

**TOWN OF SOUTH KINGSTOWN,
RHODE ISLAND**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2018**



PREPARED BY: FINANCE DEPARTMENT

**TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 TABLE OF CONTENTS
 JUNE 30, 2018**

Introductory Section		Page
	Transmittal Letter	i-viii
	List of Town Officials	ix
	GFOA Certificate of Achievement	x
	Organizational Chart	xi
Financial Section		
	Independent Auditors' Report	1-3
	Management's Discussion and Analysis	4-17
Basic Financial Statements		
<u>Exhibit</u>		
	Government-Wide Financial Statements:	
I	Statement of Net Position	18
II	Statement of Activities	19
	Fund Financial Statements:	
	Governmental Funds:	
III	Balance Sheet	20-21
IV	Statement of Revenues, Expenditures and Changes in Fund Balances	22-23
	Proprietary Funds:	
V	Statement of Net Position	24
VI	Statement of Revenues, Expenses and Changes in Net Position	25
VII	Statement of Cash Flows	26
	Fiduciary Funds:	
VIII	Statement of Net Position	27
IX	Statement of Changes in Net Position	28
	Notes to the Financial Statements	29-74
Required Supplementary Information		
RSI-1	Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budgetary Basis - General Fund	75
RSI-2	Schedule of Changes in the Town's Net Pension Liability - MERS - General Employees	76
RSI-3	Schedule of Changes in the Town's Net Pension Liability - MERS - Police	77
RSI-4	Schedule of Changes in the Town's Net Pension Liability - MERS - EMT	78
RSI-5	Schedule of Town Contributions - MERS - General Employees	79
RSI-6	Schedule of Town Contributions - MERS - Police	80
RSI-7	Schedule of Town Contributions - MERS - EMT	81
RSI-8	Schedule of the Town's Proportionate Share of the Net Pension Liability - Employees' Retirement System - Teachers	82

<u>Exhibit</u>		<u>Page</u>
RSI-9	Schedule of Town Contributions - Employees' Retirement System - Teachers	83
RSI-10	Schedule of Changes in Town's Net OPEB Liability and Related Ratios - OPEB	84
RSI-11	Schedule of Town Contributions - OPEB	85
RSI-12	Schedule of Investment Returns - OPEB	86

Supplemental, Combining and Individual Fund Statements and Schedules

General Fund:

A-1	Combining Balance Sheet	87
A-2	Combining Schedule of Revenues, Expenditures and Changes in Fund Balance	88
A-3	Schedule of Revenues, Expenditures and Other Financing Sources (Uses) - Budget and Actual - Budgetary Basis - General Fund	89-91
A-4	Schedule of Revenues, Expenditures and Other Financing Sources (Uses) - Budget and Actual - Budgetary Basis - School Unrestricted Fund	92

Nonmajor Governmental Funds:

B-1	Combining Balance Sheet	93-97
B-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances	98-102

Internal Service Funds:

C-1	Combining Statement of Net Position	103
C-2	Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position	104
C-3	Combining Statement of Cash Flows	105

Agency Funds:

D-1	Combining Statement of Changes in Assets and Liabilities	106
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Other Schedules:

E-1	Schedule of Property Taxes Receivable	107-109
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Other Supplementary Information

F-1	Annual Supplemental Transparency Report (MTP2) Schedules	110-114
F-2	Notes to Annual Supplemental Transparency Report (MTP2)	115-116

Statistical Section

Table

	Financial Trends:	
1	Net Position by Component	117
2	Changes in Net Position	118-119
3	Fund Balances, Governmental Funds	120
4	Changes in Fund Balances, Governmental Funds	121
	Revenue Capacity:	
5	Assessed Values and Actual Values of Taxable Property	122-123
6	Principal Property Taxpayers	124
7	Property Tax Levies and Collections	125
	Debt Capacity:	
8	Ratios of Outstanding Debt by Type	126
9	Direct and Overlapping Property Tax Rates	127
10	Legal Debt Margin Information	128
	Demographic and Economic Statistics:	
11	Demographic and Economic Statistics	129
12	Principal Employers	130
	Operating Information:	
13	Full-Time Equivalent Town Government Employees by Function/Program	131
14	Operating Indicators by Function/Program	132
15	Capital Asset Statistics by Function/Program	133

Single Audit Section

	Schedule of Expenditures of Federal Awards	134-135
	Notes to Schedule of Expenditures of Federal Awards	136
	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 <i>Government Auditing Standards</i>	137-138
	Independent Auditors' Report on Compliance for Each Major Program and Report on Internal Control over Compliance	139-140
	Schedule of Findings and Questioned Costs	141



Introductory Section



Town of South Kingstown, Rhode Island

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

FINANCE DEPARTMENT

December 28, 2018

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, 2018, 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, 2018, 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 unmodified opinion that the Town of South Kingstown's financial statements for the fiscal year ended June 30, 2018, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section on page 1 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 beginning on page 4.

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. 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 1st 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 22nd of each year. Two public hearings are required to be conducted on the preliminary budget prior to April 18th.

PROFILE OF THE GOVERNMENT (Continued)

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 21st containing no less than twenty-five (25) valid signatures of qualified electors of the Town.

The Council shall, on or before May 1st 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.

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 89-91 and page 92 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.

Population, Housing, and Industry Characteristics: The current population of South Kingstown is estimated to be 30,651.¹ While statewide trends show slow population growth, the population of South Kingstown is projected to increase steadily over the next 20 years, with as many as 38,573 persons living in South Kingstown in 2040.² This represents an increase of 26%.

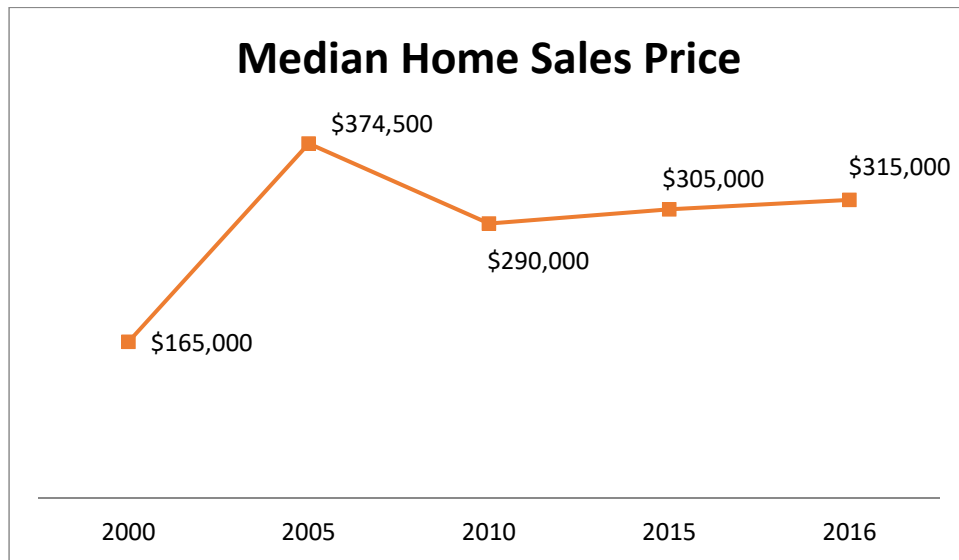
¹ 2016 ACS 5-Year Population Estimate. U.S. Census Bureau.

² City and Town Population Projections. Rhode Island Statewide Planning Program. Website, <http://www.planning.ri.gov/planning-areas/demographics/data/population-projections.php>. Accessed 7/24/2017.

FACTORS AFFECTING FINANCIAL CONDITION (Continued)

Over 94% of South Kingstown's population are high school graduates or higher. Over 51% of the population holds an Bachelor's degree or higher.³

As of 2016, the median family income in South Kingstown was \$100,015,⁴ which represents an approximate 8% increase from the 2010 median family income of \$92,510.⁵ The median sales home sales price continue to improve since the crash in the late 2000s, as shown in the table, below.⁶



As of June 2018, the Rhode Island unemployment rate was 3.6%, down from 5.3% in June 2016, and South Kingstown's unemployment rate was 3.3%, down from 5.2% in June 2016.⁷

Between 2012 and 2016, employment in South Kingstown increased from 13,356 full-time equivalent jobs to 13,890, an increase of 354 (2.6%) jobs. Private sector employers reported a gain of 318 (3.3%) jobs, and the public sector employment also rose slightly by 36 (0.9%) jobs.

In 2016, the top five employment sectors in South Kingstown were government (3,874 employees), health care and social assistance (2,814 employees), accommodations and food service (1,543 employees), retail trade (1,264 employees), and manufacturing (562 employees). Since 2012, employment in the health care and social assistance sector has increased 7.8%, up from 2,609 employees. Similarly, employment in the accommodations and food service sector has increased by 10.7% over the same time frame, up from 1,394 employees in 2012.⁸

³ 2016 American Community Survey. U.S. Census Bureau.

⁴ 2016 American Community Survey. U.S. Census Bureau.

⁵ 2010 American Community Survey. U.S. Census Bureau.

⁶ www.riliving.com

⁷ Local Area Unemployment Statistics. RI Department of Labor and Training. Website, <http://www.dlt.ri.gov/lmi/laus/town/town.htm>. Accessed 8/16/18.

⁸ RI Department of Labor and Training.

FACTORS AFFECTING FINANCIAL CONDITION (Continued)

Local economy: South Kingstown's economy is heavily influenced by the University of Rhode Island (URI), which had an enrollment of 18,318 students for the 2017-2018 academic year. The 2017-2018 enrollment represents a steady annual enrollment, with a slight increase from the 2016-2017 annual enrollment of 18,072 students. This enrollment is supported by full time teaching faculty of 758 (up 16 from the previous year), part time teaching faculty of 388 (down 22 from the previous year), full time support staff of 1,817 (up 48 from the previous year), and part time support staff of 165 (down 10 from the previous year), for a total of 2,575 full time employees and 553 part time employees. Of the student population, approximately 5,700 students live on campus.⁹

The University's total budget for the 2017-2018 year was \$790 million. Based on information directly from the Director of Capital Planning and Real Estate Development,¹⁰ the University has invested, or is in the process of investing, close to \$900 million in capital improvements since 2006, investing \$85 million in construction during the 2017-2018 academic year.

At the University, capital project development has continued over the past year. Based on information found in URI's Capital Improvement Program for FY 19-23, the University anticipates investing over \$550 million in capital projects in the next eight (8) years. Three major projects are scheduled to begin in 2018:

- **Fine Arts Center.** The University has begun phase 1 to renovate the Fine Arts Center. This first phase is part of a larger \$71.5 million project will improve the 1966 & 1971 existing buildings by renovating part of the structure and replacing part with a new building to provide much needed improvements to support the ongoing Arts on campus.
- **Health & Counseling Center.** This proposed facility will enhance the availability of seamless care in meeting the psychological and physical wellbeing of students that will contribute positively to retention, graduation, and life success.
- **Meade Stadium.** This project will improve the athletic stadium to provide a facility that can be used by varsity football program, along with general student use through intramurals and club sports well as being included in our inventory offered during the summer for outside events, camps and clinics.

Local Development Activity: Over the past calendar year, South Kingstown continued to witness an increase in development activity in both the residential and commercial building sectors. Multiple projects are under construction and several have received at least one stage of approval, including:

- Construction is underway for a 100-room Fairfield Inn and Suites, located on Route 1 at Hampton Way. The complex, which also includes two additional non-retail commercial phases, received full approval in November 2017.
- Construction is nearly complete for the Westerly Community Credit Union headquarters and branch bank, an 18,000 square foot office building on Route 1.
- All site improvements have been completed at Stone Soup Farm, a 17 lot residential development, and a majority of the home sites have been sold, are under construction, or are occupied.

⁹ University of Rhode Island. Website, <https://www.uri.edu/about/facts/>. Accessed 8/20/18.

¹⁰ Email from Ryan Carrillo, Director of Capital Planning and Real Estate Development. Sent 8/22/18.

FACTORS AFFECTING FINANCIAL CONDITION (Continued)

- All site improvements have been completed for South County Trail, a 16 lot residential subdivision, and a majority of the homes are under construction.
- Silver Lake Cottages, a 7-unit high-end condominium development for persons aged 55 and over, is nearing the end of construction on Woodruff Avenue. The condominiums are approximately 1,800 square feet and range in price from \$925,000 to \$1.4 million.¹¹
- South Shore Country Club, a condominium development composed of a golf course and 303 manufactured homes for persons aged 55 and over is under construction. 34 of the units have been sold, for prices in excess of \$400,000.
- Unit construction has begun on Tower Hill Condominiums, a 5-unit residential development on Route 1. Units are approximately 2,100 square feet and range in price from \$439,900 to \$469,900.¹²
- Site improvements have begun on Hopkins Green, a 32-unit residential complex which was granted final approval in May 2011. Construction is anticipated to begin this Fall.
- Two (2), 250 kW solar energy projects have received final approval and one (1) additional 250 kW solar project is currently undergoing review. Construction on the approved projects is anticipated to begin this Fall.
- South County Post & Beam's new headquarters, consisting of 48,000 square feet of industrial space, received Preliminary Plan approval in May 2017. Construction is anticipated to begin this year.
- The Wakefield Alzheimer's Facility, a 72 bed, 59,070 square foot Alzheimer care facility in Wakefield, received Conceptual Master Plan approval in March 2017.
- Site work for Whittier Estates, a 9 lot, 11-unit residential development, is ongoing.
- Final approval was granted in June 2018 for a 77,214 square foot self-storage facility on Old Tower Hill Road. Construction is expected to begin this Fall.
- Final approval was granted in August 2018 for a 2,690 square foot commercial building, to be located on Main Street. Construction is expected to begin this year.
- An application has been submitted for a 2,300 square foot Pawtucket Credit Union bank branch, to be located on Old Tower Hill Road.

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 2018-2019 fiscal year capital improvement plan projects needs through fiscal year 2024. 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 \$19,799,878. Financing, net of third party funding sources for these projects by debt issuance, approximates \$5,500,000. In addition, \$19,232,500 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 \$39,032,378.

Major projects planned in the capital improvement program include: recreational fields and open space programs for \$910,000; town beach and marina improvements for \$520,000; general municipal improvements for \$7,912,878; and school improvements for \$8,152,000.

¹¹ Silver Lake Cottage website. <https://www.silverlakeri.com/>. Accessed 8/20/16.

¹² Coldwell Banker website. www.coldwellbankerhomes.com/. Accessed 8/20/16.

FACTORS AFFECTING FINANCIAL CONDITION (Continued)

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.

The Town engaged the services of an Investment Advisor to assist the Town and the Finance Director with the Town's first written investment policy that complies with the Government Finance Officers' Association recommendation that municipalities create an investment policy as a best practice. This policy provides for future opportunities longer term investment durations in US Treasuries and Federal Agency obligations for the town's pooled cash, 'core' funds and town's pooled cash liquidity 'cushion' funds which are short term or within FDIC. The 2017-2018 fiscal year recognized a slight increase in the average investment rate of 0.17%; from 0.66% in the prior year to 0.83%.

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. 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 (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment to GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment to GASB Statement No. 68*.

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 62 retired School Department and Town employees receiving these benefits. The Town has completed their required update of the OPEB obligations with a valuation date of June 30, 2018. 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 No.74 and No. 75.

Additional information on the Town of South Kingstown's pension arrangements and post-employment benefits can be found in Note 11 on pages 49-63 and Note 12 on pages 63-69, respectively, in the notes to the financial statements.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of South Kingstown for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2017. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

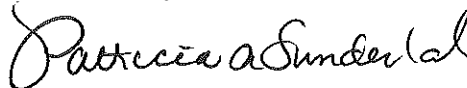
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal 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-eight consecutive fiscal years (fiscal years ended June 30, 1990-2017). 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 Jeanna Krukowski. 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,



Patricia A Sunderland,
Finance Director

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND

TOWN OFFICIALS

JUNE 30, 2018

TOWN COUNCIL

Margaret M. Healy, President

Abel G. Collins, Vice President
Bryant Da Cruz

Liz Gledhill
Joe Viele

TOWN MANAGER

Robert C. Zarnetske

TOWN ATTORNEYS

Michel Ursillo
Andrew Teitz
Amy Goins
Terrence G. Simpson

PROBATE JUDGE

James P. Howe

DEPARTMENT HEADS

Building Inspection Official
Director of Administrative Services
Finance Director
Leisure Services Director
Library Director
Planning Director
Police Chief
Public Services Director
Town Assessor
Town Clerk

Wayne R. Pimental
Aimee Y. Reiner
Patricia A. Sunderland
Theresa L. Murphy
Laurel A. Clark
Chelsea L. Siefert
Joseph P. Geaber
Jon R. Schock
Jean-Paul Bouchard
Dale S. Holberton



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Town of South Kingstown
Rhode Island**

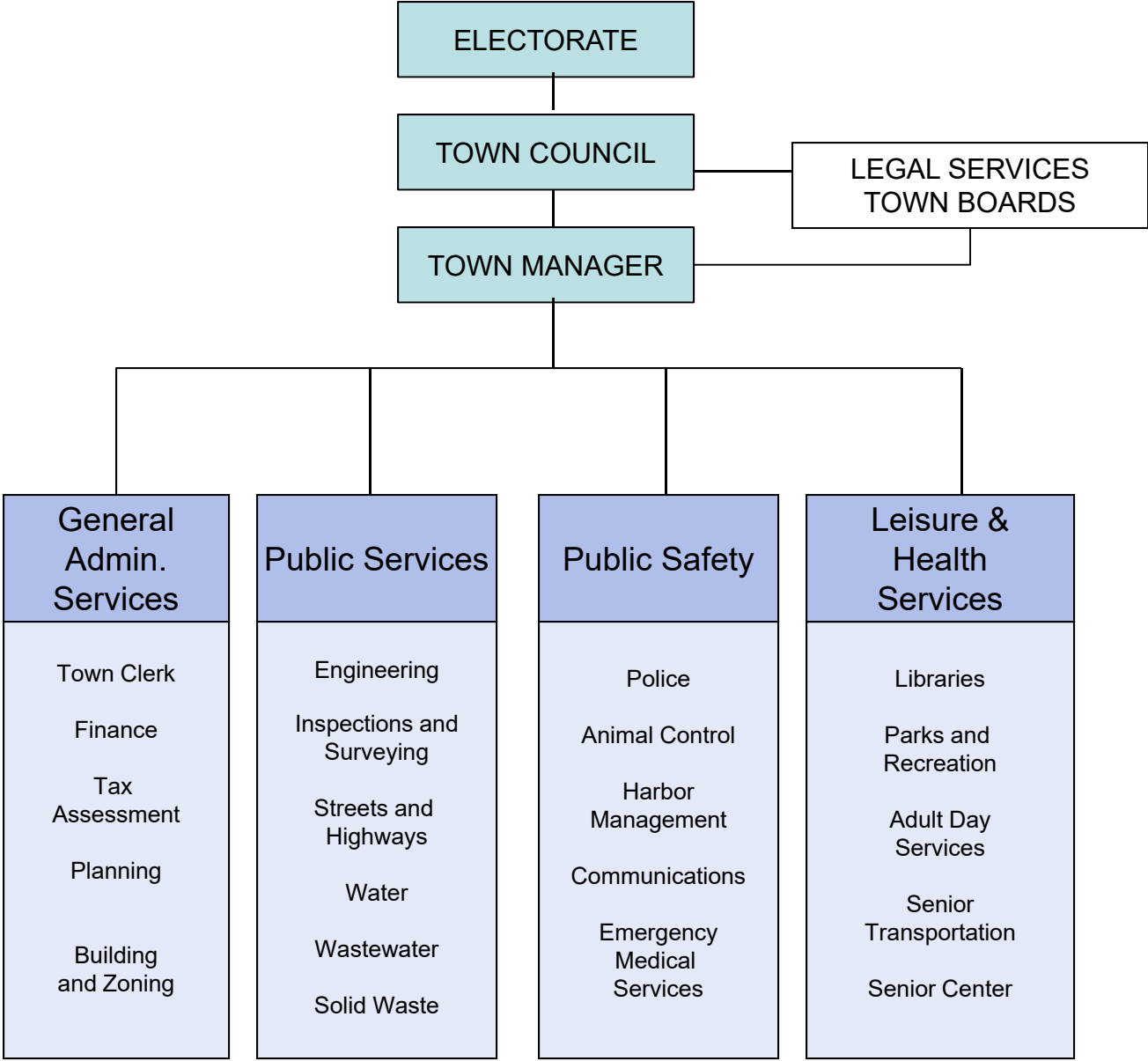
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

