

**TOWN OF SOUTH KINGSTOWN,  
RHODE ISLAND**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2012**



**PREPARED BY: FINANCE DEPARTMENT**

**TOWN OF SOUTH KINGSTOWN, RHODE ISLAND**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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# **Introductory Section**



# Town of South Kingstown, Rhode Island

180 High Street  
Wakefield, RI 02879  
Tel. 401-789-9331

## FINANCE DEPARTMENT

December 20, 2012

To the Citizens of the Town of South Kingstown, Rhode Island:

The comprehensive annual financial report of the Town of South Kingstown, Rhode Island, for the fiscal year ended June 30, 2012, is hereby submitted as mandated by both state statutes and the Town charter. State laws require that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants licensed to practice in the State of Rhode Island.

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

The Town of South Kingstown's financial statements have been audited by BlumShapiro, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of South Kingstown for the fiscal year ended June 30, 2012, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Town of South Kingstown's financial statements for the fiscal year ended June 30, 2012, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the Town of South Kingstown was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are included in the Single Audit section of this report.

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

## **PROFILE OF THE GOVERNMENT**

The Town of South Kingstown, established in 1658 and incorporated as a town in 1723, is a diversified community in a rural, suburban area of southern Rhode Island approximately 30 miles from Providence. The geography of the Town includes farmland, wetlands, salt marshes, waterfront areas, woodland, and many natural and scenic attractions. The total area is 62.3 square miles, consisting of 56.8 square miles of land and 5.5 square miles of inland water. The Town, fronting on the Atlantic Ocean, is part of the South County summer vacation area. The Town is empowered to levy a property tax on both real and personal properties located within its boundaries. The Town is also authorized to assess and collect excise taxes on registered motor vehicles and trailers.

The Town has a home-rule charter and operates under the Council-Manager form of government. The Town Council is elected by popular vote every two years and is responsible for, among other things, passing ordinances, adopting a budget, appointing committees, and hiring both the Town Manager and Town Solicitor. The Town Manager is responsible for carrying out the policies of the Town Council, for overseeing the day-to-day operations of the Town, and for appointing all other employees, except for School Department personnel.

The Town provides a full range of municipal services including public safety protection, the construction and maintenance of highways, streets, and other infrastructure, libraries, recreational activities, planning and zoning, education and administrative services. In addition, the Town operates water, sewer and solid waste utility systems.

The annual budget serves as the foundation for the Town of South Kingstown's financial planning and control. All departments of the Town are required to submit requests for appropriation and revenue estimates to the Town Manager on or before the last day of January each year. The Town Manager uses these requests as the starting point for developing a proposed budget. Based on amendments to the Town Charter, approved by South Kingstown voters in November 2006, the financial town meeting was eliminated. The 2011-2012 fiscal year budget was the fifth year that the budget was approved under the new procedures. It is the responsibility of the Town Manager to submit a proposed budget for the following fiscal year to the Town Council on or before March 1<sup>st</sup> of each year. The Town Council holds several budget work sessions in March to discuss the details of his proposed budget document. The Town Council may revise and adopt a preliminary budget not later than March 22<sup>nd</sup> of each year. Two public hearings are required to be conducted on the preliminary budget prior to April 18<sup>th</sup>.

Following adoption of the preliminary budget by the Council, any qualified elector of the Town may circulate a petition requesting the Council to increase or decrease by any amount any item of expenditure in the said budget or to insert a new item of expenditure. The Council, before final adoption of the budget, shall consider and vote upon each such petition(s) which were submitted on or before April 21<sup>st</sup> containing no less than twenty-five (25) valid signatures of qualified electors of the Town.

The Council shall, on or before May 1<sup>st</sup> of each year, complete its consideration of any petitions and make any final changes in the preliminary budget it may deem advisable, and give final approval to the budget by a vote of a majority of all the members of the Council. Following final approval of the budget by the Town Council, any qualified elector of the Town may circulate a petition requesting that a referendum be held on the appropriation for the general fund or the school fund in the budget as approved. Such petition may propose a reduction or increase in the total appropriation for said funds.

## **PROFILE OF THE GOVERNMENT (Continued)**

The Town Clerk shall cause a referendum by ballot to be held on all budget changes requested on petitions provided that each such petition shall contain signatures of no less than two hundred of the qualified electors of the Town and shall request an increase or decrease of a sum of at least \$250,000.00. The qualified electors shall be instructed to vote either for the original total or for one (1) of the proposed increases or reductions thereof. The appropriation receiving the most votes shall be declared to have been adopted.

The appropriated budget is prepared by fund, major program function (e.g., public safety), and department (e.g., police). Department heads may make transfers of appropriations within a department. Transfers within a major program function may be made by the Town Manager, provided that proper notification is given to the Town Council. Contingency funds available at year-end are authorized by resolution of the Town Council to cover any deficits within general classifications.

Budget-to-actual comparisons are provided in this report for the general fund and the school unrestricted fund on pages 58-62 and page 63 respectively as part of the basic financial statements.

## **FACTORS AFFECTING FINANCIAL CONDITION**

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

**Local economy.** The economy is centered on the University of Rhode Island, which has an enrollment in excess of 16,500 and employs more than 2,350 people. South County Hospital and tourism trade are also key components of the South Kingstown economy. According to the latest employment data available for the 2011 calendar year, as reported by the RI Department of Labor and Training, the Town experienced an increase in private sector employment between 2002 and 2011 amounting to 1,248 new jobs. Total annual employment in the private sector increased from 8,414 to 9,662.

At the University of Rhode Island capital project development has continued over the past year. New facilities that came on line in the past few months include the new Pharmacy Building (\$75,000,000 dollar project, 144,000 square feet). This is the largest academic building on the Kingston Campus. The new Hillside Dormitory, a 419 bed student housing facility, was completed recently. The total cost of this facility was \$42,000,000. In November 2010 voters approved a referendum of \$65,100,000 for a new Chemistry building. The University's 2011 capital improvement program notes that more than \$450,000,000 in investment is pending to support some 20 various on-going and new projects.

For FY 2010-11 the Building Department issued 2,254 permits with a construction value of \$23,446,542; for FY 2011-2012 the total permits issued was 2,304 with a value of \$24,888,946, (an increase of 50 permits or 2.2% and a value increase of \$1,442,404 or 6.15%). These statistics, although modest in terms of a positive trend, are viewed as showing the re-emergence of a "normal" local economy especially in contrast to the recession years, e.g. 2008 total new residential permits 57, 2009 only 45 permits.

Over the past calendar year South Kingstown has witnessed an increase in building activity particularly in the residential building sector. Active developments include the following:

Wakefield Meadows (age-restricted condominium development) 142 units being built-out by developer, Pulte Homes. Approximately 60% of the units in this development have been constructed and occupied.

## **FACTORS AFFECTING FINANCIAL CONDITION (Continued)**

Brandywyne, a 40 unit age-restricted development under construction currently. Ten of the units are required to be affordable.

LaCasa Senior Complex off Samuel Rodman Street, 20 bed/unit addition to existing 50 unit elderly, low income project under HUD Section 202 program. The addition will be completed in the fall of 2012.

The Glen at Saugatucket, located off North Road in Peace Dale, 13 total single family units, and 2 affordable units. Construction is underway, with the majority of the lots/units have been sold and/or occupied.

A statistical profile of the Town is provided below to show local population, housing, and economic trends and conditions that influence the demand for public services and facilities and the ability of the Town to support needed services. The following indicators highlight the magnitude of change that has taken place in South Kingstown in recent years:

- According to the 2010 Census, the Town's population grew by 2,718 people from 27,921 to 30,639, an increase of 10 percent from 2000 to 2010. Growth in the number of students living in group quarters at the University of Rhode Island accounted for 50% of the increase in population. The increased student population is the result of several new dormitories being constructed on campus during the last ten years.
- The median sale price of a single-family home in South Kingstown decreased to \$280,000 in the first half of 2012, compared to the mid-year 2011 median sale price of \$290,000. This represents a ten year increase of \$30,000 from the year 2002, when a median priced house was selling for \$250,000.
- The 2010 U.S. census reports a total of 13,218 housing units in the Town of South Kingstown, of which 78.0 percent (10,316) were occupied, 17.5 percent were seasonal, recreational, or occasional use, and the remainder were vacant. Of the 10,316 occupied housing units, 72.6 percent were owner occupied and 27.4 percent were renter occupied. The average household size of an owner occupied unit was 2.60 persons, while the average household size of a rented unit was 1.99 persons.
- The estimated median income of South Kingstown's households during the time period of 2008-2010, was \$73,759.
- On an annualized basis, private sector jobs totaled 9,662 in 2011, of which 2,622 were in Health Care and Social Assistance, 1,241 were in Retail Trade, 1,366 were in Accommodations and Food Service and 624 were in manufacturing jobs. The private sector job total was an increase of 119 jobs in comparison to the 2010 total of 9,543.
- The size of the resident workforce was 16,222. The number of employed residents totals 14,853. The June 2012 unemployment rate for South Kingstown was reported at 8.4 percent, compared to the statewide average of 10.4 percent.
- Fifty percent (54%) of South Kingstown residents, older than age 25, had a bachelor's degree or higher during the time period of 2005-2009, another 39% had completed high school and 7% did not have a high school diploma.

## **FACTORS AFFECTING FINANCIAL CONDITION (Continued)**

**Long-term capital financial planning.** As a part of the annual budget process, the Town Manager prepares and presents a six-year capital improvement plan. This plan identifies costs and financing methods for those capital projects that the Town anticipates funding over the next six years. The 2012-2013 fiscal year capital improvement plan projects needs through fiscal year 2017. The plan provides for the needs of the general government and addresses such issues as infrastructure, major equipment replacement, school facilities, public safety, recreation and open space purchases.

This plan estimates total project cost over the six-year period of approximately \$20,040,213. Financing, net of third party funding sources for these projects by debt issuance, approximates \$9,250,000. In addition, \$12,353,000 in capital projects to be funded on a “pay as you go” basis is projected over the same six-year period. The total estimated cost of the two components of the six-year capital improvement plan is \$32,393,213.

Major projects in the plan include: Recreation and open space programs for \$7,011,231; general municipal improvements for \$10,428,982; and school improvements for \$2,600,000.

**Cash management policies and practices.** It is the policy of the Town to invest funds in a manner which will provide the highest investment return, with the maximum amount of security, while meeting the daily cash flow needs of the Town and conforming to all state statutes governing the investment of municipal funds. Cash temporarily idle during the year was invested in certificates of deposit, obligations of the U.S. Treasury and money market mutual funds. In addition, some trust funds held corporate stocks and bonds in their investment portfolios. Investment income includes appreciation in the fair value of investments. Increases in fair value during the current year, however, do not necessarily represent trends that will continue; nor is it always possible to realize such amounts, especially in the case of temporary changes in the fair value of investments that the government intends to hold to maturity.

**Risk management.** The Town is a member of the Rhode Island Inter-Local Risk Management Pool. The cooperative pool was formed in 1986 to address the insurance needs of Rhode Island municipalities. South Kingstown became a member on July 1, 1988. The pool provides all property, liability and worker's compensation insurance policies for the Town. Property and liability claims are subject to a \$2,500 deductible with the exception of public officials' liability claims, which are subject to a \$5,000 deductible. The pool's self-insured retention levels range from \$10,000 to \$1,000,000 depending on the type of coverage provided. In addition to the self-insurance provided by the pool, there is also reinsurance through third party sources for claims up to \$5,000,000. In addition to the insurance coverage provided, the pool also provides various educational and training seminars to promote safety training and loss control efforts. Additional information on the Town of South Kingstown's risk management activity can be found in Note 12 on pages 50-51 of the notes to the financial statements.

**Pension and other post-employment benefits.** The Town of South Kingstown participates in the Municipal Employees' Retirement System of the State of Rhode Island (MERS), an agent multiple employer defined benefit pension plan for all permanent employees, who work in excess of 20 hours per week, except for certified school department employees. The Town has separate plans for general municipal and non-certified school employees, police and emergency medical personnel. Each year, an independent actuary engaged by the MERS calculates the amount of the annual contribution that the Town of South Kingstown must make to each pension plan to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis. As a matter of policy, the Town of South Kingstown fully funds each year's annual required contribution to the pension plan as determined by the actuary. The actuarial assumptions and methods used in the actuary's report comply with the parameters for disclosure that appear in Governmental Accounting Standards Board Statement No. 25 (GASB 25).

## **FACTORS AFFECTING FINANCIAL CONDITION (Continued)**

As of June 30, 2011, the Town of South Kingstown has funded 88.7 percent of the present value of the projected benefits earned by general municipal and non-certified school employees; 86.9 percent of the present value of the projected benefits earned by police employees; and 120.5 percent of the present value of the projected benefits earned by emergency medical personnel.

The Town of South Kingstown participates in the Employees' Retirement System of the State of Rhode Island (ERSRI), a cost-sharing multiple employer defined benefit pension plan for all certified School Department personnel. Annual contributions by both employers and the State on behalf of those employees are determined by an annual actuarial review and are assessed as a percentage of the participant's payroll. The required contributions include (a) normal costs, (b) payments to amortize the unfunded frozen actuarial accrued liability and (c) interest on the unfunded frozen actuarial liability. The actuarial assumptions and methods used in the actuary's report comply with the parameters for disclosure that appear in GASB Statement No. 50.

In November 2011, several major legislative changes were enacted that apply to all MERS municipal and ERSRI school plans. The structure of the retirement program was changed from a traditional defined benefit plan to a hybrid plan designed with a smaller defined benefit plan and a supplemental defined contribution plan. The automatic COLA provisions were changed to a formula contingent on the actual investment performance over time. The COLA provisions have been suspended and reduced during times when the funded ratio is lower than targeted 80% levels. The significantly-reduced Unfunded Actuarial Accrued Liability was re-amortized to 25 years from the 19 year schedule as of June 30, 2010. During the transition to the smaller defined benefit plan going forward, certain retirement eligibility provisions were enacted to allow current benefit accumulations and final average compensation calculations to be preserved with changes to be calculated prospectively. All members who were currently eligible to retire will retain the ability to retire in accordance with the provisions prior to the legislative changes.

The Town of South Kingstown also provides postretirement healthcare benefits for certain retirees and their dependents. As of the end of the current fiscal year, there were 169 retired School Department and Town employees receiving these benefits. The Town has completed an actuarial valuation of the OPEB obligations with a valuation date of July 1, 2011. The Town has established an irrevocable trust fund for the funding of Other Post Employment Benefits and as such the financial statements include an OPEB Trust Fund and the related disclosure requirements and required supplementary information in accordance with GASB Statement 45.

Additional information on the Town of South Kingstown's pension arrangements and post-employment benefits can be found in Note 9 on pages 39-44 and Note 10 on pages 44-49 respectively in the notes to the financial statements.

## **COMMITMENTS AND CONTINGENCIES**

On October 4, 1989, the US Environmental Protection Agency (USEPA) notified the Town of South Kingstown that the Rose Hill Regional Landfill had been placed on the National Priorities List (NPL) for contaminated sites requiring clean-up actions. The landfill was previously operated by the Towns of South Kingstown and Narragansett (The Towns). A "Record of Decision" (ROD) was issued in December 1999, which delineates EPA's approved remediation strategy for the site. Consent Decree negotiations with EPA and the Rhode Island Department of Environmental Management (RIDEM) began in November 2000 and were completed in January 2003. The Consent Decree designates RIDEM as the lead agency to oversee the remediation design and remediation action for the site. The initial waste consolidation phase commenced in June 2005 and was completed in September 2007. The RIDEM solicited bids during the spring of 2007 for the second phase of the project, which includes construction of a gas collection system and multi-layer cap. Construction of the second phase began in November 2006 and was completed in December 2007.

The Towns have paid \$4,125,000 to settle all past and future federal liabilities associated with the Rose Hill site. South Kingstown's \$2,000,000 payment to the Federal Government was funded with a 20-year general obligation bond sold in September 2002 at an interest rate of 1.648%. Repayment of the debt service associated with this bond will be provided from funds held in reserve within the Solid Waste Fund and from property taxes. South Kingstown also paid \$504,932 for natural resource damages associated with the landfill contamination.

The Consent Decree also requires reimbursement of 30% of the State of Rhode Island costs associated with the remediation of this landfill site and ongoing operation and maintenance costs. These costs will also be shared equally between the two Towns. The estimated cost of reimbursing the State, over the 25 years of payments remaining as of June 30, 2012, was \$3,364,446, of which South Kingstown is responsible for \$1,682,223. During the 2012 year the Town paid \$72,396 towards this liability. The balance of the estimated liability of \$1,682,223 has been included in the government-wide financial statements at June 30, 2012.

In addition to the Rose Hill Regional Landfill site, the West Kingston/URI Disposal Area Landfills, located on Plains Road, were added to the NPL on July 29, 1992. The West Kingston town dump began operation in the 1950's and ceased operations in 1978. The University of Rhode Island (URI) and the Towns of South Kingstown and Narragansett agreed to participate as a Potentially Responsible Parties (PRP) Group in the remediation of the site under State landfill closure regulations. The final cost for the site remediation at this location is \$7,072,692. In addition, there will be ongoing operation and maintenance costs paid out as part of the annual operating budget.

## **AWARDS AND ACKNOWLEDGEMENTS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of South Kingstown for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2011. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The Town of South Kingstown has received a Certificate of Achievement for the last twenty-two consecutive fiscal years (fiscal years ended June 30, 1990-2011). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report was made possible by the efficient and dedicated services of the entire staff of the Finance Department, and in particular Susan Macartney and Frank Xavier. I sincerely appreciate their efforts in assisting me with preparing this comprehensive annual financial report.

In closing, I would like to express my appreciation to the Town Manager and the Town Council for their interest and support in planning and conducting the financial operations of the Town in a responsible and progressive manner.

Respectfully submitted,



Alan R. Lord,  
Finance Director

**TOWN OF SOUTH KINGSTOWN, RHODE ISLAND**

**TOWN OFFICIALS**

**JUNE 30, 2012**

**TOWN COUNCIL**

Ella M. Whaley, President

Carol Hagan McEntee, Vice President

Mary S. Eddy

Kathleen A. Fogarty

James W. O'Neill

**TOWN MANAGER**

Stephen A. Alfred

**TOWN ATTORNEYS**

Michel Ursillo

Andrew Teitz

Terrence G. Simpson

Nancy Letendre

**PROBATE JUDGE**

Stephen R. White

**DEPARTMENT HEADS**

Tax Assessor

Town Clerk

Library Director

Finance Director

Leisure Services Director

Planning Director

Director of Administrative Services

Building Inspection Official

Public Services Director

Police Chief

Jean-Paul Bouchard

Dale S. Holberton

Shirley D. Long

Alan R. Lord

Theresa L. Murphy

L. Vincent Murray

Andrew E. Nota

Jeffrey T. O'Hara

Jon R. Schock

Vincent Vespia, Jr.

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of South Kingstown  
Rhode Island

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2011

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



*Linda C. Dandson*

President

*Jeffrey R. Emer*

Executive Director

**TOWN OF SOUTH KINGSTOWN**

**ELECTORATE**

**TOWN COUNCIL**

**LEGAL SERVICES  
TOWN BOARDS**

**TOWN MANAGER**

**GENERAL  
ADMIN.  
SERVICES**

FINANCE  
INSPECTION  
AND ZONING  
PLANNING  
TAX  
ASSESSMENT  
TOWN CLERK

**PUBLIC SERVICES**

ENGINEERING  
INSPECTIONS AND  
SURVEYING  
STREETS &  
HIGHWAYS  
WATER  
WASTEWATER  
SOLID WASTE

**PUBLIC SAFETY**

POLICE  
EMERGENCY  
MEDICAL  
SERVICES  
ANIMAL CONTROL  
HARBOR  
MANAGEMENT  
RADIO SERVICES

**LEISURE &  
HEALTH  
SERVICES**

LIBRARIES  
PARKS AND  
RECREATION  
ADULT DAY  
SERVICES  
SENIOR  
TRANSPORT  
SENIOR  
CENTER

## **Financial Section**



Accounting | Tax | Business Consulting

## Independent Auditors' Report

To the Honorable Town Council  
Town of South Kingstown, 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 South Kingstown, Rhode Island, as of and for the year ended June 30, 2012, which collectively comprise the Town of South Kingstown, Rhode Island's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of South Kingstown, Rhode Island's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of South Kingstown, Rhode Island's internal control over financial reporting. Accordingly, we express no such opinion. 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 the 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 South Kingstown, Rhode Island, as of June 30, 2012 and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2012 on our consideration of the Town of South Kingstown, Rhode Island's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and

the results of that testing, and not to provide an opinion on 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 12, the budgetary comparison information on pages 58 through 63 and the schedules of funding progress - Pension Trust Funds and OPEB Trust Funds on pages 64 and 65 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

*Blum, Shapiro & Company, P.C.*

December 20, 2012

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of South Kingstown, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2012. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-vii of this report as well as the Town's basic financial statements that follow this section. All amounts in the tables in this MD&A are expressed in thousands. All amounts in the narrative portion are expressed in real dollars.

### Financial Highlights

- The assets of the Town of South Kingstown exceeded its liabilities at the close of the most recent fiscal year by \$141,602,325 (net assets). Of this amount, \$37,997,100 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$5,296,107. The major factors in this increase were the positive operating results within the governmental funds and the business-type activity funds.
- As of the close of the current fiscal year, the Town of South Kingstown's governmental funds reported combined ending fund balances of \$45,207,191. Approximately 21.2% of this total amount, \$9,591,086 is available for use at the government's discretion (unassigned fund balance).
- The remaining fund balance of \$35,616,105 includes \$14,177,341 in non-spendable funds, \$9,393,123 in restricted funds and \$12,045,641 in committed funds.
- The Town's total bonded debt declined by \$3,563,006 (13.5%) during the current fiscal year. The key factor in this decline was the retirement of \$3,563,006 in bonds. The Town did not issue any new debt during the fiscal year.

### Overview of the Financial Statements

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

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

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

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

Both of the government-wide financial statements distinguish functions of the Town of South Kingstown 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, public safety, streets and highways, libraries, education and recreation. The business-type activities of the Town include a water fund, a wastewater operations fund, a solid waste fund and a school cafeteria fund.

The government-wide financial statements include only the activities of the Town of South Kingstown. There are no component units within the Town's jurisdiction.

The government-wide financial statements can be found on pages 13-14 of this report.

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

## Overview of the Financial Statements (Continued)

**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. Such information may be useful in evaluating a government's near-term financing requirements.

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

The Town of South Kingstown maintains fifty individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the school trust funds, both of which are considered to be major funds. The School Unrestricted Fund has been included in the General Fund, in the basic governmental financial statements, which can be found on Exhibits III and IV based on GASB Statement #54 criteria. Data from the other forty-eight governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements included in other supplementary information.

The Town of South Kingstown adopts an annual appropriated budget for its general fund and school fund. A budgetary comparison statement has been provided for the general fund and school fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 15-18 of this report.

**Proprietary funds.** The Town of South Kingstown maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town of South Kingstown uses enterprise funds to account for its water fund, wastewater operations fund, solid waste fund and school cafeteria fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town uses internal service funds to account for the health care management fund and the compensated absences fund. The health care management fund is used for medical costs incurred by persons covered by the health insurance plans of the Town, and to pay expenses incurred in connection with administering the plan. The compensated absences fund accounts for accrued sick and vacation time for the various governmental funds. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water fund, wastewater operations fund, solid waste fund and school cafeteria fund, all of which are considered to be major funds of the Town of South Kingstown. The basic proprietary fund financial statements can be found on pages 19-21 of this report.

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

The basic fiduciary fund financial statements can be found on pages 22-23 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24-57 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town of South Kingstown's progress in funding its obligation to provide pension and OPEB benefits to its employees. Budget to actual schedules for the General Fund and School Fund are also included. Required supplementary information can be found on pages 58-65 of this report.

**Overview of the Financial Statements (Continued)**

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 66-80.

**Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government’s financial position. In the case of the Town of South Kingstown, assets exceeded liabilities by \$141,602,325 at the close of the most recent fiscal year.

**TOWN OF SOUTH KINGSTOWN, RHODE ISLAND  
NET ASSETS  
For the Fiscal Years Ended June 30, 2012 and 2011 (in 000s)**

	Governmental		Business-Type		Total	
	Activities		Activities			
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 62,482	\$ 58,878	\$ 7,388	\$ 7,330	\$ 69,870	\$ 66,208
Capital assets, net of accumulated depreciation	86,425	87,837	23,940	24,231	110,365	112,068
Total assets	<u>148,907</u>	<u>146,715</u>	<u>31,328</u>	<u>31,561</u>	<u>180,235</u>	<u>178,276</u>
Current liabilities	12,182	12,661	1,296	1,775	13,478	14,436
Long-term liabilities outstanding	22,890	24,984	2,265	2,551	25,155	27,535
Total liabilities	<u>35,072</u>	<u>37,645</u>	<u>3,561</u>	<u>4,326</u>	<u>38,633</u>	<u>41,971</u>
Net Assets:						
Invested in capital assets, net of related debt	66,167	64,187	21,552	21,530	87,719	85,717
Restricted	15,886	15,928			15,886	15,928
Unrestricted	<u>31,782</u>	<u>28,957</u>	<u>6,215</u>	<u>5,705</u>	<u>37,997</u>	<u>34,662</u>
Total Net Assets	<u>\$ 113,835</u>	<u>\$ 109,072</u>	<u>\$ 27,767</u>	<u>\$ 27,235</u>	<u>\$ 141,602</u>	<u>\$ 136,307</u>

By far the largest portion of the Town’s net assets (62%) reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment); less any related debt used to acquire those assets that are 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 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.

An additional portion of the Town of South Kingstown’s net assets (11.2% or \$15,885,876) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$37,997,100) may be used to meet the government’s ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town of South Kingstown, with one exception, is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The Cafeteria Fund, a business-type activity, has a deficit position of \$73,821 in net assets.

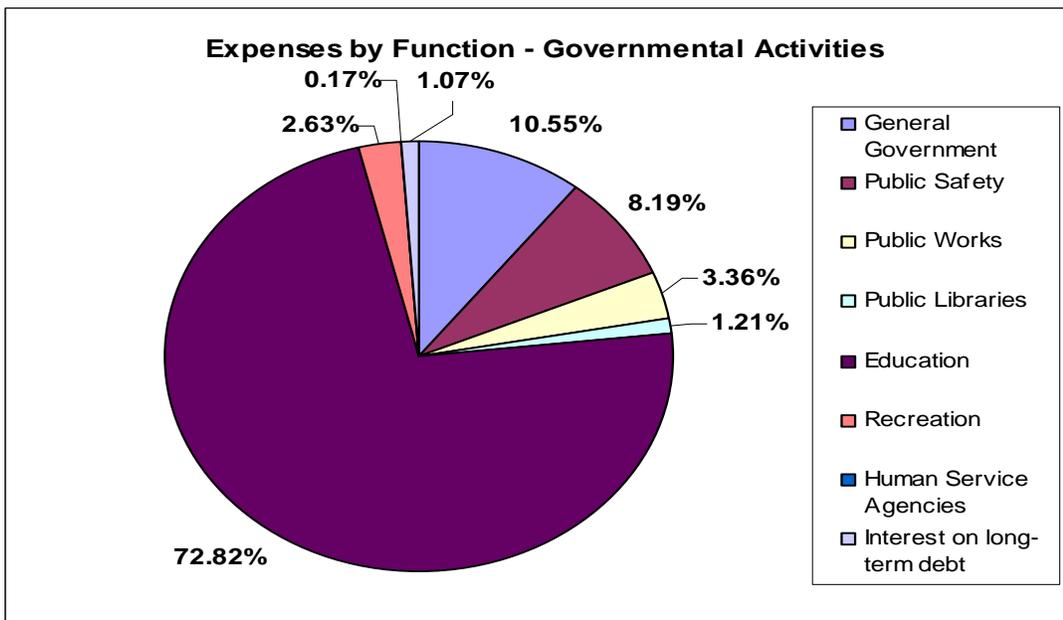
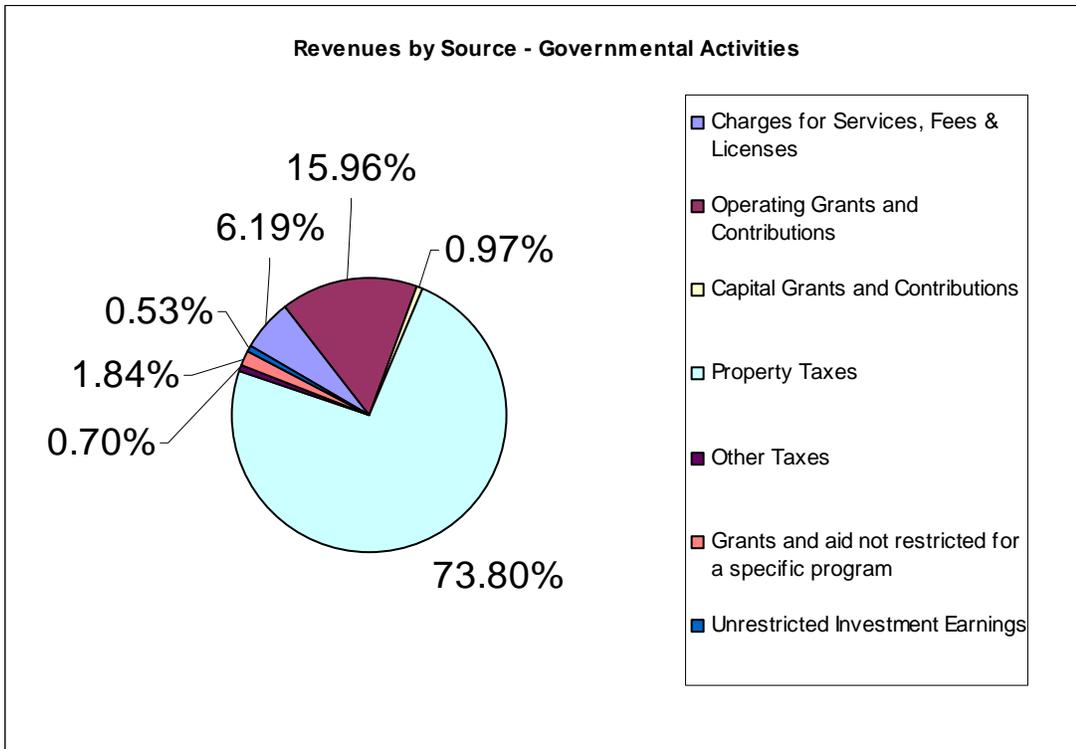
The Town’s net assets increased by \$5,296,107 during the current fiscal year. Of this amount, governmental activities accounted for \$4,763,449 of the increase while business-type activities accounted for an increase of \$532,658.

