447</u>	<u>447</u>

TOWN OF NARRAGANSETT, RHODE ISLAND

MISCELLANEOUS STATISTICS  
 JUNE 30, 2009  
 (UNAUDITED)

**Exhibit 14**

<b>Town Incorporation</b>	1888	<b>Municipal buildings:</b>	
<b>Type of Government</b>	Council / Town Manager	Town Hall	1
<b>Population:</b>		Fire Stations	3
Official U.S. Census:		Police Station	1
1950	2,288	Education	
1960	3,444	High School (Grades 9 - 12)	1
1970	7,138	Middle School (Grades 5 - 8)	1
1980	12,088	Elementary (Grades k - 4)	1
1990	15,004	Wastewater pumping stations	14
2000	16,361	Wastewater treatment	1
<b>Area of Town</b>	18.3 square miles	Water pumping/maintenance stations	3
<b>Shoreline</b>	44.2 miles	Public work garage/maintenance facility	1
<b>Miles of Streets:</b>		Library	1
Local Paved	104	Parks/recreation buildings	9
State Paved	25	Beach cabanas	84
<b>Construction (FY2009):</b>		Beach clubhouse	1
Permits Issued	749	Beach pavilions	2
Total Value	\$13,622,572	Comfort station	1
<b>Elections - November 2008:</b>		Senior Citizens Center	1
Registered voters	11,604	Towers	1
Number of votes cast	8,366	<b>Recreation Facilities:</b>	
Percentage voting	72%	Public squares	3
<b>Fire Protection:</b>		Acres for recreation (developed)	48
Fire alarm boxes	175	Playgrounds	6
Fire hydrants	692	Tot lots	1
<b>Education:</b>		Play fields and major recreation facilities	7
Student Enrollments:		Undeveloped sites	2
Pre-Kindergarten	54	Municipal tennis courts	19
Elementary (grades k - 4)	440	Bathing beaches	1
Middle School (grades 5 - 8)	519	Diamonds:	
High (grades 9 - 12)	474	Hard ball	4
Total in our schools	1,487	Soft ball	1
Home Instruction	11	Basketball courts:	
Resident pupils sent out	37	Outdoor	7
<b>Total</b>	<u>1,535</u>	Indoor (schools)	3
		Soccer Fields	7
		Pool	1