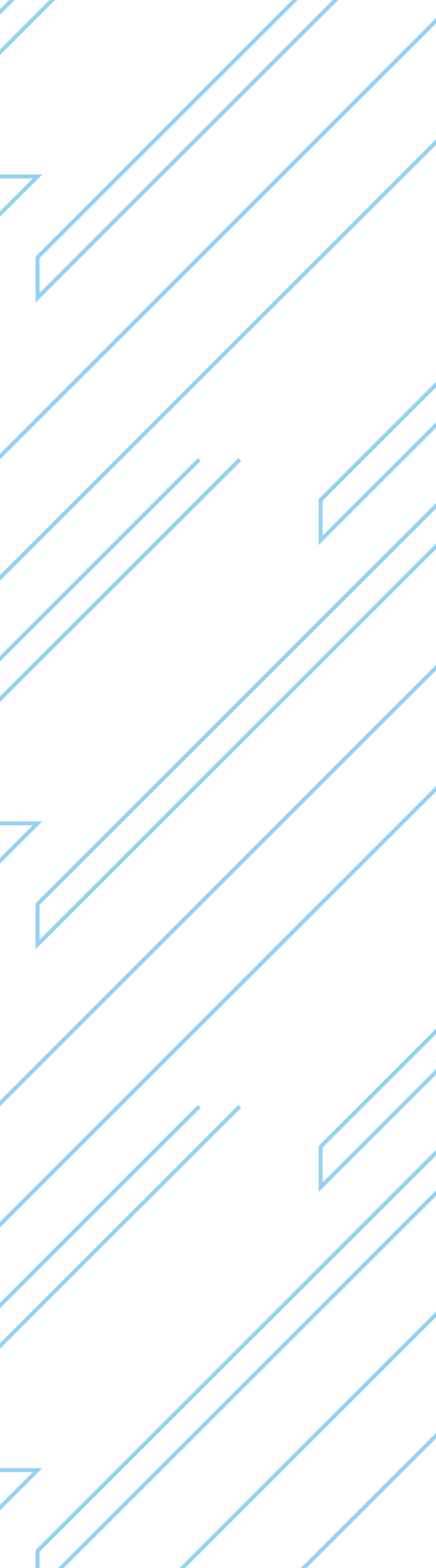
June 30, 2017

Christopher P. Morill

Executive Director/CEO

Town of South Kingstown





Financial Section

Independent Auditors' Report

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

Report on the Financial Statements

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, 2018, and the related notes to the financial statements, which collectively comprise the Town of South Kingstown, Rhode Island's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2018 and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information and the pension and OPEB schedules, as listed in the table of contents, 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, which 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.

Other Information

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 basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, Annual Supplemental Transparency Report and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is also not a required part of the financial statements of the Town of South Kingstown, Rhode Island.

The combining and individual nonmajor fund financial statements and schedules, Annual Supplemental Transparency Report and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has 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, Annual Supplemental Transparency Report 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2018 on our consideration of the Town of South Kingstown, Rhode Island's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of South Kingstown, Rhode Island's internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 28, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

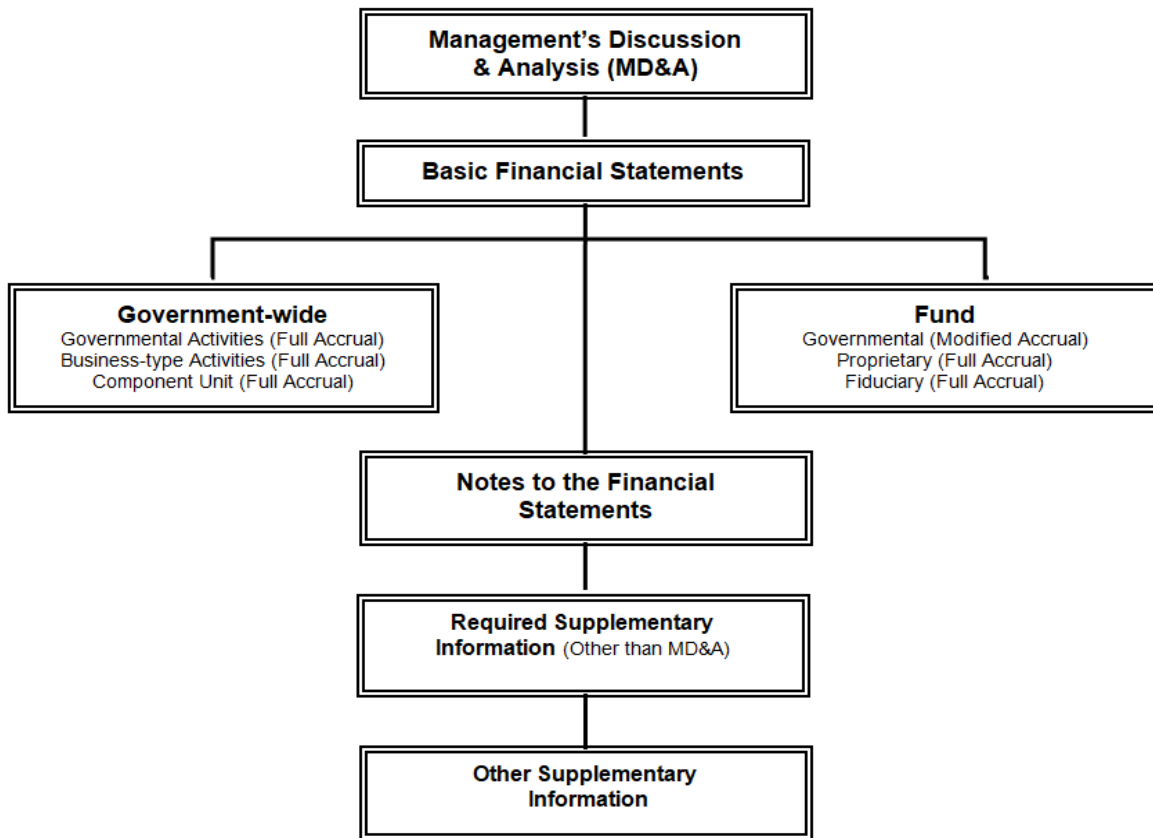
As management of the Town of South Kingstown, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with additional 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

- At the end of the fiscal year, the Town's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$90,159,365, or 3.5 percent, from the prior year's amount of \$87,089,032. Net position was comprised mainly of \$93,553,566 attributable to the Town's net investment in capital assets, \$2,196,655 restricted, and (\$5,590,856) unrestricted.
- The governmental activities total net position increased by \$2,698,297, a significant increase based on the prior year due to positive operating results. Business-type activities net position increased by \$372,036 a slight increase of 1.2 percent over the prior year.
- The Town's unrestricted deficit decreased by \$9,279,046. The Town has significant investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. South Kingstown issued \$5,420,000 in general obligation bonds during the 2018 fiscal year.
- As of the close of the current fiscal year, the Town of South Kingstown's governmental funds reported combined ending fund balances of \$53,895,242. Approximately 22.4% of this total amount, \$12,078,642 is available for use at the government's discretion (unassigned fund balance).
- The remaining fund balance of \$41,816,600 includes \$918,391 in non-spendable funds, \$22,424,727 in restricted funds and \$18,473,482 in committed funds.
- The Town's total bonded debt increased by \$3,552,207 during the current fiscal year. The key factor in this increase was the issuance of new debt during the fiscal year. The retirement of \$1,867,793 was an offset to the \$5,420,000 bond issue.
- Long-term liabilities reported a slight increase of \$663,814 which is the result of an increase in the pension liability of \$1,103,131 offset by a decrease of \$415,245 in the net OPEB obligation and \$24,072 in compensated absences.

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) introductory, 2) financial, and 3) statistical. As illustrated in the following chart, the financial section of this report consists of five components: management's discussion and analysis (this section), the basic financial statements, notes to the financial statements, required supplementary information, and other supplementary.



The Town's financial statements present a focus on the Town as a whole (government-wide) as well as the major individual funds. The government-wide financial statements provide both long-term and short-term information about the Town's overall financial status. The fund financial statements focus on the individual parts of the Town government, reporting the operations of the Town in more detail than the government-wide statements. Both perspectives government-wide and individual fund, allow the user to address relevant question, broaden the basis for comparisons year to year or government to government and enhance the Town's accountability.

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. Government-wide financial reporting consists of two statements: the Statement of Net Position and the Statement of Activities. The Statement of Net Position includes all of the Town's assets, both short-term and long-term, while the Statement of Activities reports all of the current year's revenues and expenses as soon as the underlying event for recognition occurs, regardless of the timing of the related cash flows and provides a clearer picture of how the government's net position changed during the most recent fiscal year. Revenues and expenses are reported in the statement of activities for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). Over time, the increase or decreases in the Town's net position can be an indicator of the Town's financial condition. CAFR users should also consider additional non-financial factors in assessing the overall health of the Town. The government-wide financial statements can be found on pages Exhibits I and II of this report.

The Town's government-wide financial statements are divided into three categories:

- **Governmental Activities** - Most of the Town's basic services including general government, public safety, streets and highways, planning, libraries, education and recreation are reported here. The majority of these activities are supported by property taxes, other local taxes and federal and state funding.

- **Business-type Activities** - The Town's water, wastewater operations, solid waste and school cafeteria funds are reported here. Fees charged to customers to help cover the costs of providing these services.
- **Component Unit** - Included as a blended component unit is the Friends of South Kingstown Parks and Recreation Fund. Although legally separate, this component unit is part of the primary governments operations.

Fund Financial Statements

The fund financial statements provide detailed information about the Town's most significant funds and not the Town as a whole. Funds are an accounting tool that the Town uses to track resources that are segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Other funds are established to control and manage money for particular purposes or to show that the Town is using specific revenue sources such as taxes and grants for their intended purposes. The Town has three types of funds: governmental, proprietary, and fiduciary.

- **Governmental Funds** – The General Fund, School Trust Fund, Debt Service Fund, Capital Projects Fund and Special Revenue funds are governmental funds. Most of the basic services provided by the Town are financed through governmental 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. These funds' statements focus on near-term inflows and outflows of spendable resources as well as balances of spendable resources available at the end of the fiscal year. Additional information is provided accompanying these statements that explains the relationship between the long-term focused government-wide statements and the short-term focused governmental fund statements.

The basic governmental fund financial statements can be found on Exhibits III through IX of this report.

- **Proprietary Funds** – Services for which the Town charges customers a fee are generally reported in proprietary funds. Like the government-wide statements, proprietary funds statements provide both long-and short-term financial information. The Town maintains two types of proprietary funds:
 - **Enterprise Funds** – Similar to business-type activities included in the government-wide statements, the enterprise fund financial statements provide more detail and additional information, such as cash-flow.
 - **Internal Service Funds** – The Town uses internal service funds to report activities that provide supplies and services for the Town's other programs and activities. This is an accounting device used to accumulate and allocate costs internally among the Town's various functions. The Town uses three types of internal service funds: (1) for medical costs incurred by persons covered by the health insurance plans and for plan administrative expenses, (2) accounting for accrued sick and vacation time for various governmental funds, and (3) for future purchases and/or replacements of non-major information technology (IT) systems and equipment to keep the Town's infrastructure up-to-date and within industry best practices. Because these funds predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

The basic proprietary fund financial statements can be found on pages Exhibit V through VII of this report.

- **Fiduciary Funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. These fiduciary activities are excluded from the Town’s government-wide financial statements because the Town cannot use these assets to finance its operations. The Town maintains three fiduciary funds:
 - **Private Purpose Trust Funds** – Provides 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 are utilized for the care and maintenance of cemeteries within the Town.
 - **OPEB Trust Funds** – Provides post-employment benefits for all vested full time employees such as health, dental and life insurance for the Town and School retirees.
 - **Agency Funds** – Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Agency funds consist of assets and liabilities for unclaimed estates that are in probate and student activity funds held in various school programs.

The basic fiduciary fund financial statements can be found on pages Exhibits VIII and IX of this report.

Notes to the Financial Statements

The notes to the financial statements provide information that is essential for a full understanding of the information provided in the government-wide and fund financial statements. The notes also present certain required supplementary information. Included in the notes is the information pertaining to the Town’s funding obligation to provide pension and OPEB benefits to its employees. The notes to the financial statements can be found on pages 29-74 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. This section includes budgetary comparison schedules, a reconciliation between the statutory fund balance for budgetary purposes and the fund balances for the General Fund and School Fund, as presented in the governmental fund financial statements. Required supplementary information can be found on pages 75-86 of this report following the notes to the financial statements.

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 87-106.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. The Town of South Kingstown’s combined net position, assets and deferred outflow of resources exceeded liabilities by \$90,159,365 (government and business-type activities), at the close of the most recent fiscal year.

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
NET POSITION
For the Fiscal Years Ended June 30, 2018 and 2017 (in 000s)

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 62,939	\$ 53,996	\$ 12,070	\$ 11,377	\$ 75,009	\$ 65,373
Capital assets, net of accumulated depreciation	85,248	86,744	22,300	22,946	107,548	109,690
Total assets	<u>148,187</u>	<u>140,740</u>	<u>34,370</u>	<u>34,323</u>	<u>182,557</u>	<u>175,063</u>
Deferred outflows of resources	<u>20,444</u>	<u>16,333</u>			<u>20,444</u>	<u>16,333</u>
Current liabilities	7,866	7,421	907	979	8,773	8,400
Long-term liabilities outstanding	91,714	87,392	1,215	1,468	92,929	88,860
Total liabilities	<u>99,580</u>	<u>94,813</u>	<u>2,122</u>	<u>2,447</u>	<u>101,702</u>	<u>97,260</u>
Deferred inflows of resources	<u>11,140</u>	<u>7,047</u>			<u>11,140</u>	<u>7,047</u>
Net Position:						
Net investment in capital assets	72,454	77,889	21,100	21,560	93,554	99,449
Restricted	2,197	2,510			2,197	2,510
Unrestricted	<u>(16,740)</u>	<u>(25,186)</u>	<u>11,148</u>	<u>10,316</u>	<u>(5,592)</u>	<u>(14,870)</u>
Total Net Position	<u>\$ 57,911</u>	<u>\$ 55,213</u>	<u>\$ 32,248</u>	<u>\$ 31,876</u>	<u>\$ 90,159</u>	<u>\$ 87,089</u>

FY 2018, total assets for the Primary Government were \$182,557,896, an increase from prior year total assets by \$7,495,531. Total assets for only governmental activities were \$148,187,831, increase of \$7,448,414 accounting for 5.3 percent of total Primary Government assets compared to a decrease of 1.2 percent in FY2017. Total assets from business-type activities increased slightly by \$47,117. The largest portion of the Town's net position 104% 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's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Total liabilities were \$101,702,668, up \$4,443,149 from \$97,259,519 in FY 2017. Total liabilities associated with governmental type activities increased by \$4,768,068 up 5 percent while total liabilities associated with business-type activities decreased \$324,919 or -13.3 percent.

A portion of the Town's net position (2.4% or \$2,196,655) represents resources that are subject to external restrictions on how they may be used.

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 position, both for the government as a whole, as well as for its separate governmental and business-type activities. The reported deficit for the unrestricted portion of net position decreased by approximately \$9,279,046 and is a result of the continuation of disclosing and reporting for Pension and OPEB, compounded with the Town's continued investment in capital assets.

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
CHANGES IN NET POSITION
For the Fiscal Years Ended June 30, 2018 and 2017 (in 000s)

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 5,536	\$ 5,225	\$ 5,927	\$ 6,273	\$ 11,463	\$ 11,498
Operating grants and contributions	13,065	13,491	414	402	13,479	13,893
Capital grants and contributions	1,800	2,277	18		1,818	2,277
General revenues:						
Property taxes	72,166	70,995			72,166	70,995
Motor vehicle phase-out taxes	484	142			484	142
Telephone and hotel taxes	199	164			199	164
Grants not restricted to specific programs	1,664	1,354			1,664	1,354
Unrestricted investment earnings (loss)	1,972	1,941	(16)	(9)	1,956	1,932
Total revenues	<u>96,886</u>	<u>95,589</u>	<u>6,343</u>	<u>6,666</u>	<u>103,229</u>	<u>102,255</u>
Expenses:						
General government	5,485	6,010			5,485	6,010
Public safety	12,534	11,959			12,534	11,959
Public works	2,926	3,287			2,926	3,287
Human service agencies	841	950			841	950
Public libraries	1,832	1,813			1,832	1,813
Education	65,483	66,090			65,483	66,090
Recreation	4,700	4,428			4,700	4,428
Interest on long-term debt	413	246			413	246
Wastewater			3,394	3,356	3,394	3,356
Solid waste			560	500	560	500
Water			971	896	971	896
School Cafeteria			1,020	986	1,020	986
Total expenses	<u>94,214</u>	<u>94,783</u>	<u>5,945</u>	<u>5,738</u>	<u>100,159</u>	<u>100,521</u>
Change in net position before transfers	2,672	806	398	928	3,070	1,734
Transfers	26	(592)	(26)	592	-	-
Change in net position	<u>2,698</u>	<u>214</u>	<u>372</u>	<u>1,520</u>	<u>3,070</u>	<u>1,734</u>
Net Position at Beginning of Year	<u>55,213</u>	<u>54,999</u>	<u>31,876</u>	<u>30,356</u>	<u>87,089</u>	<u>85,355</u>
Net Position at End of Year	<u>\$ 57,911</u>	<u>\$ 55,213</u>	<u>\$ 32,248</u>	<u>\$ 31,876</u>	<u>\$ 90,159</u>	<u>\$ 87,089</u>

Activities

In FY 2018, the Town's net position increased by \$3,070,333 during the current fiscal. Primary Government revenues increased from the prior year by \$973,263 or .95 percent to \$103,228,464. Program revenues (charges for services, grants and contributions) of \$26,760,385 accounted for 25.9 percent of all Primary Government revenues, while property and state taxes attributable to governmental activities accounted for \$72,849,450, 70.6 percent, of which property taxes is a major revenue source accounting for \$72,166,222. Grants and contributions not restricted to specific programs and unrestricted investment earnings account for the remaining \$3,634,850 or 3.5 percent.