Overview of the Financial Statements (Continued)

**TOWN OF SOUTH KINGSTOWN, RHODE ISLAND**  
**CHANGES IN NET ASSETS**  
**For the Fiscal Years Ended June 30, 2012 and 2011 (in 000s)**

	Governmental		Business-Type		Total	
	Activities		Activities			
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	\$ 5,575	\$ 6,310	\$ 5,440	\$ 5,225	\$ 11,015	\$ 11,535
Operating grants and contributions	14,374	14,625	293	321	14,667	14,946
Capital grants and contributions	877	1,003	169	155	1,046	1,158
General revenues:						
Property taxes	66,472	65,798			66,472	65,798
Motor vehicle phase-out taxes	168	168			168	168
Telephone and hotel taxes	464	415			464	415
Grants not restricted to specific programs	1,657	1,414			1,657	1,414
Unrestricted investment earnings	481	2,733	17	42	498	2,775
Total revenues	<u>90,068</u>	<u>92,466</u>	<u>5,919</u>	<u>5,743</u>	<u>95,987</u>	<u>98,209</u>
Expenses:						
General government	8,999	8,762			8,999	8,762
Public safety	6,983	6,842			6,983	6,842
Public works	2,867	3,268			2,867	3,268
Human service agencies	145	146			145	146
Public libraries	1,033	1,050			1,033	1,050
Education	62,121	62,708			62,121	62,708
Recreation	2,242	2,274			2,242	2,274
Interest on long-term debt	917	1,067			917	1,067
Wastewater			3,025	2,942	3,025	2,942
Solid waste			523	511	523	511
Water			853	832	853	832
School Cafeteria			984	1,022	984	1,022
Total expenses	<u>85,307</u>	<u>86,117</u>	<u>5,385</u>	<u>5,307</u>	<u>90,692</u>	<u>91,424</u>
Change in net assets before transfers	4,761	6,349	534	436	5,295	6,785
Transfers	2	(9)	(2)	9	-	-
Change in net assets	<u>4,763</u>	<u>6,340</u>	<u>532</u>	<u>445</u>	<u>5,295</u>	<u>6,785</u>
Net Assets at Beginning of Year	<u>109,072</u>	<u>102,732</u>	<u>27,235</u>	<u>26,790</u>	<u>136,307</u>	<u>129,522</u>
Net Assets at End of Year	<u>\$ 113,835</u>	<u>\$ 109,072</u>	<u>\$ 27,767</u>	<u>\$ 27,235</u>	<u>\$ 141,602</u>	<u>\$ 136,307</u>

**Government-wide Financial Analysis (Continued)**



**Governmental activities.** Governmental activities increased the Town of South Kingstown’s net assets by \$4,763,449 thereby accounting for 89.9% of the total growth in the net assets of the Town.

Major revenue factors included:

- Property taxes are the largest revenue source for governmental activities accounting for approximately 73.8% of total revenues. Operating grants and contributions and charges for services, fees, and licenses provide approximately 16.0% and 6.2% of total revenues respectively.

## Government-wide Financial Analysis (Continued)

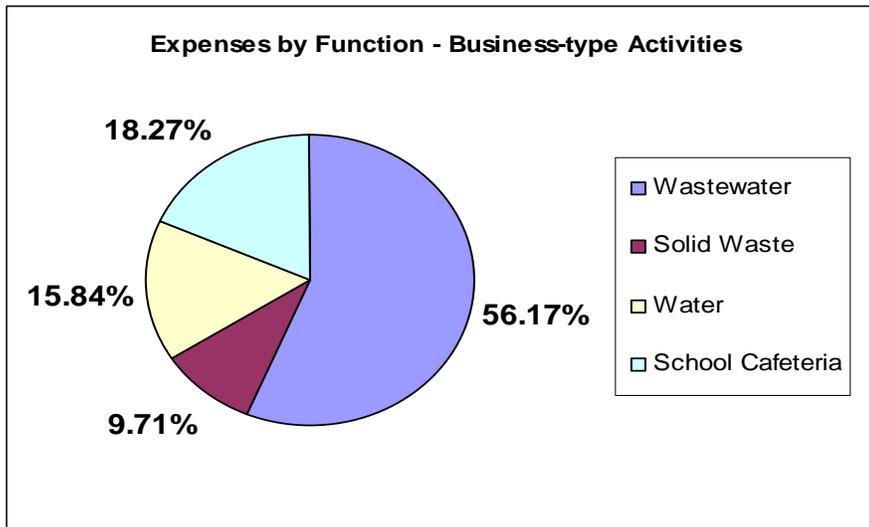
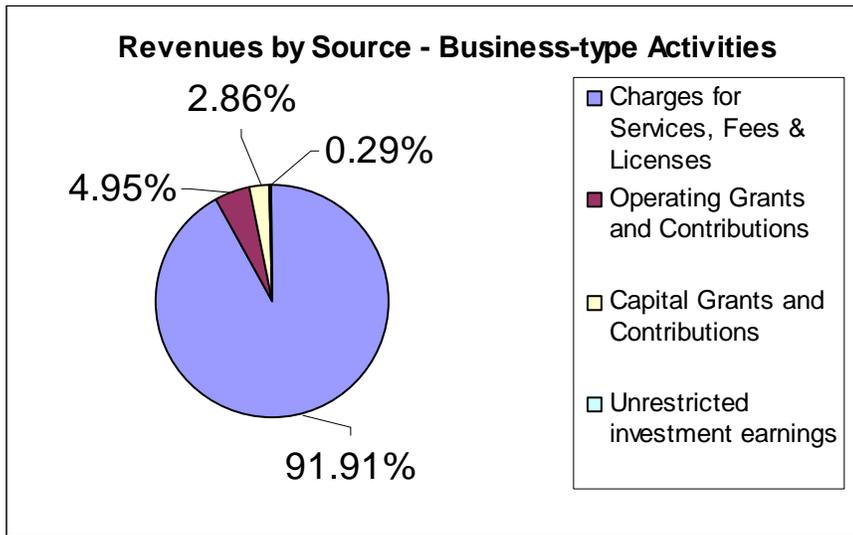
- Property tax revenues recorded for the fiscal year 2012 reflect an increase in the Town's tax rate of 2.25% and growth in the total assessed value of taxable property, excluding motor vehicles, of .23%. Motor vehicle values declined from \$219,696,414 to \$169,817,200 based on action by the Town Council to increase the value of the motor vehicle excise tax exemption from \$500 to \$3,000. Motor vehicle values are assessed at a rate of \$18.71 per thousand dollars of assessed value. This rate has been frozen by the State since FY1998. The combination of these three factors resulted in an additional \$621,399 of property taxes being levied. The property tax rate increased from \$14.19 to \$14.51 per thousand dollars of assessed value to offset the loss of tax revenue on motor vehicles. Total assessed value of all taxable property declined by \$39,747,698 from \$4,546,820,643 to \$4,507,072,945 due to the significant decline in motor vehicle excise values.
- Charges for services decreased by \$735,015. The overall decline was attributable to a correction made in the way Internal Services Funds net of investment income are recognized in the 2012 fiscal year. During the 2011 fiscal year this net gain of \$813,086 was recognized as charges for services. The 2012 audit has reclassified the 2012 amount of \$1,855,139 as an expense reduction.
- Operating grants and contributions decreased by \$250,696 from the previous fiscal year. The decline was directly attributable to the reduction in funding of unrestricted state aid (\$314,973) for the School Department, based on the revised State funding formula for education aid. Annual variances in several other state and federal grants accounted for the majority of the amount that offset to some degree, the impact of lost education aid.
- Investment earnings declined from a gain of \$2,733,097 in the prior fiscal year to a gain of \$481,121 in the fiscal year ended June 30, 2012. The reduction of \$2,251,976 was the result of following a very strong 2011 fiscal year for portfolio gains and income in the School Trust Funds. While the 2012 fiscal year had positive results, the return on investment was not as great as the previous fiscal year. School Trust Funds generated \$348,585 in investment income as compared to \$2,315,500 in the 2011 fiscal year. Also contributing to the decline was a reduction in General Fund investment earnings of \$134,767, as compared to the previous year, due to lower interest rates. The remaining balance of \$150,294 of the decline was distributed amongst the balance of governmental funds.

Education expenses account for approximately 72.8% of the total expenses within the governmental funds of the Town of South Kingstown. Public safety and general government expenses account for approximately 8.2% and 10.5% respectively of the total expenses for the 2011 fiscal year. Major expense factors included:

- Governmental activities declined by \$810,261 from \$86,117,366 to \$85,307,105. The decline was the result of the journal entry to eliminate the impact of the internal service fund for education (\$579,041) and governmental funds (\$462,165) and the prolonged downturn in the economy which was reflected in a conservative approach to spending.
- Overall expenses related to the general governmental category increased by \$236,579 based on several variances within the different programs.
- Interest on long term debt declined by \$151,162 based on a declining debt schedule.
- Contributions to human service agencies remained the same as the previous fiscal year.
- A decrease of \$587,097 for education related expenditures. As mentioned above most of the decline was attributable to journal entry to eliminate the impact of the internal service fund. There were several other variances, both positive and negative, which accounted for the additional decline.
- The following accounts saw increases in the amount of overall expenses. The Public Safety program had the largest increase in expenditures of \$140,191 in the General Fund. Several new grants accounted for expenditure increases including the Healthy Places by Design Grant (\$224,991) and the Energy Efficiency and Conservation Grant (\$119,469).
- All labor contracts for Town employees had a 2.25% cost of living increase.

**Government-wide Financial Analysis (Continued)**

**Business-type activities.** Net assets in business-type activities increased by \$532,658 resulting in a 2.0% increase in business-type net assets.



Charges for services for business-type activities accounted for 91.9% of the total revenue sources. The balance of revenues for business-type activities was from operating grants and contributions (5.0%), investment earnings (.2%) and from capital grants and contributions of 2.9%.

Wastewater treatment expenses account for approximately 56.2% of the total expenditures within the business-type activities of the Town. The school cafeteria fund, water fund and solid waste fund expenses account for approximately 18.3%, 15.8% and 9.7% respectively of the total business-type activities expenditures for the 2012 fiscal year.

Charges for services for business-type activities increased slightly from \$5,223,540 to \$5,440,238. The wastewater fund had an increase of \$192,514. Several variances to prior year fees resulted in the increase. Charges for services for the water fund declined by \$8,292, while the solid waste fund experienced an increase of \$81,318 in these program revenues. The decline in the water fund charges was the result of a negative variance to prior year miscellaneous revenues. The decline was offset somewhat by minor increases in user fees and cell antenna lease revenues. The increase in solid waste fees was mainly based on additional rental fees (\$25,452) and an increase in residential sticker fees (\$19,087). Several other minor variances contributed to the remaining increase. Charges for services for the cafeteria fund declined by \$48,842. Operating grants and contributions decreased by \$5,159 in the cafeteria fund while grants in the Water Fund declined by \$22,863. Unrestricted investment earnings declined from \$42,184 to \$16,940 for all business-type activities. Reductions in interest rates earned on investments were responsible for generating the decline in this revenue source.

## Government-wide Financial Analysis (Continued)

Expenses in the wastewater fund increased by \$83,103 due to increased costs associated with administrative and general operating costs (\$36,235), maintenance related expenses (\$18,277) treatment and sludge costs (\$14,711) and depreciation expense (\$11,696). The \$21,296 increase in water fund expenses was due to additional costs associated with purchasing water from United Water for the Middlebridge and South Shore areas of the Town.

The \$11,506 increase in expenses for the solid waste fund was directly attributable to an increase in transportation and disposal costs. Costs to operate the cafeteria fund declined by \$38,494 or 3.8%, based on the food service contract entered in to by the school department.

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

## Financial Analysis of the Government's Funds

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

As of the end of the current fiscal year, the Town of South Kingstown's governmental funds reported combined ending fund balances of \$45,207,191. Of this amount, \$9,591,086 is available for spending at the government's discretion (unassigned) within the Town. The remaining fund balance of \$35,616,105 includes \$1,535,030 committed to help finance the 2012-2013 fiscal year budgets and \$1,000,000 committed to help pay for Superfund remediation costs. The remaining amount of \$33,081,075 consists of non-spendable fund balance of \$14,177,341, restricted fund balance of \$9,393,123 and committed fund balance of \$9,510,611.

The General Fund is the chief operating fund of the Town of South Kingstown and for the first time reflects the Unrestricted School Fund included within it. At the end of the current fiscal year, excluding the School Fund amount, the total General Fund fund balance was \$11,991,163 which represents an increase of \$327,030. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund budgeted expenditures. Unassigned fund balance represents 13.1% of the 2013 FY Adopted General Fund Expenditure Budget, while total fund balance represents 16.4% of that same amount.

The fund balance of the Town of South Kingstown's General Fund, excluding the School Fund, increased by \$327,030 as compared to the June 30, 2011 fund balance. This increase is the result positive operating results in the General Fund. Key factors in this increase are as follows:

- The Town committed \$1,200,000 of fund balance to help finance the 2011-2012 general fund budget. The planned drawdown of fund balance was consistent with prior year use of fund balance.
- The difference between the GAAP basis of accounting and the budgetary basis of accounting is the result of recognizing the fund balance commitment of \$1,200,000, as a revenue under the budgetary basis but not the GAAP basis. In addition, accounting for encumbrances resulted in another \$232,203 in budgetary basis expenditures being more than the GAAP basis.
- A budgetary basis operating surplus in the general fund of \$1,294,827. Expenditures under budget contributed \$358,530 to the surplus, while revenues finished the fiscal year with a \$935,276 surplus. Other financing sources (uses) over budget increased the surplus by \$1,021.
- Conservative spending patterns allowed the Town to achieve savings of \$358,530 on the expenditure side. Favorable expenditure variances of significance included savings in public works (\$135,272), contingency (\$65,000), general government accounts (\$61,554), employee benefits (\$25,809), recreation (\$25,203), public safety (\$17,187), libraries (\$12,694) and insurance (\$7,138).
- Positive budget variances in the revenue accounts such as property taxes (\$599,263), state aid revenues (\$153,421) licenses and fees (\$81,206), departmental revenues (\$224,641), and miscellaneous revenues (\$25,741) all contributed to the budgetary surplus. Offsetting these positive variances was a shortfall in investment income (\$148,996), due to declining interest rates earned on the Town's short term investments.

The school fund has a total fund balance of \$3,087,846 of which \$270,302 is committed to liquidate contracts and purchase orders of the prior period, \$16,496 is recognized as non-spendable for prepaid expenditures and \$535,030 is committed to help finance the 2012-2013 fiscal year budget. The remaining balance of \$1,916,018 is available to help finance future years' school budgets.

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

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

Unrestricted net assets in the water fund at the end of the fiscal year amounted to \$1,485,029 an increase of \$141,264. Unrestricted net assets in the wastewater fund increased by \$419,464 to a total of \$3,649,648. The school cafeteria operations declined by \$11,441 to a deficit position of \$80,003, while the solid waste fund finished the year with unrestricted net assets of \$1,160,616 which was a decline in value of \$39,440.

Other factors concerning the finances of these four funds have already been addressed in the discussion of the Town of South Kingstown's business-type activities.

### General Fund Budgetary Highlights

Overall the Town finished the 2011-2012 fiscal year with a \$1,294,827 budgetary surplus. Differences between the original budget and the final amended budget involved transferring funds from departments with expenditure surpluses to departments with expenditure deficits and transferring various department surpluses to different reserve funds to ensure adequate funds for future anticipated expenditures.

### Capital Asset and Debt Administration

**Capital assets.** The Town of South Kingstown's investment in capital assets for its governmental and business type activities as of June 30, 2012 amounts to \$110,364,942 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, infrastructure, and construction in progress. The 2012 fiscal year resulted in a decline in value of investment in capital assets. The reduction was due to the amount of depreciation taken on the fixed assets as compared to the amount of assets capitalized in the 2012 fiscal year. The total decline in the Town of South Kingstown's investment in capital assets for the current fiscal year was 1.5% (a 1.6% decrease for governmental activities and a 1.2% decline for business-type activities).

**Town of South Kingstown's Capital Assets**  
(Net of accumulated depreciation) in 000s

	<b>Governmental</b>		<b>Business-Type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>			
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
Land	\$ 13,719	\$ 13,669	\$ 1,587	\$ 1,587	\$ 15,306	\$ 15,256
Construction in progress	300	2,963	208	150	508	3,113
Land improvements	7,911	7,967	2,128	2,182	10,039	10,149
Buildings	17,629	16,953	3,848	4,053	21,477	21,006
Building improvements	22,033	22,766	1,743	1,828	23,776	24,594
Equipment	3,541	3,746	2,581	2,502	6,122	6,248
Vehicles	2,031	1,957	76	97	2,107	2,054
Infrastructure	19,261	17,816	11,769	11,832	31,030	29,648
<b>Total</b>	<b>\$ 86,425</b>	<b>\$ 87,837</b>	<b>\$ 23,940</b>	<b>\$ 24,231</b>	<b>\$ 110,365</b>	<b>\$ 112,068</b>

Additional information on the Town of South Kingstown's capital assets can be found in note 7 on pages 36-37 of this report.

**Long-term debt.** At the end of the current fiscal year, the Town of South Kingstown had total bonded debt outstanding of \$22,788,611, entirely backed by the full faith and credit of the Town. Bonds authorized but unissued totaled an additional \$12,715,000.

State statutes limit the amount of general obligation bonded debt a town can issue to 3% of net assessed property values. However, all bonds approved through State enabling legislation and voter referendums are exempt from the limit. At June 30, 2012, the Town had a debt limit of \$135,212,188. Of the Town's \$22,788,611 in debt outstanding, \$4,747,717 is subject to the Town's legal debt limit. A balance of \$130,464,471 exists within the legal limit for additional bonds to be issued.

**Capital Asset and Debt Administration (Continued)**

**Town of South Kingstown, Rhode Island's  
Outstanding Debt  
General Obligation Bonds in 000s**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	General obligation bonds	\$ 20,390	\$ 23,650	\$ 2,399	\$ 2,702	\$ 22,789

The Town's total bonded debt declined by the amount of principal payments made of \$3,563,008 (13.5%) during the 2012 fiscal year. The Town did not issue any new debt during the fiscal year.

On April 30, 2010 Moody's Investors Services recalibrated the Town's bond rating as part of their new, uniform, single global rating scale, which rates municipal and corporate securities in the same manner to better serve all market participants. This resulted in an upward shift of the Town's long-term municipal rating from Aa2 to Aa1. South Kingstown is one of only four Rhode Island communities that have a bond rating of Aa1. The Town had previously received upgrades from A to A-1 in 1991, from A-1 to Aa3 in 2002 and from Aa3 to Aa2 in 2006. The Moody's credit report cited the following factors for the upgrade in 2006:

- The ongoing growth trend in the Town's tax base.
- The economic stability provided by the University of Rhode Island and South County Hospital.
- The Town's well-managed financial operations including healthy and stable reserves within the General Fund, and strong reserve levels within the capital project funds. Prudent budget practices were also identified as a positive.
- The Town's outstanding collection rate on property taxes.
- A favorable debt position, with a low debt burden and a rapid repayment schedule of principal.
- The Town's comprehensive six-year Capital Improvement Plan.
- Wealth levels for income and full values per capita that exceed state averages.

Additional information on the Town of South Kingstown's long-term debt can be found in note 14 on pages 52-54 of this report.

**Economic Factors and Next Year's Budgets and Rates**

- Based on the continued unfavorable economic environment in which the Town and the State of Rhode Island were operating in, the 2013 fiscal year budget declined by \$35,638 in comparison to the 2012 fiscal year budget.
- Property tax revenues for the fiscal year 2013 reflect an increase in the Town's tax levy of .42% or \$278,950 greater than the previous fiscal year. The property tax rate declined slightly from \$14.51 to \$14.50 per thousand dollars of assessed value. Total taxable property increased by \$19,006,652 from \$4,507,072,945 to \$4,526,079,597.
- Based on a declining debt service schedule debt service costs were reduced by \$513,320. The pay-as-you-go portion of the 2012-13 FY Capital Budget declined by \$29,000.

During the current fiscal year, the fund balance in the General Fund increased to \$11,991,163. The Town of South Kingstown has committed \$1,000,000 of this amount for spending in the 2013 fiscal year budget and \$1,000,000 to pay for future Superfund debt service costs, \$108,900 is committed for future municipal planning projects and \$261,748 is committed for outstanding purchase orders at June 30, 2012. The Town also has an unassigned fund balance of \$9,606,650 to use at its discretion.

**Requests for Information:** This financial report is designed to provide a general overview of the Town of South Kingstown's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, 180 High Street, Town Hall, Wakefield, Rhode Island, 02879.

# **Basic Financial Statements**

## TOWN OF SOUTH KINGSTOWN, RHODE ISLAND

## STATEMENT OF NET ASSETS

JUNE 30, 2012

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ 42,188,108	\$ 6,579,682	\$ 48,767,790
Investments	14,943,423		14,943,423
Receivables, net of allowance for uncollectibles	3,243,111	874,640	4,117,751
Due from federal and state governments	981,848	18,979	1,000,827
Internal balances	84,706	(84,706)	-
Prepays	39,101		39,101
Net OPEB asset	397,828		397,828
Total current assets	<u>61,878,125</u>	<u>7,388,595</u>	<u>69,266,720</u>
Noncurrent Assets:			
Deposits	388,600		388,600
Deferred charges - bond issuance cost	214,817		214,817
Capital assets not being depreciated	14,019,395	1,794,842	15,814,237
Capital assets, net of accumulated depreciation	72,406,023	22,144,682	94,550,705
Total noncurrent assets	<u>87,028,835</u>	<u>23,939,524</u>	<u>110,968,359</u>
Total assets	<u>148,906,960</u>	<u>31,328,119</u>	<u>180,235,079</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	1,195,912	342,654	1,538,566
Accrued liabilities	5,809,435	26,679	5,836,114
Due to federal and state governments	13,892	79,587	93,479
Unearned revenue	1,204,265	465,860	1,670,125
Deposits held in custody of others	154,633		154,633
Current maturities of long-term obligations	3,803,430	381,300	4,184,730
Total current liabilities	<u>12,181,567</u>	<u>1,296,080</u>	<u>13,477,647</u>
Noncurrent liabilities:			
Due in more than one year	22,890,255	2,264,852	25,155,107
Total liabilities	<u>35,071,822</u>	<u>3,560,932</u>	<u>38,632,754</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	66,167,452	21,551,897	87,719,349
Restricted for:			
Endowments:			
Expendable	1,747,636		1,747,636
Nonexpendable	14,138,240		14,138,240
Unrestricted	31,781,810	6,215,290	37,997,100
Total Net Assets	<u>\$ 113,835,138</u>	<u>\$ 27,767,187</u>	<u>\$ 141,602,325</u>

The accompanying notes are an integral part of the financial statements

## TOWN OF SOUTH KINGSTOWN, RHODE ISLAND

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2012

Function/Program Activities	Program Revenues				Net Revenue (Expense) and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental activities:							
General government	\$ 8,998,934	\$ 3,140,696	\$ 1,050,885	\$	\$ (4,807,353)	\$	\$ (4,807,353)
Public safety	6,982,529	689,271			(6,293,258)		(6,293,258)
Public works	2,867,358	150		757,704	(2,109,504)		(2,109,504)
Human service	145,400	5,500		90,000	(49,900)		(49,900)
Public libraries	1,033,043	24,784	213,637	10,000	(784,622)		(784,622)
Education	62,121,226	734,695	13,109,429	19,421	(48,257,681)		(48,257,681)
Recreation	2,242,208	980,159			(1,262,049)		(1,262,049)
Interest and fiscal charges	916,407				(916,407)		(916,407)
Total governmental activities	<u>85,307,105</u>	<u>5,575,255</u>	<u>14,373,951</u>	<u>877,125</u>	<u>(64,480,774)</u>	<u>-</u>	<u>(64,480,774)</u>
Business-type activities:							
Wastewater	3,024,608	3,248,469		168,650		392,511	392,511
Solid waste	522,638	565,191				42,553	42,553
Water	852,845	946,523	2,137			95,815	95,815
School cafeteria	984,046	680,055	291,148			(12,843)	(12,843)
Total business-type activities	<u>5,384,137</u>	<u>5,440,238</u>	<u>293,285</u>	<u>168,650</u>	<u>-</u>	<u>518,036</u>	<u>518,036</u>
Total Primary Government	<u>\$ 90,691,242</u>	<u>\$ 11,015,493</u>	<u>\$ 14,667,236</u>	<u>\$ 1,045,775</u>	<u>(64,480,774)</u>	<u>518,036</u>	<u>(63,962,738)</u>
General revenues:							
Property taxes					66,472,251		66,472,251
Motor vehicle phase-out taxes					167,774		167,774
Telephone and hotel taxes					463,552		463,552
Grants and contributions not restricted to specific programs					1,657,207		1,657,207
Unrestricted investment earnings					481,121	16,940	498,061
Transfers:					2,318	(2,318)	-
Total general revenues and transfers					<u>69,244,223</u>	<u>14,622</u>	<u>69,258,845</u>
Change in net assets					4,763,449	532,658	5,296,107
Net Assets at Beginning of Year					<u>109,071,689</u>	<u>27,234,529</u>	<u>136,306,218</u>
Net Assets at End of Year					<u>\$ 113,835,138</u>	<u>\$ 27,767,187</u>	<u>\$ 141,602,325</u>

The accompanying notes are an integral part of the financial statements

## TOWN OF SOUTH KINGSTOWN, RHODE ISLAND

## BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2012

	<u>General</u>	<u>School Trust Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 30,480,597	\$ 776,713	\$ 7,145,391	\$ 38,402,701
Investments		13,846,157	1,097,266	14,943,423
Accounts and other receivable	1,131,606	40,960	21,788	1,194,354
Due from federal and state governments	56,037		925,811	981,848
Due from other funds	330,245		7,642,321	7,972,566
Prepaid items	30,361		8,740	39,101
Total Assets	<u>\$ 32,028,846</u>	<u>\$ 14,663,830</u>	<u>\$ 16,841,317</u>	<u>\$ 63,533,993</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 874,220		\$ 312,308	\$ 1,186,528
Retainage payable			9,384	9,384
Accrued liabilities	5,146,216		121,931	5,268,147
Due to state and federal governments	13,682		210	13,892
Due to other funds	9,579,824	89,000	191,229	9,860,053
Deferred revenue	1,181,262		652,903	1,834,165
Deposits held in custody of others	154,633			154,633
Total liabilities	<u>16,949,837</u>	<u>89,000</u>	<u>1,287,965</u>	<u>18,326,802</u>
Fund balances:				
Nonspendable	30,361	14,138,240	8,740	14,177,341
Restricted		436,590	8,956,533	9,393,123
Committed	5,441,998		6,603,643	12,045,641
Unassigned	9,606,650		(15,564)	9,591,086
Total fund balances	<u>15,079,009</u>	<u>14,574,830</u>	<u>15,553,352</u>	<u>45,207,191</u>
Total Liabilities and Fund Balances	<u>\$ 32,028,846</u>	<u>\$ 14,663,830</u>	<u>\$ 16,841,317</u>	<u>\$ 63,533,993</u>

(Continued on next page)

**TOWN OF SOUTH KINGSTOWN, RHODE ISLAND**  
**BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)**  
**JUNE 30, 2012**

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets:  
Amounts reported for governmental activities in the statement of net assets (Exhibit I) are  
different because of the following:

Fund balances - total governmental funds (Exhibit III)	\$	45,207,191
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Capital assets used in governmental activities are not financial  
resources and, therefore, are not reported in the funds:

Governmental capital assets	\$	149,039,518	
Less accumulated depreciation		<u>(62,614,100)</u>	
Net capital assets			86,425,418

Other long-term assets are not available to pay for current-period  
expenditures and, therefore, are deferred in the funds:

Deferred bond issuance costs	214,817
Net OPEB asset	397,828
Property tax receivables greater than 60 days	629,900

Internal service funds are used by management to charge the costs of  
risk management to individual funds. The assets and liabilities of  
the internal service funds are reported with governmental activities  
in the statement of net assets.

7,653,669

Long-term liabilities are not due and payable in the current period  
and, therefore, are not reported in the funds:

Bonds payable	(20,390,000)
Deferred charges on refunding	293,125
Unamortized bond issue premium	(161,091)
Compensated absences	(4,753,496)
Claims and judgments	<u>(1,682,223)</u>

Net Assets of Governmental Activities (Exhibit I)	\$	<u><u>113,835,138</u></u>
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The accompanying notes are an integral part of the financial statements

**TOWN OF SOUTH KINGSTOWN, RHODE ISLAND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	<u>General</u>	<u>School Trust Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
Property taxes, interest and lien fees	\$ 66,517,515	\$	\$	\$ 66,517,515
Intergovernmental revenues	10,897,649		4,102,759	15,000,408
Licenses and fees	1,340,779		510,048	1,850,827
Investment income	91,004	348,585	23,580	463,169
Fines and charges	204,782		1,309,687	1,514,469
Departmental	1,255,012			1,255,012
Contributions			60,797	60,797
State on-behalf pension contribution	2,478,404			2,478,404
Other local revenues	924,139		30,808	954,947
Total revenues	<u>83,709,284</u>	<u>348,585</u>	<u>6,037,679</u>	<u>90,095,548</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	2,549,948			2,549,948
Public safety	6,743,188			6,743,188
Public works	1,644,637			1,644,637
Human service agency contribution	145,400			145,400
Public libraries	943,655			943,655
Education	59,482,815		2,093,499	61,576,314
Recreation	1,314,834		715,043	2,029,877
Other	5,032,369	58,845	1,874,600	6,965,814
<b>Debt service:</b>				
Principal retirement	3,210,000		50,000	3,260,000
Interest and other charges	889,506		8,888	898,394
Capital outlay	21,378		2,208,564	2,229,942
Total expenditures	<u>81,977,730</u>	<u>58,845</u>	<u>6,950,594</u>	<u>88,987,169</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,731,554</u>	<u>289,740</u>	<u>(912,915)</u>	<u>1,108,379</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in from other funds	1,027,630		2,485,771	3,513,401
Transfers out to other funds	<u>(2,070,066)</u>	<u>(450,397)</u>	<u>(990,620)</u>	<u>(3,511,083)</u>
Total other financing sources (uses)	<u>(1,042,436)</u>	<u>(450,397)</u>	<u>1,495,151</u>	<u>2,318</u>
Net Change in Fund Balances	689,118	(160,657)	582,236	1,110,697
Fund Balances at Beginning of Year	<u>14,389,891</u>	<u>14,735,487</u>	<u>14,971,116</u>	<u>44,096,494</u>
Fund Balances at End of Year	<u>\$ 15,079,009</u>	<u>\$ 14,574,830</u>	<u>\$ 15,553,352</u>	<u>\$ 45,207,191</u>

(Continued on next page)

## TOWN OF SOUTH KINGSTOWN, RHODE ISLAND

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

FOR THE YEAR ENDED JUNE 30, 2012

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund  
Balances of Governmental Funds to the Statement of Activities:

Amounts reported for governmental activities in the statement of activities (Exhibit II) are different because  
of the following:

Net change in fund balances - total governmental funds (Exhibit IV)	\$ 1,110,697
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Governmental funds report capital outlays as expenditures. However, in the statement of  
activities the cost of those assets is allocated over their estimated useful lives and  
reported as depreciation expense.