Governmental Activities

Total revenues for all governmental activities were \$96,885,285. Governmental Activities' program revenues of \$20,400,985 accounted for 21 percent.

- Property tax revenues recorded for the 2018 fiscal year increased by \$1,171,464 or 1.7 percent over prior year. This increase is due to an increase in the amount of current and prior year taxes received.
- The Town's tax rate increased from \$15.09 to \$15.31 per thousand dollars of assessed valuation. The growth in the total assessed value of taxable property, excluding motor vehicles, was 0.34%. Total assessed value of all taxable property decreased by \$2,917,816 from \$4,621,033,005 to \$4,618,115,189.
- Motor vehicle values decreased by \$18,120,529 over the prior year, from \$202,369,561 to \$184,249,032 and assumed utilizing an exemption value of \$3,000 per vehicle. 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 impact of the decreases in value for all taxable property is directly related to the adopted Governor's FY 2017-2018 Recommended State Budget which changes the assessment criteria for determining vehicle value prior to calculating the motor vehicle excise tax beginning in the 2017-2018 fiscal year. The budget article proposes to reduce assessment values from 100% of National Automobile Dealers Association (NADA) clean retail value to 70% - similar to the approach used by the State of Connecticut. The proposal does not change municipal vehicle exemption amounts or tax rates.
- Charges for services increased by \$310,529. The overall increase is attributed to increases in EMS billing services and resident self-insured payments of \$243,803, real estate conveyance tax of \$53,775, and client payments of \$33,090. A slight increase of \$59,005 was reported for revenues associated recreation services. Annual variances in several other functions were reported.
- Operating and capital grants and contributions decreased by \$425,735 from the previous fiscal year. The major factor contributing to this increase is the increase in the motor vehicle tax phase out program of \$341,383. The school department recognized a decrease of \$496,450 in funding for unrestricted state aid based on the revised State funding formula for education aid as well as a reduction in support provided by the State for pensions of \$169,389. Other state and federal grant programs accounted for a portion of the increase in this category such as Pre-Disaster Mitigation Grant and Federal Highway Grant, however, shortfalls in other functions were recognized.
- Investment earnings increased from a gain of \$1,940,657 in the prior fiscal year to gain of \$1,971,233 for the fiscal year ended June 30, 2018. The increase of \$30,576 was the result of portfolio gains and income in the School Trust Funds of \$1,512,103. The increase was the result of slight favorable equity market conditions. The Town's investment policy provides for future opportunities longer term investment durations in US Treasuries and Federal Agency obligations for the town's pooled cash, "core" funds and town's pooled cash liquidity "cushion" funds which are short term or within FDIC limits.

Total expenses for Primary Government were \$100,158,131. Five activities: general government, public safety, education, recreation and business-type activities accounted for the majority of the expenditures, as depicted in the following amounts and percentages: \$5,485,016 (5.5 percent), \$12,533,561 (12.5 percent), \$65,482,766 (65.4 percent), \$4,699,805 (4.7 percent) and \$5,945,295 (5.9 percent), respectively. The Changes in Net Position table above is provided for the Town's government-wide activities for the years ended June 30, 2018 and 2017. Major expense factors included:

- Governmental activities expenses decreased by \$570,856 from \$94,783,692 to \$94,212,836, -0.6 percent. Overall decreases in spending for all governmental activities except for public safety and recreation programs. The decrease is reflective of the recognition of depreciation expense in the governmental activities programs of \$4,408,937, an increase of \$162,319 from the prior year, as well as the recognition of capital assets and accounting for increases in compensated absence liabilities for all employees who accrued sick and vacation accruals at year end. All labor contracts for the town employees had a 2 percent cost of living increase. The recognition of Municipal Employees Retirement System is also recorded within each function of the governmental activities. Additionally, the Town's worker's compensation insurance and property/liability insurance experienced increases of 5 and 9 percent respectively.
- Public safety expenditures within governmental activities have increased by \$574,098 mainly due to retirements and the accounting for compensated balances, OPEB and retirement liabilities offset by increases in depreciation expense.
- A decrease of \$606,786 is reported in education, which is as a result of pension changes and recognition of depreciation expense and the elimination of internal service revenues.
- With the issuance of a new bond in August, 2017 bond interest expense increased by \$167,498.
- The vast majority of the changes from the prior year which netted to an increase of \$271,314 in recreation program activities were due to the community recreation center program operating for the full fiscal year and an increase in depreciation expense of \$30,868 and by an increase in capital assets of \$140,620. Overall expenses related to public libraries increased by \$18,905 attributed to an increase the recognition of depreciation expense and the addition of capital assets.

Business-type activities. Net position in business-type activities increased by \$372,036 resulting in a 1.2 percent increase in business-type net position.

Charges for services for business-type activities accounted for 93 percent of the total revenue sources. The balance of revenues for business-type activities was from operating grants and contributions 7 percent. The decrease in fair market value of investment exceeded the interest income earned and resulted in a loss of \$16,221 at year end.

- Charges for services for business-type activities decreased from \$6,273,104 to \$5,926,356, a decrease of \$345,748, -5.5 percent. The wastewater fund accounted for \$443,831 of the overall decrease in this category. This decrease is attributable to the Town's new memorandum of understanding with our regional partners, University of Rhode Island and the Town of Narragansett, whereby a new billing methodology was agreed upon to separate the operations and maintenance costs from the capital improvement projects and capital costs are reimbursed after Town Council awards a contract. The wastewater division did not complete all of the budgeted capital projects and as such the decrease is reflective of an accounting method and not necessarily related to an increase or reduction in user fees.

- The overall decrease in the wastewater charges for services was offset by increases related to solid waste, water and school cafeteria fund of \$98,083. Operating grants and contributions recognized a slight increase of \$11,493 and a capital contribution of \$18,069 in the wastewater program for the fiscal year. A review of the cafeteria fund reports a positive change in net position of \$22,908 for the fiscal year, thus increasing the unrestricted net position from \$71,508 to \$94,416. Due to prior year deficits reported, the Town continues to monitor the school cafeteria operations.

Wastewater treatment expenses account for approximately 57.1 percent 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 17.2, 16.3, and 9.4 percent respectively of the total business-type activities expenditures for the 2018 fiscal year.

- Expenses in the wastewater fund increased slightly by \$39,178 due to contractual obligations, increases in capital improvements, depreciation expense, utility costs and property/liability insurance coverage. The \$74,493 increase in water fund expenses was related to capital improvements, contractual obligations, and depreciation expense.
- Costs to operate the cafeteria fund increased slightly by \$34,657 related to contractual obligations, other minor variances were recognized.

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 \$53,895,242. Of this amount, \$12,078,642 is available for spending at the government's discretion (unassigned) within the Town and \$2,423 was advanced for the repair of the fire escape at the Neighborhood Guild and will be reimbursed by investments held in the School Trust Funds. The remaining fund balance of \$41,816,600 includes \$1,050,000 committed to help finance the 2018-2019 town and school operating budgets. The remaining amount of \$40,766,600 consists of non-spendable fund balance of \$918,391, restricted fund balance of \$22,424,727 and committed fund balance of \$17,423,482.

The General Fund is the chief 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 School Unrestricted Fund is used to report all financial transactions of the South Kingstown School Department but is considered a department of the Town since its major source of revenue is property tax dollars and is not a separate taxing authority. Therefore, the School Unrestricted Fund is reported within the Town Operating Fund. At the end of the current fiscal year, excluding the School Fund amount, the total General Fund balance was \$13,089,809 which represents an increase of \$471,347 over the prior year. 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 14.85 percent of the 2019 FY Adopted General Fund Expenditure Budget, while total fund balance represents 15.05 percent of that same amount.

The fund balance of the Town of South Kingstown's General Fund, excluding the School Fund, increased by \$471,347 as compared to the June 30, 2017 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 \$600,000 of fund balance to help finance the 2017-2018 General Fund budget. The planned drawdown of fund balance was level funded from the prior year commitment 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 \$600,000, as a revenue source under the budgetary basis but not the GAAP basis. In addition, accounting for encumbrances resulted in an increase of \$236,953 on a budgetary basis expenditures being more than the GAAP basis.
- On a budgetary basis, the operating surplus in the General Fund was \$1,495,160 for 2017-2018. Expenditures under budget contributed \$1,093,704 to the surplus, while revenues finished the fiscal year with a \$913,554 surplus. Other financing sources (uses) over budget decreased the surplus by \$512,097.
- The deferral of filling vacant positions and/or the decision to eliminate a position through attrition allowed the Town to achieve personnel savings of \$403,335, conservative spending patterns and a mild winter sought savings of \$481,740 in outside services and commodities on the expenditure side. These savings were offset by investments in additional capital improvements of \$215,100 more than budgeted. Favorable expenditure variances of significance included savings in general government accounts \$90,851, public safety \$638,969, public works \$199,858, recreation \$133,193, town council contingency funding \$34,008 and other minor savings. However, a significant deficit was recognized for unemployment insurance of \$30,659.
- Better than anticipated tax collections resulted in positive budget surplus variance in property taxes of \$102,307. Additionally, state aid revenues were higher than anticipated by \$430,192 specifically attributed to additional motor vehicle phase-out reimbursement due to the Governor's approved budget. Additionally, hotel taxes and meals and beverage tax receipts exceeded budget by \$39,400 and \$57,906 respectively. Departmental revenues fell short of budget by \$3,758, however, increases in business and non-business licenses and fees of \$225,002 contributed to the budgetary surplus as well. A success investment year was recognized by the surplus of \$159,811 in short term investment income. Positive variances in four of five revenue categories were recognized.

The fund balance of the School Fund decreased by \$229,459 as compared to the June 30, 2017 fund balance. Key factors in this decrease are as follows:

- The School committed \$500,000 of fund balance to help finance the 2017-2018 school's operating budget. The planned drawdown of fund balance was consistent with the prior year commitment of fund balance.
- A shortfall in revenue of \$280,843 was reported for the fiscal year. Attributing to this shortfall is reimbursement rates from Medicaid were under budget by \$130,802 and tuitions received also has a shortfall of \$139,884.

The school fund has a total fund balance of \$3,266,117 of which \$63,692 is committed to liquidate contracts and purchase orders of the prior period, \$8,141 is recognized as non-spendable for prepaid expenditures and \$500,000 is committed to help finance the 2018-2019 fiscal year budget. The remaining balance of \$2,694,284 is available to help finance future years' school budgets.

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 position in the wastewater fund at the end of the fiscal year totaled \$7,104,463 an increase of \$610,711 over prior year. Unrestricted net position in the water fund increased by \$311,506 to a total of \$3,303,172. The school cafeteria operation maintains a surplus position of \$94,416 of which \$78,223 is unrestricted while the solid waste fund finished the year with unrestricted net position of \$656,301 which was a slight decrease in value of \$85,054 mainly attributed to legal and consulting fees associated with the closed West Kingston and Rose Hill landfills and depreciation expense of capital assets. The restricted fund balance of \$6,186 is related to grant revenues received by Rhode Island Resource Recovery for the purpose of training and educating the residence on the importance of recycling in our community, a decrease of \$31,517 from the prior year. The Town has been actively educating the importance of the recycling program.

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 2017-2018 fiscal year with a \$1,495,160 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 capital 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, 2018 amounts to \$107,548,065 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, infrastructure, and construction in progress. The 2018 fiscal year resulted in a decrease in value of investment in capital assets of \$2,141,308. The total decrease in the Town of South Kingstown's investment in capital assets for the current fiscal year was -2.0 percent. The decrease was due to the increase in depreciation expense as compared to the amount of capitalized assets recognized in the 2018 fiscal year, specifically, the amount of new capital assets was \$2,763,195 for the governmental activities, however, the amount of accumulated depreciation expense was \$4,408,937, in comparison to the prior year of new capital assets of \$11,046,128 and depreciation expense of \$4,426,618.

Town of South Kingstown's Capital Assets

(Net of accumulated depreciation) in 000s

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 13,798	\$ 13,798	\$ 1,587	\$ 1,587	\$ 15,385	\$ 15,385
Construction in progress	1,478	1,293	97	646	1,575	1,939
Land improvements	7,614	7,674	1,825	1,872	9,439	9,546
Buildings	19,750	20,493	2,736	2,928	22,486	23,421
Building improvements	18,938	19,509	1,739	1,609	20,677	21,118
Equipment	2,287	2,258	2,574	2,322	4,861	4,580
Vehicles	2,575	2,492	170	123	2,745	2,615
Infrastructure	18,450	18,816	11,450	11,718	29,900	30,534
Intangibles	358	411	122	140	480	551
Total	\$ 85,248	\$ 86,744	\$ 22,300	\$ 22,945	\$ 107,548	\$ 109,689

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

- Town-wide purchases of new vehicles and equipment accounted for \$695,803 during the fiscal year these were mainly attributed to public safety, public services, and recreation.
- Tennis courts at Brousseau Park and Old Mountain Field were repaired/resurfaced. Playground equipment was upgraded at Brousseau Park and LED lighting installed at the tennis courts in the Village Green.
- A variety of road construction projects were completed and capitalized. Projects capitalized as infrastructure totaled \$862,891, which included major work completed on South Road, Pond Street, and Carpenter Drive. Other minor upgrades and reconstruction work was completed.
- The School Department completed upgrades to exterior envelopes and drainage improvements at West Kingston and Matunuck Elementary Schools. Upgrades to the generator and air conditioning system occurred at Broad Rock Middle School.
- Library capital improvements accounted for \$22,700 of improvements. This improvement was done at Kingston Free Library and it entailed the cleaning and painting of the mastard roof.
- A new deck with handicapped access was installed at the Adult Day Care Center, a wheelchair lift was installed at the Neighborhood Guild and upgrades to the Senior Center Annex was completed. The cost of these improvements were \$367,058.
- Construction in progress of the Governmental Funds increased by \$195,806, from \$1,292,549 to \$1,478,355 mainly attributed to the Matunuck Beach Road Protection project.
- The wastewater fund installed new generators at their pumping stations and replaced the roof at the treatment plant. The cost of equipment upgrades and roof replacement during the fiscal year was \$712,095. A new vehicle was also purchased by the wastewater fund.

Additional information on the Town of South Kingstown's capital assets can be found in Note 7 on pages 42-44 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 \$13,694,637, entirely backed by the full faith and credit of the Town. Bonds authorized but unissued totaled an additional \$8,350,000, a decrease of \$5,420,000 which was issued in August, 2017.

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, 2018, the Town had a debt limit of \$143,010,108. Of the Town's \$13,694,638 in debt outstanding, \$3,335,645 is subject to the Town's legal debt limit. A balance of \$139,674,463 exists within the legal limit for additional bonds to be issued.

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

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
	General Obligation Bonds	\$ <u>12,495</u>	\$ <u>8,757</u>	\$ <u>1,200</u>	\$ <u>1,385</u>	\$ <u>13,695</u>

The Town's total bonded debt increased by \$3,552,207, 35 percent during the 2018 fiscal year. The Town issued \$5,420,000 of debt in August, 2017 which was offset by \$1,897,693 of retired principal.

On March 25, 2015, the Town Manager, Finance Director and Planning Director met with the Town's bond rating agency, Moody's Investors Services, to affirm the Town's Aa1 rating which is the highest local municipal rating in the State. In their report, Moody's noted the Town's "stable financial position with healthy reserves, and low debt burden" as a basis for their review and consideration. South Kingstown is one of only four Rhode Island communities that have a bond rating of Aa1. The Moody's credit report cited the following factors for the affirmation:

- The Aa1 rating reflects the town's moderately-sized tax base with favorable wealth levels and institutional presence, stable financial position with healthy reserves, and low debt burden
- Experienced management team who employ conservative budgeting and financial management as evidenced in stable reserve levels, formal fiscal policies, and long-term planning for capital expenditures
- University of Rhode Island provides economic stability
- Low debt burden and sound funding of OPEB liability, OPEB funded ratio is strong at 68.4%
- Locally administered pension plans have strong funded ratios
- Collections remain very strong at above 98%

Additional information on the Town of South Kingstown's long-term debt can be found in Note 10 on pages 47-49 of this report.

Economic Factors and Next Year's Budgets and Rates

- As of June 2018, the average labor force in South Kingstown was 16,789 with employment at 16,090 yielding an unemployment rate of 4.2 percent, a drop of 1 percent from prior year.
- The final budget for 2019 was adopted in the amount of \$81,410,626 which represents an increase of \$2,277,368, or 2.9 percent from the prior fiscal year. This is considered a modest increase based on the difficult economic environment in which the Town and the State of Rhode Island have been operating.
- Property tax revenues for the fiscal year 2019 reflect an increase in the Town's tax levy of \$1,811,247 or 2.54 percent greater than the previous fiscal year. The property tax rate increased from \$15.31 to \$15.68 per thousand dollars of assessed value. Total taxable property decreased slightly by \$2,917,816 from \$4,621,033,005 to \$4,618,115,189 due to the motor vehicle phase out revision.

During the current fiscal year, the fund balance in the General Fund increased to \$13,089,809. The Town of South Kingstown has committed \$550,000 of this amount for spending in the 2019 fiscal year budget, \$47,533 is committed for future municipal planning projects and \$409,753 is committed for outstanding purchase orders at June 30, 2018. The Town maintains an unassigned fund balance of \$12,249,866 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 POSITION
JUNE 30, 2018

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 25,451,726	\$ 2,684,852	\$ 28,136,578
Investments	35,460,851	8,634,619	44,095,470
Receivables, net of allowance for uncollectibles	1,430,898	571,441	2,002,339
Due from federal and state governments	629,614	33,198	662,812
Due from fiduciary trust funds	1,802		1,802
Internal balances	(146,353)	146,353	-
Prepaid items	13,138		13,138
Total current assets	<u>62,841,676</u>	<u>12,070,463</u>	<u>74,912,139</u>
Noncurrent Assets:			
Net pension asset	97,692		97,692
Capital assets not being depreciated	15,276,214	1,683,206	16,959,420
Capital assets, net of accumulated depreciation	<u>69,972,249</u>	<u>20,616,396</u>	<u>90,588,645</u>
Total noncurrent assets	<u>85,346,155</u>	<u>22,299,602</u>	<u>107,645,757</u>
Total assets	<u>148,187,831</u>	<u>34,370,065</u>	<u>182,557,896</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	229,530		229,530
Deferred outflows of resources related to pensions	17,489,639		17,489,639
Deferred outflows of resources related to OPEB	<u>2,725,230</u>		<u>2,725,230</u>
Total deferred outflows of resources	<u>20,444,399</u>	<u>-</u>	<u>20,444,399</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	984,851	283,382	1,268,233
Accrued liabilities	2,918,610	125,458	3,044,068
Due to federal and state governments	114,103		114,103
Unearned revenue	422,250	222,107	644,357
Deposits held in custody of others	145,833		145,833
Current maturities of long-term obligations	<u>3,280,837</u>	<u>274,886</u>	<u>3,555,723</u>
Total current liabilities	7,866,484	905,833	8,772,317
Noncurrent liabilities:			
Due in more than one year	<u>91,714,429</u>	<u>1,215,922</u>	<u>92,930,351</u>
Total liabilities	<u>99,580,913</u>	<u>2,121,755</u>	<u>101,702,668</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	6,697,936		6,697,936
Deferred inflows of resources related to OPEB	3,560,380		3,560,380
Advance property tax collections	<u>881,946</u>		<u>881,946</u>
Total deferred inflows of resources	<u>11,140,262</u>	<u>-</u>	<u>11,140,262</u>
NET POSITION			
Net investment in capital assets	72,453,601	21,099,965	93,553,566
Restricted for:			
Endowments:			
Expendable	1,783,422		1,783,422
Nonexpendable	413,233		413,233
Unrestricted	<u>(16,739,201)</u>	<u>11,148,345</u>	<u>(5,590,856)</u>
Total Net Position	<u>\$ 57,911,055</u>	<u>\$ 32,248,310</u>	<u>\$ 90,159,365</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, 2018**

Function/Program Activities	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 5,485,016	\$ 495,600	\$ 232,481	\$	\$ (4,756,935)		\$ (4,756,935)
Public safety	12,533,561	1,468,888	184,963		(10,879,710)		(10,879,710)
Public works	2,925,740	1,065,694		1,635,724	(224,322)		(224,322)
Human service	840,591	174,401	324,041		(342,149)		(342,149)
Public libraries	1,832,064	22,001	264,058	80,885	(1,465,120)		(1,465,120)
Education	65,482,766	631,480	12,035,678		(52,815,608)		(52,815,608)
Recreation	4,699,805	1,677,624	24,225	83,242	(2,914,714)		(2,914,714)
Interest and fiscal charges	413,293				(413,293)		(413,293)
Total governmental activities	<u>94,212,836</u>	<u>5,535,688</u>	<u>13,065,446</u>	<u>1,799,851</u>	<u>(73,811,851)</u>	<u>-</u>	<u>(73,811,851)</u>
Business-type activities:							
Wastewater	3,394,506	3,608,923		18,069		232,486	232,486
Solid waste	559,798	561,226				1,428	1,428
Water	970,691	1,137,826				167,135	167,135
School cafeteria	1,020,300	619,381	413,975			13,056	13,056
Total business-type activities	<u>5,945,295</u>	<u>5,927,356</u>	<u>413,975</u>	<u>18,069</u>	<u>-</u>	<u>414,105</u>	<u>414,105</u>
Total	<u>\$ 100,158,131</u>	<u>\$ 11,463,044</u>	<u>\$ 13,479,421</u>	<u>\$ 1,817,920</u>	<u>(73,811,851)</u>	<u>414,105</u>	<u>(73,397,746)</u>
General revenues:							
Property taxes					72,166,222		72,166,222
Motor vehicle phase-out taxes					483,828		483,828
Telephone and hotel taxes					199,400		199,400
Grants and contributions not restricted to specific programs					1,663,617		1,663,617
Unrestricted investment earnings (loss)					1,971,233	(16,221)	1,955,012
Transfers:					25,848	(25,848)	-
Total general revenues and transfers					<u>76,510,148</u>	<u>(42,069)</u>	<u>76,468,079</u>
Change in net position					2,698,297	372,036	3,070,333
Net Position at Beginning of Year					<u>55,212,758</u>	<u>31,876,274</u>	<u>87,089,032</u>
Net Position at End of Year					<u>\$ 57,911,055</u>	<u>\$ 32,248,310</u>	<u>\$ 90,159,365</u>

The accompanying notes are an integral part of the financial statements

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018

	<u>General</u>	<u>School Trust Fund</u>	<u>Debt Service Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 19,796,913	\$ 1,277,595	\$	\$ 2,666,683	\$ 23,741,191
Investments	11,244,790	17,348,634		6,867,427	35,460,851
Accounts and other receivable, net	1,297,285			133,613	1,430,898
Due from federal and state governments	72,491			557,123	629,614
Due from other funds	86,083		596,290	8,580,726	9,263,099
Prepaid items	9,598			3,540	13,138
Total Assets	<u>\$ 32,507,160</u>	<u>\$ 18,626,229</u>	<u>\$ 596,290</u>	<u>\$ 18,809,112</u>	<u>\$ 70,538,791</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 881,955	\$	\$	\$ 102,896	\$ 984,851
Accrued liabilities	2,731,569	2,285		102,377	2,836,231
Due to state and federal governments	112,283			1,820	114,103
Due to other funds	10,554,792			83,081	10,637,873
Unearned revenue	222,394			199,856	422,250
Deposits held in custody of others	145,833				145,833
Total liabilities	<u>14,648,826</u>	<u>2,285</u>	<u>-</u>	<u>490,030</u>	<u>15,141,141</u>
Deferred inflows of resources:					
Unavailable revenue - property taxes	620,462				620,462
Advance property tax collections	881,946				881,946
Total deferred inflows of resources	<u>1,502,408</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,502,408</u>
Fund balances:					
Nonspendable	9,598	413,233		495,560	918,391
Restricted		18,210,711	596,290	3,617,726	22,424,727
Committed	4,265,262			14,208,220	18,473,482
Unassigned	12,081,066			(2,424)	12,078,642
Total fund balances	<u>16,355,926</u>	<u>18,623,944</u>	<u>596,290</u>	<u>18,319,082</u>	<u>53,895,242</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 32,507,160</u>	<u>\$ 18,626,229</u>	<u>\$ 596,290</u>	<u>\$ 18,809,112</u>	<u>\$ 70,538,791</u>

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TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2018

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position:

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

Fund balances - total governmental funds (Exhibit III)	\$ 53,895,242
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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	\$ 164,174,180	
Less accumulated depreciation	<u>(78,925,717)</u>	
Net capital assets		85,248,463

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

Property tax receivables greater than 60 days	620,462
Net pension asset	97,692
Deferred outflows of resources related to pensions	17,489,639
Deferred outflows of resources related to OPEB	2,725,230

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 position.	2,940,756
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Long-term liabilities and deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds:

Bonds payable	(12,495,000)
Deferred charges on refunding	229,530
Deferred inflows of resources related to pensions	(6,697,936)
Deferred inflows of resources related to OPEB	(3,560,380)
Unamortized bond issue premium	(529,392)
Interest payable on bonds	(82,377)
Compensated absences	(4,653,881)
Net pension liability	(69,436,048)
Net OPEB liability	(6,572,335)
Claims and judgments	<u>(1,308,610)</u>

Net Position of Governmental Activities (Exhibit I)	<u>\$ 57,911,055</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, 2018**

	<u>General</u>	<u>School Trust Fund</u>	<u>Debt Service Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Property taxes, interest and lien fees	\$ 72,138,721	\$	\$	\$	\$ 72,138,721
Intergovernmental revenues	9,300,936		558,953	3,224,154	13,084,043
Licenses and fees	1,554,177			666,427	2,220,604
Investment income	211,105	1,512,103		236,244	1,959,452
Fines and charges	71,270			1,862,832	1,934,102
Departmental	1,085,472				1,085,472
Contributions				49,306	49,306
State on-behalf pension contribution	2,666,045				2,666,045
Other revenues	381,705		3	490,282	871,990
Total revenues	<u>87,409,431</u>	<u>1,512,103</u>	<u>558,956</u>	<u>6,529,245</u>	<u>96,009,735</u>
Expenditures:					
Current:					
General government	3,781,248			58,019	3,839,267
Public safety	10,752,770			512,921	11,265,691
Public works	2,815,807			119,942	2,935,749
Human service agency contribution	130,077			833,931	964,008
Public libraries	1,252,550			6,948	1,259,498
Education	62,538,339			1,437,791	63,976,130
Recreation	1,636,592			1,320,710	2,957,302
Other	1,114,834	75,879	1,000		1,191,713
Debt service:					
Principal retirement			1,682,000		1,682,000
Interest and other charges			288,888	89,374	378,262
Capital outlay				2,806,741	2,806,741
Total expenditures	<u>84,022,217</u>	<u>75,879</u>	<u>1,971,888</u>	<u>7,186,377</u>	<u>93,256,361</u>
Excess (Deficiency) of Revenues over Expenditures	<u>3,387,214</u>	<u>1,436,224</u>	<u>(1,412,932)</u>	<u>(657,132)</u>	<u>2,753,374</u>
Other Financing Sources (Uses):					
Issuance of general obligation bonds				5,420,000	5,420,000
Bond premium				219,374	219,374
Transfers in from other funds	720,673		1,506,046	3,297,147	5,523,866
Transfers out to other funds	<u>(3,865,999)</u>	<u>(626,285)</u>		<u>(1,080,734)</u>	<u>(5,573,018)</u>
Total other financing sources (uses)	<u>(3,145,326)</u>	<u>(626,285)</u>	<u>1,506,046</u>	<u>7,855,787</u>	<u>5,590,222</u>
Net Change in Fund Balances	241,888	809,939	93,114	7,198,655	8,343,596
Fund Balances at Beginning of Year	<u>16,114,038</u>	<u>17,814,005</u>	<u>503,176</u>	<u>11,120,427</u>	<u>45,551,646</u>
Fund Balances at End of Year	<u>\$ 16,355,926</u>	<u>\$ 18,623,944</u>	<u>\$ 596,290</u>	<u>\$ 18,319,082</u>	<u>\$ 53,895,242</u>

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TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

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)	\$ 8,343,596
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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	2,949,001
Depreciation expense	(4,408,937)
Loss on disposition of capital assets	(35,408)

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	24,568
Change in net pension asset	(149,890)
Change in deferred outflows of resources related to pensions	2,212,492
Change in deferred outflows of resources related to OPEB	1,931,545

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 position. Also, governmental funds report the effect of 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 issuance	(5,420,000)
Premium on bond issuance	(219,374)
Principal payments	1,682,000

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	(33,198)
Change in deferred inflows of resources related to pensions	(2,392,080)
Change in deferred inflows of resources related to OPEB	(818,862)

Amortization of bond premiums	50,657
Accrued interest	(52,490)
Change in long-term compensated absences	24,072
Change in net pension liability	(1,103,131)
Change in net OPEB liability	415,245
Change in claims and judgments	78,348

The net expense of the internal service funds is reported with governmental activities.	<u>(379,857)</u>
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Change in Net Position of Governmental Activities (Exhibit II)	<u>\$ 2,698,297</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 POSITION - PROPRIETARY FUNDS
JUNE 30, 2018

	Business-Type Activities - Enterprise Funds					Governmental
	Major Funds			Nonmajor		Activities
	Wastewater	Solid Waste	Water	School Cafeteria	Total	Internal Service Funds
Assets:						
Current assets:						
Cash and cash equivalents	\$ 2,012,349	\$	\$ 671,384	\$ 1,119	\$ 2,684,852	\$ 1,710,535
Investments	5,464,419	688,006	2,482,194		8,634,619	
Accounts and other receivables, net	239,659	63,028	256,698	12,056	571,441	
Due from federal and state governments				33,198	33,198	
Due from other funds			986	146,567	147,553	1,230,223
Total current assets	<u>7,716,427</u>	<u>751,034</u>	<u>3,411,262</u>	<u>192,940</u>	<u>12,071,663</u>	<u>2,940,758</u>
Noncurrent assets:						
Capital assets not being depreciated	266,328	1,005,003	411,875		1,683,206	
Capital assets, net of accumulated depreciation	14,661,637	1,803,775	4,134,791	16,193	20,616,396	
Total noncurrent assets	<u>14,927,965</u>	<u>2,808,778</u>	<u>4,546,666</u>	<u>16,193</u>	<u>22,299,602</u>	<u>-</u>
Total assets	<u>22,644,392</u>	<u>3,559,812</u>	<u>7,957,928</u>	<u>209,133</u>	<u>34,371,265</u>	<u>2,940,758</u>
Liabilities:						
Current liabilities:						
Accounts payable	102,406	65,440	23,831	91,705	283,382	
Accrued liabilities	121,832	1,691	1,935		125,458	2
Due to other funds	325	875			1,200	
Unearned revenue	199,095			23,012	222,107	
Current portion of compensated absences	53,901	5,507	24,559		83,967	
Current portion of bonds payable	27,000	163,919			190,919	
Total current liabilities	<u>504,559</u>	<u>237,432</u>	<u>50,325</u>	<u>114,717</u>	<u>907,033</u>	<u>2</u>
Noncurrent liabilities:						
Compensated absences	134,405	15,034	57,765		207,204	
Bonds payable after one year	142,000	866,718			1,008,718	
Total noncurrent liabilities	<u>276,405</u>	<u>881,752</u>	<u>57,765</u>	<u>-</u>	<u>1,215,922</u>	<u>-</u>
Total liabilities	<u>780,964</u>	<u>1,119,184</u>	<u>108,090</u>	<u>114,717</u>	<u>2,122,955</u>	<u>2</u>
Net Position:						
Net investment in capital assets	14,758,965	1,778,141	4,546,666	16,193	21,099,965	
Restricted for grants		6,186			6,186	
Unrestricted	<u>7,104,463</u>	<u>656,301</u>	<u>3,303,172</u>	<u>78,223</u>	<u>11,142,159</u>	<u>2,940,756</u>
Total Net Position	<u>\$ 21,863,428</u>	<u>\$ 2,440,628</u>	<u>\$ 7,849,838</u>	<u>\$ 94,416</u>	<u>\$ 32,248,310</u>	<u>\$ 2,940,756</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 POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Business-Type Activities - Enterprise Funds					Governmental
	Major Funds			Nonmajor		Activities
	Wastewater	Solid Waste	Water	School Cafeteria	Total	Internal Service Funds
Operating Revenues:						
Charges for services	\$ 3,591,063	\$ 543,959	\$ 1,129,080	\$ 619,381	\$ 5,883,483	\$ 92,163
Claims reimbursement					-	557,705
Other	17,860	17,267	8,746		43,873	
Total operating revenues	<u>3,608,923</u>	<u>561,226</u>	<u>1,137,826</u>	<u>619,381</u>	<u>5,927,356</u>	<u>649,868</u>
Operating Expenses:						
Wells			196,164		196,164	
Pumping	477,737		18,187		495,924	
Distribution			25,616		25,616	
Treating and sludge	1,877,433				1,877,433	
Transportation and disposal		316,810			316,810	
Administrative and general	275,511	91,036	407,424		773,971	
Depreciation	627,298	43,215	225,050	3,653	899,216	
Repairs and maintenance	610		98,250		98,860	
Health care management					-	5,003
Compensated absences					-	294,402
School cafeteria operations				1,016,647	1,016,647	
Contribution to OPEB Trust Fund						800,000
Other operating	132,227	90,320			222,547	17,101
Total operating expenses	<u>3,390,816</u>	<u>541,381</u>	<u>970,691</u>	<u>1,020,300</u>	<u>5,923,188</u>	<u>1,116,506</u>
Operating Income (Loss)	<u>218,107</u>	<u>19,845</u>	<u>167,135</u>	<u>(400,919)</u>	<u>4,168</u>	<u>(466,638)</u>
Nonoperating Revenues (Expenses):						
Income (loss) on investments	(9,389)	(1,421)	(5,411)		(16,221)	11,781
State and federal grants				413,975	413,975	
Interest expense	(3,690)	(18,417)			(22,107)	
Total nonoperating revenues (expenses)	<u>(13,079)</u>	<u>(19,838)</u>	<u>(5,411)</u>	<u>413,975</u>	<u>375,647</u>	<u>11,781</u>
Income Before Capital Contributions and Transfers	205,028	7	161,724	13,056	379,815	(454,857)
Capital Contributions	18,069				18,069	
Transfers In	4,300			9,852	14,152	75,000
Transfers Out	(20,000)		(20,000)		(40,000)	
Change in Net Position	<u>207,397</u>	<u>7</u>	<u>141,724</u>	<u>22,908</u>	<u>372,036</u>	<u>(379,857)</u>
Net Position at Beginning of Year	<u>21,656,031</u>	<u>2,440,621</u>	<u>7,708,114</u>	<u>71,508</u>	<u>31,876,274</u>	<u>3,320,613</u>
Net Position at End of Year	<u>\$ 21,863,428</u>	<u>\$ 2,440,628</u>	<u>\$ 7,849,838</u>	<u>\$ 94,416</u>	<u>\$ 32,248,310</u>	<u>\$ 2,940,756</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, 2018**

	Business-Type Activities - Enterprise Funds					Governmental
	Major Funds					Activities
	Wastewater	Solid Waste	Water	School Cafeteria	Total	Internal Service Funds
Cash Flows from Operating Activities:						
Receipts from customers and users	\$ 3,714,754	\$ 538,295	\$ 1,131,460	\$ 622,396	\$ 6,006,905	\$ -
Receipts from providing services	-	-	-	-	-	1,695,623
Receipts from claim reimbursements	-	-	-	-	-	837,806
Payments to the OPEB Trust Fund	-	-	-	-	-	(800,000)
Payments to suppliers	(1,327,883)	(438,953)	(489,287)	(1,085,713)	(3,341,836)	-
Payments to employees	(1,198,066)	(67,384)	(267,905)	-	(1,533,355)	-
Payments for claims	-	-	-	-	-	(301,609)
Net cash provided by (used in) operating activities	<u>1,188,805</u>	<u>31,958</u>	<u>374,268</u>	<u>(463,317)</u>	<u>1,131,714</u>	<u>1,431,820</u>
Cash Flows from Noncapital Financing Activities:						
Transfers in from other funds	4,300	-	-	9,852	14,152	75,000
Transfers to other funds	(20,000)	-	(20,000)	-	(40,000)	-
Nonoperating grants received	-	-	-	453,944	453,944	-
Net cash provided (used in) by noncapital financing activities	<u>(15,700)</u>	<u>-</u>	<u>(20,000)</u>	<u>463,796</u>	<u>428,096</u>	<u>75,000</u>
Cash Flows from Capital and Related Financing Activities:						
Additions to property, plant and equipment	(179,915)	-	(55,268)	-	(235,183)	-
Principal paid on bonds	(26,000)	(159,793)	-	-	(185,793)	-
Interest paid on bonds	(3,690)	(18,417)	-	-	(22,107)	-
Net cash provided by (used in) capital and related financing activities	<u>(209,605)</u>	<u>(178,210)</u>	<u>(55,268)</u>	<u>-</u>	<u>(443,083)</u>	<u>-</u>
Cash Flows from Investing Activities:						
Sales of investments	11,235	107,031	3,956	-	122,222	49,263
Interest on investments	-	-	-	-	-	11,781
Net cash provided by (used in) investing activities	<u>11,235</u>	<u>107,031</u>	<u>3,956</u>	<u>-</u>	<u>122,222</u>	<u>61,044</u>
Net Increase (Decrease) in Cash and Cash Equivalents	974,735	(39,221)	302,956	479	1,238,949	1,567,864
Cash and Cash Equivalents at Beginning of Year	<u>1,037,614</u>	<u>39,221</u>	<u>368,428</u>	<u>640</u>	<u>1,445,903</u>	<u>142,671</u>
Cash and Cash Equivalents at End of Year	<u>\$ 2,012,349</u>	<u>\$ -</u>	<u>\$ 671,384</u>	<u>\$ 1,119</u>	<u>\$ 2,684,852</u>	<u>\$ 1,710,535</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:						
Operating income (loss)	\$ 218,107	\$ 19,845	\$ 167,135	\$ (400,919)	\$ 4,168	\$ (466,638)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	627,298	43,215	225,050	3,653	899,216	-
Change in assets and liabilities:						
(Increase) decrease in accounts receivable	131,831	(22,931)	(6,366)	(4,137)	98,397	1,367,723
(Increase) decrease in due from other funds	336,057	8,890	(986)	(75,850)	268,111	252,838
(Increase) decrease in deposits	-	-	-	-	-	280,101
Increase (decrease) in accounts payable and accrued items	(8,249)	(19,578)	(11,774)	6,784	(32,817)	(2,204)
Increase (decrease) in due to other governments	(12,006)	-	-	-	(12,006)	-
Increase (decrease) in due to other funds	325	875	(252)	-	948	-
Increase (decrease) in deferred revenue	(26,000)	-	-	7,152	(18,848)	-
Increase (decrease) in compensated absences	(78,558)	1,642	1,461	-	(75,455)	-
Total adjustments	<u>970,698</u>	<u>12,113</u>	<u>207,133</u>	<u>(62,398)</u>	<u>1,127,546</u>	<u>1,898,458</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 1,188,805</u>	<u>\$ 31,958</u>	<u>\$ 374,268</u>	<u>\$ (463,317)</u>	<u>\$ 1,131,714</u>	<u>\$ 1,431,820</u>

The accompanying notes are an integral part of the financial statements

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2018

	Cemetery Care Private - Purpose Trust Funds	OPEB Trust Fund	Agency Funds
Assets:			
Cash and cash equivalents	\$ 143,349	\$	\$ 417,076
Investments:			
Mutual funds		14,199,896	
Certificates of deposit			8,016
Total assets	<u>143,349</u>	<u>14,199,896</u>	<u>\$ 425,092</u>
Liabilities:			
Accounts payable and accrued expenses	1,325		
Due to other funds	1,802		
Deposits held in custody for others			\$ 425,092
Total liabilities	<u>3,127</u>	<u>-</u>	<u>\$ 425,092</u>
Net Position:			
Restricted for care and maintenance	140,222		
Restricted for OPEB benefits		14,199,896	
Total Net Position	<u>\$ 140,222</u>	<u>\$ 14,199,896</u>	

The accompanying notes are an integral part of the financial statements

**TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	Cemetery Care Private - Purpose Trust Funds	OPEB Trust Fund
Additions:		
Charges for services	\$ 2,250	\$
Employer contributions		2,704,160
Net change in fair value of investments	1,153	512,046
Interest and dividends	1,074	316,412
Total additions	<u>4,477</u>	<u>3,532,618</u>
Deductions:		
Benefit payments		1,204,160
Operating expenses in accordance with agreement	8,320	
Administrative expense		29,855
Total deductions	<u>8,320</u>	<u>1,234,015</u>
Change in Net Position	(3,843)	2,298,603
Net Position at Beginning of Year	<u>144,065</u>	<u>11,901,293</u>
Net Position at End of Year	<u>\$ 140,222</u>	<u>\$ 14,199,896</u>

The accompanying notes are an integral part of the financial statements

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position 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.