Capital outlay	2,615,877
Depreciation expense	(3,934,967)
Loss on disposition of capital assets	(92,866)

Revenues in the statement of activities that do not provide current financial  
resources are not reported as revenues in the funds.

Property taxes collected after 60 days	(45,264)
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Change in Net OPEB asset	113,747
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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources  
to governmental funds, while the repayment of the principal of long-term debt consumes the  
current financial resources of governmental funds. Neither transaction, however, has any  
effect on net assets. Also, governmental funds report the effect of issuance costs, premiums,  
discounts and similar items when debt is first issued, whereas these amounts are deferred  
and amortized in the statement of activities. This amount is the net effect of these  
differences in the treatment of long-term debt and related items.

Bond costs	(30,571)
Principal payments	3,260,000

Some expenses reported in the statement of activities do not require the use of current financial  
resources and, therefore, are not reported as expenditures in governmental funds.

Amortization of deferred charges in refunding	(19,883)
Amortization of bond premiums	32,441
Change in long-term compensated absences	(98,729)
Change in claims and judgments	73,047

The net expense of the internal service funds is reported with governmental activities.	<u>1,779,920</u>
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Change in Net Assets of Governmental Activities (Exhibit II)	<u>\$ 4,763,449</u>
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The accompanying notes are an integral part of the financial statements

## TOWN OF SOUTH KINGSTOWN, RHODE ISLAND

## STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

JUNE 30, 2012

	Business-Type Activities - Enterprise Funds					Governmental
	Major Funds					Activities
	Wastewater	Solid Waste	Water	School Cafeteria	Total	Internal Service Fund
Assets:						
Current assets:						
Cash and cash equivalents	\$ 3,947,832	\$ 1,172,818	\$ 1,433,025	\$ 26,007	\$ 6,579,682	\$ 3,785,407
Accounts and other receivables, net	649,121	39,769	169,448	16,302	874,640	2,048,757
Due from federal and state governments				18,979	18,979	
Due from other funds		54,310			54,310	1,972,193
Total current assets	<u>4,596,953</u>	<u>1,266,897</u>	<u>1,602,473</u>	<u>61,288</u>	<u>7,527,611</u>	<u>7,806,357</u>
Noncurrent assets:						
Deposits					-	388,600
Capital assets not being depreciated	377,964	1,005,003	411,875		1,794,842	
Capital assets, net of accumulated depreciation	<u>16,211,687</u>	<u>2,085,876</u>	<u>3,840,937</u>	<u>6,182</u>	<u>22,144,682</u>	
Total noncurrent assets	<u>16,589,651</u>	<u>3,090,879</u>	<u>4,252,812</u>	<u>6,182</u>	<u>23,939,524</u>	<u>388,600</u>
Total assets	<u>21,186,604</u>	<u>4,357,776</u>	<u>5,855,285</u>	<u>67,470</u>	<u>31,467,135</u>	<u>8,194,957</u>
Liabilities:						
Current liabilities:						
Accounts payable	79,824	94,549	26,990	141,291	342,654	
Accrued liabilities	23,491	576	2,612		26,679	541,288
Due to federal and state governments	79,587				79,587	
Due to other funds	105,552		33,464		139,016	
Deferred revenue	465,860				465,860	
Current portion of compensated absences	48,500	3,300	18,900		70,700	
Current portion of bonds payable	<u>85,205</u>	<u>141,395</u>	<u>84,000</u>		<u>310,600</u>	
Total current liabilities	<u>888,019</u>	<u>239,820</u>	<u>165,966</u>	<u>141,291</u>	<u>1,435,096</u>	<u>541,288</u>
Noncurrent liabilities:						
Compensated absences	144,491	7,856	35,478		187,825	
Bonds payable after one year	295,000	1,793,013			2,088,013	
Deferred bond issuance costs, net	<u>(1,401)</u>	<u>(9,585)</u>			<u>(10,986)</u>	
Total noncurrent liabilities	<u>438,090</u>	<u>1,791,284</u>	<u>35,478</u>	<u>-</u>	<u>2,264,852</u>	<u>-</u>
Total liabilities	<u>1,326,109</u>	<u>2,031,104</u>	<u>201,444</u>	<u>141,291</u>	<u>3,699,948</u>	<u>541,288</u>
Net Assets:						
Invested in capital assets, net of related debt	16,210,847	1,166,056	4,168,812	6,182	21,551,897	
Unrestricted	<u>3,649,648</u>	<u>1,160,616</u>	<u>1,485,029</u>	<u>(80,003)</u>	<u>6,215,290</u>	<u>7,653,669</u>
Total Net Assets	<u>\$ 19,860,495</u>	<u>\$ 2,326,672</u>	<u>\$ 5,653,841</u>	<u>\$ (73,821)</u>	<u>\$ 27,767,187</u>	<u>\$ 7,653,669</u>

The accompanying notes are an integral part of the financial statements

## TOWN OF SOUTH KINGSTOWN, RHODE ISLAND

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

FOR THE YEAR ENDED JUNE 30, 2012

	Business-Type Activities - Enterprise Funds					Governmental
	Major Funds					Activities
	Wastewater	Solid Waste	Water	School Cafeteria	Total	Internal Service Fund
Operating Revenues:						
Charges for services	\$ 3,204,049	\$ 561,388	\$ 936,082	\$ 680,055	\$ 5,381,574	\$ 11,862,993
Other	44,420	3,803	10,441		58,664	
Total operating revenues	<u>3,248,469</u>	<u>565,191</u>	<u>946,523</u>	<u>680,055</u>	<u>5,440,238</u>	<u>11,862,993</u>
Operating Expenses:						
Wells			161,161		161,161	
Pumping	372,525		8,740		381,265	
Distribution			22,031		22,031	
Treating and sludge	1,282,756				1,282,756	
Transportation and disposal		268,748			268,748	
Other operating	124,232	76,651	16,370		217,253	
Administrative and general	625,521	78,668	434,715		1,138,904	
Depreciation	583,308	63,058	182,641	1,402	830,409	
Repairs and maintenance	26,277		23,456		49,733	
Health care management						10,101,025
School cafeteria operations				982,644	982,644	
Total operating expenses	<u>3,014,619</u>	<u>487,125</u>	<u>849,114</u>	<u>984,046</u>	<u>5,334,904</u>	<u>10,101,025</u>
Operating Income (Loss)	<u>233,850</u>	<u>78,066</u>	<u>97,409</u>	<u>(303,991)</u>	<u>105,334</u>	<u>1,761,968</u>
Nonoperating Revenues (Expenses):						
Income on investments	11,142	2,280	3,518		16,940	17,952
State and federal grants	168,650		2,137	291,148	461,935	
Amortization of deferred bond issuance costs	(1,402)	(710)			(2,112)	
Interest expense	(8,587)	(34,803)	(3,731)		(47,121)	
Total nonoperating revenues (expenses)	<u>169,803</u>	<u>(33,233)</u>	<u>1,924</u>	<u>291,148</u>	<u>429,642</u>	<u>17,952</u>
Income (Loss) Before Transfers	403,653	44,833	99,333	(12,843)	534,976	1,779,920
Transfers In	9,200				9,200	
Transfers Out	(6,908)		(4,610)		(11,518)	
Change in Net Assets	405,945	44,833	94,723	(12,843)	532,658	1,779,920
Net Assets at Beginning of Year	<u>19,454,550</u>	<u>2,281,839</u>	<u>5,559,118</u>	<u>(60,978)</u>	<u>27,234,529</u>	<u>5,873,749</u>
Net Assets at End of Year	<u>\$ 19,860,495</u>	<u>\$ 2,326,672</u>	<u>\$ 5,653,841</u>	<u>\$ (73,821)</u>	<u>\$ 27,767,187</u>	<u>\$ 7,653,669</u>

The accompanying notes are an integral part of the financial statements

**TOWN OF SOUTH KINGSTOWN, RHODE ISLAND**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	Business-Type Activities - Enterprise Funds					Governmental
	Major Funds					Activities
	Wastewater	Solid Waste	Water	School Cafeteria	Total	Internal Service Fund
Cash Flows from Operating Activities:						
Receipts from customers and users	\$ 3,116,737	\$ 552,156	\$ 952,497	\$ 698,019	\$ 5,319,409	\$ -
Receipts from providing services					-	10,829,598
Payments to suppliers	(1,886,345)	(313,912)	(442,744)	(1,051,192)	(3,694,193)	
Payments to employees	(785,205)	(37,043)	(308,338)		(1,130,586)	
Payments for claims					-	(10,068,437)
Net cash provided by (used in) operating activities	<u>445,187</u>	<u>201,201</u>	<u>201,415</u>	<u>(353,173)</u>	<u>494,630</u>	<u>761,161</u>
Cash Flows from Noncapital Financing Activities:						
Transfers in from other funds	9,200				9,200	
Transfers to other funds	(6,908)		(4,610)		(11,518)	
Nonoperating grants received	168,650		2,137	291,148	461,935	
Net cash provided (used in) by noncapital financing activities	<u>170,942</u>	<u>-</u>	<u>(2,473)</u>	<u>291,148</u>	<u>459,617</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:						
Additions to property, plant and equipment	(484,728)		(54,100)		(538,828)	
Principal paid on bonds	(83,260)	(137,746)	(82,000)		(303,006)	
Interest paid on bonds	(8,587)	(34,803)	(3,731)		(47,121)	
Net cash used in capital and related financing activities	<u>(576,575)</u>	<u>(172,549)</u>	<u>(139,831)</u>	<u>-</u>	<u>(888,955)</u>	<u>-</u>
Cash Flows from Investing Activities:						
Purchases of investments					-	(24,400)
Interest on investments	11,142	2,280	3,518	-	16,940	17,952
Net cash provided (used in) by investing activities	<u>11,142</u>	<u>2,280</u>	<u>3,518</u>	<u>-</u>	<u>16,940</u>	<u>(6,448)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	50,696	30,932	62,629	(62,025)	82,232	754,713
Cash and Cash Equivalents at Beginning of Year	<u>3,897,136</u>	<u>1,141,886</u>	<u>1,370,396</u>	<u>88,032</u>	<u>6,497,450</u>	<u>3,030,694</u>
Cash and Cash Equivalents at End of Year	<u>\$ 3,947,832</u>	<u>\$ 1,172,818</u>	<u>\$ 1,433,025</u>	<u>\$ 26,007</u>	<u>\$ 6,579,682</u>	<u>\$ 3,785,407</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:						
Operating income (loss)	\$ 233,850	\$ 78,066	\$ 97,409	\$ (303,991)	\$ 105,334	\$ 1,761,968
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	583,308	63,058	182,641	1,402	830,409	
Change in assets and liabilities:						
(Increase) decrease in accounts receivable	21,997	650	5,974	9,038	37,659	(1,045,799)
(Increase) decrease in due from other governments				8,926	8,926	
(Increase) decrease in due from other funds		(13,685)			(13,685)	12,404
Increase (decrease) in accounts payable and accrued items	(28,873)	72,281	2,781	(68,548)	(22,359)	
Increase (decrease) in due to other governments	(262,961)				(262,961)	
Increase (decrease) in due to other funds	67,059		(89,607)		(22,548)	
Increase (decrease) in deferred revenue	(153,729)				(153,729)	
Increase (decrease) in compensated absences	(15,464)	831	2,217		(12,416)	
Increase (decrease) in claims payable					-	32,588
Total adjustments	<u>211,337</u>	<u>123,135</u>	<u>104,006</u>	<u>(49,182)</u>	<u>389,296</u>	<u>(1,000,807)</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 445,187</u>	<u>\$ 201,201</u>	<u>\$ 201,415</u>	<u>\$ (353,173)</u>	<u>\$ 494,630</u>	<u>\$ 761,161</u>

The accompanying notes are an integral part of the financial statements

## TOWN OF SOUTH KINGSTOWN, RHODE ISLAND

## STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

JUNE 30, 2012

	<b>Cemetery Care Private - Purpose Trust Funds</b>	<b>OPEB Trust Funds</b>	<b>Agency Funds</b>
Assets:			
Cash and cash equivalents	\$ 172,957	80,573	\$ 296,631
Investments, at fair value:			
Common stocks		1,232,486	
Corporate bonds		818,909	
Certificate of deposits			8,344
Accrued income		6,753	
Total assets	<u>172,957</u>	<u>2,138,721</u>	<u>304,975</u>
Liabilities:			
Accounts payable and accrued expenses	1,234		
Deposits held in custody for others			304,975
Total liabilities	<u>1,234</u>	<u>-</u>	<u>304,975</u>
Net Assets:			
Held in Trust and Other Purposes	<u>\$ 171,723</u>	<u>2,138,721</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements

## TOWN OF SOUTH KINGSTOWN, RHODE ISLAND

## STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2012

	<b>Cemetery Care Private - Purpose Trust Funds</b>	<b>OPEB Trust Funds</b>
	<u>                    </u>	<u>                    </u>
Additions:		
Charges for services	\$ 3,150	\$
Employer contributions		466,000
Investment income	520	40,106
Total additions	<u>3,670</u>	<u>506,106</u>
Deductions:		
Operating expenses in accordance with agreement	<u>8,638</u>	<u>17,017</u>
Change in Net Assets	(4,968)	489,089
Net Assets at Beginning of Year	<u>176,691</u>	<u>1,649,632</u>
Net Assets at End of Year	<u>\$ 171,723</u>	<u>\$ 2,138,721</u>

The accompanying notes are an integral part of the financial statements

# TOWN OF SOUTH KINGSTOWN, RHODE ISLAND

## NOTES TO FINANCIAL STATEMENTS

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### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **A. Description of Government-Wide Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of Town of South Kingstown, Rhode Island (the Town). All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support.

#### **B. Reporting Entity**

The Town was incorporated in 1723. The Town operates under a council/town manager form of government, with a five-member Town Council headed by a Council President. The Town Manager exercises the executive power of the Town government and is responsible to the Town Council for day-to-day operations of the Town's affairs. All legislative powers of the Town are vested in the Town Council.

#### **C. Basis of Presentation - Government-Wide Financial Statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water and transit functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

#### **D. Basis of Presentation - Fund Financial Statements**

The fund financial statements provide information about the Town's funds, including its fiduciary funds. Separate statements for each fund category: governmental, proprietary and fiduciary, are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The Town reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *School Trust Fund* accounts for the activity of various trust funds established for recreational and educational purposes. The fund's major source of revenue comes from donations and investment income.

The Town reports the following major proprietary funds:

The *Wastewater Fund* is a proprietary (enterprise) fund used to account for the operation and maintenance of the regional wastewater treatment facility, which is owned by the Town and is primarily supported through charges to customers.

The *Solid Waste Fund* is a proprietary (enterprise) fund used to account for solid waste disposal operations of the Town. The fund is primarily supported through charges to customers.

The *Water Fund* is a proprietary (enterprise) fund used to account for the supply of public water to the South Shore and Middlebridge area of the Town. The fund is primarily supported through charges to customers.

The *School Cafeteria Fund* is a proprietary (enterprise) fund used to account for the operation of the school breakfast and lunch programs of the South Kingstown School Department. The fund is primarily supported through charges to customers.

Additionally, the Town reports the following fund types:

The *Internal Service Funds* are used to account for the Town's self-insurance program for medical and dental health insurance coverage for persons covered by the health benefit plan of the Town and for payment of accrued compensated absences that arise and are not included in the annual budget.

The *Private Purpose Trust Funds* are used to account for resources legally held in trust for use by parties outside of the Town, and cannot be used at the Town's discretion or to support the Town's general operations. The activities of the Town's private purpose trust fund are utilized for the care and maintenance of cemeteries within the Town.

The *OPEB Trust Fund* is used to account for funding of future other postemployment benefits such as health, dental and life insurance for the Town's and School Department's retirees.

The *Agency Funds* account for the various student activities and unclaimed probate estate assets.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

### **E. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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 revenues 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.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, charges for services, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary, other postemployment benefit trust, and private-purpose trust funds are reported using the economic resources measurement focus and the accrual basis of accounting. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

## **F. Assets, Liabilities and Equity**

### **1. Cash and Cash Equivalents**

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

### **2. Investments**

Investments for the government are reported at fair value (generally based on quoted market prices).

### **3. Inventories and Prepaid Items**

Inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of donated commodities are stated at fair market value. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

### **4. Capital Assets**

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of one year.

As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs that are essentially amounts spent in relation to capital assets and that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation.

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land improvements	10-40
Buildings	20-40
Building Improvements	10-40
Equipment	3-30
Vehicles	3-30
Infrastructure	10-75

## 5. Equity

Equity in the government-wide financial statements is defined as “net assets” and is classified in the following categories:

Invested in Capital Assets, Net of Related Debt - This component of net assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted Net Assets - Net assets are restricted because they are externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Assets - This component consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

The equity of the fund financial statements is defined as “fund balance” and is classified in the following categories:

Nonspendable Fund Balance - This represents amounts that cannot be spent due to form (e.g., inventories and prepaid amounts).

Restricted Fund Balance - This represents amounts constrained for a specific purpose by external parties, such as grantors, creditors, contributors, or laws and regulations of their governments.

Committed Fund Balance - This represents amounts constrained for a specific purpose imposed by formal action of the government’s highest level of decision-making authority. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The Town Council is the highest level of decision-making authority and utilized Town Ordinances as a formal procedure to commit fund balance.

Assigned Fund Balance - For all governmental funds other than the General Fund, this represents any remaining positive amounts not classified as nonspendable, restricted or committed. For the General Fund, this includes amounts constrained for the intent to be used for a specific purpose. The intent should be expressed by the highest level of decision-making authority or an official to which this intent has been delegated by the highest level of decision-making authority. In June 2011, the Town Council gave this authority to the Town Manager.

Unassigned Fund Balance - This represents fund balance in the General Fund in excess of nonspendable, restricted, committed and assigned fund balance. If another governmental fund has a fund balance deficit, it is reported as a negative amount in unassigned fund balance.

## **6. Fund Balance Policies**

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

## **G. Revenues and Expenditures/Expenses**

### **1. Program Revenues**

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

### **2. Property Taxes**

Property taxes attach as an enforceable lien on real property. Real and personal property taxes are based on values assessed as of each December 31 (lien date) and are levied as of July 1st. The Town completed a statistical revaluation of real property and tangible personal property as of December 31, 2006. The latest assessed values were effective for the property tax levy beginning with fiscal year 2007-2008.

Taxes are due in equal quarterly installments on August 1, November 1, February 1, and May 1 following the levy date. The taxpayer may elect to pay the taxes in full by September 1, annually. Taxes due and unpaid after the respective due dates are subject to interest at a rate of 12% per annum calculated on the unpaid portion of the total tax. An automatic lien is placed on the taxpayer's property if payment has not been received by the tax due date. Property taxes levied are recorded as receivables in the fiscal year of the levy.

During the year ended June 30, 2012, the Town received \$167,774 from the State of Rhode Island as payment in accordance with legislation regarding the phase-out of motor vehicle tax. Motor vehicle values are assessed at a rate of \$18.71 per thousand dollars of assessed value. This rate has been frozen by the State since FY1998. In addition to freezing the tax rate, the State instituted a program to phase-out the taxation of motor vehicles over a ten-year period, by replacing the loss of motor vehicle tax income with State revenue. This program was restructured in FY 2010-2011 whereby State reimbursement was limited to a maximum of \$500 per vehicle. As a result of this action, State reimbursement under this program was reduced from \$1.87 million in FY 2009-2010 to \$168,739 in FY 2010-2011.

In FY 2010-2011 the Town used the \$500 per vehicle value in determining the Motor Vehicle Tax Levy. The Town Council directed an increase to \$3,000 per vehicle exemption be provided to calculate the FY 2011-2012 tax levy.

### **3. Compensated Absences**

#### **Vacation and Sick Leave**

The government's policy permits certain employees to accumulate earned but unused vacation and sick benefits. Upon retirement, termination or death, these employees are compensated for unused vacation and sick leave (subject to certain limitations) at their current rates of pay. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. For governmental activities, the General Fund is used to satisfy this liability as it becomes due, while each enterprise fund accounts for all its settlement of business-type liabilities for compensated absences. The liability for compensated absences is accrued at varying amounts based on the collective bargaining unit contracts of the various unions and includes salary-related benefits, where applicable.

### **4. Proprietary Funds Operating and Nonoperating Revenues and Expenses**

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 wastewater fund, solid waste fund, water fund, school cafeteria fund and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service 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.

## **2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

### **A. Budgetary Information**

It is the responsibility of the Town Manager to submit a proposed budget for the following fiscal year to the Town Council on or before March 1<sup>st</sup> of each year. The Town Council may revise and adopt a recommended budget no later than March 22<sup>nd</sup> of each year. Two public hearings are required to be conducted on the preliminary budget prior to April 18<sup>th</sup>.

Following adoption of the preliminary budget by the Council, any qualified elector of the Town may circulate a petition requesting the Council to increase or decrease by any amount any item of expenditure in the said budget or to insert a new item of expenditure. The Council, before final adoption of the budget, shall consider and vote upon each such petition(s) that were submitted on or before April 21<sup>st</sup> containing no less than 25 valid signatures of qualified electors of the Town.

The Council shall, on or before May 1<sup>st</sup> of each year, complete its consideration of any petitions and make any final changes in the preliminary budget it may deem advisable, and give final approval to the budget by a vote of a majority of all the members of the Council.

Following final approval of the budget by the Council, any qualified elector of the Town may circulate a petition requesting that a referendum be held on the appropriation for the General Fund or the School Unrestricted Fund in the budget as approved. Such petition may propose a reduction or increase in the total appropriation for said funds.

The Town Clerk shall cause a referendum by ballot to be held on all budget changes requested on petitions, provided that each such petition shall contain signatures of no less than 200 of the qualified electors of the Town and shall request an increase or decrease of a sum of at least \$250,000. The qualified electors shall be instructed to vote either for the original total of for one of the proposed increases or reductions thereof. The appropriation receiving the most votes shall be declared to have been adopted.

The Town Manager may transfer part or all of any unencumbered appropriation balances among departments within a major program function and shall report such transfers to the Council in writing in a timely manner. Major program functions within the General Fund are as follows:

- Town general government
- Public safety program
- Public works program
- Human service agency contributions
- Recreation department
- Library services
- Insurances, fund contingency and employment benefits program
- Capital improvement program
- Debt services program
- Transfer to schools

Based on State Statutes, the School Committee is also authorized to spend funds up to the total amount appropriated for the School Unrestricted Fund, which is considered the fund level.

The budget of the School Unrestricted Fund is prepared annually and submitted to the School Committee for approval. The amount of the annual transfer from the Town's General Fund to the School Unrestricted Fund is ultimately determined through the adoption of the General Fund budget.

Budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and the School Unrestricted Fund. The Capital Projects Fund is appropriated on a project-length basis. Other special revenue funds and the permanent funds do not have appropriated budgets since other means control the use of these resources (e.g., grant awards and endowment requirements) and sometimes span a period of more than one fiscal year.

The appropriated budget is prepared by fund, function and department. The government's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

## **B. Deficit Fund Equity**

The following funds had fund equity deficits at June 30, 2012:

Capital projects funds:		
Senior Services Center Construction Fund	\$	15,564
Enterprise funds:		
School Cafeteria		73,821

The Senior Services Center Construction Fund deficit will be funded by transfers from Elderly Services Fund, while the School Cafeteria Fund will be funded by transfers from School Unrestricted Fund.

### **3. CASH DEPOSITS WITH FINANCIAL INSTITUTIONS**

#### **A. Deposits**

Substantially, all of the Town's cash and cash equivalents are held in public deposit institutions. Pursuant to Section 35-10-1 of the Rhode Island General Laws, as of October 1, 1991, public deposit institutions are required to insure accounts that hold public funds in excess of the \$250,000 which is guaranteed by FDIC. At times, the Town pools cash resources of its various funds to facilitate the management of cash and maximize investment returns.

Deposit Custodial Credit Risk - Custodial credit risk in the case of deposits is the risk that in the event of a bank failure, the government's deposits may not be returned. The State of Rhode Island requires that certain uninsured deposits be collateralized. Section 35-10.1-7 of the General Laws of the State of Rhode Island, dealing with the collateralization of public deposits, requires that all time deposits with maturities of greater than 60 days and all deposits in institutions that do not meet the minimum capital requirements of its Federal regulator must be collateralized. The Town has adopted a "statement of investment objectives, goals and policy guidelines" for investments held in the School Trust Fund. In addition, the Town has guidelines for deposits authorized by Town Code Sec. 4233.H.

As of June 30, 2012, the Town's entire bank balance of \$48,921,488 was covered by either FDIC insurance or collateral held in Town's name.

#### **B. Cash Equivalents**

Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and purchased within 90 days of maturity. As of June 30, 2012, the cash equivalent amounted to \$899,178. The cash equivalents consisted of certificate of deposits, subject to coverage by federal depository insurance and collateralization and money market mutual funds held at banking institution and were not rated.

#### 4. INVESTMENTS

State statutes and the Town Charter authorize the Town to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements.

Investment Type	Credit Rating	Fair Value	Investment Maturities (Years)		
			Less Than 1	1 - 10	More Than 10
Interest-bearing investments:					
Federal Home Loan Mortgage Association	Aaa	\$ 198,226		\$ 124,194	\$ 74,032
Federal National Mortgage Association	Aaa	472,925		159,291	313,634
U.S. Treasury Bonds	Aaa	537,610		100,813	436,797
Corporate bonds	A1	264,555	56,919	206,139	1,497
Corporate bonds	A2	617,576	50,985	434,066	132,525
Corporate bonds	A3	440,413	25,704	372,235	42,474
Corporate bonds	Aaa	537,571	46,280	93,223	398,068
Corporate bonds	Aa1	93,853		63,084	30,769
Corporate bonds	Aa2	321,701		205,373	116,328
Corporate bonds	Aa3	186,293		79,321	106,972
Corporate bonds	Aa5	33,657			33,657
Corporate bonds	Baa1	403,910	68,192	311,331	24,387
Corporate bonds	Baa2	863,169	46,272	785,823	31,074
Corporate bonds	Baa3	278,932	46,361	203,798	28,773
Corporate bonds	N/A	1,478,857	957,397	497,357	24,103
Certificates of deposit	*	8,344	8,344		
Total		6,737,592	\$ 1,306,454	\$ 3,636,048	\$ 1,795,090
Other investments:					
Common stock		9,577,473			
Real Estate - Public REITs		338,408			
Mutual funds		349,689			
Total Investments		\$ 17,003,162			

\* Subject to coverage by federal depository insurance and collateralization.

**Interest Rate Risk** - Approximately 40% of the Town's investments are in long-term foreign and corporate bonds, government bonds and asset-backed securities that have interest rates that are fixed for long periods and are subject to more variability in their fair value as a result of future changes in interest rates. The remaining approximately 60% of the investments are held in common stock and mutual funds. These investments do not specify an interest rate; rather, the rate of return is dependent on operating results and economic conditions.

**Credit Risk** - State law limits investments in U.S. Treasury bills, U.S. Treasury notes and bonds, U.S. Agency obligations, certificate of deposits, repurchase agreements, commercial paper, money market mutual funds and money market mutual funds. It is the government's policy to limit its investments in these investment types.

**Concentration of Credit Risk** - At June 30, 2012, the Town had a diversified portfolio and was not deemed to be concentrated in any one investment category. Although approximately 60% of the investments were held in common stock and mutual funds, these investments were in a wide range of companies and various industries enabling the Town to minimize its risk.

The Town has adopted a “statement of investment objectives, goals and policy guidelines” for investments held in the School Trust Fund, which is where approximately 84% of the Town’s investments are maintained. The remaining investments of the Town are not covered by a specific investment policy but follow the same principles of the policy adopted for the School Trust Fund.

**Custodial Credit Risk** - For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not believe that it has a significant custodial credit risk as substantially all investment securities are registered and held in the name of the Town.