The accompanying financial statements present the government and its blended component unit, *Friends of South Kingstown Parks and Recreation*, an entity for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, the blended component unit is appropriately presented as a fund of the primary government.

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.

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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 *Debt Service Fund* is used to account for the accumulation of resources and the payment of general long-term debt principal, interest and related costs.

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.

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. They also account for funds set aside for non-major technological improvements made to the Town.

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.

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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.

**TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018**

F. Assets, Liabilities and Equity

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.

Investments

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

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.

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 \$5,000 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, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at their acquisition 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	15
Buildings	30-50
Building Improvements	10-40
Equipment	5-15
Vehicles	3-10
Infrastructure	20-50

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period or periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports a deferred charge on refunding and deferred outflows related to pension and OPEB in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow of resources related to pension/OPEB results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension/OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees).

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period or periods and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports advance property tax collections in the government-wide statement of net position and in the governmental funds balance sheet and deferred inflow of resources related to pensions and OPEB in the government-wide statement of net position. Advance property tax collections represent taxes inherently associated with a future period. This amount is recognized during the period in which the revenue is associated. A deferred inflow of resources related to pension/OPEB results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension/OPEB expense in a systematic and rational manner over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees). For governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources (revenue) in the period in which the amounts become available.

Equity

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

Net Investment in Capital Assets

This component of net position 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

Restrictions 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

This component consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

**TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

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

This represents amounts constrained for the intent to be used for a specific purpose by the Town Manager which has been delegated authority by the Town Council.

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.

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

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.

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Property Taxes

Property taxes attach as an enforceable lien on real property. Current tax collections for the Town, including the 60-day collections, were approximately 99.34% of the total 2017 levy. The Town's fiscal 2017-2018 property taxes were levied on July 1, 2017 on assessed valuation as of December 31, 2016. Upon levy, taxes are due and payable on August 1 or may be paid 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. Property taxes levied are recorded as receivables in the fiscal year of the levy.

The Town completed a full revaluation of real and tangible personal property on December 31, 2012 and statistical revaluation performed on December 31, 2015. The latest assessed values were effective for the property tax levy beginning with fiscal year 2013-2014. The Town is required to perform two statistical updates every three years within the nine-year timeframe requirement of a full valuation.

During the year ended June 30, 2018, the Town received \$483,828 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 fiscal year 1998. 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 fiscal year 2010-2011 whereby State reimbursement was limited to a maximum of \$500 per vehicle. In addition, the Town provides an additional \$2,500 exemption.

Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees' Retirement System (MERS) and Employees' Retirement System plan (ERS) of Rhode Island and additions to/deductions from MERS' and ERS' fiduciary net position have been determined on the same basis as they are reported by MERS and ERS, respectively. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Postemployment Benefits Other than Pension (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Town of South Kingstown, Rhode Island, OPEB Trust Fund and additions to/deductions from OPEB Trust Plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB Trust Fund. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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 year 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. The Compensated Absences Reserve Fund was established in June 2008 to account for the accrued liability. It is the recommendation of management to build assets in this reserve fund until 50% of the recorded liabilities are held in reserve. It is the intention of management to minimize property tax requirements to fund these benefits and, as such, transfers from the operating budgets have been recommended.

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.

H. Accounting Estimates

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

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 1st of each year. The Town Council may revise and adopt a recommended budget no later than March 22nd of each year. Two public hearings are required to be conducted on the preliminary budget prior to April 18th.

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 21st containing no less than 25 valid signatures of qualified electors of the Town.

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

The Council shall, on or before May 1st 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.

**TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

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 and Accumulated Deficits

The Guild Renovation Fund, a nonmajor capital project governmental fund, has a deficit of \$2,424 at June 30, 2018. The deficit in this fund will be funded through future transfers from the General Fund.

C. Expenditures Exceeding Appropriations

Expenditures exceeded appropriations in the pension and other employee benefits by \$10,410 and in transfers by \$530,000.

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. Rhode Island public law requires 100% of public deposits in a qualified public depository with maturities greater than sixty (60) days are collateralized with either bank segregated assets, in a trust department or in custodial accounts at a Federal Reserve Bank or federal home loan bank. 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 such, the entire bank balance of the Town as of June 30, 2018 of \$28,975,933 was insured or collateralized.

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, 2018, the cash equivalent amounted to \$1,302,042. The cash equivalents consisted of money market mutual funds held at banking institutions and were not rated.

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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. In addition, the Town has an investment policy that provides for future opportunities longer term investment durations in US Treasuries and Federal Agency obligations for the town's pooled cash, "core" funds and Town's pooled cash liquidity "cushion" funds, which are short term or within FDIC limits.

Investment Type	Credit Rating	Fair Value	Investment Maturities (Years)		
			Less Than 1	1 - 10	More Than 10
Interest-bearing investments:					
U.S. Government securities	Aaa	\$ 11,833,756		\$ 11,833,756	
U.S. Government agencies	Aaa	10,229,186		10,229,186	
Corporate bonds	Aaa	2,686,275		2,686,275	
Certificates of deposit	*	261,766	261,766		
Total		25,010,983	261,766	24,749,217	-
Other investments:					
Common stock		89,384			
Mutual Funds		33,203,015			
Total Investments		\$ 58,303,382			

* Subject to coverage by federal depository insurance and collateralization.

Interest Rate Risk

Approximately 43% of the Town's investments are in long-term corporate bonds, government bonds, asset-backed securities and certificate of deposits 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 57% of the investments are held in common stock and mutual funds. These investments do not specify year 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, 2018, the Town had a diversified portfolio and was not deemed to be concentrated in any one investment category. Although approximately 57% 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.

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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 30% of the Town’s investments are maintained. The Town has an investment policy that provides for future opportunities for longer term investment durations in U.S. Treasury and Federal Agency Obligations for the Town’s pooled cash, “core” funds and the Town’s pooled cash liquidity “cushion” funds which are short term or FDIC insured.

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.

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements). The Town has the following recurring fair value measurements as of June 30, 2018:

	June 30, 2018	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by fair value level:				
U.S. Government securities	\$ 11,833,756	\$ 11,833,756	\$	\$
U.S. Government agencies	10,229,186	10,229,186		
Corporate bonds	2,686,275	2,686,275		
Common stock	89,384	89,384		
Mutual funds	<u>33,203,015</u>	<u>33,203,015</u>		
Total investments by fair value level	58,041,616	<u>\$ 58,041,616</u>	<u>\$ -</u>	<u>\$ -</u>
Investment not included above:				
Certificate of deposits	<u>261,766</u>			
Total Investments	\$ <u>58,303,382</u>			

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

5. RECEIVABLES

Amounts are aggregated into one accounts receivable line (net of allowance for uncollectible accounts) 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>Wastewater</u>	<u>Solid Waste</u>	<u>Water</u>	<u>School Cafeteria</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:							
Accounts	\$ 347,539	\$ 223,352	\$ 63,028	\$ 257,698	\$ 12,056	\$ 133,613	\$ 1,037,286
Property taxes	1,339,659						1,339,659
Tax liens	349,494						349,494
Other governments	72,491				33,198	557,123	662,812
Special assessments		33,807					33,807
Gross receivables	<u>2,109,183</u>	<u>257,159</u>	<u>63,028</u>	<u>257,698</u>	<u>45,254</u>	<u>690,736</u>	<u>3,423,058</u>
Less allowance for uncollectibles	<u>(739,407)</u>	<u>(17,500)</u>		<u>(1,000)</u>			<u>(757,907)</u>
Net Total Receivables	<u>\$ 1,369,776</u>	<u>\$ 239,659</u>	<u>\$ 63,028</u>	<u>\$ 256,698</u>	<u>\$ 45,254</u>	<u>\$ 690,736</u>	<u>\$ 2,665,151</u>

6. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

A. Interfund Receivables and Payables

The composition of interfund balances as of June 30, 2018 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Debt Service Fund	General Fund	\$ 596,290
Water Fund	General Fund	986
School Cafeteria	General Fund	146,567
Internal Service Fund	General Fund	1,230,223
Nonmajor governmental funds	General Fund	8,580,726
General Fund	Fiduciary Funds	1,802
General Fund	Wastewater Fund	325
General Fund	Solid Waste Fund	875
General Fund	Nonmajor governmental funds	<u>83,081</u>
Total		<u>\$ 10,640,875</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.

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

B. Interfund Transfers

The composition of interfund transfers for the year ended June 30, 2018 is as follows:

	Transfers In						Total Transfers Out
	General Fund	Debt Service Fund	Wastewater Fund	School Cafeteria	Internal Service Funds	Nonmajor Governmental Funds	
Transfers out:							
General Fund	\$	\$ 1,093,643	\$ 4,300	\$ 9,852	\$ 75,000	\$ 2,683,204	\$ 3,865,999
School Trust Fund	52,342					573,943	626,285
Wastewater Fund						20,000	20,000
Water Fund						20,000	20,000
Nonmajor Governmental Funds	668,331	412,403					1,080,734
Transfers In	\$ 720,673	\$ 1,506,046	\$ 4,300	\$ 9,852	\$ 75,000	\$ 3,297,147	\$ 5,613,018

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.

7. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2018 for governmental activity was as follows:

	Beginning Balance	Adjustments/ Increases	Adjustments/ Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 13,797,859	\$	\$	\$ 13,797,859
Construction in progress	1,292,549	452,030	266,224	1,478,355
Total capital assets not being depreciated	15,090,408	452,030	266,224	15,276,214
Capital assets being depreciated:				
Land improvements	10,818,903	87,010		10,905,913
Buildings	37,826,872			37,826,872
Building improvements	42,485,765	724,112		43,209,877
Equipment	5,840,520	393,379	12,300	6,221,599
Vehicles	6,470,520	695,803	608,959	6,557,364
Infrastructure	42,796,702	862,891		43,659,593
Intangibles	516,748			516,748
Total capital assets being depreciated	146,756,030	2,763,195	621,259	148,897,966
Less accumulated depreciation for:				
Land improvements	3,145,088	147,376		3,292,464
Buildings	17,333,255	743,139		18,076,394
Building improvements	22,976,847	1,295,486		24,272,333
Equipment	3,582,808	360,720	9,020	3,934,508
Vehicles	3,978,138	580,792	576,831	3,982,099
Infrastructure	23,980,329	1,229,045		25,209,374
Intangibles	106,166	52,379		158,545
Total accumulated depreciation	75,102,631	4,408,937	585,851	78,925,717
Total capital assets being depreciated, net	71,653,399	(1,645,742)	35,408	69,972,249
Governmental Activities Capital Assets, Net	\$ 86,743,807	\$ (1,193,712)	\$ 301,632	\$ 85,248,463

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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

Governmental activities:	
General government	\$ 165,331
Public safety	512,516
Public works	1,467,185
Public libraries	107,747
Education	1,580,194
Recreation	<u>575,964</u>
 Total	 <u>\$ 4,408,937</u>

Capital assets activity for the year ended June 30, 2018 for business-type activity was as follows:

	<u>Beginning Balance</u>	<u>Adjustments/ Increases</u>	<u>Adjustments/ Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 1,586,530	\$	\$	\$ 1,586,530
Construction in progress	<u>646,095</u>	<u>19,726</u>	<u>569,145</u>	<u>96,676</u>
Total capital assets not being depreciated	<u>2,232,625</u>	<u>19,726</u>	<u>569,145</u>	<u>1,683,206</u>
Capital assets being depreciated:				
Land improvements	2,682,148			2,682,148
Buildings	10,563,287			10,563,287
Building improvements	2,991,840	234,874		3,226,714
Equipment	6,623,901	487,424		7,111,325
Vehicles	555,833	80,373	170,636	465,570
Infrastructure	20,843,425			20,843,425
Intangibles	<u>174,842</u>			<u>174,842</u>
Total capital assets being depreciated	<u>44,435,276</u>	<u>802,671</u>	<u>170,636</u>	<u>45,067,311</u>
Less accumulated depreciation for:				
Land improvements	809,705	47,578		857,283
Buildings	7,635,078	192,038		7,827,116
Building improvements	1,382,807	104,430		1,487,237
Equipment	4,301,594	235,560		4,537,154
Vehicles	432,426	34,066	170,636	295,856
Infrastructure	9,125,757	268,060		9,393,817
Intangibles	<u>34,968</u>	<u>17,484</u>		<u>52,452</u>
Total accumulated depreciation	<u>23,722,335</u>	<u>899,216</u>	<u>170,636</u>	<u>24,450,915</u>
Total capital assets being depreciated, net	<u>20,712,941</u>	<u>(96,545)</u>	<u>-</u>	<u>20,616,396</u>
Business-Type Activities Capital Assets, Net	<u>\$ 22,945,566</u>	<u>\$ (76,819)</u>	<u>\$ 569,145</u>	<u>\$ 22,299,602</u>

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Depreciation was charged to the following business-type activities of the primary government as follows:

Business-type activities:	
Wastewater	\$ 627,298
Solid Waste	43,215
Water	225,050
Cafeteria	<u>3,653</u>
Total	<u>\$ 899,216</u>

**TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

8. FUND BALANCE

The components of fund balance for the governmental funds at June 30, 2018 are as follows:

	<u>General Fund</u>	<u>School Trust Fund</u>	<u>Debt Service Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:					
Nonspendable for:					
Prepays	\$ 9,598			\$ 3,540	\$ 13,138
Endowment for recreation and education purposes		413,233		492,020	905,253
Restricted for:					
Recreational and educational		18,210,711		539,228	18,749,939
Asset forfeiture				320,659	320,659
Maintenance of historical records				159,922	159,922
Libraries operations				1,564,260	1,564,260
Recycling program				55,896	55,896
Miscellaneous donations fund				16,110	16,110
Open space acquisition				631,867	631,867
Human services				329,784	329,784
Debt service			596,290		596,290
Committed to:					
General government - encumbrances	63,461				63,461
Public safety department - encumbrances	279,336				279,336
Public works - encumbrances	52,926				52,926
Libraries - encumbrances	10,871				10,871
Recreation - encumbrances	3,159				3,159
Municipal planning	47,533				47,533
To balance future budgets - Town	550,000				550,000
To balance future budgets - schools	500,000				500,000
Education encumbrances	63,692				63,692
Education	2,694,284				2,694,284
Affordable housing				107,700	107,700
Animal shelter renovations				325,092	325,092
Elderly services				286,545	286,545
Public safety support				1,314,675	1,314,675
Operation of Peacedale Office Building				180,566	180,566
Property revaluation				217,835	217,835
Maintenance of South Road School				363,031	363,031
Municipal planning services grant				346	346
Community development				4,287	4,287
Capital equipment acquisitions				1,084,622	1,084,622
Data processing improvements				183,074	183,074
Park construction and maintenance				75,847	75,847
Library improvements				204,869	204,869
Public safety building improvement				376,661	376,661
Public service office building improvements				86,879	86,879
Infrastructure improvements				1,754,148	1,754,148
Recreation facility improvement				571,932	571,932
School improvement				970,051	970,051
Substance abuse treatment				10,914	10,914
Kingstown Recreation Fund				262,285	262,285
Senior Services Center Construction				42,212	42,212
Wastewater Construction				5,092,785	5,092,785
Town hall improvements				691,864	691,864
Unassigned	12,081,066			(2,424)	12,078,642
Total Fund Balances	<u>\$ 16,355,926</u>	<u>\$ 18,623,944</u>	<u>\$ 596,290</u>	<u>\$ 18,319,082</u>	<u>\$ 53,895,242</u>

Major encumbrances are reported in the committed fund balance of the General Fund of \$430,999.

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Endowments Received

	School Trust Fund
Original principal received	\$ 413,233
Net appreciation on investments	<u>18,210,711</u>
Total Value	<u>\$ 18,623,944</u>

The original principal remains in the net position on the Statement of Activities and is restricted for the trust principal on the balance sheet - governmental funds. The net appreciation of \$18,210,711 can be authorized for expenditure by the Trustees of South Kingstown School Funds. Income is distributed in keeping with the provisions of the appropriate deed of gift.

The Trustees of the South Kingstown School Funds is a corporation which was created by an Act of the General Assembly at its January Session in 1911. Section 2 of the Act established that the Corporation is authorized to receive and manage all school and educational funds which are placed in its care.

The policy for authorizing and spending investment income is outlined in section III of the Statement of Investment Objectives, Goals and Policy Guidelines for The Trustees. A target spend rate of up to 5% of the portfolio using a trailing twenty (20) quarter average of the market value and to preserve and enhance the future purchasing power of the assets after considering the spending policy.

9. 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 \$47,293 plus a proportionate share of operating costs and property taxes. Total costs for the leases were \$47,293 for the year ended June 30, 2018. The lease has an option for an additional five-year term at the expiration of the current term, which ends in fiscal year 2022. The future minimum payments required under operating leases that have an initial or remaining lease term of one year or more as of June 30, 2018 are as follows:

<u>Year Ending June 30</u>	
2019	\$ 47,293
2020	47,293
2021	47,293
2022	<u>23,647</u>
Total Minimum Payments Required Under Leases	<u>\$ 165,526</u>

**TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

10. 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, 2018 are as follows:

Description	Date of Issue	Date of Maturity	Interest Rate (%)	Amount of Original Issue	Balance Outstanding June 30, 2018
Governmental activities:					
General obligation bonds:					
School Improvement Series 2009 A	11/12/09	11/01/29	2.55% - 5.00%	\$ 1,200,000	\$ 720,000
School Improvement Refunding Series 2009 B	11/12/09	06/15/19	2.25% - 4.5%	2,010,000	100,000
Advance refunding	11/13/12	06/15/24	1.90%	4,263,000	2,100,000
Advance refunding	04/08/15	06/15/27	2.0% - 4.0%	6,935,000	4,155,000
Community Gymnasium / School Imp. Series 2017	08/16/17	08/15/37	2.0%-4.0%	5,420,000	5,420,000
Total governmental activities				<u>19,828,000</u>	<u>12,495,000</u>
Business Type Activities:					
General obligation and revenue bonds:					
Wastewater fund - GO bond	11/13/02	09/01/23	1.38%	500,000	169,000
Solid waste fund - GO bond	09/03/02	09/01/22	1.14%	2,000,000	607,637
Solid waste fund - GO bond	11/22/05	09/01/25	1.34%	950,000	423,000
Total business-type activities				<u>3,450,000</u>	<u>1,199,637</u>
Total Outstanding				<u>\$ 23,278,000</u>	<u>\$ 13,694,637</u>

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 accounted 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. Legal Debt Margin

Of the Town's \$13,694,637 total bonds payable (including bonds payable for the wastewater and solid-waste enterprise funds), approximately \$4,315,645 is subject to its legal debt limits. The \$4,315,645 outstanding does not exceed the Town's legal debt limit of \$143,010,108 which is 3% of the assessed value (\$4,767,003,585) of taxable property of the Town as of December 31, 2016. The total long-term debt bond obligations of the Town of \$13,694,637 represent approximately 0.29% of the assessed value of the taxable property of the Town at June 30, 2018 (assessment date December 31, 2016).

**TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

C. Authorized But Unissued Bond Authority

The Town has the following remaining authorized but unissued bond authority as of June 30, 2018:

<u>Purpose</u>	<u>Authority Amount</u>	<u>Issued</u>	<u>Authorized and Unissued</u>
School capital improvements	\$ 4,000,000	\$ 3,980,000	\$ 20,000
Town hall improvements	300,000		300,000
Municipal land bank reserve	750,000		750,000
School/community gymnasium	4,150,000	4,055,000	95,000
Capital transportation improvement	400,000	385,000	15,000
Open space	3,000,000	700,000	2,300,000
Neighborhood Guild	1,000,000		1,000,000
School improvements	4,000,000		4,000,000
Total	<u>\$ 17,600,000</u>	<u>\$ 9,120,000</u>	<u>\$ 8,480,000</u>

D. Changes in Long-Term Liabilities

Changes in the government's long-term liabilities for the year ended June 30, 2018 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	\$ 8,757,000	\$ 5,420,000	\$ 1,682,000	\$ 12,495,000	\$ 1,842,000
Issuance premium on bonds	360,675	219,374	50,657	529,392	
Total bonds payable	9,117,675	5,639,374	1,732,657	13,024,392	1,842,000
Compensated absences	4,677,953	1,335,500	1,359,572	4,653,881	1,360,489
Net pension liability	68,332,917	1,103,131		69,436,048	
Net OPEB liability	6,987,580		415,245	6,572,335	
Claims and judgments	1,386,958		78,348	1,308,610	78,348
Total Governmental Activities Long-Term Liabilities	<u>\$ 90,503,083</u>	<u>\$ 8,078,005</u>	<u>\$ 3,585,822</u>	<u>\$ 94,995,266</u>	<u>\$ 3,280,837</u>
Business-Type Activities:					
Bonds payable:					
General obligation bonds	\$ 1,385,430		\$ 185,793	\$ 1,199,637	\$ 190,919
Compensated absences	366,626	22,241	97,696	291,171	83,967
Total Business-Type Activities Long-Term Liabilities	<u>\$ 1,752,056</u>	<u>\$ 22,241</u>	<u>\$ 283,489</u>	<u>\$ 1,490,808</u>	<u>\$ 274,886</u>

Compensated absences are normally liquidated by the General Fund inclusive of the School Department. Claims and judgments are liquidated by Solid Waste Fund. The net pension liability and net OPEB liability are generally liquidated by the General Fund inclusive of the School Department.

**TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 1,842,000	\$ 331,357	\$ 190,919	\$ 20,018
2020	1,694,000	289,694	195,132	16,621
2021	1,175,000	250,695	200,435	13,126
2022	1,158,000	221,058	204,831	9,530
2023	938,000	187,578	210,320	5,834
2024-2028	2,888,000	571,421	198,000	5,423
2029-2033	1,550,000	282,276		
2034-2038	<u>1,250,000</u>	<u>93,750</u>		
Total	\$ <u>12,495,000</u>	\$ <u>2,227,829</u>	\$ <u>1,199,637</u>	\$ <u>70,552</u>

11. DEFINED BENEFIT PENSION PLANS

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

General Information about the Pension Plan

Plan Description

All full-time town, noncertified school department general employees, police and emergency medical technicians participate in the Municipal Employees’ Retirement System (MERS) - an agent multiple-employer defined benefit pension plan - provides certain retirement, disability and death benefits to plan members and beneficiaries. MERS was established under Rhode Island General Law and placed under the management of the Employee’s Retirement System of Rhode Island (ERSRI) Board to provide retirement allowances to employees of municipalities, housing authorities, water and sewer districts, and municipal police and fire persons that have elected to participate. Benefit provisions are subject to amendment by the General Assembly.

MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the ERSRI website at www.ersri.org.

Benefits Provided

General employees, police officers and firefighters employed by electing municipalities participate in MERS. Eligible employees become members at their date of employment. Anyone employed by a municipality at the time the municipality joins MERS may elect not to be covered. Elected officials may opt to be covered by MERS. Employees covered under another plan maintained by the municipality may not become members of MERS. Police officers and/or firefighters may be designated as such by the municipality, in which case the special contribution and benefit provisions described below will apply to them, or they may be designated as general employees with no special benefits. Members designated as police officers and/or firefighters are treated as belonging to a unit separate from the general employees, with separate contribution rates applicable.

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Salary: Salary includes the member's base earnings plus any payments under a regular longevity or incentive plan. Salary excludes overtime, unused sick and vacation leave, severance pay, and other extraordinary compensation. Certain amounts that are excluded from taxable wages, such as amounts sheltered under a Section 125 plan or amounts picked up by the employer under IRC Section 414(h), are not excluded from salary.

Service: Employees receive credit for service while a member. In addition, a member may purchase credit for certain periods by making an additional contribution to purchase the additional service. Special rules and limits govern the purchase of additional service and the contribution required.

Final Average Compensation (FAC): Prior to July 1, 2012 and for general employee members eligible to retire as of June 30, 2012, the average was based on the member's highest three consecutive annual salaries. Effective July 1, 2012, the average was based on the member's highest five consecutive annual salaries. Once a member retires or is terminated, the applicable FAC will be the greater of the member's highest three-year FAC as of July 1, 2012 or the five-year FAC as of the retirement/termination date. Monthly benefits are based on one-twelfth of this amount.

Subsequent to June 30, 2015, litigation challenging the various pension reform measures enacted in previous years by the General Assembly (2009, 2010 and 2011) was settled. The final settlement approved by the Court on July 8, 2015 also included enactment of the pension settlement provisions by the General Assembly. These amended benefit provisions, which have been included in the determination of the total pension liability at the June 30, 2015 measurement date and are reflected in the summary of benefit provisions described below.

General Employees

Members with less than five years of contributory service as of June 30, 2012 and members hired on or after that date are eligible for retirement on or after their Social Security normal retirement age (SSNRA).

Members who had at least five years of contributory service as of June 30, 2012 will be eligible for retirement at an individually determined age. This age is the result of interpolating between the member's prior Retirement Date, described below, and the retirement age applicable to members hired after June 30, 2012 in (a) above. The interpolation is based on service as of June 30, 2012 divided by projected service at the member's prior Retirement Date. The minimum retirement age is 59.

Members with 10 or more years of contributory service on June 30, 2012 may choose to retire at their prior Retirement Date if they continue to work and contribute until that date. If this option is elected, the retirement benefit will be calculated using the benefits accrued as of June 30, 2012, i.e., the member will accumulate no additional defined benefits after this date, but the benefit will be paid without any actuarial reduction.

Effective July 1, 2015, members will be eligible to retire with full benefits at the earlier of their current Rhode Island Retirement Security Act (RIRSA) date described above or upon the attainment of age 65 with 30 years of service, age 64 with 31 years of service, age 63 with 32 years of service or age 62 with 33 years of service.

A member who is within five years of reaching their retirement eligibility date and has 20 or more years of service, may elect to retire at any time with an actuarially reduced benefit.

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Prior to July 1, 2012, members were eligible for retirement on or after age 58 if they had credit for 10 or more years of service, or at any age if they had credit for at least 30 years of service. Members eligible to retire before July 1, 2012 were not impacted by the changes to retirement eligibility above.

The annual benefit is equal to 2.00% of the member's monthly FAC for each year of service prior to July 1, 2012 and 1.00% of the member's monthly FAC for each year of service from July 1, 2012 through June 30, 2015. For all service after June 30, 2015, the annual benefit is equal to 1.0% per year unless the member had 20 or more years of service as of June 30, 2012 in which case the benefit accrual is 2.0% per year for service after June 30, 2015. The benefit cannot exceed 75% of the member's FAC. Benefits are paid monthly.

Police and EMT Employees

Members are eligible to retire when they are at least 50 years old and have a minimum of 25 years of contributing service or if they have 27 years of contributing service at any age. Members with less than 25 years of contributing service are eligible for retirement on or after their Social Security normal retirement age.

Members who, as of June 30, 2012, had at least 10 years of contributing service, had attained age 45, and had a prior Retirement Date before age 52 may retire at age 52.

Active members on June 30, 2012 may choose to retire at their prior Retirement Date if they continue to work and contribute until that date. If option is elected, the retirement benefit will be calculated using the benefits accrued as of June 30, 2012, i.e., the member will accumulate no additional defined benefits after this date, but the benefit will be paid without any actuarial reduction.

A member who is within five years of reaching their retirement eligibility date, as described in this section, and has 20 or more years of service, may elect to retire at any time with an actuarially reduced benefit.

Prior to July 1, 2012, members designated as police officers or firefighters were eligible for retirement at or after age 55 with credit for at least 10 years of service or at any age with credit for 25 or more years of service. Members were also eligible to retire and receive a reduced benefit if they are at least age 50 and have at least 20 years of service. If the municipality elected to adopt the 20-year retirement provisions for police officers and/or firefighters, then such a member was eligible to retire at any age with 20 or more years of service. Members eligible to retire before July 1, 2012 were not impacted by the changes to retirement eligibility above.

A monthly benefit is paid equal to 2.00% of the member's monthly FAC for each year of service, up to 37.5 years (75% of FAC maximum).

If the optional 20-year retirement provisions were adopted by the municipality prior to July 1, 2012: benefits are based on 2.50% of the member's FAC for each year of service prior to July 1, 2012 and 2.00% of the member's FAC for each year of service after July 1, 2012. The benefit cannot exceed 75% of the member's FAC.

Active members (including future hires), members who retire after July 1, 2015 and after attaining age 57 with 30 years of service will have a benefit equal to the greater of their current benefit described in (a) and (b) above and one calculated based on a 2.25% multiplier for all years of service.

**TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Other Benefit Provisions

Death and disability benefits are also provided to members. A member is eligible for a disability retirement provided he/she has credit for at least five years of service or if the disability is work-related. Members are not eligible for an ordinary disability benefit if they are eligible for unreduced retirement.

Joint and survivor benefit options are available to retirees. For some employees, a Social Security Option is also available where an annuity is paid at one amount prior to age 62, and at a reduced amount after age 62, designed to provide a level total income when combined with the member's age 62 Social Security benefit. Benefits cease upon the member's death.

Post-retirement benefit increases are paid to members who retire after June 30, 2012. Members will be eligible to receive cost of living increases at the later of the member's third anniversary of retirement and the month following their SSNRA (age 55 for members designated as police officers and/or firefighters). When a municipality elects coverage, it may elect either COLA C (covering only current and future active members and excluding members already retired) or COLA B (covering current retired members as well as current and future active members).

- A. The COLA will be suspended for any unit whose funding level is less than 80%; however, an interim COLA may be granted in four-year intervals while the COLA is suspended. The first interim COLA may begin January 1, 2018.
- B. Effective July 1, 2015, the COLA is determined based on 50% of the plan's five-year average investment rate of return less 5.5% limited to a range of 0.0% to 4.0%, plus 50% of the lesser of 3.0% or last year's CPI-U increase for a total maximum increase of 3.50%. Previously, it was the plan's five-year average investment rate of return less 5.5% limited to a range of 0.0% to 4.0%
- C. The COLA will be limited to the first \$25,000 of the member's annual pension benefit. For retirees and beneficiaries who retired on or before July 1, 2015, years in which a COLA is payable based on every fourth-year provision described in (i) above will be limited to the first \$30,000. These limits will be indexed annually to increase in the same manner as COLAs, with the known values of \$25,000 for 2013, \$25,000 for 2014, \$25,168 for 2015, \$25,855 for 2016, and \$26,098 for 2017.

Special Provisions-Rhode Island General Law § 45-21.2-6.1, § 45-21.2-5(5) and § 45-21.2-14(d)

Under these special provisions, the member receives a retirement allowance, which is a life annuity terminable at the death of the annuitant, and is an amount equal to the sum of two and one-half percent (2.5%) of final compensation multiplied by the years of service accrued after July 1, 1993 and 2% of final compensation multiplied by the years of service accrued prior to July 1, 1993. The annual retirement allowance in no event shall exceed 75% of final compensation. The member contribution rate between July 1, 1985 and June 30, 2012 was 8.00%, plus 1.00% for the adoption of the optional COLA, for a total of 9.00%. For service after July 1, 2012, the member contribution rate is 9% plus 1.00% for the adoption of the optional COLA, for a total of 10.00%.

**TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018**

Employees Covered by Benefit Terms

At the June 30, 2016 valuation date, the following employees were covered by the benefit terms:

	<u>Municipal</u>	<u>Police</u>	<u>EMT</u>
Retirees and Beneficiaries	191	48	3
Inactive, Nonretired Members	152	8	9
Active Members	<u>303</u>	<u>51</u>	<u>17</u>
Total	<u><u>646</u></u>	<u><u>107</u></u>	<u><u>29</u></u>

Contributions

The amount of employee and employer contributions have been established under Rhode Island General Law Chapter 45-21. General employees with less than 20 years of service as of June 30, 2012 are required to contribute 2% of their salaries. General employees with more than 20 years of service as of June 30, 2012 are required to contribute 9.25%. Public safety employees are required to contribute 10% of their salaries. The Town contributes at a rate of covered employee payroll as determined by an independent actuary on an annual basis. The General Assembly can amend the amount of these contribution requirements. The Town contributed \$2,346,193 in the year ended June 30, 2018 which was 13.93% of annual covered payroll.

Net Pension Liability (Asset)

The total pension liability (asset) was determined by actuarial valuations performed as of June 30, 2016 and rolled forward to June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement.

Summary of Actuarial Assumptions Used in the Valuations to Determine the Net Pension Liability at the June 30, 2017 Measurement Date (June 30, 2016 Valuation Rolled Forward to June 30, 2017)

Actuarial Cost Method	Entry Age Normal - the Individual Entry Age Actuarial Cost methodology is used.
Amortization Method	Level Percent of Payroll - Closed
Actuarial Assumptions:	
Investment Rate of Return	7.00%
Projected Salary Increases	General Employees - 3.50% to 7.50% ; Police & Fire Employees - 4.00% to 14.00%
Inflation	2.50%
Mortality	Variants of the RP-2014 mortality tables - for the improvement scale, updated to the ultimate rates of the MP-2016 projection scale.
Cost of Living Adjustments	A 2.00% COLA is assumed after January 1, 2014

The actuarial assumptions used in the June 30, 2016 valuation rolled forward to June 30, 2017 and the calculation of the total pension liability at June 30, 2017 were consistent with the results of an actuarial experience study performed as of June 30, 2013.

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

The long-term expected rate of return best-estimate on pension plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of pension plan investment expense and inflation) for each major asset class, based on a collective summary of capital market expectations from 35 sources. The June 30, 2016 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

<u>Type of Investments</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity		
U.S. Equity	20.6%	6.85%
International Developed Equity	15.9%	6.71%
Emerging Markets Equity	3.5%	8.91%
Equity Hedge Funds		
Private Equity	11.3%	9.62%
Non-Core RE	2.2%	5.17%
OPP Private Credit	1.5%	9.62%
Income		
High Yield Infrastructure	1.0%	4.26%
REITS	1.0%	5.17%
Liquid Credit	2.8%	4.26%
Private Credit	3.2%	4.26%
Crisis Protection Class		
Treasury Duration	4.0%	0.83%
Systematic Trend	4.0%	3.81%
Inflation Protection Class		
Core Real Estate	3.6%	5.17%
Private Infrastructure	2.4%	5.57%
TIPs	1.0%	1.72%
Natural Resources	1.0%	3.98%
Volatility Protection		
IG Fixed Income	11.5%	2.12%
Absolute Return	6.5%	3.81%
Cash	3.0%	0.83%

These return assumptions are then weighted by the target asset allocation percentage, factoring in correlation effects, to develop the overall long-term expected rate of return best-estimate on an arithmetic basis.