**5. RECEIVABLES**

Amounts are aggregated into one accounts receivable (net of allowance for uncollectibles) line and for certain funds and aggregated columns. Below is the detail of receivables for each major governmental fund and the aggregate remaining funds, including the applicable allowances for uncollectible accounts:

	<u>General</u>	<u>School Trust Fund</u>	<u>Wastewater</u>	<u>Solid Waste</u>	<u>Water</u>	<u>School Cafeteria</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:								
Accounts	\$ 138,267	\$	\$ 639,269	\$ 39,769	\$ 170,448	\$ 16,302	\$ 2,070,545	\$ 3,074,600
Property taxes	1,244,888							1,244,888
Tax liens	248,461							248,461
Special assessments			27,352					27,352
Interest		40,960						40,960
Gross receivables	<u>1,631,616</u>	<u>40,960</u>	<u>666,621</u>	<u>39,769</u>	<u>170,448</u>	<u>16,302</u>	<u>2,070,545</u>	<u>4,636,261</u>
Less allowance for uncollectibles	<u>(500,010)</u>		<u>(17,500)</u>		<u>(1,000)</u>			<u>(518,510)</u>
Net Total Receivables	<u>\$ 1,131,606</u>	<u>\$ 40,960</u>	<u>\$ 649,121</u>	<u>\$ 39,769</u>	<u>\$ 169,448</u>	<u>\$ 16,302</u>	<u>\$ 2,070,545</u>	<u>\$ 4,117,751</u>

## 6. DEFERRED REVENUES

Governmental funds report deferred revenue in connection with receivables that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
General Fund:		
Delinquent property taxes receivable	\$ 629,900	\$
Property taxes collected in advance		8,426
Miscellaneous advance collections		540,796
Miscellaneous grants		2,140
Special Revenue Funds:		
Miscellaneous grants		<u>652,903</u>
 Total Deferred Revenue for Governmental Funds	 \$ <u>629,900</u>	 \$ <u>1,204,265</u>

## 7. CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 13,669,374	\$ 50,000	\$	\$ 13,719,374
Construction in progress	<u>2,962,951</u>		<u>2,662,930</u>	<u>300,021</u>
Total capital assets not being depreciated	<u>16,632,325</u>	<u>50,000</u>	<u>2,662,930</u>	<u>14,019,395</u>
Capital assets being depreciated:				
Land improvements	9,417,576			9,417,576
Buildings	30,322,129	1,280,808		31,602,937
Building improvements	38,714,831	374,825		39,089,656
Equipment	12,227,848	568,237	91,329	12,704,756
Vehicles	4,886,326	557,400	399,418	5,044,308
Infrastructure	<u>34,713,353</u>	<u>2,447,537</u>		<u>37,160,890</u>
Total capital assets being depreciated	<u>130,282,063</u>	<u>5,228,807</u>	<u>490,747</u>	<u>135,020,123</u>
Less accumulated depreciation for:				
Land improvements	1,450,974	55,961		1,506,935
Buildings	13,368,642	605,517		13,974,159
Building improvements	15,948,977	1,107,579		17,056,556
Equipment	8,481,495	756,747	74,846	9,163,396
Vehicles	2,929,209	407,138	323,035	3,013,312
Infrastructure	<u>16,897,717</u>	<u>1,002,025</u>		<u>17,899,742</u>
Total accumulated depreciation	<u>59,077,014</u>	<u>3,934,967</u>	<u>397,881</u>	<u>62,614,100</u>
Total capital assets being depreciated, net	<u>71,205,049</u>	<u>1,293,840</u>	<u>92,866</u>	<u>72,406,023</u>
Governmental Activities Capital Assets, Net	<u>\$ 87,837,374</u>	<u>\$ 1,343,840</u>	<u>\$ 2,755,796</u>	<u>\$ 86,425,418</u>

Depreciation expense was charged to the functions of the governmental activities of the primary government as follows:

Governmental activities:	
General government	\$ 185,370
Public safety	438,727
Public works	1,203,749
Public libraries	118,086
Education	1,773,280
Recreation	<u>215,755</u>
Total	\$ <u><u>3,934,967</u></u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 1,586,529	\$	\$	\$ 1,586,529
Construction in progress	<u>149,787</u>	<u>502,910</u>	<u>444,384</u>	<u>208,313</u>
Total capital assets not being depreciated	<u>1,736,316</u>	<u>502,910</u>	<u>444,384</u>	<u>1,794,842</u>
Capital assets being depreciated:				
Land improvements	2,682,148			2,682,148
Buildings	10,507,763			10,507,763
Building improvements	2,663,881			2,663,881
Equipment	6,729,819	303,182		7,033,001
Vehicles	468,102			468,102
Infrastructure	<u>19,485,778</u>	<u>177,120</u>		<u>19,662,898</u>
Total capital assets being depreciated	<u>42,537,491</u>	<u>480,302</u>	<u>-</u>	<u>43,017,793</u>
Less accumulated depreciation for:				
Land improvements	500,446	54,178		554,624
Buildings	6,454,851	204,656		6,659,507
Building improvements	835,867	85,158		921,025
Equipment	4,227,349	224,349		4,451,698
Vehicles	370,959	21,422		392,381
Infrastructure	<u>7,653,230</u>	<u>240,646</u>		<u>7,893,876</u>
Total accumulated depreciation	<u>20,042,702</u>	<u>830,409</u>	<u>-</u>	<u>20,873,111</u>
Total capital assets being depreciated, net	<u>22,494,789</u>	<u>(350,107)</u>	<u>-</u>	<u>22,144,682</u>
Business-Type Activities Capital Assets, Net	\$ <u><u>24,231,105</u></u>	\$ <u><u>152,803</u></u>	\$ <u><u>444,384</u></u>	\$ <u><u>23,939,524</u></u>

Depreciation was charged to the following business-type activities:

Business-type activities:	
Wastewater	\$ 583,308
Solid Waste	63,058
Water	182,641
Cafeteria	<u>1,402</u>
Total	\$ <u><u>830,409</u></u>

## 8. FUND BALANCE

The components of fund balance for the governmental funds at June 30, 2012 are as follows:

	<u>General Fund</u>	<u>School Trust Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:				
Nonspendable for:				
Prepays	\$ 30,361	\$	\$ 8,740	\$ 39,101
Endowment for recreation and education purposes		14,138,240		14,138,240
Restricted for:				
Recreational and educational		436,590	1,654,878	2,091,468
Maintenance of historical records			103,713	103,713
Libraries operations			1,349,777	1,349,777
Recycling program			59,663	59,663
Open space acquisition			370,563	370,563
Wastewater facility improvements			4,992,758	4,992,758
Human services			425,181	425,181
Committed to:				
General government - encumbrances	9,499			9,499
Police department - encumbrances	36,999			36,999
Public works - encumbrances	215,250			215,250
Municipal planning	108,900			108,900
To balance future budgets - Town	1,000,000			1,000,000
Superfund site cleanup	1,000,000			1,000,000
To balance future budgets - schools	535,030			535,030
Education encumbrance	270,302			270,302
Education computer system	350,000			350,000
Education	1,916,018			1,916,018
Affordable housing			10,000	10,000
Animal shelter renovations			134,791	134,791
Elderly services			282,397	282,397
Public safety support			733,737	733,737
Operation of Peacedale Office Building			254,339	254,339
Property revaluation			692,556	692,556
Maintenance of South Road School			345,849	345,849
Maintenance of bridges			67,820	67,820
Capital equipment acquisitions			709,698	709,698
Data processing improvements			371,755	371,755
Mini park construction			26,429	26,429
Library improvements			203,565	203,565
Public safety building improvement			181,751	181,751
Public service office building improvements			56,086	56,086
Infrastructure improvements			2,072,949	2,072,949
Recreation facility improvement			275,662	275,662
Town hall improvements			184,259	184,259
Unassigned	<u>9,606,650</u>		<u>(15,564)</u>	<u>9,591,086</u>
Total Fund Balances	<u>\$ 15,079,009</u>	<u>\$ 14,574,830</u>	<u>\$ 15,553,352</u>	<u>\$ 45,207,191</u>

## 9. DEFINED BENEFIT PENSION PLANS

### A. Municipal Employees' Retirement System of the State of Rhode Island - General, Police and EMT

**Plan Description** - The Town participates in the Municipal Employees' Retirement System of the State of Rhode Island (System), an agent multiple employer defined benefit plan administered by the State Pension Board. The System includes a normal plan for general employees and both a normal and optional plan for police and emergency medical technician personnel. All full-time town, noncertified school department general employees, police and emergency medical technicians participate in the System.

At June 30, 2011 (actuarial valuation date) System membership consisted of the following:

	<u>General Employees</u>	<u>Police Employees</u>	<u>EMT Employees</u>
Active employees	326	50	17
Retirees and beneficiaries	<u>149</u>	<u>41</u>	<u>2</u>
Total	<u><u>475</u></u>	<u><u>91</u></u>	<u><u>19</u></u>

The System provides retirement, disability and death benefits to plan members and their beneficiaries. State statutes authorize the State to establish and amend all plan provisions. The State issues a publicly available financial report that includes the applicable financial statements and required supplementary information. The report may be obtained by writing to the State of Rhode Island Employee Retirement Board, 40 Fountain Street, Providence, Rhode Island, 02903.

The System generally provides retirement benefits as follows:

General - 2% of final average salary per year of service with a maximum benefit of 75% of final average salary. Final average salary is the three highest consecutive years of earned salary exclusive of overtime and severance pay. Such benefits are available to members at least age 58 with 10 years of service or after 30 years of service, regardless of age. The plan also provides nonservice-connected disability benefits after 5 years of service, service-connected disability benefits with no minimum service requirement, survivors' benefits and certain lump-sum death benefits. Employees are vested in their retirement benefits after 10 years of service.

Police - 2.5% of final average salary per year of service accrued after July 1, 1993 and 2% of final average salary per year of service accrued prior to July 1, 1993 with a maximum benefit of 75% of final average salary.

EMT - 2.5% of final average salary per year of service with a maximum benefit of 75% of final average salary.

Final average salary is the three highest consecutive years of earned salary exclusive of overtime, bonuses and severance pay.

Such benefits are available to members at or after age 55 with 10 years of service or after 20 years of service, regardless of age. The plan also provides nonoccupational disability benefits after 5 years of service, occupational disability benefits with no minimum service requirement, survivors' benefits and certain lump-sum death benefits. Employees are vested in their retirement benefits after 10 years of service. Retirees' benefits are adjusted annually by 3%, not compounded, to allow for increases in the cost of living.

**Funding Policy** - General employees are required by State Statute to contribute 7% of their annual earnings until the maximum benefit (75% of final average salary) is accrued. Police and EMT personnel are required by State Statute to contribute 9% of their annual earnings until the maximum benefit (75% of final average salary) is accrued. The Town is required to contribute based on an actuarially computed amount and as provided by State Statute for each participating municipality. The actuarial method used is the entry age normal cost with part of each municipality's unfunded actuarial liability funded over a fixed amortization period and the balance funded over the projected future payroll of active members. Due to large fluctuations in the contribution rates of certain municipalities, the plan has adopted a procedure that would allow a unit the option of paying a smoothed contribution rate. The smoothed contribution rate equals the previous fiscal year's contribution rate plus the greater of 2% or 1/8 of the increase in contribution rate plus the cost of any benefit improvements. The actuarially determined contribution amount for the Town was determined as described above and was based on an actuarial valuation as of June 30, 2009.

Contributions to the plan for the year ended June 30, 2012 were as follows:

	<u>General Employees</u>	<u>Police</u>	<u>EMT</u>
Annual required contribution - Town	\$ 1,029,936	\$ 444,719	\$ 36,781
Covered payroll %	8.59%	16.03%	4.67%
Employees contribution	\$ 839,298	\$ 249,688	\$ 72,488
Covered payroll %	7.00%	9.00%	9.00%

Total payroll for employees covered by the System for the year ended June 30, 2012 was approximately \$15,551,832 (\$11,989,936 for general employees, \$2,774,294 for police officers and \$787,602 for EMTs). The Town-wide payroll was approximately \$48,329,869.

The most recent actuarial assumptions reduced the investment rate of return from 8.25% to 7.50% and made adjustments to the mortality tables. There were no other current year changes in actuarial assumptions, benefit provisions or actuarial funding methods that would significantly affect the contribution requirement. Significant actuarial assumptions and other actuarial information are presented at the end of this note disclosure and in required supplemental information.

## Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Actual Contribution</u>	<u>Percentage Of APC Contributed</u>	<u>Net Pension Obligation</u>
General Employees Plan:				
6/30/2010	\$ 829,500	\$ 829,500	100 %	\$ -
6/30/2011	732,200	732,200	100	-
6/30/2012	1,029,936	1,029,936	100	-
Police Plan:				
6/30/2010	\$ 324,600	\$ 324,600	100 %	\$ -
6/30/2011	347,700	347,700	100	-
6/30/2012	444,719	444,719	100	-
EMT Plan:				
6/30/2010	\$ 43,400	\$ 43,400	100 %	\$ -
6/30/2011	25,600	25,600	100	-
6/30/2012	36,781	36,781	100	-

The ARC for the plan was determined as part of the June 30, 2011 actuarial valuation using the following methods and assumptions:

	<u>General Municipal Employees Pension Plan</u>	<u>Police and EMT Employees Pension Plan</u>
Actuarial Cost Method	Entry Age Normal Cost	Entry Age Normal Cost
Amortization Method	Level Percent Closed - 24 years from June 30, 2011	Level Percent Closed - 24 years from June 30, 2011
Remaining Amortization Period	24 Years	24 Years
Asset Valuation Method	5-Year Smoothed Market Value	5-Year Smoothed Market Value
Investment Rate of Return	7.50% Compounded Annually	7.50% Compounded Annually
Projected Salary Increases	4% - 8% Compounded Annually	4.25%-14.25% Compounded Annually
Inflation Adjustment	2.75%	2.75%
Cost of Living Adjustments	Assumed to be 2% per annum. Actual amount is determined based on the plan's five-year average investment rate of return minus 5.5% and will range from zero to 4.0%	Assumed to be 2% per annum. Actual amount is determined based on the plan's five-year average investment rate of return minus 5.5% and will range from zero to 4.0%

## 2. Municipal Employees' Retirement System of the State of Rhode Island - Teachers

**Plan Description** - The Town participates in the Municipal Employees' Retirement System of the State of Rhode Island (System) an agent multiple employer defined benefit plan administered by the State Pension Board. The System includes a normal plan for certified school personnel. All full-time certified school department employees participate in the System.

The System provides retirement, disability and death benefits to plan members and their beneficiaries. State statutes authorize the State to establish and amend all plan provisions. The State issues a publicly available financial report that includes the applicable financial statements and required supplementary information. The report may be obtained by writing to the State of Rhode Island Employee Retirement Board, 40 Fountain Street, Providence, Rhode Island, 02903.

The System was established under Section 2 of Chapter 2334 of the Rhode Island Public laws of 1951 and placed under the management of the Retirement Board for the purpose of providing retirement allowances for employees of the State of Rhode Island under the provisions of Chapters 8 to 10, inclusive of Title 36, and public school teachers under the provisions of Chapters 15 to 17, inclusive of Title 16 of the Rhode Island General Laws. The plan provides a two-tier benefit structure referred to as Schedules A and B as follows:

**Schedule A Benefits:** Schedule A benefits are available to members who possess 10 years or more of contributory service on or before July 1, 2005. Schedule A provides unreduced benefits of 1.7% of earnings for each of the first 10 years of service; 1.9% for each of the next 10 years of service; 3.0% per year for each of the next 14 years; and 2% for the 35<sup>th</sup> year. Joint and survivor options are available as well as the Service Retirement Allowance (SRA) Plus option that provides for the payment of a larger benefit before the attainment of age 62 and a reduced amount thereafter. The reduced amount is equal to the benefit before age 62, including cost-of-living increases, minus the member's estimated social security benefit payable at age 62. The maximum benefit is 80% of "final average" (FAC) earnings after 35 years of service. Final average earnings are the three highest consecutive years of earned salary excluding overtime, bonuses or severance pays. Such benefits are available to members at least age 60 with 10 years of service, or after 28 years at any age. On the third January after retirement, a cost-of-living increase of 3% (compounded annually) is provided independent of actual changes in the consumer price index. The plan also provides nonservice-connected disability benefits after 5 years of service; service-connected disability pensions with no minimum service requirements, vested benefits after 10 years of service; survivors' benefits for service connected death; and certain lump-sum death benefits. For Schedule A members who are not grandfathered, i.e., members who had at least 10 years of creditable service at June 30, 2005 but who are not eligible to retire on September 30, 2009, benefits are based on Schedule A for services through September 30, 2009 and on Schedule B for services after September 30, 2009. Maximum benefit is 80% of FAC.

**Schedule B Benefits:** Schedule B benefits are provided to members who have less than 10 years of contributory service on or before July 1, 2005. For Schedule B members, the plan provides unreduced benefits of 1.6% of earnings for each of the first 10 years of service; 1.8% for each of the next 10 years; 2.0% per year for years 21 through 25 inclusive; 2.25% per year for years 26 through 30 inclusive; 2.5% per year for years 31 through 37 inclusive, and 2.25% for the 38<sup>th</sup> year. Only single life, joint and survivor options are available. The maximum benefit is 75% of his or her average highest 3 years of compensation after 38 years of service. Such benefits are available to members at least age 65 with 10 years of service, or after 29 years of service and age 59. Actuarially reduced retirement is available at age 55 and 20 years of service, the benefit is reduced actuarially for each month that the age of the member is less than 65 years. On the month following the third anniversary date of the retirement, and on the month following the anniversary date of each succeeding year, a cost of living increase of 3% (compounded annually) or the percentage of increase in the Consumer Price Index for all Urban Consumers (CPI-U) as published by the United States Department of Labor Statistics, determined as of September 30 of the prior calendar year, whichever is less, is provided for Schedule B members.

The ERS plan also provides a survivor benefit to public school teachers via a “Teachers Survivor Benefits Fund” in lieu of Social Security. The details of the survivor death benefits and other death benefits are provided in the financial section of the Annual Financial Report of the Employees’ Retirement System of Rhode Island for the fiscal year ending June 30, 2011, which can be found at [www.ersri.org](http://www.ersri.org).

**Funding Policy** - Rhode Island general laws set the contribution rates for participating plan employees at 9.5% of salary. Annual contributions by both employers and the State on behalf of those employees are determined by actuaries and assessed as percentage of participants’ payroll. The School Department was required to contribute 13.23% for all full-time certified employees for fiscal year 2012 and 11.25% for fiscal years 2011 and 2010. 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. A variety of significant actuarial assumptions are used to determine the standardized measure of the pension benefit obligation and these assumptions are summarized below:

**Mortality** - 1994 Group Annuity Mortality Tables

**Investment Return** - 7.5% compounded annually

**Salary Increase** - 4.00% to 12.75% compounded annually

**Retirement Age** - 75% of Schedule B members who reach the age of 59 with 29 years of service before age 65 are assumed to retire when first eligible. 75% of other members are expected to retire when first eligible, at age 65 with 10 years of service. Because of enactment of Article 7 in 2009, the retirement assumption was modified for members not eligible for retirement by October 1, 2009. Members who would have been assumed to retire prior to age 62 under the rules in effect before the enactment of Article 7 are assumed to retire when first eligible for an unreduced benefit under Article 7.

**Cost of Living Adjustments** - Assumed at 2% per annum, while the plan has a funding level that exceeds 80%. The actual COLA will be determined based on the plan’s five-year average investment rate of return minus 5.5% and will range from zero to 4.0%.

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 2012, actuarial required contributions were 22.32% of the participant’s salary. This resulted in contribution rates paid by the State on behalf of the School Department of 9.09% of non-federally reimbursable payrolls totaling \$2,478,404 for the fiscal year ended June 30, 2012. The School Department contributed the remaining 13.23% of the required 22.32%.

The amounts contributed to the plan were as follows:

<b>Fiscal Year Ending</b>	<b>Annual Pension Cost (APC)</b>	<b>Actual Contribution</b>	<b>Percentage Of APC Contributed</b>	<b>Net Pension Obligation</b>
6/30/2010	\$ 3,008,018	\$ 3,008,018	100 %	\$ -
6/30/2011	3,041,747	3,041,747	100	-
6/30/2012	3,653,857	3,653,857	100	-

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

Trend information showing the System's progress in accumulating sufficient assets to pay benefits when due is presented in the State of Rhode Island's Employee Retirement System's annual financial report, which may be obtained from the administrative offices of the State of Rhode Island Retirement Board, 40 Fountain Street, Providence, Rhode Island.

## **10. OTHER POSTEMPLOYMENT BENEFIT (OPEB) OBLIGATIONS**

### **The Town of South Kingstown OPEB Trust (the Trust)**

#### **Plan Description**

The Trust is a single-employer defined benefit healthcare plan administered by the Town. The Trust provides medical, dental and life insurance benefits to eligible retirees and their spouses. Most full-time employees of the Town and School Department are eligible to participate in the plan. Benefit provisions are established through negotiations between the Town and the various unions representing the employees.

The plan is considered to be part of the Town's financial reporting entity and is included in the Town's financial report as the Other Postemployment Benefits Trust Fund. The plan does not issue a stand-alone financial report.

#### **Summary of Significant Accounting Policies**

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

Administrative costs of the plan are paid by the Town.

Investments are reported at fair value. Investment income is recognized as earned.

The Trust is administered by the Town.

At July 1, 2011, plan membership consisted of the following:

	<u><b>Participants</b></u>
Active employees	769
Retirees	169
Spouses of retirees	<u>89</u>
Total	<u><u>1,027</u></u>

## **Funding Policy**

### *Town Employees hired before July 1, 2006 -*

30 years of service: For 4 years, the Town shall pay \$5,000 per year toward the annual cost, and the retiree shall pay the difference, payable on a monthly basis;

25 years of service: For 3 years, the Town shall pay \$4,000 per year toward the annual cost, and the retiree shall pay the difference, payable on a monthly basis;

20 years of service: For 3 years, the Town shall pay \$2,000 per year toward the annual cost, and the retiree shall pay the difference, payable on a monthly basis.

### *Town Employees hired after July 1, 2006 -*

30 years of service: For 3 years, the Town shall pay \$4,000 per year toward the annual cost, and the retiree shall pay the difference, payable on a monthly basis;

25 years of service: For 3 years, the Town shall pay \$2,666 per year toward the annual cost, and the retiree shall pay the difference, payable on a monthly basis;

20 years of service: For 3 years, the Town shall pay \$1,333 per year toward the annual cost, and the retiree shall pay the difference, payable on a monthly basis.

*Police Employees* - The Town is obligated to provide health insurance coverage until the retiree reaches age 65, or until the retiree or spouse obtains an alternative health insurance plan. Employees retiring on or after July 1, 2007 shall contribute 70% of the health care premium co-share that they were paying as an active employee at the time of their retirement.

*EMS Employees* - The Town pays \$4,000 per year towards health insurance for employees who have 30 years or more of service; \$2,666 per year for 25 years of service and \$1,333 for 20 years of service. The benefit is paid for three years for eligible employees.

*Public Works Employees hired before July 1, 2005* - These employees will receive the same medical insurance plan and shall be subject to the same premium co-payment as active employees covered under the collective bargaining agreement until age 65. Further, members who retire due to disability after July 1, 2005 will be eligible to receive health care for a 60-month period from the date of retirement or until age 65, whichever comes first. If any such retired employee or his or her spouse has an alternative medical plan available for said retiree, then this provision shall not apply.

### *Public Works Employees hired after July 1, 2005 -*

30 years of service: For 3 years, the Town shall pay \$4,000 per year toward the annual cost, and the retiree shall pay the difference, payable on a monthly basis;

25 years of service: For 3 years, the Town shall pay \$2,666 per year toward the annual cost, and the retiree shall pay the difference, payable on a monthly basis;

20 years of service: For 3 years, the Town shall pay \$1,333 per year toward the annual cost, and the retiree shall pay the difference, payable on a monthly basis.

*School Employees* - The Town of South Kingstown School Department pays 100% of the cost of life, dental and health insurance benefits for teachers and administrator retirees who retired prior to September 1, 2008 for a period of up to five years after retirement or until the retiree reaches the age of 70. Teacher and administrator retirees who retired after September 1, 2008 pay the amount of their employee cost-share at the time of their retirement, for health insurance only, for the five-year period.

To be eligible for post-employment benefits, the employee must be eligible to retire under the MERS.

### **Eligibility**

*General Employees* - Members who have retired under the Municipal Employee Retirement System, shall be eligible to receive medical benefits for self and spouse. Eligibility for retirement is the earlier of completion of 30 years of service regardless of age, or age 58 with 10 years of service.

*Police and EMS* - Members who have retired under the Municipal Employees Retirement System for police and firefighters shall be eligible to receive medical benefits for self and spouse. Minimum eligibility for retirement is completion of 20 years of service regardless of age. A member of the police department may retire provided they have earned a retirement allowance of at least 50%.

*Teachers and Administrators* - Members who have retired under the Employees' Retirement System of Rhode Island, with a minimum of 10 years of service with the South Kingstown School Department, shall be eligible to receive medical and dental benefits for self and spouse. If vested by July 1, 2005 (Schedule A), eligibility is the earlier of 28 years of service, or age 60 with 10 years of service. If vested after July 1, 2005 (Schedule B) normal retirement age is the earlier of age 65 with 10 years of service, or age 59 with 29 years of service. Early retirement is age 55 with 20 years of service.

## Annual OPEB Cost and Net OPEB Obligations

The Town of South Kingstown's annual other postemployment benefit (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan and changes in the Town's net OPEB obligation (asset):

		<b>Retiree Trust</b>
Annual required contribution (ARC)	\$	1,878,000
Interest on net OPEB obligation		(22,726)
Adjustment to annual required contribution		<u>17,010</u>
Annual OPEB cost		1,872,284
Contributions made		<u>1,986,031</u>
Increase in net OPEB asset		113,747
Net OPEB asset, beginning of year		<u>284,081</u>
Net OPEB Asset, End of Year	\$	<u><u>397,828</u></u>

The current year expenditures for these postretirement benefits are recognized on a pay-as-you-go basis, as the monthly premiums for the benefits become due.

For the year ended June 30, 2012, plan members contributed \$50,346 for their share of premium payments. The Town is required to contribute the balance of the current premium cost and may contribute an additional amount as determined by the Town in order to prefund benefits.

During the year ended June 30, 2012, expenditures of \$1,520,061 were recognized for post-retirement benefits. Of this amount, \$6,121 was paid for life insurance premiums, and \$1,513,940 was paid for health and dental insurance premiums.

In addition to the current year payouts noted above, the Town contributed \$466,000 to the Trust fund as part of the annual required contribution for fiscal year ended June 30, 2012. The net budget impact of the ARC for fiscal year ended June 30, 2012 was calculated to be \$178,000. The Town contributed \$113,747 over the required contribution in an attempt to prefund benefits and, thus, reduce the unfunded actuarial accrued liability.

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation (asset) three-year trend information is presented below.

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Actual Contribution</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Asset</u>
6/30/2010	\$ 1,780,100	\$ 1,784,100	100.22 %	\$ 4,000
6/30/2011	1,921,919	2,202,000	114.57	284,081
6/30/2012	1,872,284	1,986,031	106.08	397,828

### Funding Status and Funding Progress

The funded status of the plan as of July 1, 2011, the most recent actuarial valuation date, is as follows:

<u>Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
7/1/2007	\$ -	\$ 15,988,000	\$ (15,988,000)	- %	\$ 40,978,967	(39.0) %
7/1/2008	-	16,484,000	(16,484,000)	- %	42,961,106	(38.4)
7/1/2009	-	18,700,000	(18,700,000)	- %	41,868,678	(44.7)
7/1/2011	1,650,000	19,260,000	(17,610,000)	8.57 %	43,016,000	(40.9)

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These actuarially determined amounts are subject to continual revisions as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, presented immediately following the financial statements as required supplementary information, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

### Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the type of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial calculations of the OPEB plan reflect a long-term perspective. Consistent with this perspective, actuarial valuations, after this initial year, will use actuarial methods and assumptions that include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

The ARC for the plan was determined as part of the July 1, 2011 actuarial valuation using the following methods and assumptions:

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Percentage Open
Remaining Amortization Period	27 Years
Investment Rate of Return	8.00%
Projected Salary Increases	2.00%
Healthcare Cost Trend Rate	4.4% - 5.8%

## 11. SIGNIFICANT COMMITMENTS

### Community Septic System Loan Program

On August 30, 2002, the Town entered into an agreement with the Rhode Island Clean Water Finance Agency to finance the Town's Community Septic System Loan Program. The loan agreement provides the Town with a \$300,000 nonrestoring line of credit. The proceeds of the loan shall be used by the Town for the establishment of an operation of a Community Septic System Loan Program. The Program provides for the Town to make loans to property owners of the Town for the repair or replacement of failed or failing septic systems. The individual loans to be made to property owners shall be underwritten by the Town with the assistance of the Rhode Island Housing Mortgage Finance Corporation (RIHMFC). RIHMFC, on behalf of the Town, shall perform all administrative functions related to servicing the individual loans, including disbursing loans to property owners and collecting and remitting borrower loan payments. The loan has a zero interest rate to the Town and 4% to property owners. The Town is only required to make principal repayments in the event that individual property owners default on their loans. Accordingly, the potential liability has not been accrued (reported) in the Town's financial statements. As of June 30, 2012, there are \$300,000 in loans issued and an available (nonrestoring) line-of-credit balance of \$-0-.

In June 2005, the Town Council authorized and entered into a second agreement with Rhode Island Clean Water Finance Agency to finance the Town's Community Septic System Loan Program. The loan agreement provides the Town with an additional \$1,000,000 nonrestoring line of credit that will be funded in three increments of \$300,000 and a final increment of \$100,000. Each increment will be funded only upon the complete drawdown of all prior increments. The proceeds of the loan shall be used by the Town towards the operation of the community Septic System Loan Program. The terms of the loan program are consistent with the terms described in the above-noted paragraph except that the new agreement has a 2% (versus 4%) interest rate to property owners. As of June 30, 2012, there are \$1,000,000 in loans issued and an available line-of-credit balance of \$-0- on the final increment of \$100,000.

In August 2010, the Board of Directors of the Rhode Island Clean Water Finance Agency, pursuant to policies and procedures adopted in accordance with Title VI of the Federal Clean Water Act and Chapter 12.2 of the Rhode Island General Laws, notified the Town that it has been approved for an additional \$1,000,000 of funding for the Community Septic System Loan Program. The loan total will be funded in three increments of \$300,000 and a final increment of \$100,000. As of June 30, 2012, there are \$22,218 in loans issued and, as such, the available line-of-credit balance is \$977,782.

## **12. RISK MANAGEMENT**

### **A. Rhode Island Inter-Local Risk Management Trust**

The Town is a member of the Rhode Island Inter-Local Risk Management Trust. This cooperative pool with other Rhode Island cities and towns provides insurance coverage for the Town's risks of loss.

The Town became a member on July 1, 1988. The Trust provides all property, liability and workers' compensation insurance coverage for the Town. Property and liability claims are subject to a \$2,500 deductible with the exception of public officials' liability claims, which are subject to a \$5,000 deductible. The Trust's self-insured retention levels range from \$10,000 to \$1,000,000 depending on the type of coverage provided. In addition to the self-insurance provided by the Trust, there is also reinsurance through third-party sources for claims up to \$5,000,000.

The Trust is a nonprofit organization that is governed by a Board of Trustees composed of officials of member organizations or their representatives. In addition to insurance coverage, the Trust provides risk management services with emphasis on loss control, risk management, education and training, claims administration and other services to its members.

Upon joining the trust, members sign a participation agreement that outlines the rights and responsibilities of both the members and the Trust. The agreement states that for premiums paid by members, the Trust will assume financial responsibility for members' losses up to the maximum amount of insurance purchased, minus members' deductible amounts. Additionally, should a member decide to withdraw from the Trust, the participation agreement requires three months' notice and the payment of a severance penalty.

There have been no reductions in insurance coverage from coverage in the previous year. Settlements have not exceeded insurance coverage since becoming a member of the Trust on July 1, 1988.

### **B. Internal Service Fund**

During September 1992, the Town established the Health Care Management Fund to account for its health and dental coverage programs.

Over the past 20 years, the Town has used a combination of the following financing plans to pay for its medical and dental programs for all eligible employees of the Town and School Department and their dependents. The plans consist of the following:

- Prospective Premium Basis - a fully insured plan that was used by the Town in fiscal 2008, and
- Cost Plus Basis - the Town pays for the actual cost of covered health care services plus a fee to the provider for the administration of the program (used by the Town since July 1, 2008)

For the 2011-2012 fiscal year, the Town was under a cost plus basis plan. As of July 1, 2008, the Town switched to a Blue Cross cost plus program provided through the West Bay Community Health Collaborative.