Discount Rate

The discount rate used to measure the total pension liability of the plans was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from the employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Changes in Net Pension Liabilities (Assets)

Municipal Employee's Retirement System - General Employees			
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances as of July 1, 2017	\$ 60,919,041	\$ 50,231,810	\$ 10,687,231
Changes for the Year			
Service cost	1,188,057		1,188,057
Interest on the total pension liability	4,486,906		4,486,906
Difference between expected and actual experience	213,561		213,561
Changes in assumptions	3,074,881		3,074,881
Employer contributions		1,481,417	(1,481,417)
Employee contributions		431,900	(431,900)
Net investment income		5,792,423	(5,792,423)
Benefit payments, including employee refunds	(3,375,303)	(3,375,303)	-
Administrative expense		(54,725)	54,725
Other changes		36,837	(36,837)
Net changes	5,588,102	4,312,549	1,275,553
Balances as of June 30, 2018	\$ 66,507,143	\$ 54,544,359	\$ 11,962,784

Municipal Employee's Retirement System - Police			
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances as of July 1, 2017	\$ 29,410,111	\$ 21,225,452	\$ 8,184,659
Changes for the Year			
Service cost	611,529		611,529
Interest on the total pension liability	2,164,555		2,164,555
Difference between expected and actual experience	(687,204)		(687,204)
Changes in assumptions	1,737,944		1,737,944
Employer contributions		825,285	(825,285)
Employee contributions		328,146	(328,146)
Net investment income		2,453,239	(2,453,239)
Benefit payments, including employee refunds	(1,710,279)	(1,710,279)	-
Administrative expense		(23,177)	23,177
Other changes		2,262	(2,262)
Net changes	2,116,545	1,875,476	241,069
Balances as of June 30, 2018	\$ 31,526,656	\$ 23,100,928	\$ 8,425,728

**TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Municipal Employee's Retirement System - EMT

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances as of July 1, 2017	\$ 3,413,726	\$ 3,661,308	\$ (247,582)
Changes for the Year			
Service cost	152,115		152,115
Interest on the total pension liability	257,163		257,163
Difference between expected and actual experience	97,946		97,946
Changes in assumptions	192,403		192,403
Employer contributions		39,491	(39,491)
Employee contributions		80,103	(80,103)
Net investment income		434,255	(434,255)
Benefit payments, including employee refunds	(121,882)	(121,882)	-
Administrative expense		(4,103)	4,103
Other changes		(9)	9
Net changes	<u>577,745</u>	<u>427,855</u>	<u>149,890</u>
Balances as of June 30, 2018	<u>\$ 3,991,471</u>	<u>\$ 4,089,163</u>	<u>\$ (97,692)</u>

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) of the employers calculated using the discount rate of 7.0%, as well as what the employers' net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate.

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
General Employees	\$ 19,653,638	\$ 11,962,784	\$ 6,235,804
Police	12,084,867	8,425,728	5,700,800
EMT	354,810	(97,692)	(434,582)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued ERSRI financial report.

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2018, the employer recognized pension expense of \$3,339,699. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Municipal</u>	<u>Police</u>	<u>EMT</u>	<u>Total</u>
Deferred outflows of resources:				
Difference between expected and actual experience	\$ 375,197	\$ 87,499	\$ 86,464	\$ 549,160
Changes of assumptions	2,481,728	1,466,835	169,848	4,118,411
Net difference between projected and actual earnings on pension plan investments	987,085	418,831	61,390	1,467,306
Town contributions subsequent to measurement date	<u>1,382,730</u>	<u>787,711</u>	<u>26,226</u>	<u>2,196,667</u>
Total deferred outflows of resources	<u>\$ 5,226,740</u>	<u>\$ 2,760,876</u>	<u>\$ 343,928</u>	<u>\$ 8,331,544</u>
Deferred inflows of resources:				
Difference between expected and actual experience	\$ 295,309	\$ 1,529,101	\$ 151,001	\$ 1,975,411
Changes of assumptions	<u> </u>	<u>80,746</u>	<u>12,129</u>	<u>92,875</u>
Total deferred inflows of resources	<u>\$ 295,309</u>	<u>\$ 1,609,847</u>	<u>\$ 163,130</u>	<u>\$ 2,068,286</u>

Total of the Town contributions subsequent to measurement date of \$2,196,667 reported as deferred outflows of resources related to pensions above will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Municipal</u>	<u>Police</u>	<u>EMT</u>
2019	\$ 877,626	\$ 24,578	\$ 14,769
2020	1,592,365	317,710	66,603
2021	1,103,361	95,121	34,751
2022	(24,651)	(240,385)	(20,354)
2023	<u> </u>	<u>99,008</u>	<u>11,627</u>
Thereafter	<u> </u>	<u>67,286</u>	<u>47,176</u>
Total	<u>\$ 3,548,701</u>	<u>\$ 363,318</u>	<u>\$ 154,572</u>

B. Employees' Retirement System of the State of Rhode Island - Teachers

Plan Description

All full-time teachers, principals, school nurses and certain other school officials (including the superintendent) in the town's school system must participate in a cost-sharing multiple-employer defined benefit pension plan - the Employees' Retirement System plan - administered by the Employees' Retirement System of the State of Rhode Island (System). Under a cost-sharing plan, pension obligations for employees of all employers are pooled and plan assets are available to pay the benefits of the employees of any participating employer providing pension benefits through the plan, regardless of the status of the employers' payment of its pension obligation to the plan. The plan provides retirement and disability benefits and death benefits to plan members and beneficiaries.

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

The System issues a publicly available financial report that includes financial statements and required supplementary information for the plans. The report may be obtained at <http://www.ersri.org>.

Eligibility and Plan Benefits

The level of benefits provided to participants is established by Chapter 36-10 of the General Laws, which is subject to amendment by the General Assembly. Member benefit provisions vary based on service credits accumulated at dates specified in various amendments to the General Laws outlining minimum retirement age, benefit accrual rates and maximum benefit provisions. In general, members accumulate service credits for each year of service subject to maximum benefit accruals of 80% or 75%. For those hired after June 30, 2012, the benefit accrual rate is 1% per year with a maximum benefit accrual of 40%. Members eligible to retire at September 30, 2009 may retire with 10 years of service at age 60 or after 28 years of service at any age. The retirement eligibility age increases proportionately for other members reflecting years of service and other factors until it aligns with the Social Security Normal Retirement Age, which applies to any member with less than 5 years of service as of July 1, 2012. Members are vested after 5 years of service.

The plan provides for survivor's benefits for service connected death and certain lump sum death benefits. Joint and survivor benefit provision options are available to members.

Cost of living adjustments are provided but are currently suspended until the collective plans administered by ERSRI reach a funded status of 80%. Until the plans reach an 80% funded status, interim cost of living adjustments are provided at four-year intervals commencing with the plan year ending June 30, 2016.

The plan also provides nonservice-connected disability benefits after five years of service and service-connected disability benefits with no minimum service requirement.

Contributions

The funding policy, as set forth in the General Laws, Section 16-16-22, provides for actuarially determined periodic contributions to the plan. For fiscal 2018, full-time teachers, principals, school nurses and certain other school officials were required to contribute 3.75% of their annual covered salary, except for teachers with 20 or more years of service as of June 30, 2012 must contribute 11% of their annual covered salary. The State and the School are required to contribute at an actuarially determined rate, 40% of which is to be paid by the state and the remaining 60% is to be paid by the School; the rates were 13.24% and 23.13% of annual covered payroll for the fiscal year ended June 30, 2018 for the state and School, respectively. The School contributed \$2,918,365, \$2,859,817 and \$2,941,515 for the fiscal years ended June 30, 2018, 2017 and 2016, respectively, equal to 100% of the required contributions for each year.

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2018, the School reported a liability of \$49,047,536 for its proportionate share of the net pension liability that reflected a reduction for contributions made by the state. The amount recognized by the School as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the School were as follows:

School's proportionate share of the net pension liability	\$ 49,047,536
State's proportionate share of the net pension liability associated with the School	<u>37,068,153</u>
Total Net Pension Liability	<u>\$ 86,115,689</u>

The net pension liability was measured as of June 30, 2017, the measurement date, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017. The School's proportion of the net pension liability was based on a projection of the School's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the state, actuarially determined. At June 30, 2017 the School's proportion was 1.56%.

For the year ended June 30, 2018, the School recognized gross pension expense of \$7,551,463 and revenue of \$3,505,248 for support provided by the State. At June 30, 2018 the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred outflows of resources:	
Changes of assumption	\$ 4,283,596
Net difference between projected and actual earning on pension plan investments	1,238,974
Changes in proportionate share of employer contributions	717,160
Contributions subsequent to the measurement date	<u>2,918,365</u>
Total deferred outflows of resources	<u>\$ 9,158,095</u>
Deferred inflows of resources:	
Difference between expected and actual experience	\$ 1,162,801
Change of assumptions	772,912
Changes in proportionate share of employer contributions	<u>2,693,937</u>
Total deferred inflows of resources	<u>\$ 4,629,650</u>

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

The \$2,918,365 reported as deferred outflows of resources related to pensions resulting from the School contributions in fiscal year 2018 subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	
2019	\$ 183,250
2020	999,828
2021	395,486
2022	(466,634)
2023	202,823
Thereafter	<u>295,327</u>
Total	<u>\$ 1,610,080</u>

Actuarial Assumptions

The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary increases	3.0% to 13.5%
Investment rate of return	7.0%

Mortality - variants of the RP-2014 mortality tables - for the improvement scale, update to the ultimate rates of the MP-2016 projection scale.

The actuarial assumptions used in the June 30, 2016 valuation rolled forward to June 30, 2017 and the calculation of the total pension liability at June 30, 2017 were consistent with the results of an actuarial experience study performed as of June 30, 2016.

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

The long-term expected rate of return best-estimate on pension plan investments was determined by the actuary using a building-block method. The actuary started by calculating best-estimate future expected real rates of return (expected returns net of pension plan investment expense and inflation) for each major asset class, based on a collective summary of capital market expectations from 35 sources. The June 30, 2016 expected arithmetic returns over the long-term (20 years) by asset class are summarized in the following table:

<u>Type of Investments</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity		
U.S. Equity	20.6%	6.85%
International Developed Equity	15.9%	6.71%
Emerging Markets Equity	3.5%	8.91%
Equity Hedge Funds		
Private Equity	11.3%	9.62%
Non-Core RE	2.2%	5.17%
OPP Private Credit	1.5%	9.62%
Income		
High Yield Infrastructure	1.0%	4.26%
REITS	1.0%	5.17%
Liquid Credit	2.8%	4.26%
Private Credit	3.2%	4.26%
Crisis Protection Class		
Treasury Duration	4.0%	0.83%
Systematic Trend	4.0%	3.81%
Inflation Protection Class		
Core Real Estate	3.6%	5.17%
Private Infrastructure	2.4%	5.57%
TIPs	1.0%	1.72%
Natural Resources	1.0%	3.98%
Volatility Protection		
IG Fixed Income	11.5%	2.12%
Absolute Return	6.5%	3.81%
Cash	3.0%	0.83%

These return assumptions are then weighted by the target asset allocation percentage, factoring in correlation effects, to develop the overall long-term expected rate of return best-estimate on an arithmetic basis.

Discount Rate

The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from the employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018**

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability calculated using the discount rate of 7.0% as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate.

<u>1% Decrease</u> <u>(6.0%)</u>	<u>Current</u> <u>Discount Rate</u> <u>(7.0%)</u>	<u>1% Increase</u> <u>(8.0%)</u>
\$ 61,641,034	\$ 49,047,536	\$ 39,667,384

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued ERSRI financial report.

C. State and TIAA-CREF Administered Defined Contribution Benefit Plan Covering Teachers in ERS and Certain Municipal Employees Participating in MERS

Plan Description

Employees participating in the defined benefit plan with less than 20 years of service as of June 30, 2012, as described above, also participate in a defined contribution plan authorized by General Law Chapter 36-10.3. The defined contribution plan is established under IRS section 401(a) and is administered by TIAA-CREF. Employees may choose among various investment options available to plan participants. Employees contribute 5% of their annual covered salary and employers contribute between 1% and 1.5% of annual covered salary depending on the employee’s total years of service as of June 30, 2012. Employee contributions are immediately vested while employer contributions and any investment earnings thereon are vested after three years of contributory service. Benefit terms and contributions required under the plan by both the employee and employer are established by the General Laws, which are subject to amendment by the General Assembly.

Amounts in the defined contribution plan are available to participants in accordance with Internal Revenue Service guidelines for such plans.

Teachers that Contribute to Social Security

Plan Funding Policy

The funding policy is outlined in RIGL chapter 36-10.3 (which can be amended by the Rhode Island General Assembly). Contribution rates are:

	<u>Employee</u> <u>Contribution</u>	<u>Employer</u> <u>Contribution</u>
ERS - teachers - contribute to Social Security - less than 20 years of service at 7/1/2012	5%	1% to 1.5% depending on years of service
ERS - teachers - more than 20 years of service on July 1, 2012	No DC plan contributions (employee and employer) after July 1, 2015	

The plan members and town contributed \$1,311,571 and \$309,356, respectively, during the fiscal year ended June 30, 2018 for teacher plan members.

**TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018**

General Employees in MERS that Contribute to Social Security

Plan Funding Policy

The funding policy is outlined in RIGL chapter 36-10.3 (which can be amended by the Rhode Island General Assembly). The contribution rates are:

	<u>Employee Contribution</u>	<u>Employer Contribution</u>
MERS - general employees who contribute to Social Security - and had less than 20 years of service on July 1, 2012	5%	1% to 1.5% depending on years of service
MERS - general employees - more than 20 years of service on July 1, 2012	No DC plan contributions (employee and employer) after July 1, 2015	

The plan members and town contributed \$316,219 and \$72,899, respectively, during the fiscal year ended June 30, 2018 for town plan members.

The System issues an annual financial report that includes financial statements and required supplementary information for all of the plans it administers. The reports can be obtained at www.ersri.org.

12. OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLAN

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. 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.

The Trust Fund investments are managed by Vanguard Institutional Advisory Services (VIAS) and services are administered by Public Agency Retirement Services. All costs for management and administration are paid by the assets in the Trust Fund.

Benefits Provided

The Trust provides medical, dental and life insurance benefits to eligible retirees and their spouses.

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.

**TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018**

Police and EMT

Members who have retired under the Municipal Employees Retirement System for police and emergency management technicians 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.

Employees Covered by Benefit Terms

At June 30, 2018, the following employees were covered by the benefit terms:

	<u>Participants</u>
Active employees	663
Retirees	<u>81</u>
Total	<u><u>744</u></u>

Contributions

Town Employees hired before July 1, 2006

30 years of service: For 4 years, the Town shall pay \$5,500 per year toward the annual cost, and the retiree shall pay the difference, payable on a monthly basis, until Medicare eligible;

25 years of service: For 3 years, the Town shall pay \$4,500 per year toward the annual cost, and the retiree shall pay the difference, payable on a monthly basis, until Medicare eligible;

20 years of service: For 3 years, the Town shall pay \$2,500 per year toward the annual cost, and the retiree shall pay the difference, payable on a monthly basis, until Medicare eligible.

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, until Medicare eligible;

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, until Medicare eligible;

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, until Medicare eligible.

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.

**TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

EMT Employees

The Town pays \$4,000 per year towards health insurance for employees who have 30 years or more of service or until Medicare eligible; \$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, until Medicare eligible;
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, until Medicare eligible;
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, until Medicare eligible.

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.

For the year ended June 30, 2018, town and school plan members contributed \$136,499 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.

Investments

Investment Policy

The Trust's policy in regard to the allocation of invested assets is established and may be amended by the VIAS discretionary investment management agreement approved and signed by the Town's plan administrator and any other investment policy established by the Town. It is the policy of the Town to pursue an investment strategy that reduced risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The Town's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short term span.

Rate of Return

For the year ended June 30, 2018 the annual money-weighted rate of return on investments, net of investment expense, was 12.24%. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Net OPEB Liability of the Town

The components of the net OPEB liability of the Town at June 30, 2018, were as follows:

Total OPEB liability	\$ 20,772,231
Plan fiduciary net position	<u>14,199,896</u>
Town's Net OPEB Liability	<u>\$ 6,572,335</u>
Plan fiduciary net position as a percentage of the total OPEB liability	68.4%

The Town's net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75% per year
Projected Salary Increases	3.25%
Investment Rate of Return	6.75%
Healthcare Cost Trend Rate	Initial rate of 9.0% decreasing by 0.5% annually to an ultimate rate of 5.0%

Mortality rates were based on RPH-2017 Total Dataset Mortality Table fully generational using scale MP-2017. RPH-2017 table is created based on RPH-2014 Total Dataset Mortality Table with eight years of MP-2014 mortality improvement backed out, projected to 2017 using MP-2017 improvement.

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	37.1%	4.3%
Non-U.S. Equity	15.9%	6.3%
U.S. Aggregate Bonds	12.0%	2.0%
Intermediate-Term Credit	7.2%	2.5%
Short-Term Credit	4.8%	2.2%
Intermediate-Term TIPS	15.0%	1.2%
REITs	8.0%	4.1%
Total	<u>100%</u>	

Discount Rate

The discount rate used to measure the total OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Town contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances as of July 1, 2017	\$ 18,888,873	\$ 11,901,293	\$ 6,987,580
Changes for the Year			
Service cost	719,381		719,381
Interest on the total pension liability	1,283,580		1,283,580
Changes in benefits	25,908		25,908
Changes in assumptions	2,214,123		2,214,123
Difference between expected and actual experience	(1,155,474)		-
Employer contributions		2,704,160	(2,704,160)
Net investment income		828,458	(828,458)
Benefit payments	(1,204,160)	(1,204,160)	-
Administrative expense		(29,855)	29,855
Net changes	<u>1,883,358</u>	<u>2,298,603</u>	<u>(415,245)</u>
Balances as of June 30, 2018	<u>\$ 20,772,231</u>	<u>\$ 14,199,896</u>	<u>\$ 6,572,335</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Net OPEB Liability	\$ 8,051,160	\$ 6,572,335	\$ 5,210,989

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease (8.0% Decreasing to 4.0%)	Healthcare Cost Trend Rates (9.0% Decreasing to 5.0%)	1% Increase (10.0% Decreasing to 6.0%)
Net OPEB Liability	\$ 4,861,140	\$ 6,572,335	\$ 8,538,134

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

13. TAX ABATEMENTS

As of June 30, 2018, the Town provides tax abatements through multiple programs:

- Welcome House of South County
- The Jewish Children’s Home of Rhode Island
- South Kingstown Land Trust
- South County Hospital

The Welcome House of South County Program (Welcome House Program) provides real property tax abatements to encourage emergency shelter, transitional and permanent supportive housing to homeless men, women and families in Washington County. Authority for the Welcome House Program is granted under Rhode Island General Assembly (Public Laws of 2003, Chapter 220). Eligibility requirements for the Welcome House Program are that guests are required to complete community service weekly, refrain from any drug or alcohol use, actively seek employment, meet weekly with a case manager, save income and look to better their lives. The abatement is granted on 75% of the taxes and are assessed at the 25% remaining value excluding the administrative building and homeless shelter which are tax exempt. For the fiscal year ended June 30, 2018, taxes abated through this program total \$34,259. There are no provisions to recapture abated taxes under this program, however any sale or transfer of the premises to any other entity will terminate the agreement effective upon the date in which the sale or transfer occurs. No other commitments have been made by the Town to the abatement recipient under this program.

The Jewish Children’s Home of Rhode Island Program (Camp JORI) provides real property tax abatements for the provision of a summer camp for disadvantaged Jewish children including full-pay tuition. Authority for the Camp JORI abatement program is granted under Rhode Island General Assembly (Public Laws of 2003, Chapter 220). Eligibility requirements for the Camp JORI are that the program provide disadvantaged children with opportunities and allows the children cultural enrichment. The abatement is granted on the excess land value generally assessed as “open space” and carrying a value of \$500 to \$5,000 per acre. A payment in lieu of taxes is made annually and is based on the current year tax rate. For the fiscal year ended June 30, 2018, taxes abated through this program total \$57,014. There are no provisions to recapture abated taxes under this program; however, any sale or transfer of the premises to any other entity will terminate the agreement effective upon the date in which the sale or transfer occurs. No other commitments have been made by the Town to the abatement recipient under this program.