All funds of the Town participate in the program and make payments to the Health Care Management Fund (an internal service fund) based on recommendations made by the Plan Administrator. Billings from the Health Care Management Fund to their Town and School Department Funds for fiscal year 2012 were \$10,048,642. At June 30, 2012, the Town has estimated a liability for claims incurred but not reported (IBNR) based on actual claims paid subsequent to year end but related to claims incurred prior to June 30, 2012. Changes in the balance of claims liabilities during the past two years are as follows:

<u>Fiscal Year</u>		<u>Accrued Liability Beginning of Fiscal Year</u>	<u>Current Year Claims and Changes in Estimates</u>		<u>Accrued Liability Claim Payments</u>		<u>Accrued Liability End of Fiscal Year</u>
2011-12	\$	508,700	\$ 10,068,437	\$	10,035,849	\$	541,288
2010-11		493,016	10,419,428		10,403,744		508,700

### 13. LEASE OBLIGATIONS

#### Operating Lease

The South Kingstown School Department leases a building to provide a facility for the Transition Academy. The annual lease amount is \$46,605 plus a proportionate share of operating costs and property taxes. Total costs for the leases were \$46,605 for the year ended June 30, 2012. The lease has an option for an additional five-year term at the expiration of the initial term, which ends in 2015. Future minimum lease payments for these leases are as follows:

2013	\$	46,605
2014		46,605
2015		<u>7,800</u>
Total	\$	<u><u>101,010</u></u>

## 14. LONG-TERM LIABILITIES

### A. General Obligation Bonds

The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as serial bonds with equal amounts of principal maturing each year with maturities that range from 15 to 20 years. General obligation bonds outstanding at June 30, 2012 are as follows:

Description	Date of Issue	Date of Maturity	Interest Rate (%)	Amount of Original Issue	Balance Outstanding June 30, 2012
Governmental activities:					
General obligation bonds:					
School public improvement	06/15/02	06/15/22	3.0% - 4.9%	\$ 3,925,000	\$ 1,900,000
Advance refunding	10/01/02	06/01/14	2.5% - 5.0%	6,740,000	880,000
School/Open Space	06/15/03	06/15/23	2.5% - 5.0%	1,400,000	770,000
Advance refunding	06/15/03	11/15/15	2.0% - 3.1%	6,560,000	1,240,000
School/Open Space/Public Improvement	06/15/04	06/15/24	3.5% - 5.0%	2,875,000	1,715,000
School improvements	06/15/04	06/15/25	3.25% - 5.5%	1,000,000	650,000
Advance refunding	06/15/05	06/15/20	3.25% - 5.5%	9,440,000	5,630,000
Advance refunding	06/15/06	06/15/26	4.0% - 5.0%	5,000,000	3,500,000
School/Open Space/Public Improvement	06/15/07	06/15/27	4.0% - 5.5%	2,200,000	1,650,000
School Improvement Series 2009 A	11/12/09	11/01/29	2.55% - 5.00%	1,200,000	1,080,000
School Improvement Refunding Series 2009 B	11/12/09	06/15/19	2.25% - 4.5%	2,010,000	1,375,000
Total governmental activities				42,350,000	20,390,000
Business Type Activities:					
General obligation and revenue bonds:					
Wastewater fund - GO bond	08/19/92	09/01/12	2.76%	920,000	61,205
Wastewater fund - GO bond	11/13/02	09/01/23	1.38%	500,000	319,000
Solid waste fund - GO bond	09/03/02	09/01/22	1.14%	2,000,000	1,234,408
Solid waste fund - GO bond	11/22/05	09/01/25	1.34%	950,000	700,000
Water fund - revenue bond	06/05/08	09/01/12	1.68%-2.55%	400,000	84,000
Total business-type activities				4,770,000	2,398,613
Total Outstanding				\$ 47,120,000	\$ 22,788,613

The Wastewater and Superfund bonds payable presented in the financial statements as direct liabilities of the Wastewater and Solid Waste funds are general obligations of the Town backed ultimately by its taxing power. Because the proceeds of the bonds are used entirely for the benefits of the Wastewater and Solid Waste Funds, the liabilities and the related debt service of these bonds are accounting for in these funds.

The Water Fund bonds payable presented in the financial statements as direct liabilities of the Water Fund are revenue bonds backed by the Water Funds ability to assess user fees. Because the proceeds of the bonds are used entirely for the benefits of the Water Fund, the liability and the related debt service of these bonds are accounted for in the Water Fund.

## **B. Advance and Current Refundings and Defeased Debt**

In prior years, the government defeased general obligation public improvement bonds by placing the proceeds of the new bonds in an irrevocable trust account to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the government's financial statements. At June 30, 2012 the Town had no defeased debt.

## **C. Legal Debt Margin**

Of the Town's \$22,788,614 total bonds payable (including bonds payable for the wastewater, water, and solid-waste enterprise funds), approximately \$4,747,717 is subject to its legal debt limits. The \$4,747,717 outstanding does not exceed the Town's legal debt limit of \$135,212,188, which is 3% of the assessed value (\$4,507,072,945) of taxable property of the Town as of December 31, 2010. The total long-term debt bond obligations of the Town (\$22,788,613) represent approximately .51% of the assessed value of the taxable property of the Town at June 30, 2012 (assessment date December 31, 2010).

## **D. Authorized But Unissued Bond Authority**

The Town has remaining authorized but unissued bond authority totaling \$12,715,000. The unissued bond authority is allocated as follows: \$3,400,000 for land acquisition; \$3,000,000 for wastewater treatment plant improvements; \$340,000 for school fields; \$1,125,000 for school capital improvements; \$300,000 for town hall improvements; \$400,000 for capital transportation improvements; \$1,000,000 for Neighborhood Guild; and \$3,150,000 for community gymnasium. The Town anticipates issuance of these bonds over the next several years.

## E. Changes in Long-Term Liabilities

Changes in the government's long-term liabilities for the year ended June 30, 2012 are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds payable:					
General obligation bonds	\$ 23,650,000	\$	\$ 3,260,000	\$ 20,390,000	\$ 2,855,000
Plus deferred amounts:					
Deferred charges on refunding	(313,008)		(19,883)	(293,125)	
Issuance premium on bonds	193,532		32,441	161,091	
Total bonds payable	<u>23,530,524</u>	<u>-</u>	<u>3,272,558</u>	<u>20,257,966</u>	<u>2,855,000</u>
Compensated absences	4,654,767	1,848,729	1,750,000	4,753,496	880,854
Claims and judgments	<u>1,755,270</u>		<u>73,047</u>	<u>1,682,223</u>	<u>67,576</u>
<b>Total Governmental Activities Long-Term Liabilities</b>	<b><u>\$ 29,940,561</u></b>	<b><u>\$ 1,848,729</u></b>	<b><u>\$ 5,095,605</u></b>	<b><u>\$ 26,693,685</u></b>	<b><u>\$ 3,803,430</u></b>
Business-Type Activities:					
Bonds payable:					
General obligation bonds	\$ 2,701,619	\$	\$ 303,006	\$ 2,398,613	\$ 310,600
Plus deferred amounts:					
Deferred charges bond issuance	(13,098)		(2,112)	(10,986)	
Total bonds payable	<u>2,688,521</u>	<u>-</u>	<u>300,894</u>	<u>2,387,627</u>	<u>310,600</u>
Compensated absences	<u>270,941</u>	<u>106,184</u>	<u>118,600</u>	<u>258,525</u>	<u>70,700</u>
<b>Total Governmental Activities Long-Term Liabilities</b>	<b><u>\$ 2,959,462</u></b>	<b><u>\$ 106,184</u></b>	<b><u>\$ 419,494</u></b>	<b><u>\$ 2,646,152</u></b>	<b><u>\$ 381,300</u></b>

Compensated absences are normally liquidated by the General Fund inclusive of the School Department. Claims and judgments are liquidated by Solid Waste Fund.

The debt service requirements for the government's bonds are as follows:

	<u>Governmental Activities</u>		<u>Business-Type</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 2,855,000	\$ 786,824	\$ 310,600	\$ 40,734
2014	2,675,000	684,973	169,118	35,615
2015	2,285,000	590,023	173,917	32,679
2016	2,260,000	509,083	177,795	29,645
2017	1,605,000	428,258	181,753	26,525
2018-2022	6,180,000	1,238,700	977,110	82,615
2023-2027	2,350,000	287,075	408,320	11,257
2027-2030	<u>180,000</u>	<u>12,150</u>		
<b>Total</b>	<b><u>\$ 20,390,000</u></b>	<b><u>\$ 4,537,086</u></b>	<b><u>\$ 2,398,613</u></b>	<b><u>\$ 259,070</u></b>

## 15. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

### A. Interfund Receivables and Payables

The composition of interfund balances as of June 30, 2012 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Wastewater Fund	\$ 105,552
	Water Fund	33,464
	Nonmajor governmental funds	<u>191,229</u>
		330,245
Solid Waste Fund	General Fund	54,310
Internal Service Fund	General Fund	1,972,193
Nonmajor governmental funds	General Fund	7,553,321
Nonmajor governmental funds	School Trust Fund	<u>89,000</u>
Total		<u>\$ 9,999,069</u>

The outstanding balances between funds result mainly from advances from one fund (primarily the General Fund) to another fund. The advances may represent balances resulting from operating advances or reimbursement for expenditures paid by one fund on behalf of another fund.

### B. Interfund Transfers

The composition of interfund transfers for the year ended June 30, 2012 is as follows:

	<u>Transfers In</u>			<u>Total Transfers Out</u>
	<u>General Fund</u>	<u>Wastewater Fund</u>	<u>Nonmajor Governmental Funds</u>	
Transfers out:				
General Fund	\$	\$ 9,200	\$ 2,060,866	\$ 2,070,066
School Trust Fund	37,010		413,387	450,397
Wastewater Fund			6,908	6,908
Water Fund			4,610	4,610
Nonmajor Governmental Funds	<u>990,620</u>			<u>990,620</u>
Total Transfers In	<u>\$ 1,027,630</u>	<u>\$ 9,200</u>	<u>\$ 2,485,771</u>	<u>\$ 3,522,601</u>

During the year, transfers are used to provide a financing source to various funds that may not have the ability to cover all operating costs with revenue generated by the fund.

## **16. INFORMATION FOR BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS**

### **A. Solid Waste**

The Town operates a solid waste refuse transfer station. The Town has entered into a solid waste refuse and recycling privatization contract. The contractor is responsible for operating the transfer station and hauling the refuse to a permanent disposal site, along with all the associated costs.

### **B. Wastewater**

The Town operates a wastewater operations facility, which services certain sections of the Town as well as the University of Rhode Island (URI) and the Town of Narragansett. URI and the Town of Narragansett share in the cost of operations based upon their relative usage of the facilities. Such intergovernmental charges amounted to \$1,294,628 during the year ended June 30, 2012.

The Town recognized revenue for excess usage occurring during the fiscal year although the corresponding billings take place after the fiscal year end (September). At June 30, 2012, the Town recorded a receivable totaling approximately \$241,833. The receivable reflects amounts billed for excess usage as of June 30, 2012.

### **C. Water Fund**

The Town recognizes revenue for excess usage occurring during the fiscal year although the corresponding billings take place after the fiscal year end (September 2012). At June 30, 2012, unbilled service charges amounted to \$158,089.

### **D. School Cafeteria Fund**

The Town operates a Cafeteria Fund, which accounts for revenues and expenses relating to the schools' food service operations.

## **17. CONTINGENCIES**

Liabilities for legal cases and other claims against governmental funds are recorded in the governmental funds when the ultimate liability can be estimated and such cases are expected to be settled with available expendable financial resources.

The Town has been notified by the Environmental Protection Agency (EPA) that two former landfills have been placed on the Superfund list. The Rose Hill Regional Landfill was previously operated by the towns of South Kingstown and Narragansett, Rhode Island. A "Record of Decision" (ROD) was issued in December 1999, which delineates EPA's approved remediation strategy for the site. Consent Decree negotiations with EPA began in November 2000 and were completed in January 2003. The towns have paid \$4,125,000 to settle all past and future federal liabilities associated with the Rose Hill site. South Kingstown's \$2,000,000 payment to the Federal Government was funded with a 20-year general obligation bond sold in September 2002 at an interest rate of 1.648%. Repayment of the debt service associated with this bond will be provided from funds held in reserve within the Solid Waste Fund and from property taxes. The Town of South Kingstown also paid \$504,932 for state natural resource damages and \$62,500 for its share of federal natural resource damages. The Consent Decree also requires reimbursement of 30% of the State of Rhode Island costs associated with the remediation of this landfill site and ongoing operation and maintenance costs. This cost of \$3,941,566 will also be

shared equally between the two towns. The remaining balance of the Town of South Kingstown's share of the estimated cost of reimbursing the State is \$1,682,223 at June 30, 2012. Accordingly, this amount has been reported as a liability in the government-wide financial statements. This balance will be paid off during fiscal year ending 2038.

The West Kingston/URI Disposal Area Landfills, both located on Plains Road, were also added to the NPL on July 29, 1992. The West Kingston town dump began operation in the 1950s and ceased operations in 1978. The University of Rhode Island and the towns of South Kingstown and Narragansett have agreed to participate in the remediation of the site under State landfill closure regulations. Construction of the remediation action, or multi-layer cap with passive vent gas collection system, began in August 2005, and was substantially completed in June 2006. Project costs paid to date total \$7,072,692. In addition to these costs, there will be ongoing maintenance costs that will be paid out on an annual basis as part of the annual operating budget.

In addition to the above, the government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the government's legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the government.

The Town has received grants from various federal and state agencies for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agencies for expenditures disallowed under the terms of the grant. Town officials are of the opinion that such disallowances, if any, would be immaterial to the financial statements.

## **18. SUBSEQUENT EVENTS**

### **Refunding Bonds Issued**

In November 2012, the Town issued refunding bonds in the amount of \$4,263,000 with an interest rate of 1.9% through a private placement. The debt service refunded included a combination of Series 2002 Bonds in the amount of \$1,900,000 and the advance refunding of portions of the Series 2003A Bonds in the amount of \$700,000 and Series 2004 Bonds in the amount of \$1,425,000. The private placement will provide budgetary savings of \$426,990 for debt service payments through June 2024.

### **Retirement Plans**

In November 2011, several major legislative changes were enacted that apply to all municipal and school plans. These changes are effective as of July 1, 2012. The structure of the retirement program was changed from a traditional defined benefit plan to a hybrid plan designed with a smaller defined benefit plan and a supplemental defined contribution plan. Police and EMS employees are exempt from the defined contribution plan. The automatic cost of living adjustment (COLA) provisions were changed to a formula contingent on the actual investment performance over time. The COLA provisions have been suspended and reduced during times when the funded ratio is lower than the targeted 80% level. The Unfunded Actuarial Accrued Liability was re-amortized to 25 years from the 19-year schedule as of June 2010. During the transition to the smaller defined benefit plan going forward, certain retirement eligibility provisions were enacted to allow current benefit accumulations and final average compensation calculations to be preserved, with the changes to be calculated prospectively.

**Required Supplementary  
Information**

## TOWN OF SOUTH KINGSTOWN, RHODE ISLAND

SCHEDULE OF REVENUES, EXPENDITURES AND OTHER FINANCING SOURCES (USES) -  
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
Revenues and Use of Fund Balance:				
Property taxes:				
Current taxes	\$ 64,857,684	\$ 64,857,684	\$ 65,257,607	\$ 399,923
Prior taxes	515,000	515,000	648,327	133,327
Total taxes current and prior	65,372,684	65,372,684	65,905,934	533,250
Pilot - Federal Aid	22,000	22,000	17,960	(4,040)
Interest on taxes	300,000	300,000	357,270	57,270
Payment in lieu of taxes	223,568	223,568	236,351	12,783
Total property taxes	65,918,252	65,918,252	66,517,515	599,263
State aid - Town:				
General state aid	118,000	118,000	160,632	42,632
Telephone tax	302,307	302,307	344,852	42,545
Meals and beverage tax	540,000	540,000	589,545	49,545
Chapter 26 - school housing	906,615	906,615	907,030	415
State library construction	10,593	10,593	10,593	-
State library general aid	188,878	188,878	190,577	1,699
State library endowment aid	12,356	12,356	12,467	111
State motor vehicle phase-out	160,000	160,000	167,774	7,774
Hotel tax	110,000	110,000	118,700	8,700
Total state aid - Town	2,348,749	2,348,749	2,502,170	153,421
Licenses, fees and rents:				
Business licensed and fees	378,500	378,500	386,514	8,014
Nonbusiness licenses and fees	360,000	360,000	388,138	28,138
Real Estate conveyance fees	66,073	66,073	59,472	(6,601)
Rental of Town properties	455,000	455,000	506,655	51,655
Total licenses, fees and rents	1,259,573	1,259,573	1,340,779	81,206
Investment income - short term	240,000	240,000	91,004	(148,996)

(Continued on next page)

## TOWN OF SOUTH KINGSTOWN, RHODE ISLAND

SCHEDULE OF REVENUES, EXPENDITURES AND OTHER FINANCING SOURCES (USES) -  
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
Revenues and Use of Fund Balance:				
Departmental revenues:				
Police department revenue	181,500	181,500	359,024	177,524
Park rental revenue	20,000	20,000	18,691	(1,309)
Town beach parking	103,000	103,000	122,303	19,303
Boat and mooring	26,000	26,000	31,448	5,448
Animal control fees	4,000	4,000	3,270	(730)
Libraries	20,385	20,385	24,784	4,399
Dog/cat licenses and fines	5,000	5,000	4,026	(974)
Recreation department	191,730	191,730	210,876	19,146
Recreation self-support program	137,000	137,000	127,758	(9,242)
Planning department	200	200	168	(32)
Wastewater department	36,000	36,000	36,200	200
Water department	19,600	19,600	19,800	200
Solid waste program	14,700	14,700	14,800	100
Fire alarm	2,000	2,000	2,869	869
Interfund computer	108,300	108,300	108,868	568
Guild	5,250	5,250	5,250	-
Peace Dale office	2,850	2,850	2,850	-
Recreation department - Outside sponsors	20,000	20,000	23,632	3,632
Stepping stone - creative	60,000	60,000	65,363	5,363
Stepping stone - self supported	2,500	2,500	2,640	140
Geographic information systems program	500	500	536	36
Narragansett - Dog Pound	64,356	64,356	64,356	-
Senior Service Adult Day Care billing fee	5,500	5,500	5,500	-
Total departmental revenues	1,030,371	1,030,371	1,255,012	224,641
Miscellaneous revenues:				
School crossing guards	84,000	84,000	76,500	(7,500)
Payroll and accounting	6,900	6,900	6,900	-
School field maintenance reimbursement	62,000	62,000	62,000	-
Energy savings	49,985	49,985	49,985	-
Heat detector	3,600	3,600	3,600	-
Miscellaneous - Town	135,000	135,000	168,061	33,061
Copy charges	27,000	27,000	27,180	180
Total miscellaneous	368,485	368,485	394,226	25,741
Use of fund balance	1,200,000	1,200,000	1,200,000	-
Total revenues and use of fund balance	72,365,430	72,365,430	73,300,706	935,276

(Continued on next page)

## TOWN OF SOUTH KINGSTOWN, RHODE ISLAND

SCHEDULE OF REVENUES, EXPENDITURES AND OTHER FINANCING SOURCES (USES) -  
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
Expenditures:				
General government:				
Town council	\$ 13,350	\$ 13,418	\$ 13,412	\$ 6
Financial town meeting	9,033	33	13	20
Legal staff	165,000	165,000	158,253	6,747
Probate judge	4,000	4,000	4,000	-
Town clerk	258,954	258,954	255,565	3,389
Public information	14,600	14,600	13,701	899
Canvassing authority	54,030	54,030	52,487	1,543
Town manager's office	325,429	325,429	316,480	8,949
Personnel administration	79,003	79,639	79,639	-
League of cities and towns	11,115	11,115	11,115	-
Town hall operations	160,002	160,002	156,834	3,168
Finance department	473,201	486,779	486,779	-
Tax assessor's office	250,877	255,762	255,762	-
Assessment board of review	700	700	160	540
Data processing division	246,873	177,706	172,744	4,962
Geographic information systems	87,194	87,194	85,394	1,800
Post year audit	22,275	2,275	(1,303)	3,578
Planning board	4,680	4,680	2,900	1,780
Planning department	290,362	250,362	238,194	12,168
Zoning board of review	11,950	11,950	9,078	2,872
Zoning/building inspection	224,978	209,978	201,345	8,633
Miscellaneous boards and agencies	17,850	17,850	17,350	500
Total general government	<u>2,725,456</u>	<u>2,591,456</u>	<u>2,529,902</u>	<u>61,554</u>
Public safety:				
Police department	5,224,206	5,227,763	5,227,763	-
Animal control - RD/shelter	211,407	207,850	203,703	4,147
Radio/communication	185,095	185,095	177,557	7,538
Harbor patrol	29,945	29,945	27,028	2,917
Fire company donation	3,600	3,600	3,600	-
Emergency medical services	1,143,121	1,143,121	1,140,536	2,585
Total public safety	<u>6,797,374</u>	<u>6,797,374</u>	<u>6,780,187</u>	<u>17,187</u>
Public works:				
Public works administration	257,959	257,959	249,093	8,866
Streets and highway	1,757,111	1,525,605	1,403,568	122,037
Tree warden/ Street lighting	201,302	216,808	212,439	4,369
Total public works	<u>2,216,372</u>	<u>2,000,372</u>	<u>1,865,100</u>	<u>135,272</u>

(Continued on next page)

## TOWN OF SOUTH KINGSTOWN, RHODE ISLAND

SCHEDULE OF REVENUES, EXPENDITURES AND OTHER FINANCING SOURCES (USES) -  
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget - Positive (Negative)
Expenditures:				
Human service agency contributions:				
South Shore Mental Health	\$ 15,000	\$ 15,000	\$ 15,000	\$ -
Hospice of Washington County	1,500	1,500	1,500	-
Visiting Nurses Association	24,000	24,000	24,000	-
Thundermist Health Center	24,000	24,000	24,000	-
Phoenix Marathon House	12,000	12,000	12,000	-
Jonnycake Center	22,000	22,000	22,000	-
Cane Day Care Center	9,000	9,000	9,000	-
South County Community Action	24,000	24,000	24,000	-
Welcome House of South County	6,000	6,000	6,000	-
Domestic Violence Resource Center	5,000	5,000	5,000	-
Washington County Coalition for Children	400	400	400	-
Education Exchange	2,500	2,500	2,500	-
Total human service agency contributions	145,400	145,400	145,400	-
Recreation:				
Recreation department	1,333,037	1,333,037	1,307,834	25,203
Celebrations	7,000	7,000	7,000	-
Total recreation	1,340,037	1,340,037	1,314,834	25,203
Public libraries	956,349	956,349	943,655	12,694
Capital improvements/projects	25,000	25,000	21,378	3,622
Miscellaneous:				
Insurance	196,000	186,000	181,647	4,353
Unemployment insurance	35,000	26,000	23,215	2,785
Life insurance	12,600	12,600	10,703	1,897
Contingency	65,000	65,000		65,000
FICA	813,017	788,017	771,856	16,161
Contribution to Town retirement	1,012,019	966,019	963,223	2,796
Health insurance	3,021,680	3,021,680	3,021,680	-
Workers' compensation	125,000	65,000	60,045	4,955
Total miscellaneous	5,280,316	5,130,316	5,032,369	97,947
Debt service	4,104,557	4,104,557	4,099,506	5,051
Total expenditures	23,590,861	23,090,861	22,732,331	358,530
Excess of Revenues over Expenditures	48,774,569	49,274,569	50,568,375	1,293,806

(Continued on next page)

## TOWN OF SOUTH KINGSTOWN, RHODE ISLAND

SCHEDULE OF REVENUES, EXPENDITURES AND OTHER FINANCING SOURCES (USES) -  
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Other Financing Sources (Uses):				
Transfers in:				
From Capital Project Funds	\$ 420,141	\$ 420,141	\$ 420,141	\$ -
From Special Revenue Funds	570,479	570,479	570,479	-
From Permanent Trust Funds	16,000	16,000	17,021	1,021
Transfers out:				
Wastewater Fund	(9,200)	(9,200)	(9,200)	-
Elderly services	(341,653)	(341,653)	(341,653)	-
Tax Transfer to School	(48,216,336)	(48,216,336)	(48,216,336)	-
To Capital Project Funds	(1,214,000)	(1,714,000)	(1,714,000)	-
Total other financing sources (uses)	<u>(48,774,569)</u>	<u>(49,274,569)</u>	<u>(49,273,548)</u>	<u>1,021</u>
Excess of revenues, other sources and uses of fund balance over expenditures and other financing uses	\$ <u>-</u>	\$ <u>-</u>	1,294,827	\$ <u>1,294,827</u>
Budgetary excess of revenues over expenditures is different than GAAP net change in fund balance because of the following reconciling items:				
Use of fund balance is not a GAAP revenue			(1,200,000)	
Increase in encumbrances			<u>232,203</u>	
Total Net Change in Fund Balance - GAAP basis			\$ <u>327,030</u>	

## TOWN OF SOUTH KINGSTOWN, RHODE ISLAND

SCHEDULE OF REVENUES, EXPENDITURES AND OTHER FINANCING SOURCES -  
BUDGET AND ACTUAL - BUDGETARY BASIS - SCHOOL UNRESTRICTED FUND

FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues and Designated Fund Balance:				
State aid	\$ 8,444,527	\$ 8,444,527	\$ 8,395,479	\$ (49,048)
Tuition	131,058	131,058	204,782	73,724
Miscellaneous	847,000	847,000	494,259	(352,741)
Total revenues	<u>9,422,585</u>	<u>9,422,585</u>	<u>9,094,520</u>	<u>(328,065)</u>
Use of designated fund balance	<u>775,623</u>	<u>775,623</u>	<u>392,066</u>	<u>(383,557)</u>
Total Revenues and designated fund balance	<u>10,198,208</u>	<u>10,198,208</u>	<u>9,486,586</u>	<u>(711,622)</u>
Expenditures:				
Salaries	34,514,101	34,514,101	33,404,476	1,109,625
Employee benefits	13,934,647	13,934,647	13,697,073	237,574
Purchased services	7,958,782	7,916,884	7,841,982	74,902
Supplies and materials	1,612,227	1,610,903	1,532,527	78,376
Capital outlay	414,788	458,010	630,888	(172,878)
Total expenditures	<u>58,434,545</u>	<u>58,434,545</u>	<u>57,106,946</u>	<u>1,327,599</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(48,236,337)</u>	<u>(48,236,337)</u>	<u>(47,620,360)</u>	<u>615,977</u>
Other Financing Sources:				
Transfers in:				
Town of South Kingstown General Fund	48,216,337	48,216,337	48,216,336	(1)
Trust Fund Income	20,000	20,000	19,989	(11)
Total other financing sources	<u>48,236,337</u>	<u>48,236,337</u>	<u>48,236,325</u>	<u>(12)</u>
Excess of revenues, other sources and uses of fund balance over expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	615,965	<u>\$ 615,965</u>

Budgetary excess of revenues over expenditures is different than GAAP  
net change in fund balance because of the following reconciling items:

Use of fund balance is not a GAAP revenue	(392,066)
Summer school net activity is not budgeted in School Unrestricted Fund	35,654
Increase in encumbrances	<u>102,535</u>

Total Net Change in Fund Balance - GAAP basis \$ 362,088

## TOWN OF SOUTH KINGSTOWN, RHODE ISLAND

## REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLANS

## SCHEDULE OF FUNDING PROGRESS

JUNE 30, 2012

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL) Entry Age</b>	<b>Unfunded AAL (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll</b>
<i>General municipal employees pension plan</i>						
6/30/2008	\$ 42,087,185	\$ 42,973,921	\$ (886,736)	97.9%	\$ 11,911,417	-7.4%
6/30/2009	43,192,087	47,009,273	(3,817,186)	91.9%	11,974,048	-31.9%
6/30/2010	43,514,017	56,931,248	(13,417,231)	76.4%	11,816,781	-113.5%
6/30/2011	43,670,582	49,220,820	(5,550,238)	88.7%	11,710,184	-47.4%
<i>Municipal police pension plan</i>						
6/30/2008	\$ 21,285,185	\$ 21,490,986	\$ (205,801)	99.0%	\$ 2,780,711	-7.4%
6/30/2009	21,236,264	22,560,153	(1,323,889)	94.1%	2,734,277	-48.4%
6/30/2010	20,539,351	27,031,306	(6,491,955)	76.0%	2,750,448	-236.0%
6/30/2011	20,300,855	23,349,756	(3,048,901)	86.9%	2,889,318	-105.5%
<i>EMT pension plan</i>						
6/30/2008	\$ 2,153,528	\$ 1,235,410	\$ 918,118	174.3%	\$ 656,978	139.7%
6/30/2009	2,241,231	1,404,279	836,952	159.6%	707,353	118.3%
6/30/2010	2,456,506	2,247,141	209,365	109.3%	742,205	28.2%
6/30/2011	2,769,964	2,298,368	471,596	120.5%	767,645	61.4%

The information included in this schedule of funding progress was obtained from the annual actuarial valuation report of the State of Rhode Island's Employee Retirement System for each of the dates indicated. The June 30, 2011 is the most recent report available as of the date of the audited financial statements. The State of Rhode Island's Employee Retirement System is currently in the process of compiling the information to complete the June 30, 2012 report.

## TOWN OF SOUTH KINGSTOWN, RHODE ISLAND

## REQUIRED SUPPLEMENTARY INFORMATION - OPEB PLAN

## SCHEDULE OF FUNDING PROGRESS

JUNE 30, 2012

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL) Entry Age</b>	<b>Unfunded AAL (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll</b>
7/1/2007	\$ -	\$ 15,988,000	\$ (15,988,000)	- %	\$ 40,978,967	(39.0) %
7/1/2008	-	16,484,000	(16,484,000)	-	42,961,106	(38.4)
7/1/2009	-	18,700,000	(18,700,000)	-	41,868,678	(44.7)
7/1/2011	1,650,000	19,260,000	(17,610,000)	8.57	43,016,000	(40.9)

**Combining and Individual  
Fund Statements and Schedules**

**General Fund**

## **GENERAL FUND**

The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund utilizes the modified accrual basis of accounting.

The School Unrestricted Fund is used to report all financial transactions of the South Kingstown School Department, which is not legally required to be accounted for separately.

## TOWN OF SOUTH KINGSTOWN, RHODE ISLAND

## COMBINING BALANCE SHEET - GENERAL FUND

JUNE 30, 2012

	<u>General Fund</u>	<u>School Unrestricted Fund</u>	<u>Eliminations</u>	<u>Total General Fund</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 30,479,872	\$ 725	\$	\$ 30,480,597
Accounts and other receivable, net	1,010,866	120,740		1,131,606
Due from federal and state governments		56,037		56,037
Due from other funds	245,412	7,506,493	(7,421,660)	330,245
Prepaid items	13,865	16,496		30,361
	<u>31,750,015</u>	<u>7,700,491</u>	<u>(7,421,660)</u>	<u>32,028,846</u>
Total Assets	\$ <u>31,750,015</u>	\$ <u>7,700,491</u>	\$ <u>(7,421,660)</u>	\$ <u>32,028,846</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 181,602	\$ 692,618	\$	\$ 874,220
Accrued liabilities	1,228,329	3,917,887		5,146,216
Due to state and federal governments	13,682			13,682
Due to other funds	17,001,484		(7,421,660)	9,579,824
Deferred revenue	1,179,122	2,140		1,181,262
Deposits held in custody of others	154,633			154,633
Total liabilities	<u>19,758,852</u>	<u>4,612,645</u>	<u>(7,421,660)</u>	<u>16,949,837</u>
Fund balances:				
Nonspendable	13,865	16,496		30,361
Committed	2,370,648	3,071,350		5,441,998
Unassigned	9,606,650			9,606,650
Total fund balances	<u>11,991,163</u>	<u>3,087,846</u>	<u>-</u>	<u>15,079,009</u>
Total Liabilities and Fund Balances	\$ <u>31,750,015</u>	\$ <u>7,700,491</u>	\$ <u>(7,421,660)</u>	\$ <u>32,028,846</u>

## TOWN OF SOUTH KINGSTOWN, RHODE ISLAND

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2012

	General Fund	School Unrestricted Fund	Eliminations	Total General Fund
Revenues:				
Property taxes, interest and lien fees	\$ 66,517,515	\$	\$	\$ 66,517,515
Intergovernmental revenues	2,502,170	8,395,479		10,897,649
Licenses and fees	1,340,779			1,340,779
Investment income	91,004			91,004
Fines and charges for services		204,782		204,782
Departmental	1,255,012			1,255,012
State on behalf pension contribution		2,478,404		2,478,404
Other local revenues	394,226	529,913		924,139
Total revenues	<u>72,100,706</u>	<u>11,608,578</u>	<u>-</u>	<u>83,709,284</u>
Expenditures:				
Current:				
General government	2,549,948			2,549,948
Public safety	6,743,188			6,743,188
Public works	1,644,637			1,644,637
Human service agency contribution	145,400			145,400
Public libraries	943,655			943,655
Education		59,482,815		59,482,815
Recreation	1,314,834			1,314,834
Other	5,032,369			5,032,369
Debt service:				
Principal retirement	3,210,000			3,210,000
Interest and other charges	889,506			889,506
Capital outlay	21,378			21,378
Total expenditures	<u>22,494,915</u>	<u>59,482,815</u>	<u>-</u>	<u>81,977,730</u>
Excess (Deficiency) of Revenues over Expenditures	<u>49,605,791</u>	<u>(47,874,237)</u>	<u>-</u>	<u>1,731,554</u>
Other Financing Sources (Uses):				
Transfers in from other funds	1,007,641	48,236,325	(48,216,336)	1,027,630
Transfers out to other funds	<u>(50,286,402)</u>		<u>48,216,336</u>	<u>(2,070,066)</u>
Total other financing sources (uses)	<u>(49,278,761)</u>	<u>48,236,325</u>	<u>-</u>	<u>(1,042,436)</u>
Net Change in Fund Balances	327,030	362,088	-	689,118
Fund Balances at Beginning of Year	<u>11,664,133</u>	<u>2,725,758</u>	<u>-</u>	<u>14,389,891</u>
Fund Balances at End of Year	<u>\$ 11,991,163</u>	<u>\$ 3,087,846</u>	<u>\$ -</u>	<u>\$ 15,079,009</u>

**Nonmajor  
Governmental Funds**

**NONMAJOR GOVERNMENTAL FUNDS**

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are restricted or committed to expenditure for particular purposes. The following special revenue funds are reported as nonmajor governmental funds.

TOWN FUNDS

**Community Development Block Grant** - This fund is used to account for revenues received from the Department of Housing and Urban Development. These funds are restricted for the various objectives of the Community Development Block Grant Program.

**Elderly Services** - This fund is used to account for the operations of the Senior Services Center, and for the transportation, nutrition, and adult day care programs for senior citizens residents.

**EMS Billing Services** - This fund is used to account for revenues received from billing services for the Emergency Medical Services Department.

**Narragansett Library Association** - This fund is used to account for funds restricted for library operation expenditures.

**Neighborhood Guild** - This fund is used to account for operations of the Neighborhood Guild facility. The Guild offers numerous recreational programs for Town residents of all ages.

**Peace Dale Office Building** - This fund is used to account for the operation of the Peace Dale Office Building.

**Property Revaluation Reserve Fund** - This fund is used to account for the periodic revaluation of property for tax assessment as mandated by State law.

**RI Resource Recovery Grant Fund** - This fund is used to account for revenues received from RI Resource Recovery Corporation. These funds are restricted to the Town's recycling program.

**Other Town Funds** - Outlined below are the remaining Special Revenue Funds that are restricted for various programs maintained by the Town.

Affordable Housing	Healthy Places by Design Grant
Alcohol Grant	Historical and Vital Recording Fees
Animal Shelter Benefit Fund	Reducing Marijuana Grant
Asset Forfeiture Fund	Seat Belt Enforcement Grants
Drug Free Communities Grant	Statewide Planning Grant
Energy Efficiency and Conservation Grant	South Road School Reserve Fund
Governor's Justice Commission Grants	Substance Abuse
	Tobacco Compliance Investigation Project

SCHOOL FUNDS

**Nancy Brown Memorial Fund** - This fund is used to account for the proceeds to construct and maintain a playground at Wakefield Elementary School in memory of Nancy Brown.

**School Restricted Funds** - These funds are financed by grants from various state and federal agencies and are restricted for specific educational programs.

## CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds. Funding sources include debt proceeds, intergovernmental sources, third party contributions and General Fund operating transfers. The following capital project funds are reported as nonmajor governmental funds.

**Animal Shelter Addition Fund**- This fund is used to account for the addition to the Town's animal shelter.

**Bridge Improvement Fund** - This fund is used to account for the repairs to the 11 bridge structures in the Town.

**Capital Equipment & Replacement Fund** - This fund is used to account for major capital equipment acquisitions in the Town that are funded over a multi-year period.

**Data Processing Improvement Fund** - This fund is used to account for major enhancements to the Town's data processing system.

**Downtown Intermodal Enhancement Project Fund** - This fund is used to account for the construction of a mini park, including vehicle and bicycle parking, a comfort station, and benches adjacent to the South County Bike Path on Main Street.

**Impact Fee Reserve Fund** - This fund is used to account for the fees collected from subdivision developers for future school and recreational capital improvements.

**Library Building Construction** - This fund is used to account for building renovations to the three Town libraries.

**Open Space Reserve Fund** - This fund is used to account for real estate conveyance taxes held for the purchase of open space.

**Police Building Construction Fund** - This fund was established to account for the construction and maintenance of the South Kingstown Public Safety Building.

**Public Services Office Building Improvement** - This fund was established to account for improvements to the Public Service Office Building.

**Public Works Improvement Fund** - This fund is used to account for various improvements to the Town's infrastructure system.

**Recreation Development and Restoration Fund** - This fund is used to account for various restoration projects to the Town's recreational facilities.

**Recreation Improvement Fund** - This fund is used to account for improvements to the Town's recreational facilities.

**School Improvement Fund** - This fund is used to account for the construction of various school improvements.

**Senior Services Center Construction Fund** - This fund is used to account for the construction costs of the Senior Services Center.

**Town Hall Improvement Fund** - This fund is used to account for construction improvement projects at the Town Hall.

**Wastewater Construction Fund** - This fund is used to account for the construction of new wastewater facilities.

## PERMANENT FUNDS

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs. The following permanent funds are reported as nonmajor governmental funds:

**Hazard Memorial Trust**- To account for funds available for the operations of the Peace Dale library.

**Irving Knowles Trust** - To account for funds available for the operations of the Peace Dale library.

**Gertrude S. Parker Trust** - To account for a bequest restricted for enhancement and exposure to the visual arts, music, and dance for the students of the South Kingstown School District.

**Oliver Watson Home Fund**- To account for the operations of the Watson Home, which was established in 1938 to provide shelter and care for elderly town residents.

**Walter W. Watson Trust**- To account for funds available to assist the poor and needy of South Kingstown.

**Kingston Free Library Trust Fund** - To account for funds available for the operations of the Kingston Free library.

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2012

Special Revenue Funds

	<u>Affordable Housing</u>	<u>Alcohol Grant</u>	<u>Animal Shelter Benefit Fund</u>	<u>Asset Forfeiture Fund</u>	<u>Community Development Block Grant</u>	<u>Drug Free Communities Grant</u>	<u>Elderly Services</u>	<u>EMS Billing Services Fund</u>	<u>Governor's Justice Commission Grants</u>
<b>ASSETS</b>									
Cash and cash equivalents	\$	\$	\$	\$ 150	\$	\$	\$ 264,578	\$ 735,422	\$
Investments									
Accounts and other receivables							15,436		
Due from federal and state governments		7,135		14,481	263,941		24,515		13,279
Due from other funds	10,000		149,974	5,912					
Prepays									
Total Assets	<u>\$ 10,000</u>	<u>\$ 7,135</u>	<u>\$ 149,974</u>	<u>\$ 20,543</u>	<u>\$ 263,941</u>	<u>\$ -</u>	<u>\$ 304,529</u>	<u>\$ 735,422</u>	<u>\$ 13,279</u>
<b>LIABILITIES AND FUND BALANCES</b>									
Liabilities:									
Accounts payable	\$	\$	\$	\$	\$	\$	\$ 7,070	\$ 1,685	\$ 600
Retainage payable									
Accrued liabilities		59	14,973				4,653		
Due to federal and state governments			210						
Due to other funds		3,035			17,882		9,198		600
Deferred revenue		4,041		20,543	246,059		1,211		12,079
Total liabilities	<u>-</u>	<u>7,135</u>	<u>15,183</u>	<u>20,543</u>	<u>263,941</u>	<u>-</u>	<u>22,132</u>	<u>1,685</u>	<u>13,279</u>
Fund Balances:									
Nonspendable									
Restricted									
Committed	10,000		134,791				282,397	733,737	
Unassigned									
Total fund balances	<u>10,000</u>	<u>-</u>	<u>134,791</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>282,397</u>	<u>733,737</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 10,000</u>	<u>\$ 7,135</u>	<u>\$ 149,974</u>	<u>\$ 20,543</u>	<u>\$ 263,941</u>	<u>\$ -</u>	<u>\$ 304,529</u>	<u>\$ 735,422</u>	<u>\$ 13,279</u>

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TOWN OF SOUTH KINGSTOWN, RHODE ISLAND

COMBINING BALANCE SHEET (CONTINUED)  
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2012

	Special Revenue Funds								
	Historical and Vital Recording Fees	Narragansett Library Association	Neighborhood Guild	Peacedale Office Building	Property Revaluation Reserve Fund	RI Resource Recovery Grant	Seat Belt Enforcement Grant	South Road School Reserve Fund	Substance Abuse
<b>ASSETS</b>									
Cash and cash equivalents	\$	\$ 21,200	\$ 75,275	\$ 264,369	\$	\$	\$	\$	\$
Investments		16,459							
Accounts and other receivables			6,238	112					
Due from federal and state governments							49,394		3,121
Due from other funds	103,713	881	89,000		698,495	59,870		345,849	155
Prepays			8,740						
Total Assets	\$ 103,713	\$ 38,540	\$ 179,253	\$ 264,481	\$ 698,495	\$ 59,870	\$ 49,394	\$ 345,849	\$ 3,276
<b>LIABILITIES AND FUND BALANCES</b>									
Liabilities:									
Accounts payable	\$	\$	\$ 7,563	\$ 1,329	\$	\$ 207	\$	\$	\$ 3,276
Retainage payable					5,939				
Accrued liabilities			2,672	4,144			269		
Due to federal and state governments									
Due to other funds		881	5,707	2			1,712		
Deferred revenue			55,441	4,667			47,413		
Total liabilities	-	881	71,383	10,142	5,939	207	49,394	-	3,276
Fund Balances:									
Nonspendable			8,740						
Restricted	103,713	37,659	99,130			59,663			
Committed				254,339	692,556			345,849	
Unassigned									
Total fund balances	103,713	37,659	107,870	254,339	692,556	59,663	-	345,849	-
Total Liabilities and Fund Balances	\$ 103,713	\$ 38,540	\$ 179,253	\$ 264,481	\$ 698,495	\$ 59,870	\$ 49,394	\$ 345,849	\$ 3,276

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## TOWN OF SOUTH KINGSTOWN, RHODE ISLAND

COMBINING BALANCE SHEET (CONTINUED)  
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2012

	Special Revenue Funds							
	Tobacco Compliance Investigation Project	Healthy Places By Design Grant	Reducing Marijuana Grant	Energy Efficiency and Conservation Grant	Statewide Planning Grant	Nancy Brown Memorial Fund	School Restricted Fund	Total Special Revenue Funds
<b>ASSETS</b>								
Cash and cash equivalents	\$	\$	\$	\$	\$	\$ 3,129	\$	\$ 1,364,123
Investments								16,459
Accounts and other receivables								21,786
Due from federal and state governments	1,630	64,363	43,293	205,640	40,000		195,019	925,811
Due from other funds				2,845				1,466,694
Prepays								8,740
Total Assets	\$ 1,630	\$ 64,363	\$ 43,293	\$ 208,485	\$ 40,000	\$ 3,129	\$ 195,019	\$ 3,803,613
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities:								
Accounts payable	\$ 120	\$ 13,411	\$ 2,504	\$ 32,481	\$ 5,813	\$	\$	\$ 76,059
Retainage payable				3,445				9,384
Accrued liabilities	27						95,134	121,931
Due to federal and state governments								210
Due to other funds	1,483	43,118	6,975		1,997		84,833	177,423
Deferred revenue		7,834	33,814	172,559	32,190		15,052	652,903
Total liabilities	1,630	64,363	43,293	208,485	40,000	-	195,019	1,037,910
Fund Balances:								
Nonspendable								8,740
Restricted						3,129		303,294
Committed								2,453,669
Unassigned								-
Total fund balances	-	-	-	-	-	3,129	-	2,765,703
Total Liabilities and Fund Balances	\$ 1,630	\$ 64,363	\$ 43,293	\$ 208,485	\$ 40,000	\$ 3,129	\$ 195,019	\$ 3,803,613

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TOWN OF SOUTH KINGSTOWN, RHODE ISLAND

COMBINING BALANCE SHEET (CONTINUED)  
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2012

Capital Project Funds

	<u>Animal Shelter Addition</u>	<u>Bridge Improvement</u>	<u>Capital Equipment and Replacement</u>	<u>Data Processing Improvement</u>	<u>Downtown Intermodal Enhancement</u>	<u>Impact Fee Reserve</u>	<u>Library Building Construction</u>	<u>Open Space Reserve</u>	<u>Police Building Construction</u>
<b>ASSETS</b>									
Cash and cash equivalents	\$	\$	\$	\$	\$	\$	\$ 120,559	\$	\$
Investments									
Accounts and other receivables									
Due from federal and state governments									
Due from other funds	83,156	90,508	767,238	371,755	26,429	1,542,282	87,049	420,563	189,119
Prepays									
Total Assets	<u>\$ 83,156</u>	<u>\$ 90,508</u>	<u>\$ 767,238</u>	<u>\$ 371,755</u>	<u>\$ 26,429</u>	<u>\$ 1,542,282</u>	<u>\$ 207,608</u>	<u>\$ 420,563</u>	<u>\$ 189,119</u>
<b>LIABILITIES AND FUND BALANCES</b>									
Liabilities:									
Accounts payable	\$ 83,156	\$ 22,688	\$ 57,540	\$	\$	\$	\$ 4,043	\$ 50,000	\$ 7,368
Retainage payable									
Accrued liabilities									
Due to federal and state governments									
Due to other funds									
Deferred revenue									
Total liabilities	<u>83,156</u>	<u>22,688</u>	<u>57,540</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,043</u>	<u>50,000</u>	<u>7,368</u>
Fund Balances:									
Nonspendable									
Restricted						1,542,282		370,563	
Committed		67,820	709,698	371,755	26,429		203,565		181,751
Unassigned									
Total fund balances	<u>-</u>	<u>67,820</u>	<u>709,698</u>	<u>371,755</u>	<u>26,429</u>	<u>1,542,282</u>	<u>203,565</u>	<u>370,563</u>	<u>181,751</u>
Total Liabilities and Fund Balances	<u>\$ 83,156</u>	<u>\$ 90,508</u>	<u>\$ 767,238</u>	<u>\$ 371,755</u>	<u>\$ 26,429</u>	<u>\$ 1,542,282</u>	<u>\$ 207,608</u>	<u>\$ 420,563</u>	<u>\$ 189,119</u>

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TOWN OF SOUTH KINGSTOWN, RHODE ISLAND

COMBINING BALANCE SHEET (CONTINUED)  
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2012

Capital Project Funds

	<u>Public Services Office Building Improvement</u>	<u>Public Works Improvement</u>	<u>Recreation Development and Restoration</u>	<u>Recreation Improvement</u>	<u>School Improvement</u>	<u>Senior Services Center Construction</u>	<u>Town Hall Improvement</u>	<u>Wastewater Construction</u>	<u>Total Capital Project Funds</u>
<b>ASSETS</b>									
Cash and cash equivalents	\$	\$	\$	\$	\$	\$	\$	\$ 4,992,758	\$ 5,113,317
Investments									-
Accounts and other receivables									-
Due from federal and state governments									-
Due from other funds	56,086	2,072,949	237,780	47,335			184,259		6,176,508
Prepays									-
Total Assets	\$ <u>56,086</u>	\$ <u>2,072,949</u>	\$ <u>237,780</u>	\$ <u>47,335</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>184,259</u>	\$ <u>4,992,758</u>	\$ <u>11,289,825</u>
<b>LIABILITIES AND FUND BALANCES</b>									
Liabilities:									
Accounts payable	\$	\$	\$ 9,453	\$	\$	\$ 1,800	\$	\$	\$ 236,048
Retainage payable									-
Accrued liabilities									-
Due to federal and state governments									-
Due to other funds						13,764			13,764
Deferred revenue									-
Total liabilities	<u>-</u>	<u>-</u>	<u>9,453</u>	<u>-</u>	<u>-</u>	<u>15,564</u>	<u>-</u>	<u>-</u>	<u>249,812</u>
Fund Balances:									
Nonspendable									-
Restricted								4,992,758	6,905,603
Committed	56,086	2,072,949	228,327	47,335			184,259		4,149,974
Unassigned						(15,564)			(15,564)
Total fund balances	<u>56,086</u>	<u>2,072,949</u>	<u>228,327</u>	<u>47,335</u>	<u>-</u>	<u>(15,564)</u>	<u>184,259</u>	<u>4,992,758</u>	<u>11,040,013</u>
Total Liabilities and Fund Balances	\$ <u>56,086</u>	\$ <u>2,072,949</u>	\$ <u>237,780</u>	\$ <u>47,335</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>184,259</u>	\$ <u>4,992,758</u>	\$ <u>11,289,825</u>

(Continued on next page)

## TOWN OF SOUTH KINGSTOWN, RHODE ISLAND

COMBINING BALANCE SHEET (CONTINUED)  
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2012

## Permanent Funds

	<u>Hazard Memorial Trust</u>	<u>Irving Knowles Trust</u>	<u>Gertrude S. Parket Trust</u>	<u>Oliver Watson Home</u>	<u>Walter W. Watson Trust</u>	<u>Kingston Free Library Trust</u>	<u>Total Permanent Funds</u>	<u>Eliminations</u>	<u>Total</u>
<b>ASSETS</b>									
Cash and cash equivalents	\$ 198,083	\$ 1,007	\$ 10,337	\$ 226,934	\$ 198,490	\$ 33,100	\$ 667,951		\$ 7,145,391
Investments	241,276	115,767				723,764	1,080,807		1,097,266
Accounts and other receivables	2						2		21,788
Due from federal and state governments							-		925,811
Due from other funds							-	(881)	7,642,321
Prepays							-		8,740
Total Assets	<u>\$ 439,361</u>	<u>\$ 116,774</u>	<u>\$ 10,337</u>	<u>\$ 226,934</u>	<u>\$ 198,490</u>	<u>\$ 756,864</u>	<u>1,748,760</u>	<u>\$ (881)</u>	<u>\$ 16,841,317</u>
<b>LIABILITIES AND FUND BALANCES</b>									
Liabilities:									
Accounts payable	\$	\$	\$	\$ 51	\$ 150	\$	\$ 201	\$	\$ 312,308
Retainage payable							-		9,384
Accrued liabilities							-		121,931
Due to federal and state governments							-		210
Due to other funds		881		42			923	(881)	191,229
Deferred revenue							-		652,903
Total liabilities	<u>-</u>	<u>881</u>	<u>-</u>	<u>93</u>	<u>150</u>	<u>-</u>	<u>1,124</u>	<u>(881)</u>	<u>1,287,965</u>
Fund Balances:									
Nonspendable							-		8,740
Restricted	439,361	115,893	10,337	226,841	198,340	756,864	1,747,636		8,956,533
Committed							-		6,603,643
Unassigned							-		(15,564)
Total fund balances	<u>439,361</u>	<u>115,893</u>	<u>10,337</u>	<u>226,841</u>	<u>198,340</u>	<u>756,864</u>	<u>1,747,636</u>	<u>-</u>	<u>15,553,352</u>
Total Liabilities and Fund Balances	<u>\$ 439,361</u>	<u>\$ 116,774</u>	<u>\$ 10,337</u>	<u>\$ 226,934</u>	<u>\$ 198,490</u>	<u>\$ 756,864</u>	<u>\$ 1,748,760</u>	<u>\$ (881)</u>	<u>\$ 16,841,317</u>

**TOWN OF SOUTH KINGSTOWN, RHODE ISLAND**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2012**

	<b>Special Revenue Funds</b>								
	<b>Affordable Housing</b>	<b>Alcohol Grant</b>	<b>Animal Shelter Benefit Fund</b>	<b>Asset Forfeiture Fund</b>	<b>Community Development Block Grant</b>	<b>Drug Free Communities Grant</b>	<b>Elderly Services</b>	<b>EMS Billing Services Fund</b>	<b>Governor's Justice Commission Grants</b>
Revenues:									
Intergovernmental revenues	\$	\$ 3,956	\$	\$ 9,836	\$ 194,232	\$ 29,110	\$ 304,177	\$	\$ 9,611
Licenses and fees			17,900						
Fines and charges						81,928	599,264		
Investment income (loss)						407	1,331		
Contributions			3,490						
Other revenue			11,261	3,606	633		537		
Total revenues	<u>-</u>	<u>3,956</u>	<u>32,651</u>	<u>13,442</u>	<u>194,865</u>	<u>29,110</u>	<u>386,512</u>	<u>601,132</u>	<u>9,611</u>
Expenditures:									
Education									
Recreation									
Other expenditures		3,956	3,267	13,442	194,865	29,110	736,587	157,143	9,611
Debt service:									
Principal retirement									
Interest and other charges									
Capital outlay									
Total expenditures	<u>-</u>	<u>3,956</u>	<u>3,267</u>	<u>13,442</u>	<u>194,865</u>	<u>29,110</u>	<u>736,587</u>	<u>157,143</u>	<u>9,611</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>-</u>	<u>29,384</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(350,075)</u>	<u>443,989</u>	<u>-</u>
Other Financing Sources (Uses):									
Transfers in							341,653		
Transfers out			(131,188)				(8,669)	(500,000)	
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(131,188)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>332,984</u>	<u>(500,000)</u>	<u>-</u>
Net Change in Fund Balances	-	-	(101,804)	-	-	-	(17,091)	(56,011)	-
Fund Balances at Beginning of Year	<u>10,000</u>	<u>-</u>	<u>236,595</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>299,488</u>	<u>789,748</u>	<u>-</u>
Fund Balances at End of Year	<u>\$ 10,000</u>	<u>\$ -</u>	<u>\$ 134,791</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 282,397</u>	<u>\$ 733,737</u>	<u>\$ -</u>

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**TOWN OF SOUTH KINGSTOWN, RHODE ISLAND**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES (CONTINUED)**  
**NONMAJOR GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED JUNE 30, 2012

	<b>Special Revenue Funds</b>								
	<b>Historical and Vital Recording Fees</b>	<b>Narragansett Library Association</b>	<b>Neighborhood Guild</b>	<b>Peacedale Office Building</b>	<b>Property Revaluation Reserve Fund</b>	<b>RI Resource Recovery Grant</b>	<b>Seat Belt Enforcement Grant</b>	<b>South Road School Reserve Fund</b>	<b>Substance Abuse</b>
Revenues:									
Intergovernmental revenues	\$		\$	\$	\$	\$	\$ 43,476	\$	\$ 29,639
Licenses and fees	38,508								
Fines and charges			366,909	90,276				75,000	
Investment income (loss)		(3,236)	76	618					
Contributions		37,886							
Other revenue						57			4,000
Total revenues	<u>38,508</u>	<u>34,650</u>	<u>366,985</u>	<u>90,894</u>	<u>-</u>	<u>57</u>	<u>43,476</u>	<u>75,000</u>	<u>33,639</u>
Expenditures:									
Education									
Recreation			715,043						
Other expenditures	94,747	21		75,011	59,704	5,370	43,476		33,639
Debt service:									
Principal retirement			50,000						
<b>Interest and other charges</b>			<b>8,888</b>						
Capital outlay									
Total expenditures	<u>94,747</u>	<u>21</u>	<u>773,931</u>	<u>75,011</u>	<u>59,704</u>	<u>5,370</u>	<u>43,476</u>	<u>-</u>	<u>33,639</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(56,239)</u>	<u>34,629</u>	<u>(406,946)</u>	<u>15,883</u>	<u>(59,704)</u>	<u>(5,313)</u>	<u>-</u>	<u>75,000</u>	<u>-</u>
Other Financing Sources (Uses):									
Transfers in			413,387						
Transfers out		(37,865)	(8,219)					(10,864)	
Total other financing sources (uses)	<u>-</u>	<u>(37,865)</u>	<u>405,168</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,864)</u>	<u>-</u>
Net Change in Fund Balances	(56,239)	(3,236)	(1,778)	15,883	(59,704)	(5,313)	-	64,136	-
Fund Balances at Beginning of Year	<u>159,952</u>	<u>40,895</u>	<u>109,648</u>	<u>238,456</u>	<u>752,260</u>	<u>64,976</u>	<u>-</u>	<u>281,713</u>	<u>-</u>
Fund Balances at End of Year	<u>\$ 103,713</u>	<u>\$ 37,659</u>	<u>\$ 107,870</u>	<u>\$ 254,339</u>	<u>\$ 692,556</u>	<u>\$ 59,663</u>	<u>\$ -</u>	<u>\$ 345,849</u>	<u>\$ -</u>

(Continued on next page)

**TOWN OF SOUTH KINGSTOWN, RHODE ISLAND**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES (CONTINUED)**  
**NONMAJOR GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2012**

**Special Revenue Funds**

	<b>Tobacco Compliance Investigation Project</b>	<b>Healthy Places By Design Grant</b>	<b>Reducing Marijuana Grant</b>	<b>Energy Efficiency and Conservation Grant</b>	<b>Statewide Planning Grant</b>	<b>Nancy Brown Memorial Fund</b>	<b>School Restricted Fund</b>	<b>Total Special Revenue Funds</b>
Revenues:								
Intergovernmental revenues	\$ 2,474	\$ 224,991	\$ 30,728	\$ 119,469	\$ 7,810	\$ -	\$ 2,235,546	\$ 3,245,055
Licenses and fees								56,408
Fines and charges								1,213,377
Investment income (loss)						3		(801)
Contributions								41,376
Other revenue								20,094
Total revenues	<u>2,474</u>	<u>224,991</u>	<u>30,728</u>	<u>119,469</u>	<u>7,810</u>	<u>3</u>	<u>2,235,546</u>	<u>4,575,509</u>
Expenditures:								
Education							2,093,499	2,093,499
Recreation								715,043
Other expenditures	2,474	224,991	30,728	119,469	7,810			1,845,421
Debt service:								
Principal retirement								50,000
<b>Interest and other charges</b>								<b>8,888</b>
Capital outlay							142,047	142,047
Total expenditures	<u>2,474</u>	<u>224,991</u>	<u>30,728</u>	<u>119,469</u>	<u>7,810</u>	<u>-</u>	<u>2,235,546</u>	<u>4,854,898</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3</u>	<u>-</u>	<u>(279,389)</u>
Other Financing Sources (Uses):								
Transfers in								755,040
Transfers out								(696,805)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,235</u>
Net Change in Fund Balances	-	-	-	-	-	3	-	(221,154)
Fund Balances at Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,126</u>	<u>-</u>	<u>2,986,857</u>
Fund Balances at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,129</u>	<u>\$ -</u>	<u>\$ 2,765,703</u>

(Continued on next page)

**TOWN OF SOUTH KINGSTOWN, RHODE ISLAND**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES (CONTINUED)**  
**NONMAJOR GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED JUNE 30, 2012

**Capital Project Funds**

	<b>Animal Shelter Addition</b>	<b>Bridge Improvement</b>	<b>Capital Equipment and Replacement</b>	<b>Data Processing Improvement</b>	<b>Downtown Intermodal Enhancement</b>	<b>Impact Fee Reserve</b>	<b>Library Building Construction</b>	<b>Open Space Reserve</b>	<b>Police Building Construction</b>
Revenues:									
Intergovernmental revenues	\$	\$	\$	\$	\$	\$	\$ 10,000	\$	\$
Licenses and fees						251,119		202,521	
Fines and charges									
Investment income (loss)							411		
Contributions									
Other revenue									
Total revenues	-	-	-	-	-	251,119	10,411	202,521	-
Expenditures:									
Education									
Recreation									
Other expenditures									
Debt service:									
Principal retirement									
<b>Interest and other charges</b>									
Capital outlay	138,574	8,765	485,834	59,695			88,268	50,000	57,931
Total expenditures	138,574	8,765	485,834	59,695	-	-	88,268	50,000	57,931
Excess (Deficiency) of Revenues over Expenditures	(138,574)	(8,765)	(485,834)	(59,695)	-	251,119	(77,857)	152,521	(57,931)
Other Financing Sources (Uses):									
Transfers in	131,188		416,000	393,619			25,000		43,000
Transfers out						(195,141)		(225,000)	
Total other financing sources (uses)	131,188	-	416,000	393,619	-	(195,141)	25,000	(225,000)	43,000
Net Change in Fund Balances	(7,386)	(8,765)	(69,834)	333,924	-	55,978	(52,857)	(72,479)	(14,931)
Fund Balances at Beginning of Year	7,386	76,585	779,532	37,831	26,429	1,486,304	256,422	443,042	196,682
Fund Balances at End of Year	\$ -	\$ 67,820	\$ 709,698	\$ 371,755	\$ 26,429	\$ 1,542,282	\$ 203,565	\$ 370,563	\$ 181,751

(Continued on next page)

**TOWN OF SOUTH KINGSTOWN, RHODE ISLAND**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES (CONTINUED)**  
**NONMAJOR GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2012**

**Capital Project Funds**

	<b>Public Services Office Building Improvement</b>	<b>Public Works Improvement</b>	<b>Recreation Development and Restoration</b>	<b>Recreation Improvement</b>	<b>School Improvement</b>	<b>Senior Services Center Construction</b>	<b>Town Hall Improvement</b>	<b>Wastewater Construction</b>	<b>Total Capital Project Funds</b>
Revenues:									
Intergovernmental revenues	\$	\$ 757,704	\$	\$	\$	\$ 90,000	\$	\$	\$ 857,704
Licenses and fees									453,640
Fines and charges								96,310	96,310
Investment income (loss)						128		14,707	15,246
Contributions					19,421				19,421
Other revenue		150	10,539			25			10,714
Total revenues	<u>-</u>	<u>757,854</u>	<u>10,539</u>	<u>-</u>	<u>19,421</u>	<u>90,153</u>	<u>-</u>	<u>111,017</u>	<u>1,453,035</u>
Expenditures:									
Education									-
Recreation									-
Other expenditures									-
Debt service:									
Principal retirement									-
<b>Interest and other charges</b>									-
Capital outlay		852,431	34,249		19,421	271,349			2,066,517
Total expenditures	<u>-</u>	<u>852,431</u>	<u>34,249</u>	<u>-</u>	<u>19,421</u>	<u>271,349</u>	<u>-</u>	<u>-</u>	<u>2,066,517</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>(94,577)</u>	<u>(23,710)</u>	<u>-</u>	<u>-</u>	<u>(181,196)</u>	<u>-</u>	<u>111,017</u>	<u>(613,482)</u>
Other Financing Sources (Uses):									
Transfers in	25,000	760,000	80,000				5,000		1,878,807
Transfers out									(420,141)
Total other financing sources (uses)	<u>25,000</u>	<u>760,000</u>	<u>80,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>1,458,666</u>
Net Change in Fund Balances	25,000	665,423	56,290	-	-	(181,196)	5,000	111,017	845,184
Fund Balances at Beginning of Year	<u>31,086</u>	<u>1,407,526</u>	<u>172,037</u>	<u>47,335</u>	<u>-</u>	<u>165,632</u>	<u>179,259</u>	<u>4,881,741</u>	<u>10,194,829</u>
Fund Balances at End of Year	<u>\$ 56,086</u>	<u>\$ 2,072,949</u>	<u>\$ 228,327</u>	<u>\$ 47,335</u>	<u>\$ -</u>	<u>\$ (15,564)</u>	<u>\$ 184,259</u>	<u>\$ 4,992,758</u>	<u>\$ 11,040,013</u>

(Continued on next page)

**TOWN OF SOUTH KINGSTOWN, RHODE ISLAND**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES (CONTINUED)**  
**NONMAJOR GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED JUNE 30, 2012

**Permanent Funds**

	<b>Hazard Memorial Trust</b>	<b>Irving Knowles Trust</b>	<b>Gertrude S. Parket Trust</b>	<b>Oliver Watson Home</b>	<b>Walter W. Watson Trust</b>	<b>Kingston Free Library Trust</b>	<b>Total Permanent Funds</b>	<b>Eliminations</b>	<b>Total</b>
Revenues:									
Intergovernmental revenues	\$	\$	\$	\$	\$	\$	-	\$	\$ 4,102,759
Licenses and fees							-		510,048
Fines and charges							-		1,309,687
Investment income (loss)	22,025	(35,967)	14	653	585	21,825	9,135		23,580
Contributions							-		60,797
Other revenue							-		30,808
Total revenues	<u>22,025</u>	<u>(35,967)</u>	<u>14</u>	<u>653</u>	<u>585</u>	<u>21,825</u>	<u>9,135</u>	<u>-</u>	<u>6,037,679</u>
Expenditures:									
Education							-		2,093,499
Recreation							-		715,043
Other expenditures	19,886	881		1,477	567	6,368	29,179		1,874,600
Debt service:							-		
Principal retirement							-		50,000
<b>Interest and other charges</b>							-		<b>8,888</b>
Capital outlay							-		2,208,564
Total expenditures	<u>19,886</u>	<u>881</u>	<u>-</u>	<u>1,477</u>	<u>567</u>	<u>6,368</u>	<u>29,179</u>	<u>-</u>	<u>6,950,594</u>
Excess (Deficiency) of Revenues over Expenditures	<u>2,139</u>	<u>(36,848)</u>	<u>14</u>	<u>(824)</u>	<u>18</u>	<u>15,457</u>	<u>(20,044)</u>	<u>-</u>	<u>(912,915)</u>
Other Financing Sources (Uses):									
Transfers in							-	(148,076)	2,485,771
Transfers out						(21,750)	(21,750)	148,076	(990,620)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(21,750)</u>	<u>(21,750)</u>	<u>-</u>	<u>1,495,151</u>
Net Change in Fund Balances	2,139	(36,848)	14	(824)	18	(6,293)	(41,794)	-	582,236
Fund Balances at Beginning of Year	<u>437,222</u>	<u>152,741</u>	<u>10,323</u>	<u>227,665</u>	<u>198,322</u>	<u>763,157</u>	<u>1,789,430</u>	<u>-</u>	<u>14,971,116</u>
Fund Balances at End of Year	<u>\$ 439,361</u>	<u>\$ 115,893</u>	<u>\$ 10,337</u>	<u>\$ 226,841</u>	<u>\$ 198,340</u>	<u>\$ 756,864</u>	<u>1,747,636</u>	<u>\$ -</u>	<u>\$ 15,553,352</u>

**Agency Funds**

## **AGENCY FUNDS**

Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Agency Funds are as follows:

**Unclaimed Estates** - To account for unclaimed estates that are in probate

**Student Activities Fund** - To account for all funds held in various school programs.

## TOWN OF SOUTH KINGSTOWN, RHODE ISLAND

## AGENCY FUNDS

## COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

## FOR THE YEAR ENDED JUNE 30, 2012

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2012</u>
<b>Unclaimed Estates</b>				
Assets:				
Cash	\$ 43,826	\$ 22	\$	\$ 43,848
Liabilities:				
Deposits held in custody for others	\$ 43,826	\$ 22	\$	\$ 43,848
<b>Student Activities Fund</b>				
Assets:				
Cash	\$ 248,221	\$ 516,547	\$ 511,985	\$ 252,783
Investments	12,448		4,104	8,344
Total Assets	\$ 260,669	\$ 516,547	\$ 516,089	\$ 261,127
Liabilities:				
Deposits held in custody for others	\$ 260,669	\$ 516,547	\$ 516,089	\$ 261,127
<b>Total All Agency Funds</b>				
Assets:				
Cash	\$ 292,047	\$ 516,569	\$ 511,985	\$ 296,631
Investments	12,448		4,104	8,344
Total Assets	\$ 304,495	\$ 516,569	\$ 516,089	\$ 304,975
Liabilities:				
Deposits held in custody for others	\$ 304,495	\$ 516,569	\$ 516,089	\$ 304,975

**Other Schedules**

**TOWN OF SOUTH KINGSTOWN, RHODE ISLAND**  
**SCHEDULE OF PROPERTY TAXES RECEIVABLE**  
**FOR THE YEAR ENDED JUNE 30, 2012**

Year	Mill Rate	Property Taxes Receivable July 1, 2011	Current Year Assessment	Transfers Addendums (Net)	Abatements and Adjustments	Amount to be Collected	Collections Net of Refunds	Property Taxes Receivable June 30, 2012
2011	\$ 14.51	\$	\$ 66,120,832	\$ 115,818	\$ 358,923	\$ 65,877,727	\$ 64,908,479	\$ 969,248
2010	14.19	1,003,558		4,915	510	1,007,963	899,074	108,889
2009	12.09	53,177			626	52,551	29,125	23,426
2008	11.97	34,161			653	33,508	11,851	21,657
2007	11.51	22,963			779	22,184	1,978	20,206
2006	13.65	16,849			576	16,273	667	15,606
2005	13.13	21,843				21,843	286	21,557
2004	12.58	19,076				19,076	31	19,045
2003	19.91	23,678				23,678	44	23,634
2002	19.02	21,706				21,706	86	21,620
2001	17.90	26,825			26,638	187	187	-
2000	20.75	332			332	-	-	-
1999	20.12	322			322	-	-	-
1998	19.38	310			310	-	-	-
1997	18.71	299			299	-	-	-
Subtotal		\$ 1,245,099	\$ 66,120,832	\$ 120,733	\$ 389,968	\$ 67,096,696	\$ 65,851,808	1,244,888
Less: estimated allowance for uncollectable accounts		260,621						251,549
Net property taxes receivable		\$ 984,478						\$ 993,339

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TOWN OF SOUTH KINGSTOWN, RHODE ISLAND

SCHEDULE OF PROPERTY TAXES RECEIVABLE (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2012

Table with two main sections: 'Schedule of Net Assessed Property Value by Category' and 'Reconciliation of Current Year Property Tax Revenue'. The first section lists property categories (Real property, Motor vehicle, Tangible property, Wholesale and retail inventory) with their respective valuations and levies. The second section reconciles current year collections with revenue received 60 days subsequent to the fiscal year ending, and prior year revenue received in the current year, resulting in a final current year property tax revenue of \$65,905,934.

# **Statistical Section**

## Statistical Section Information

The objectives of statistical section information are to provide financial statement users with additional historical perspective, context and detail to assist in using the information in the financial statements, notes to financial statements and required supplementary information to understand and assess economic condition.

Statistical section information is presented in the following categories:

- *Financial trends information* is intended to assist users in understanding and assessing how financial position has changed over time.
- *Revenue capacity information* is intended to assist users in understanding and assessing the factors affecting the ability to generate *own-source revenues* (property taxes, charges for services, etc.).
- *Debt capacity information* is intended to assist users in understanding and assessing debt burden and the ability to issue additional debt.
- *Demographic and economic information* is intended 1) to assist users in understanding the socioeconomic environment and 2) to provide information that facilitates comparisons of financial statement information over time and among governments.
- *Operating information* is intended to provide contextual information about operations and resources to assist readers in using financial statement information to understand and assess economic condition.

The accompanying tables are presented in the above order. Refer to the Table of Contents for applicable page number locations.

Sources: Unless otherwise noted, the information in the tables is derived from the comprehensive annual financial reports for the relevant year.

## TOWN OF SOUTH KINGSTOWN, RHODE ISLAND

NET ASSETS BY COMPONENT  
LAST TEN YEARS

	Fiscal Year Ended June 30									
	2003	2004	2005	2006	Restated 2007	2008	2009	2010	2011	2012
Governmental activities										
Invested in capital assets, net of related debt	\$ 31,805,001	\$ 35,095,122	\$ 37,770,093	\$ 57,027,194	\$ 53,793,454	\$ 55,954,948	\$ 58,268,229	\$ 59,514,637	\$ 64,187,374	\$ 66,167,452
Restricted	14,343,536	14,820,823	15,107,822	15,430,240	17,131,006	15,981,878	13,627,269	14,457,291	15,927,670	15,885,876
Unrestricted	9,142,036	11,658,131	14,219,435	19,337,021	22,077,926	23,644,356	25,159,357	28,760,016	28,956,645	31,781,810
Total governmental activities net assets	<u>55,290,573</u>	<u>61,574,076</u>	<u>67,097,350</u>	<u>91,794,455</u>	<u>93,002,386</u>	<u>95,581,182</u>	<u>97,054,855</u>	<u>102,731,944</u>	<u>109,071,689</u>	<u>113,835,138</u>
Business-type activities										
Invested in capital assets, net of related debt	20,250,778	20,150,773	20,470,817	21,673,567	21,425,967	22,481,289	21,953,466	21,683,245	21,529,486	21,551,897
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	3,951,512	4,270,116	3,754,258	3,630,933	3,732,628	4,065,992	4,699,813	5,107,329	5,705,043	6,215,290
Total business-type activities net assets	<u>24,202,290</u>	<u>24,420,889</u>	<u>24,225,075</u>	<u>25,304,500</u>	<u>25,158,595</u>	<u>26,547,281</u>	<u>26,653,279</u>	<u>26,790,574</u>	<u>27,234,529</u>	<u>27,767,187</u>
Primary government										
Invested in capital assets, net of related debt	52,055,779	55,245,895	58,240,910	78,700,761	75,219,421	78,436,237	80,221,695	81,197,882	85,716,860	87,719,349
Restricted	14,343,536	14,820,823	15,107,822	15,430,240	17,131,006	15,981,878	13,627,269	14,457,291	15,927,670	15,885,876
Unrestricted	13,093,548	15,928,247	17,973,693	22,967,954	25,810,554	27,710,348	29,859,170	33,867,345	34,661,688	37,997,100
Total primary government net assets	<u>\$ 79,492,863</u>	<u>\$ 85,994,965</u>	<u>\$ 91,322,425</u>	<u>\$ 117,098,955</u>	<u>\$ 118,160,981</u>	<u>\$ 122,128,463</u>	<u>\$ 123,708,134</u>	<u>\$ 129,522,518</u>	<u>\$ 136,306,218</u>	<u>\$ 141,602,325</u>

**TOWN OF SOUTH KINGSTOWN, RHODE ISLAND**  
**CHANGES IN NET ASSETS, LAST TEN FISCAL YEARS**  
**GOVERNMENTAL ACTIVITIES**  
**(Accrual Basis of Accounting)**

	For the Fiscal Year Ended June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Expenses</b>										
Governmental activities:										
General government	\$ 7,006,015	\$ 6,478,353	\$ 7,164,843	\$ 7,794,143	\$ 8,559,664	\$ 8,806,804	\$ 8,773,435	\$ 9,181,646	\$ 8,762,355	\$ 8,998,934
Public safety	5,527,430	5,812,407	5,975,342	6,163,017	6,701,924	6,784,029	6,809,682	6,586,666	6,842,338	6,982,529
Public works	2,184,295	1,989,518	2,437,890	2,726,315	3,221,185	2,905,202	3,381,225	3,123,570	3,267,543	2,867,358
Human service agency contributions	189,848	193,082	197,073	183,015	178,356	183,987	188,927	166,750	145,400	145,400
Public libraries	849,088	885,097	916,825	953,482	988,273	1,039,669	1,039,152	1,015,013	1,049,444	1,033,043
Education	49,121,634	51,922,916	52,654,614	55,630,802	60,131,860	62,853,934	63,199,438	62,584,202	62,708,323	62,121,226
Recreation	1,967,421	2,108,450	2,138,627	2,281,584	2,319,532	2,322,764	2,301,367	2,238,241	2,274,394	2,242,208
Interest on long-term debt	2,158,613	1,746,861	1,658,708	1,499,745	1,560,963	1,520,722	1,369,147	1,236,605	1,067,569	916,407
Total governmental activities	69,004,344	71,136,684	73,143,922	77,232,103	83,661,757	86,417,111	87,062,373	86,132,693	86,117,366	85,307,105
Business-type activities:										
Wastewater	2,904,889	2,682,339	2,747,416	2,792,376	2,972,625	3,144,544	3,152,653	3,084,902	2,941,505	3,024,608
Solid Waste	1,046,598	965,564	891,292	893,562	948,464	945,596	477,435	471,896	511,132	522,638
Water	567,788	665,256	658,923	679,376	713,784	835,913	784,999	805,924	831,549	852,845
School Cafeteria	969,199	1,004,783	970,996	1,056,629	1,095,906	1,041,418	992,566	956,998	1,022,540	984,046
Total business-type activities	5,488,474	5,317,942	5,268,627	5,421,943	5,730,779	5,967,471	5,407,653	5,319,720	5,306,726	5,384,137
Total Primary Government Expense	\$ 74,492,818	\$ 76,454,626	\$ 78,412,549	\$ 82,654,046	\$ 89,392,536	\$ 92,384,582	\$ 92,470,026	\$ 91,452,413	\$ 91,424,092	\$ 90,691,242
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 3,328,391	\$ 3,741,721	\$ 3,734,779	\$ 4,534,120	\$ 3,794,768	\$ 3,617,841	\$ 3,170,376	\$ 3,544,928	\$ 3,568,036	\$ 3,140,696
Public safety	770,752	783,362	784,245	806,200	1,001,582	989,173	888,425	878,852	920,046	689,271
Human service										150
Public works	54,600	56,300	58,050	59,500	61,100	62,935	65,465	77,269	114,780	5,500
Public libraries	53,462	48,856	29,117	28,106	28,478	28,348	30,186	28,448	27,877	24,784
Education	1,518,768	1,218,151	1,010,984	1,203,376	1,141,449	1,003,973	988,731	915,874	758,360	734,695
Recreation	775,045	818,419	847,241	885,410	820,278	800,684	821,301	863,176	921,171	980,159
Operating grants and contributions	14,257,078	14,260,623	14,490,072	15,030,606	16,188,793	16,321,642	14,971,735	14,597,929	14,624,647	14,373,951
Capital grants and contributions	400,345	882,697	729,799	4,186,452	292,834	272,145	105,831	678,310	1,002,922	877,125
Total governmental activities program revenues	21,158,441	21,810,129	21,684,287	26,733,770	23,329,282	23,096,741	21,042,050	21,584,786	21,937,839	20,826,331
Business-type activities:										
Charges for services:										
Wastewater	2,333,015	2,279,726	2,354,188	2,474,993	2,660,233	3,065,229	3,080,743	3,093,623	3,055,955	3,248,469
Solid Waste	1,025,163	991,645	928,736	956,613	950,248	789,355	478,540	425,240	483,873	565,191
Water	733,106	721,987	765,853	814,374	749,067	866,797	940,327	922,164	954,815	946,523
School Cafeteria	771,410	802,956	747,852	795,794	787,352	760,830	721,789	679,823	728,897	680,055
Operating grants and contributions	199,911	221,205	210,425	202,997	234,927	504,696	265,866	274,624	321,307	293,285
Capital grants and contributions				404,100		307,075			154,650	168,650
Total business-type activities	5,062,605	5,017,519	5,007,054	5,648,871	5,381,827	6,293,982	5,487,265	5,395,474	5,699,497	5,902,173
Total Primary Government Program Revenues	\$ 26,221,046	\$ 26,827,648	\$ 26,691,341	\$ 32,382,641	\$ 28,711,109	\$ 29,390,723	\$ 26,529,315	\$ 26,980,260	\$ 27,637,336	\$ 26,728,504

(Continued on next page)

## TOWN OF SOUTH KINGSTOWN, RHODE ISLAND

**CHANGES IN NET ASSETS, LAST NINE FISCAL YEARS (CONTINUED)**  
**GOVERNMENTAL ACTIVITIES**  
 (Accrual Basis of Accounting)

	For the Fiscal Year Ended June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (47,845,903)	\$ (49,326,555)	\$ (51,459,635)	\$ (50,498,333)	\$ (60,332,475)	\$ (63,320,370)	\$ (66,020,323)	\$ (64,547,907)	\$ (64,179,527)	\$ (64,480,774)
Business-type activities	(425,869)	(300,423)	(261,573)	226,928	(348,952)	326,511	79,612	75,754	392,771	518,036
Total Primary Government Net Expense	<u>\$ (48,271,772)</u>	<u>\$ (49,626,978)</u>	<u>\$ (51,721,208)</u>	<u>\$ (50,271,405)</u>	<u>\$ (60,681,427)</u>	<u>\$ (62,993,859)</u>	<u>\$ (65,940,711)</u>	<u>\$ (64,472,153)</u>	<u>\$ (63,786,756)</u>	<u>\$ (63,962,738)</u>
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental activities:										
Property taxes	\$ 46,760,496	\$ 50,181,817	\$ 51,441,569	\$ 54,828,438	\$ 58,032,552	\$ 60,903,094	\$ 63,974,336	\$ 64,729,407	\$ 65,797,804	\$ 66,472,251
Motor vehicle phase-out taxes	2,082,003	1,578,608	1,578,608	1,828,726	2,165,338	2,167,848	2,178,075	1,876,190	168,739	167,774
Telephone and hotel taxes		472,963	425,192	389,466	337,594	339,967	357,171	372,981	414,890	463,552
Grants and aid not restricted for a specific program	1,735,702	2,030,561	2,131,825	2,400,435	2,396,341	2,295,069	1,737,177	1,440,551	1,413,742	1,657,207
Unrestricted investment earnings	815,906	1,439,078	1,373,108	2,084,407	4,000,792	1,073,334	(834,736)	1,822,022	2,733,097	481,121
Miscellaneous	241,418	79,826		7,385						
Transfers	151,416	9,040	32,607	1,087,993	25,197	(880,146)	81,973	(16,155)	(9,000)	2,318
Total governmental activities	<u>51,786,941</u>	<u>55,791,893</u>	<u>56,982,909</u>	<u>62,626,850</u>	<u>66,957,814</u>	<u>65,899,166</u>	<u>67,493,996</u>	<u>70,224,996</u>	<u>70,519,272</u>	<u>69,244,223</u>
Business-type activities:										
Unrestricted investment earnings	68,747	69,906	98,366	155,843	228,244	182,029	108,359	45,386	42,184	16,940
Transfers	(151,416)	(9,040)	(32,607)	(1,087,993)	(25,197)	880,146	(81,973)	16,155	9,000	(2,318)
Total business type activities	<u>(82,669)</u>	<u>60,866</u>	<u>65,759</u>	<u>(932,150)</u>	<u>203,047</u>	<u>1,062,175</u>	<u>26,386</u>	<u>61,541</u>	<u>51,184</u>	<u>14,622</u>
Total primary government	<u>\$ 51,704,272</u>	<u>\$ 55,852,759</u>	<u>\$ 57,048,668</u>	<u>\$ 61,694,700</u>	<u>\$ 67,160,861</u>	<u>\$ 66,961,341</u>	<u>\$ 67,520,382</u>	<u>\$ 70,286,537</u>	<u>\$ 70,570,456</u>	<u>\$ 69,258,845</u>
<b>Change in Net Assets</b>										
Governmental activities	\$ 3,941,038	\$ 6,465,338	\$ 5,523,274	\$ 12,128,517	\$ 6,625,339	\$ 2,578,796	\$ 1,473,673	\$ 5,677,089	\$ 6,339,745	\$ 4,763,449
Business-type activities	(508,538)	(239,557)	(195,814)	(705,222)	(145,905)	1,388,686	105,998	137,295	443,955	532,658
Total primary government	<u>\$ 3,432,500</u>	<u>\$ 6,225,781</u>	<u>\$ 5,327,460</u>	<u>\$ 11,423,295</u>	<u>\$ 6,479,434</u>	<u>\$ 3,967,482</u>	<u>\$ 1,579,671</u>	<u>\$ 5,814,384</u>	<u>\$ 6,783,700</u>	<u>\$ 5,296,107</u>

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND

FUND BALANCES, GOVERNMENTAL FUNDS, LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year Ended June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011 *	2012
General Fund:										
Reserved	\$ 88,958	\$ 258,879	\$ 366,988	\$ 286,935	\$ 55,127	\$ 211,673	\$ 45,788	\$ 22,133	\$ 2,579	\$ 30,361
Unreserved	7,795,115	8,641,616	9,587,047	10,875,912	12,145,834	12,151,623	11,535,780	11,485,482	11,661,554	15,048,648
Total General Fund	<u>\$ 7,884,073</u>	<u>\$ 8,900,495</u>	<u>\$ 9,954,035</u>	<u>\$ 11,162,847</u>	<u>\$ 12,200,961</u>	<u>\$ 12,363,296</u>	<u>\$ 11,581,568</u>	<u>\$ 11,507,615</u>	<u>\$ 11,664,133</u>	<u>\$ 15,079,009</u>
All Other Governmental Funds:										
Reserved	\$ 15,149,953	\$ 15,536,672	\$ 15,131,361	\$ 16,183,103	\$ 16,419,082	\$ 15,431,321	\$ 12,524,961	\$ 15,179,653	\$ 23,737,218	\$ 23,540,103
Unreserved, reported in:										
Special revenue funds	1,880,251	2,106,195	2,257,829	2,974,177	3,957,611	5,025,971	6,132,249	7,708,064	5,318,787	2,453,669
Capital project funds	3,640,449	4,238,921	5,207,698	6,481,448	8,629,412	9,022,455	9,966,576	9,576,489	3,376,356	4,134,410
Permanent funds	1,427,198	1,377,532	1,341,590	1,363,510	1,390,975	1,390,717	1,447,322	1,415,680		
Total All Other Governmental Funds	<u>\$ 22,097,851</u>	<u>\$ 23,259,320</u>	<u>\$ 23,938,478</u>	<u>\$ 27,002,238</u>	<u>\$ 30,397,080</u>	<u>\$ 30,870,464</u>	<u>\$ 30,071,108</u>	<u>\$ 33,879,886</u>	<u>\$ 32,432,361</u>	<u>\$ 30,128,182</u>

Notes:

Permanent funds were reported as trust and agency funds prior to FY 2003

\* The Town adopted GASB 54 fund balance definitions @ 6/30/11. Nonspendable and Restricted fund balance are compared to Reserved fund balance and Committed, Assigned and Unassigned fund balance are compared to Unreserved fund balance for purposes of this table.

\*\* Town and School fund balances were combined for reporting purposes beginning 6/30/12 in accordance with the audit firm's interpretation of GASB 54.

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

	For the Fiscal Year Ended June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Revenues:</b>										
Property Taxes and Interest	\$ 46,800,191	\$ 50,233,102	\$ 51,575,179	\$ 54,798,227	\$ 57,995,337	\$ 60,825,348	\$ 63,897,316	\$ 64,686,811	\$ 65,767,357	\$ 66,517,515
Intergovernmental revenues	16,541,331	17,862,153	17,736,296	22,294,882	19,128,068	18,853,974	16,796,121	16,477,182	14,625,902	15,000,408
Licenses, Fees and Rents	2,469,755	2,880,916	2,783,009	3,171,720	2,350,971	2,235,837	1,789,384	2,024,285	2,037,196	1,850,827
Interest on Investments	949,062	1,425,040	1,359,435	2,076,026	3,978,764	1,059,327	(853,653)	1,808,819	2,716,487	463,169
Fines and Charges	909,323	877,648	930,264	1,135,148	1,229,691	1,163,767	1,114,872	1,135,127	1,178,269	1,514,469
Department Revenue	1,068,252	1,066,283	1,084,946	1,047,988	1,115,818	1,146,290	1,028,183	1,002,911	1,064,987	1,255,012
Other Revenue	2,984,787	1,808,323	1,594,264	1,712,282	1,679,028	1,450,458	1,507,728	1,670,698	1,591,105	1,015,744
State On-behalf Pension	1,101,980	1,273,501	1,420,597	1,393,981	2,091,234	2,406,682	2,439,868	2,008,361	2,098,130	2,478,404
<b>Total revenues</b>	<b>72,824,681</b>	<b>77,426,966</b>	<b>78,483,990</b>	<b>87,630,254</b>	<b>89,568,911</b>	<b>89,141,683</b>	<b>87,719,819</b>	<b>90,814,194</b>	<b>91,079,433</b>	<b>90,095,548</b>
<b>Expenditures:</b>										
<b>Current:</b>										
General Government	2,276,905	2,334,443	2,402,451	2,392,210	2,562,378	2,643,256	2,732,722	2,486,301	2,578,103	2,549,948
Public Safety	5,099,458	5,562,051	5,562,270	5,894,514	6,105,953	6,343,310	6,383,435	6,036,189	6,563,358	6,743,188
Public Services	1,969,076	1,707,808	2,110,290	1,789,493	2,140,379	1,794,767	2,219,582	1,951,422	2,081,960	1,644,637
Public Health Contributions	189,848	193,082	197,073	183,015	178,356	183,987	188,927	166,750	145,400	145,400
Recreation	1,741,754	1,878,405	1,900,685	2,023,334	2,056,094	2,044,667	2,032,015	1,995,969	2,043,091	2,029,877
Public Libraries	740,319	771,119	835,864	840,886	873,701	909,506	936,811	918,449	928,496	943,655
Educational	46,184,080	49,194,399	49,817,652	53,788,014	58,544,022	60,874,616	61,776,284	61,519,957	61,820,390	61,576,314
Capital Improvements	7,320,140	5,254,478	3,322,808	11,582,846	3,418,724	1,833,299	1,445,008	2,091,968	4,319,515	2,229,942
Miscellaneous	5,721,328	6,093,843	6,527,815	5,838,673	6,269,940	6,739,952	6,786,000	6,386,655	6,382,023	6,965,814
Debt Service: (2)										
Principal	3,290,000	3,430,000	3,485,000	3,690,000	3,705,000	3,715,000	3,590,000	3,523,093	3,435,000	3,260,000
Interest	1,922,446	1,730,728	1,813,748	1,422,690	1,506,605	1,443,667	1,292,092	1,270,377	1,020,227	898,394
<b>Total expenditures</b>	<b>76,455,354</b>	<b>78,150,356</b>	<b>77,975,656</b>	<b>89,445,675</b>	<b>87,361,152</b>	<b>88,526,027</b>	<b>89,382,876</b>	<b>88,347,130</b>	<b>91,317,563</b>	<b>88,987,169</b>
Excess of revenues over (under) expenditures	(3,630,673)	(723,390)	508,334	(1,815,421)	2,207,759	615,656	(1,663,057)	2,467,064	(238,130)	1,108,379
<b>Other Financing Sources (Uses):</b>										
Proceeds from borrowing	3,400,000	2,875,000	1,191,757	5,000,000	2,200,000			1,283,916		
Operating transfers in	37,164,994	39,548,069	40,612,725	44,856,027	47,029,050	49,870,629	52,080,623	52,425,977	52,192,383	3,513,401
Operating transfers out	(36,819,578)	(39,539,029)	(40,580,118)	(43,768,034)	(47,003,853)	(49,850,566)	(51,998,650)	(52,442,132)	(52,201,383)	(3,511,083)
<b>Total other financing sources (uses)</b>	<b>3,745,416</b>	<b>2,884,040</b>	<b>1,224,364</b>	<b>6,087,993</b>	<b>2,225,197</b>	<b>20,063</b>	<b>81,973</b>	<b>1,267,761</b>	<b>(9,000)</b>	<b>2,318</b>
<b>Net Change in Fund Balances</b>	<b>\$ 114,743</b>	<b>\$ 2,160,650</b>	<b>\$ 1,732,698</b>	<b>\$ 4,272,572</b>	<b>\$ 4,432,956</b>	<b>\$ 635,719</b>	<b>\$ (1,581,084)</b>	<b>\$ 3,734,825</b>	<b>\$ (247,130)</b>	<b>\$ 1,110,697</b>
Debt Service as a Percentage of Noncapital Expenditures (1)	7.54%	7.08%	7.10%	6.57%	6.29%	6.05%	5.63%	5.61%	5.18%	4.81%

Notes:

- (1) The percentage calculation uses the capital outlay figure from Note 1. This differs from the Capital Improvements figure due to capitalizable items included within other functional categories of current expenditures.
- (2) Debt Service is broken out into principal and interest and other costs beginning with fiscal year 2003. Bond issuance costs and bank fees are further broken out from interest beginning fiscal year 2011.

**TOWN OF SOUTH KINGSTOWN, RHODE ISLAND**  
**ASSESSED VALUES AND ACTUAL VALUES OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Assessed Value							Total Taxable Assessed Value	Total Direct Tax Rate
	Residential Property	Commercial Property	Industrial/Utility Property	Tangible Personal Property	Inventory	Motor Vehicles	Less Tax Exempt Property		
2003	\$2,701,261,405			\$148,179,398	\$13,945,979	\$96,355,727	\$518,265,842	\$2,441,476,667	\$ 18.97
2004	2,753,468,527			160,135,695	13,543,983	106,447,929	530,605,296	2,502,990,838	19.80
2005	4,340,743,030			180,488,307	13,501,930	105,413,915	620,197,948	4,019,949,234	12.72
2006	4,022,973,124	\$357,510,070	\$35,424,900	192,851,221	13,543,398	123,721,946	622,976,079	4,123,048,580	13.27
2007	4,078,647,297	365,358,470	36,285,300	235,818,415	15,560,824	115,287,225	653,769,240	4,193,188,291	13.75
2008	5,247,334,996	490,690,205	47,206,400	259,438,540	17,486,558	113,969,417	960,427,396	5,215,698,720	11.64
2009	5,185,491,136	492,945,505	46,824,460	239,650,476	0	122,641,096	832,047,183	5,255,505,490	12.13
2010	5,229,586,265	494,226,005	46,754,260	257,930,859	0	99,835,185	846,367,997	5,281,964,577	12.21
2011	4,423,285,263	440,530,005	40,110,400	236,046,336	0	220,747,096	813,898,457	4,546,820,643	14.41
2012	4,438,109,285	440,496,805	40,110,400	232,546,219	0	170,642,925	814,832,689	4,507,072,945	14.67

∞ Source: Town of South Kingstown, Rhode Island Assessor

Notes:

Prior to the adoption of Senate Bill - 3050 Sub A at the close of the 2006 legislative session, Rhode Island had a 5.5% cap on property tax growth in all cities and towns. The State's enactment of the 2006 amendments to the local property tax cap provisions revised the tax cap to apply only to the prior year levy beginning in FY 2007-2008 and to further reduce the cap to 4% by FY 2012-2013 in 0.25% increments. The tax cap was 4.25% for fiscal year 2012.

The Town had a full revaluation of real property as of December 31, 2003, effective for the 2004-05 fiscal year. The full revaluation is required by state law every 9 years. Statistical updates are required every 3 years. A statistical update of real property was completed as of December 31, 2009 for the 2010-2011 fiscal year. Property is assessed at actual value; therefore, the assessed values are equal to actual value. Tax rates are per \$1,000 of assessed value.

Inventory taxes were phased out under RI General Law 44-3-29.1. Under the law, 2008 was the final year of inventory taxation.

Total Direct Rate represents the weighted average of all individual direct rates applied by the Town. Prior to 2000, all property was taxed at the same rate. At that time, the motor vehicles tax rate was frozen at \$18.71. For fiscal year 2012, the property tax rate, exclusive of motor vehicles, was \$14.5123

(Continued on next page)

## TOWN OF SOUTH KINGSTOWN, RHODE ISLAND

**ASSESSED VALUES AND ACTUAL VALUES OF TAXABLE PROPERTY (CONTINUED)  
CALCULATION OF TOTAL DIRECT TAX RATE FOR FISCAL YEAR ENDED JUNE 30, 2012**

Note: Exclude Exempt Property

<u>Category</u>	<u>Assessed Value</u>	<u>Assessed Value</u>	<u>Direct Rate Per \$1000</u>	<u>Total Tax Levy</u>
Real Estate	\$ 4,125,382,590			
Less Exemptions	9,954,001			
Net Real Estate		\$ 4,115,428,589	\$ 14.5123	\$ 59,724,334
Tangible/Personal		221,827,156	14.5123	3,219,222
Inventory		0		0
Motor Vehicle	170,642,925			
Less Exemptions	825,725			
Net Motor Vehicle		169,817,200	18.71	3,177,280
		<u>\$ 4,507,072,945</u>		<u>\$ 66,120,836</u>
	Total Assessed Value:	\$ 4,507,072,945		
	Divided by Total Levy:	66,120,836		
	(Times 1000)	<u>\$ 14.67</u>	Weighted Avg/Total Direct Rate	

TABLE 6

## TOWN OF SOUTH KINGSTOWN, RHODE ISLAND

PRINCIPAL PROPERTY TAX PAYERS  
CURRENT YEAR AND NINE YEARS AGO

	2012			2003		
	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value
American Power Conversion	\$ 65,980,103	1	1.46%	\$ 44,023,870	1	1.80%
Grandville At The Commons LP	34,714,600	2	0.77%			
Narragansett Electric	23,598,315	3	0.52%	12,292,151	2	0.50%
SHP III South Kingstown LLC	16,858,875	4	0.37%			
HCP HB2 South Bay Manor LLC	14,017,600	5	0.31%	5,309,218	6	0.22%
Jerry Brown Farm Association	13,634,300	6	0.30%	5,066,000	7	0.21%
SCC Investments II, LLC	13,124,800	7	0.29%			
Wakefield Mall Associates	12,823,700	8	0.28%	9,303,170	3	0.38%
SCC Investments, LLC	9,944,900	9	0.22%			
Hallkeen CDT Kingston LTD Part	9,920,900	10	0.22%	5,509,720	5	0.23%
United Water Company				5,830,095	4	0.24%
Peace Dale United Housing				4,991,120	8	0.20%
Coxcom, Inc				4,979,967	9	0.20%
AKG Inc				4,650,750	10	0.19%
Total	<u>\$ 214,618,093</u>		<u>4.76%</u>	<u>\$ 101,956,061</u>		<u>4.18%</u>

Source: Town of South Kingstown Assessor

TABLE 7

## TOWN OF SOUTH KINGSTOWN, RHODE ISLAND

PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS

Fiscal Year	Actual Tax Rate	Gross Levy	Addendums and Adjustments	Abatements and Adjustments	Net Levy	Uncollected (2)			
						End of Year Levy (1)	% of Net Levy	As of 8/30/12	% of Net Levy
2011-12	\$14.51	\$66,120,832	\$124,683	\$360,361	\$65,885,154	\$618,926	0.94%	\$618,926	0.94%
2010-11	14.19	65,499,433	109,275	409,419	65,199,289	702,456	1.08%	96,371	0.15%
2009-10	12.09	64,504,174	122,736	395,533	64,231,377	647,960	1.01%	22,641	0.04%
2008-09	11.97	63,726,992	103,533	441,796	63,388,729	616,114	0.97%	21,355	0.03%
2007-08	11.51	60,692,561	115,434	528,939	60,279,056	529,770	0.88%	19,413	0.03%
2006-07	13.65	57,665,644	254,220	393,867	57,525,997	400,959	0.70%	15,607	0.03%
2005-06	13.13	54,722,908	138,292	487,838	54,373,362	358,734	0.66%	21,540	0.04%
2004-05	12.58	51,148,277	225,887	402,320	50,971,844	318,634	0.63%	19,045	0.04%
2003-04	19.91	49,568,970	236,967	255,014	49,550,923	412,527	0.83%	23,634	0.05%
2002-03	19.02	46,304,107	274,347	219,072	46,359,382	507,464	1.09%	21,620	0.05%

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Source: Town of South Kingstown Tax Collector

## Notes:

- (1) Reflects current year tax collection through 60 days after the close of the fiscal year.
- (2) Uncollected @ 6/30/10 is net of the following adjustments: write off of uncollectible real estate, tangible and motor vehicle taxes for tax years 1994, 1995, 1998 and 1999 in the amount of \$70,258; and a reclassification of Town-held tax liens in the amount of \$5,704.
- Uncollected @ 6/30/11 is net of the following adjustments: write off of uncollectible real estate, tangible and motor vehicle taxes for tax years 1998-2009 in the amount of \$21,898; and a reclassification of Town-held tax liens in the amount of \$750.
- Uncollected @ 6/30/12 is net of the following adjustments: write off of uncollectible tangible and motor vehicle taxes for tax years 1997-2001 and misc. taxes for tax years 2006-2009 in the amount of \$30,015; reclassification of 2010 and 2011 Town-held tax liens in the amount of \$270.

## TOWN OF SOUTH KINGSTOWN, RHODE ISLAND

RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS

<b>General Bonded Debt</b>						
<b>Fiscal Year June 30,</b>	<b>General Obligation Bonds</b>	<b>Taxable Assessed Value</b>	<b>Percent of Taxable Assessed Value</b>	<b>(2010 is actual) U.S. Census Estimated Population</b>	<b>Per Capita</b>	
2003	\$ 41,230,000	\$ 2,441,476,667	1.69%	28,949	\$ 1,424	
2004	40,599,011	2,502,990,838	1.62%	29,246	1,388	
2005	36,905,000	4,019,949,234	0.92%	29,235	1,262	
2006	38,215,000	4,123,048,580	0.93%	29,374	1,301	
2007	36,710,000	4,193,188,291	0.88%	29,238	1,256	
2008	32,995,000	5,215,698,720	0.63%	29,188	1,130	
2009	29,405,000	5,255,505,490	0.56%	29,195	1,007	
2010	27,085,000	5,281,964,577	0.51%	30,639	884	
2011	23,650,000	4,546,820,643	0.52%	30,639	772	
2012	20,390,000	4,507,072,945	0.45%	30,639	665	

<b>Business-Type Activities</b>							
<b>Fiscal Year June 30,</b>	<b>Wastewater Bonds</b>	<b>Solid Waste Bonds</b>	<b>Water Bonds</b>	<b>Total Primary Government</b>	<b>Total Personal Income</b>	<b>Percent of Personal Income *</b>	<b>Per Capita</b>
2003	\$ 531,573			\$ 41,761,573	\$ 1,051,225,037	3.97%	\$ 1,443
2004	985,800			41,584,811	1,143,781,814	3.64%	1,422
2005	916,525	\$ 1,845,898		39,667,423	1,187,788,815	3.34%	1,357
2006	845,699	2,715,600		41,776,299	1,238,760,328	3.37%	1,422
2007	773,271	2,593,058		40,076,329	1,299,132,054	3.08%	1,371
2008	699,189	2,467,208	\$ 400,000	36,561,397	1,355,928,540	2.70%	1,253
2009	622,398	2,338,985	324,000	32,690,383	1,342,386,100	2.44%	1,120
2010	543,843	2,207,323	246,000	30,082,166	1,423,242,828	2.11%	982
2011	463,465	2,072,154	166,000	26,351,619	Not Available	Not Available	860
2012	380,205	1,934,409	84,000	22,788,614	Not Available	Not Available	744

## Notes:

Details regarding the Town's outstanding debt can be found in the Notes to Financial Statements.

\* See Schedule 11 for personal income and population data used to calculate these ratios.

## TOWN OF SOUTH KINGSTOWN, RHODE ISLAND

**DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN FISCAL YEARS  
(rate per \$1,000 of assessed value)**

Fiscal Year Ended June 30	Total Direct Tax Rate	Overlapping Rates		
		Union Fire District	Indian Lake Fire District	Kingston Fire District
2003	\$ 18.97	\$ 0.54	\$ 1.49	\$ 0.95
2004	19.80	0.61	1.35	1.00
2005	12.72	0.41	1.35	0.62
2006	13.27	0.45	1.05	0.62
2007	13.75	0.54	1.13	0.67
2008	11.64	0.40	0.73	0.58
2009	12.13	0.46	0.70	0.61
2010	12.21	0.44	0.70	0.65
2011	14.41	0.52	0.80	0.81
2012	14.67	0.62	1.02	0.82

**Notes:**

For the 2011-2012 fiscal year, the Town's basic tax rate increase cannot exceed 4.25% of the prior year's rate unless the State of Rhode Island approves such increase.

Total Direct Rate represents the weighted average of all individual direct rates applied by the Town. Prior to 2000, all property was taxed at the same rate. See Schedule 5.

Overlapping rates are those of local fire districts that apply to property owners within the Town of South Kingstown. Not all overlapping rates apply to all Town of South Kingstown property owners. For example, although the Town's direct property tax rates apply to all Town property owners, a fire district tax applies only to those Town properties located within that district.

## TOWN OF SOUTH KINGSTOWN, RHODE ISLAND

LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS

	Fiscal Year ended June 30									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Total assessed value	\$ 2,441,476,667	\$ 2,502,990,838	\$ 4,019,949,234	\$ 4,123,048,580	\$ 4,193,188,291	\$ 5,215,698,720	\$ 5,255,505,490	\$ 5,281,964,577	\$ 4,546,820,643	\$ 4,507,072,945
Rhode Island General Law debt limitation as % of assessed value	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Debt limit	73,244,300	75,089,725	120,598,477	123,691,457	125,795,649	156,470,962	157,665,165	158,458,937	136,404,619	135,212,188
Total net debt applicable to the limit	6,269,607	7,319,813	6,686,300	7,755,901	8,013,858	7,240,508	6,564,785	5,911,770	5,338,372	4,747,717
Legal debt margin	\$ 66,974,693	\$ 67,769,912	\$ 113,912,177	\$ 115,935,556	\$ 117,781,791	\$ 149,230,454	\$ 151,100,380	\$ 152,547,167	\$ 131,066,247	\$ 130,464,471
Total net debt applicable to the limit as a percentage of debt limit	8.56%	9.75%	5.54%	6.27%	6.37%	4.63%	4.16%	3.73%	3.91%	3.51%

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**Notes:**

The State Legislature may by special act permit the Town to incur indebtedness outside the limitations imposed by the 3% debt limit.

TABLE 11

## TOWN OF SOUTH KINGSTOWN, RHODE ISLAND

DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS

<b>Fiscal Year June 30,</b>	<b>(3) Population</b>	<b>Per Capita Personal Income (1)</b>	<b>ESTIMATED Total Personal Income (1) (thousands)</b>	<b>School Enrollment</b>	<b>Unemployment Rate (2)</b>
2003	28,949	\$ 36,313	\$ 1,051,225	4,214	4.1%
2004	29,246	39,109	1,143,782	4,190	4.5%
2005	29,235	40,629	1,187,789	4,056	4.3%
2006	29,374	42,172	1,238,760	3,875	4.3%
2007	29,238	44,433	1,299,132	3,803	4.4%
2008	29,188	46,455	1,355,929	3,658	4.3%
2009	29,195	45,980	1,342,386	3,599	6.6%
2010	30,639	46,452	1,423,243	3,548	9.2%
2011	30,639	Not Available	Not Available	3,523	10.3%
2012	30,639	Not Available	Not Available	3,443	9.7%

(1) Per Bureau of Economic Analysis - Washington County. The income data released in April 2012 represents 2010 data. Personal income is only available at the county level. The Town's population is 24% of the County.

(2) Rhode Island Department of Labor and Training; not seasonally adjusted, annual average for previous calendar year.

(3) The non-census year statistics are estimates calculated by the RI Division of Planning. Most current available is 2010. The 2010 fiscal year census statistic is actual U.S. census figure.

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND

PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO

2012 (1)				2003 (1)			
Employment Sector	Employees	Rank	Percentage of Total Town Employment	Employment Sector	Employees	Rank	Percentage of Total Town Employment
Government	3,751	1	27.9%	Government	3,466	1	25.8%
Health Care & Social Assistance	2,622	2	19.5%	Health Care & Social Assistance	1,946	2	14.5%
Accommodation & Food Services	1,366	3	10.2%	Retail Trade	1,368	3	10.2%
Retail Trade	1,241	4	9.2%	Accommodation & Food Services	1,043	4	7.8%
Other Services (except Public Administration)	788	5	5.9%	Manufacturing	876	5	6.5%
Wholesale Trade	780	6	5.8%	Other Services (except Public Administration)	721	6	5.4%
Manufacturing	624	7	4.6%	Wholesale Trade	573	7	4.3%
Construction	283	8	2.1%	Professional & Technical Services	350	8	2.6%
Administrative Support & Waste Management	283	9	2.1%	Construction	348	9	2.6%
Finance & Insurance	280	10	2.1%	Finance & Insurance	195	10	1.5%
Total	<u>12,018</u>		<u>89.4%</u>	Total	<u>10,886</u>		<u>81.0%</u>

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NOTES

(1) RI Department of Labor & Training Quarterly Census of Employment & Wages, City & Town Summary - previous year  
Data by individual employer has been unavailable since 2010. Therefore, beginning with the 2012 CAFR, the principal employer data will be displayed by sector.

## TOWN OF SOUTH KINGSTOWN, RHODE ISLAND

FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS

	Fiscal Year ended June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government:	37	37	37	37	38	38	36	33	33	33
Public Safety:										
Police - Officers	54	54	56	54	54	54	54	53	51	51
Police - Civilians	22	22	22	22	22	22	22	22	22	22
Emer. Medical Services	17	17	17	17	17	17	17	17	17	17
Communications	1	1	3	3	3	3	3	2	2	2
	<u>94</u>	<u>94</u>	<u>97</u>	<u>96</u>	<u>96</u>	<u>96</u>	<u>96</u>	<u>94</u>	<u>92</u>	<u>92</u>
Public Works:										
Streets & Highways	20	20	20	20	19	19	19	18	17	17
Administration	4	4	4	4	4	4	4	4	4	4
	<u>24</u>	<u>24</u>	<u>24</u>	<u>24</u>	<u>23</u>	<u>23</u>	<u>23</u>	<u>22</u>	<u>21</u>	<u>21</u>
Parks & Recreation	10	10	11	11	12	12	12	11	11	11
Libraries	12	12	12	12	12	11	12	12	11	11
<b>TOTAL GENERAL FUND</b>	<b>177</b>	<b>177</b>	<b>181</b>	<b>180</b>	<b>181</b>	<b>180</b>	<b>179</b>	<b>172</b>	<b>168</b>	<b>168</b>
Water	4	4	4	4	4	4	4	4	4	4
Wastewater	19	19	19	19	18	18	18	18	17	17
Neighborhood Guild	6	6	5	5	5	5	5	5	5	5
Senior Services	9	9	9	9	9	9	8	8	7	7
Other	1	1	1	1	1	1	1	1	1	1
Public education:										
Certified	374	383	379	371	381	373	367	348	347	345
Non-certified	199	212	205	195	207	208	203	195	180	172
Administrative	23	23	22	21	21	21	22	21	21	20
	<u>596</u>	<u>618</u>	<u>606</u>	<u>587</u>	<u>608</u>	<u>601</u>	<u>592</u>	<u>564</u>	<u>549</u>	<u>537</u>
Total	<u>812</u>	<u>834</u>	<u>825</u>	<u>805</u>	<u>827</u>	<u>819</u>	<u>807</u>	<u>772</u>	<u>751</u>	<u>739</u>

TABLE 14

## TOWN OF SOUTH KINGSTOWN, RHODE ISLAND

OPERATING INDICATORS BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS

<u>Function/Program</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Police:										
Physical arrests	1,178	1,258	1,179	856	738	667	714 (3)	718	661	682
Traffic violations	9,020	9,739	6,814	6,755	7,621	8,197	4,650 (3)	3,147	2,354	3,718
Parking violations	845	1,140	1,263	716	715	1,046	1,145 (3)	1,239	1,032	987
Emergency Medical Services:										
Number of calls answered	2,075	2,221	2,191	2,531	2,487	2,584	2,637	2,703	2,707	2,652
Animal Control:										
Number of complaints	1,303	1,403	1,386	1,288	1,447	1,408	1,334	1,324	1,332	1,457
Number of impoundments	738	755	673	614	588	601	401	418	390	382
Communications:										
Fire alarm activations		204 *	193	186	261	240	227	254	241	222
Streets & Highways:										
Street Sweeping (miles)	149	150	150	150	150	150	150	150	150	151
Road regrading (miles)	45	45	45	45	45	45	45	45	45	45
Street plowing/deicing (OT hours)	2,147	2,657	4,574	2,314	931	1,836	2,500	1,666	2,394	344
Culture & Recreation:										
Programs/Classes (enroll/attend)	54,924	64,222	61,584	66,846	60,707	46,528	35,716 (2)	33,345	35,652	32,978
Libraries:										
Volumes in Collection	68,673	68,550	65,542	66,469	66,865	67,700	66,769	68,721	69,223	68,634
Volumes borrowed	318,959	316,232	306,506	295,807	306,722	302,654	313,716	301,834	287,607	278,828
Reference requests filled	30,168	30,502	28,840	29,139	28,052	29,088	28,221	26,865	26,362	27,949
Water:										
New connections (net)	30	15	11	15	0	60	35	9	16	0
Average daily consumption (1) (thousands of gallons)	380	340	400	340	313	376	364	317	325	313
Wastewater:										
Average daily sewage treatment (thousands of gallons)	2,819	2,715	2,992	2,985	2,967	2,473	2,733	3,052	2,517	2,700
Senior Services:										
Adult Day Care services (client days)	3,956	4,125	3,573	4,017	3,834	3,210	2,304	4,109	3,783	3,321
Senior transportation (trips)	8,897	8,953	8,935	9,124	8,293	6,706	9,269	7,631	6,244	7,645
Congregate meals served	15,840	15,011	14,645	15,136	15,379	13,587	12,765	11,512	11,422	11,977

Sources: Various Town departments

## Notes:

Indicators are not available for the general government function.

\* First year for each this statistic is available.

(1) Consumption is calculated from billed usage

(2) A significant reduction is reflected in program attendance in the special event category due to untimely weather activity associated with several major community programs that impacted both fiscal year 2008 and fiscal year 2009.

(3) The 2009 Police statistics have been revised based on corrected information provided by the Police Department subsequent to the publishing of the 2009 CAFR.

**TOWN OF SOUTH KINGSTOWN, RHODE ISLAND**  
**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM**

<u>Function/Program</u>	<u>Fiscal Year 2003</u>	<u>Fiscal Year 2004</u>	<u>Fiscal Year 2005</u>	<u>Fiscal Year 2006</u>	<u>Fiscal Year 2007</u>	<u>Fiscal Year 2008</u>	<u>Fiscal Year 2009</u>	<u>Fiscal Year 2010</u>	<u>Fiscal Year 2011</u>	<u>Fiscal Year 2012</u>
<b>Police:</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	15	15	16	16	16	16	16	16	16	16
<b>Public works:</b>										
Streets (miles)	145	145	145	147	147	148	148	149	149	149
<b>Culture and recreation:</b>										
Park acreage	410	440	440	440	440	440	440	453	453	453
Tennis courts	19	25	25	25	25	25	25	25	25	25
Community centers	1	1	1	1	1	1	1	1	1	1
Libraries	3	3	3	3	3	3	3	3	3	3
<b>Water:</b>										
Water mains (miles)	45	45	48	48	48	49	49	49	49	49
Fire hydrants	253	253	253	253	253	253	253	253	253	253
Storage capacity (thousands of gallons-treated)	800	800	800	800	800	800	800	800	800	800
<b>Wastewater:</b>										
Sanitary sewers (miles)	52	53	53	53	53	53	53	53	53	54
Storm drains (miles)			46 *	46	47	47	53	53	53	53
WWTF avg. daily design flow (thous. of gallons)	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000

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Sources: Various town departments

Note: No capital asset indicators are available for the general government function.

# **TOWN OF SOUTH KINGSTOWN, RHODE ISLAND**

## **FEDERAL SINGLE AUDIT SECTION**

**JUNE 30, 2012**

This section contains information regarding federal grant activity for the year ended June 30, 2012 which was audited in accordance with generally accepted auditing standards and “Government Auditing Standards” issued by the Comptroller General of the United States and under the guidelines of the Single Audit Act of 1984 as amended by the Single Audit Act Amendments of 1996 and the United States Office of Management and Budget’s Circular A-133, “Audits of States, Local Governments, and Non-Profit Organizations.”

**TOWN OF SOUTH KINGSTOWN, RHODE ISLAND**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
<b>United States Department of Agriculture</b>		
<i>Passed Through the State of Rhode Island</i>		
<i>Department of Education:</i>		
Child Nutrition Cluster:		
National School Lunch Program	10.555	\$ <u>320,806</u>
<b>United States Department of Education</b>		
<i>Passed Through the State of Rhode Island</i>		
<i>Department of Education:</i>		
Title I, Part A Cluster		
Title I Grants to Local Educational Agencies	84.010	\$ 276,166
Title I Grants to Local Educational Agencies, Recovery Act	84.389	<u>32,096</u>
		308,262
Special Education Cluster:		
Special Education - Grants to States (IDEA, Part B)	84.027	899,390
Special Education - Grants to States (IDEA, Part B), Recovery Act	84.391	270,925
Special Education - Preschool Grants (IDEA Preschool)	84.173	26,101
Special Education - Preschool Grants (IDEA Preschool), Recovery Act	84.392	<u>9,426</u>
		1,205,842
Education Technology Cluster:		
Education Technology State Grants, Recovery Act (Enhancing Education through Technology Program)	84.386	32,000
Improving Teacher Quality State Grants	84.367	180,147
Education Jobs Fund	84.410	427,070
Race to the Top Fund, Recovery Act	84.395	<u>36,292</u>
Total United States Department of Education		<u>2,189,613</u>

(Continued on next page)

**TOWN OF SOUTH KINGSTOWN, RHODE ISLAND**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2012**

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
<b>United States Department of Health and Human Services</b>		
<i>Passed Through the State of Rhode Island Department of Health:</i>		
Block Grants for Community Mental Health - Drug Free Communities	93.958	\$ 29,110
Block Grants for Community Mental Health - Reducing Marijuana Grant	93.959	30,728
Underage Drinking and Alcohol Grant	93.XXX	3,956
Tobacco Compliance Investigation Grant	93.XXX	2,474
Healthy Places By Design	93.723	<u>224,991</u>
Total United States Department of Health and Human Services		<u>291,259</u>
<b>United States Department of Housing and Urban Development</b>		
<i>Passed Through the State of Rhode Island Governor's Office of Housing, Energy &amp; Intergovernmental Relations</i>		
CDBG-State-Administered Small Cities Program Cluster: Community Development Block Grant/Small Cities Program	14.219	<u>194,864</u>
<b>United States Department of Justice</b>		
<i>Passed Through the State of Rhode Island Governor's Justice Commission</i>		
Governor Justice Commission Grant	16.XXX	9,611
SOLEMN - U.S. Marshalls Grant	16.XXX	<u>3,497</u>
Total United States Department of Justice		<u>13,108</u>

(Continued on next page)

**TOWN OF SOUTH KINGSTOWN, RHODE ISLAND**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2012**

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
<b>United States Department of Transportation</b>		
<i>Passed Through the State of Rhode Island Department of Transportation:</i>		
Highway Planning and Construction Cluster:		
Highway Planning and Construction	20.205	\$ 606,163
Highway Safety Cluster:		
Seat-Belt Enforcement	20.604	<u>43,476</u>
Total United States Department of Transportation		<u>649,639</u>
<b>United States Department of Energy</b>		
<i>Passed Through the State of Rhode Island Office of Energy Resources:</i>		
Energy Efficiency and Conservation Block Grant Program	81.128	<u>288,119</u>
<b>Total Federal Awards Expended</b>		<u>\$ 3,947,408</u>

The accompanying notes are an integral part of this schedule

**TOWN OF SOUTH KINGSTOWN, RHODE ISLAND**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

**NOTE 1 - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Town of South Kingstown, Rhode Island, under programs of the federal government for the year ended June 30, 2012. The information in the Schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Because the Schedule presents only a selected portion of the operations of the Town of South Kingstown, Rhode Island, it is not intended to, and does not, present the financial position, changes in fund balance, changes in net assets or cash flows of the Town of South Kingstown, Rhode Island.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported using the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE 3 - NONCASH AWARDS**

Donated commodities in the amount of \$29,658 are included in the Department of Agriculture's National School Lunch Program, CFDA #10.555. The amount represents the market value of commodities received.



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**Independent Auditors' Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

To the Honorable Town Council  
Town of South Kingstown, 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 South Kingstown, Rhode Island, as of and for the year ended June 30, 2012, which collectively comprise the Town of South Kingstown, Rhode Island's basic financial statements, and have issued our report thereon dated December 20, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

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

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

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

## Compliance and Other Matters

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

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

*Blum, Shapiro & Company, P.C.*

December 20, 2012



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**Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program, on Internal Control over Compliance in Accordance with OMB Circular A-133 and on the Schedule of Expenditures of Federal Awards**

To the Honorable Town Council  
Town of South Kingstown, Rhode Island

**Compliance**

We have audited the Town of South Kingstown, Rhode Island's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Town of South Kingstown, Rhode Island's major federal programs for the year ended June 30, 2012. The Town of South Kingstown, Rhode Island's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Town of South Kingstown, Rhode Island's management. Our responsibility is to express an opinion on the Town of South Kingstown, Rhode Island's compliance based on our audit.

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

In our opinion, Town of South Kingstown, Rhode Island, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

## Internal Control over Compliance

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

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

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

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

*Blum, Shapiro & Company, P.C.*

December 20, 2012

**TOWN OF SOUTH KINGSTOWN, RHODE ISLAND  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2012**

**I. SUMMARY OF AUDITORS' RESULTS**

**Financial Statements**

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ yes   X   no
- Significant deficiency(ies) identified? \_\_\_\_\_ yes   X   none reported
- Noncompliance material to financial statements noted? \_\_\_\_\_ yes   X   no

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ yes   X   no
- Significant deficiency(ies) identified? \_\_\_\_\_ yes   X   none reported

Type of auditors' report issued on compliance for major programs: Unqualified

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

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
84.010/84.389	Title I, Part A Cluster
84.027/84.391/84.173/84.392	Special Education Cluster
84.410	Education Jobs Fund
20.205	Highway Planning and Construction

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

Auditee qualified as low-risk auditee?   X   yes \_\_\_\_\_ no

**II. FINANCIAL STATEMENT FINDINGS**

No matters were reported.

**III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No matters were reported.

#### IV. STATUS OF PRIOR YEAR FINDINGS

##### Prior Audit Findings Resolved:

Finding Number	Description
2011-1	Payroll record supporting cost allocations to federal programs were not being maintained in accordance with requirements of OMB Circular A-87.