The South Kingstown Land Trust Abatement Program (SK Land Trust) provides real property tax abatements to encourage the conservation of natural resources of the Town through preservation and stewardship of open spaces. Authority for the SK Land Trust Program is granted under Rhode Island General Assembly (Public Laws of 2003, Chapter 220). Eligibility requirements are that the recipient provides lasting protection of the Town’s open spaces, wildlife habitats, farm and forest lands, aquifers and recharge areas and coastal ecosystems. The abatement is granted on 50% of the property value. For the fiscal year ended June 30, 2018, taxes abated through this program total \$3,899. There are no provisions to recapture abated taxes under this program, however any sale or transfer of the premises to any other entity will terminate the agreement effective upon the date in which the sale or transfer occurs. No other commitments have been made by the Town to the abatement recipient under this program.

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

The South County Hospital Abatement Program (So Co Hospital) provides real property tax abatements to property owned by So Co Hospital and leased to for-profit business corporations in order to encourage the construction of such facilities. Authority for the So Co Hospital Abatement Program is granted under Rhode Island General Assembly (Public Laws of 1997, Chapter 245). Eligibility requirements are that the property being leased in the aforementioned manner is not to exceed 85% of the space. The abatement is granted on 100% of the property value being leased to the commercial entities with a payment in lieu of taxes made instead that is based on an agreed-upon value modified by the current tax rate. For the fiscal year ended June 30, 2018, taxes abated through this program total \$591,412. There are no provisions to recapture abated taxes under this program; however, any sale or transfer of the premises to any other entity will terminate the agreement effective upon the date in which the sale or transfer occurs. No other commitments have been made by the Town to the abatement recipient under this program.

14. 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 non-restoring 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, 2018, there are \$300,000 in loans issued and an available (non-restoring) 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, 2018, there are \$1,000,000 in loans issued and an available (non-restoring) line-of-credit balance of \$-0-.

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, 2018, there are 7 closings totaling \$160,890 in loans issued which leaves an available line-of-credit balance of \$839,110.

15. 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 Funds - Health Care Management 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 from the period of July 1, 2008 through June 30, 2016)

Due to the School and Town experiencing significant increases in claims payments over prior fiscal years which initiated the need to research and consider the fully-insured option. In December 2015, the Town issued a request for proposal from the Trust and West Bay to evaluate which option was in the best interest of the Town and School and determined that at the current time given the escalating claims experience being fully-insured was a less risky option for both entities and, as of July 1, 2016 transferred the relationship to The Trust.

**TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

Activity in the Health Care Management Fund (an internal service fund) during the year ended June 30, 2018 are related to claims incurred and outstanding prior to July 1, 2016 and the settlement of amounts owed to the fund.

At June 30, 2018, 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 July 1, 2016. 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>
2017-18	\$ 2,206	\$	\$ 2,206	\$ -
2016-17	247,883	2,514,795	2,760,472	2,206

16. 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 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’s share of the estimated cost of reimbursing the State is \$1,308,610 at June 30, 2018. 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 2037.

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.

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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.



Required Supplementary Information

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - BUDGETARY BASIS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Property tax revenues	\$ 72,037,301	\$ 72,037,301	\$ 72,139,608	\$ 102,307
Intergovernmental revenues	8,863,784	8,863,784	9,300,936	437,152
Licenses, fees, tuition and rent	1,539,448	1,539,448	1,624,566	85,118
Other local revenues	1,804,231	1,844,231	1,852,364	8,133
Use of fund balance	1,100,000	1,100,000	1,100,000	-
Total revenues	<u>85,344,764</u>	<u>85,384,764</u>	<u>86,017,474</u>	<u>632,710</u>
Expenditures:				
Current:				
General government	3,842,056	3,842,056	3,763,643	78,413
Public safety	11,148,726	11,188,726	10,829,094	359,632
Public works	3,012,609	3,012,609	2,865,678	146,931
Human service agency contribution	142,000	147,077	147,077	-
Recreation	1,769,407	1,769,407	1,639,372	130,035
Public libraries	1,263,557	1,263,557	1,250,184	13,373
Education	60,573,360	60,573,360	59,824,893	748,467
Pension and other employee benefits	1,109,500	1,104,423	1,148,529	(44,106)
Total expenditures	<u>82,861,215</u>	<u>82,901,215</u>	<u>81,468,470</u>	<u>1,432,745</u>
Excess of Revenues over Expenditures	<u>2,483,549</u>	<u>2,483,549</u>	<u>4,549,004</u>	<u>2,065,455</u>
Other Financing Uses:				
Transfers in	842,598	842,598	868,771	26,173
Transfers out	(3,326,147)	(3,326,147)	(3,856,147)	(530,000)
Total Other Financing Uses	<u>(2,483,549)</u>	<u>(2,483,549)</u>	<u>(2,987,376)</u>	<u>(503,827)</u>
Excess of Revenues and Other Sources	\$ <u>-</u>	\$ <u>-</u>	1,561,628	\$ <u>1,561,628</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	(1,140,000)
Transfers to other funds appropriated from reserves	(73,704)
Recognition of Fair Market Value of Investments	(134,080)
Planning expenditures not budgeted	(12,780)
Change in encumbrances	<u>40,824</u>

Total Net Change in Fund Balance - GAAP basis \$ 241,888

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
SCHEDULE OF CHANGES IN THE TOWN'S NET PENSION LIABILITY AND RELATED RATIOS
MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM AGENT PLAN - GENERAL EMPLOYEES
LAST FOUR FISCAL YEARS*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
A. Total pension liability				
Service Cost	\$ 1,188,057	\$ 1,177,994	\$ 1,178,841	\$ 1,187,868
Interest on the Total Pension Liability	4,486,906	4,294,016	4,112,669	3,904,997
Changes of benefit terms			1,025,090	
Difference between expected and actual experience	213,561	388,521	(897,943)	
Changes of assumptions	3,074,881			431,607
Benefit payments, including refunds of employee contributions	<u>(3,375,303)</u>	<u>(3,212,066)</u>	<u>(2,788,503)</u>	<u>(2,713,486)</u>
Net change in total pension liability	5,588,102	2,648,465	2,630,154	2,810,986
Total pension liability - beginning	<u>60,919,041</u>	<u>58,270,576</u>	<u>55,640,422</u>	<u>52,829,436</u>
Total pension liability - ending (a)	<u>\$ 66,507,143</u>	<u>\$ 60,919,041</u>	<u>\$ 58,270,576</u>	<u>\$ 55,640,422</u>
B. Plan fiduciary net position				
Contributions - employer	\$ 1,481,417	\$ 1,392,328	\$ 1,420,102	\$ 1,298,368
Contributions - employee	431,900	420,375	246,747	247,508
Net investment income (loss)	5,792,423	(6,478)	1,213,363	6,851,087
Benefit payments, including refunds of employee contributions	(3,375,303)	(3,212,066)	(2,788,503)	(2,713,486)
Pension Plan Administrative Expense	(54,725)	(57,861)	(48,275)	(42,901)
Other	36,837	(79,911)	293,093	4,317
Net change in plan fiduciary net position	<u>4,312,549</u>	<u>(1,543,613)</u>	<u>336,527</u>	<u>5,644,893</u>
Plan fiduciary net position - beginning	<u>50,231,810</u>	<u>51,775,423</u>	<u>51,438,896</u>	<u>45,794,003</u>
Plan fiduciary net position - ending (b)	<u>54,544,359</u>	<u>50,231,810</u>	<u>51,775,423</u>	<u>51,438,896</u>
C. Net pension liability - ending (a) - (b)	<u>\$ 11,962,784</u>	<u>\$ 10,687,231</u>	<u>\$ 6,495,153</u>	<u>\$ 4,201,526</u>
D. Plan fiduciary net position as a percentage of the total pension liability	82.01%	82.46%	88.85%	92.45%
E. Covered payroll	\$ 12,761,089	\$ 12,335,012	\$ 12,266,819	\$ 11,878,682
F. Net pension liability as a percentage of covered payroll	93.74%	86.64%	52.95%	35.37%

* Schedule is intended to show information for 10 years - additional years will be displayed as they become available.

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
SCHEDULE OF CHANGES IN THE TOWN'S NET PENSION LIABILITY AND RELATED RATIOS
MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM AGENT PLAN - POLICE
LAST FOUR FISCAL YEARS*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
A. Total pension liability				
Service Cost	\$ 611,529	\$ 600,941	\$ 553,069	\$ 550,738
Interest on the Total Pension Liability	2,164,555	2,186,552	2,031,908	1,977,138
Changes of benefit terms			948,578	
Difference between expected and actual experience of the Total Pension Liability	(687,204)	(1,391,195)	163,450	
Changes of assumptions	1,737,944			(164,150)
Benefit payments, including refunds of employee contributions	<u>(1,710,279)</u>	<u>(1,679,490)</u>	<u>(1,638,543)</u>	<u>(1,630,699)</u>
Net change in total pension liability	2,116,545	(283,192)	2,058,462	733,027
Total pension liability - beginning	<u>29,410,111</u>	<u>29,693,303</u>	<u>27,634,841</u>	<u>26,901,814</u>
Total pension liability - ending (a)	<u>\$ 31,526,656</u>	<u>\$ 29,410,111</u>	<u>\$ 29,693,303</u>	<u>\$ 27,634,841</u>
B. Plan fiduciary net position				
Contributions - employer	\$ 825,285	\$ 794,657	\$ 712,921	\$ 468,675
Contributions - employee	328,146	319,163	251,692	257,164
Net investment income (loss)	2,453,239	(7,368)	511,433	2,930,811
Benefit payments, including refunds of employee contributions	(1,710,279)	(1,679,490)	(1,638,543)	(1,630,699)
Pension Plan Administrative Expense	(23,177)	(19,819)	(19,499)	(18,353)
Other	<u>2,262</u>	<u>(5,036)</u>	<u>416</u>	<u>801</u>
Net change in plan fiduciary net position	1,875,476	(597,893)	(181,580)	2,008,399
Plan fiduciary net position - beginning	<u>21,225,452</u>	<u>21,823,345</u>	<u>22,004,925</u>	<u>19,996,526</u>
Plan fiduciary net position - ending (b)	<u>23,100,928</u>	<u>21,225,452</u>	<u>21,823,345</u>	<u>22,004,925</u>
C. Net pension liability - ending (a) - (b)	<u>\$ 8,425,728</u>	<u>\$ 8,184,659</u>	<u>\$ 7,869,958</u>	<u>\$ 5,629,916</u>
D. Plan fiduciary net position as a percentage of the total pension liability	73.27%	72.17%	73.50%	79.63%
E. Covered payroll	\$ 3,284,260	\$ 3,213,589	\$ 3,128,217	\$ 3,120,331
F. Net pension liability as a percentage of covered payroll	256.55%	254.69%	251.58%	180.43%

* Schedule is intended to show information for 10 years - additional years will be displayed as they become available.

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
SCHEDULE OF CHANGES IN THE TOWN'S NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM AGENT PLAN - EMT
LAST FOUR FISCAL YEARS*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
A. Total pension liability				
Service Cost	\$ 152,115	\$ 144,725	\$ 144,842	\$ 135,144
Interest on the Total Pension Liability	257,163	245,078	219,726	204,900
Changes of benefit terms			180,010	
Difference between expected and actual experience of the Total Pension Liability	97,946	(119,389)	(85,523)	
Changes of assumptions	192,403			(41,805)
Benefit payments, including refunds of employee contributions	<u>(121,882)</u>	<u>(104,062)</u>	<u>(137,877)</u>	<u>(72,944)</u>
Net change in total pension liability	577,745	166,352	321,178	225,295
Total pension liability - beginning	<u>3,413,726</u>	<u>3,247,374</u>	<u>2,926,196</u>	<u>2,700,901</u>
Total pension liability - ending (a)	<u>\$ 3,991,471</u>	<u>\$ 3,413,726</u>	<u>\$ 3,247,374</u>	<u>\$ 2,926,196</u>
B. Plan fiduciary net position				
Contributions - employer	\$ 39,491	\$ 41,920	\$ 49,050	\$ 33,018
Contributions - employee	80,103	77,657	65,837	63,498
Net investment income (loss)	434,255	(1,271)	85,550	478,328
Benefit payments, including refunds of employee contributions	(121,882)	(104,062)	(137,877)	(72,944)
Pension Plan Administrative Expense	(4,103)	(3,419)	(3,431)	(2,995)
Other	<u>(9)</u>	<u>(1)</u>	<u>1</u>	<u>155</u>
Net change in plan fiduciary net position	427,855	10,824	59,130	499,060
Plan fiduciary net position - beginning	<u>3,661,308</u>	<u>3,650,484</u>	<u>3,591,354</u>	<u>3,092,294</u>
Plan fiduciary net position - ending (b)	<u>4,089,163</u>	<u>3,661,308</u>	<u>3,650,484</u>	<u>3,591,354</u>
C. Net pension liability (asset) - ending (a) - (b)	<u>\$ (97,692)</u>	<u>\$ (247,582)</u>	<u>\$ (403,110)</u>	<u>\$ (665,158)</u>
D. Plan fiduciary net position as a percentage of the total pension liability	102.45%	107.25%	112.41%	122.73%
E. Covered payroll	\$ 801,028	\$ 778,090	\$ 822,966	\$ 790,777
F. Net pension asset as a percentage of covered payroll	12.20%	31.82%	48.98%	84.11%

*Schedule is intended to show information for 10 years - additional years will be displayed as they become available.

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
SCHEDULE OF TOWN CONTRIBUTIONS
MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM AGENT PLAN - GENERAL EMPLOYEES
LAST FOUR FISCAL YEARS*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 1,382,730	\$ 1,481,417	\$ 1,392,328	\$ 1,420,102
Contributions in relation to the actuarially determined contribution	<u>1,382,730</u>	<u>1,481,417</u>	<u>1,392,328</u>	<u>1,420,102</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 12,761,089	\$ 12,335,012	\$ 12,266,819	\$ 11,878,682
Contributions as a percentage of covered payroll	10.84%	12.01%	11.35%	11.96%

* Schedule is intended to show information for 10 years - additional years will be displayed as they become available.

Notes to Schedule:

Valuation date: June 30, 2016

Measurement date: June 30, 2017

Actuarially determined contribution rates are calculated as of June 30th of each plan year and effective two years after the actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	19 years
Asset valuation method	5-year smoothed market
Inflation	2.75%
Salary Increases	General Employees - 3.50% to 7.50%
	Police & Fire Employees - 4.00% to 14.00%
Investment rate of return	7.50%
Retirement age	Experience-based table of rates that are specific to the type of eligibility conditions. Last updated for 2014 valuation.
Mortality	Males: 115% of PR-2000 Combined Healthy for Males with White Collar adjustments, projected with Scale AA from 2000.
	95% of RP-2000 Combined Healthy for Females with White Collar adjustments, projected with Scale AA from 2000.

**TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
 SCHEDULE OF TOWN CONTRIBUTIONS
 MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM AGENT PLAN - POLICE
 LAST FOUR FISCAL YEARS***

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 787,711	\$ 825,285	\$ 794,657	\$ 712,921
Contributions in relation to the actuarially determined contribution	<u>787,711</u>	<u>825,285</u>	<u>794,657</u>	<u>712,921</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 3,284,260	\$ 3,213,589	\$ 3,128,217	\$ 3,120,331
Contributions as a percentage of covered payroll	23.98%	25.68%	25.40%	22.85%

* Schedule is intended to show information for 10 years - additional years will be displayed as they become available.

Notes to Schedule:

Valuation date: June 30, 2016

Measurement date: June 30, 2017

Actuarially determined contribution rates are calculated as of June 30th of each plan year and effective two years after the actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	19 years
Asset valuation method	5-year smoothed market
Inflation	2.75%
Salary Increases	General Employees - 3.50% to 7.50% Police & Fire Employees - 4.00% to 14.00%
Investment rate of return	7.50%
Retirement age	Experience-based table of rates that are specific to the type of eligibility conditions. Last updated for 2014 valuation.
Mortality	Males: 115% of PR-2000 Combined Healthy for Males with White Collar adjustments, projected with Scale AA from 2000. Females: 95% of RP-2000 Combined Healthy for Females with White Collar adjustments, projected with Scale AA from 2000.

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
SCHEDULE OF TOWN CONTRIBUTIONS
MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM AGENT PLAN - EMT
LAST FOUR FISCAL YEARS*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 26,226	\$ 39,491	\$ 41,920	\$ 49,050
Contributions in relation to the actuarially determined contribution	<u>26,226</u>	<u>39,491</u>	<u>41,920</u>	<u>49,050</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Covered payroll	\$ 801,028	\$ 778,090	\$ 822,966	\$ 790,777
Contributions as a percentage of covered payroll	3.27%	5.08%	5.09%	6.20%

* Schedule is intended to show information for 10 years - additional years will be displayed as they become available.

Notes to Schedule:

Valuation date: June 30, 2016

Measurement date: June 30, 2017

Actuarially determined contribution rates are calculated as of June 30th of each plan year and effective two years after the actuarial

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry age normal

Amortization method Level percentage of payroll, closed

Remaining amortization period 19 years

Asset valuation method 5-year smoothed market

Inflation 2.75%

Salary Increases General Employees - 3.50% to 7.50%

Police & Fire Employees - 4.00% to 14.00%

Investment rate of return 7.50%

Retirement age Experience-based table of rates that are specific to the type of eligibility conditions. Last updated for 2014 valuation.

Mortality Males: 115% of PR-2000 Combined Healthy for Males with White Collar adjustments, projected with Scale AA from 2000.

95% of RP-2000 Combined Healthy for Females with White Collar adjustments, projected with Scale AA from 2000.

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
EMPLOYEES' RETIREMENT SYSTEM - TEACHERS
LAST FOUR FISCAL YEARS*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	1.56%	1.66%	1.62%	1.64%
Town's proportionate share of the net pension liability	\$ 49,047,536	\$ 49,461,027	\$ 44,674,781	\$ 39,917,633
State's proportionate share of the net pension liability associated with the school district	<u>37,068,153</u>	<u>33,873,541</u>	<u>30,520,408</u>	<u>27,373,360</u>
Total	<u>\$ 86,115,689</u>	<u>\$ 83,334,568</u>	<u>\$ 75,195,189</u>	<u>\$ 67,290,993</u>
Town's covered payroll	\$ 26,970,899	\$ 26,698,936	\$ 25,552,372	\$ 31,370,787
Town's proportionate share of the net pension liability as a percentage of its covered payroll	181.85%	185.25%	174.84%	127.24%
Plan fiduciary net position as a percentage of the total pension liability	54.00%	54.06%	57.55%	61.40%

*Schedule is intended to show information for 10 years - additional years will be displayed as they become available.

Note:

The amounts presented for each fiscal year were determined as of 6/30 measurement date prior to the fiscal year-end.

**TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
SCHEDULE OF TOWN CONTRIBUTIONS
EMPLOYEES' RETIREMENT SYSTEM - TEACHERS
LAST FOUR FISCAL YEARS***

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 2,918,365	\$ 2,859,817	\$ 2,941,515	\$ 3,584,110
Contributions in relation to the actuarially determined contribution	<u>2,918,365</u>	<u>2,859,817</u>	<u>2,941,515</u>	<u>3,584,110</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 26,970,899	\$ 26,698,936	\$ 25,552,372	\$ 31,370,787
Contributions as a percentage of covered payroll	10.82%	10.71%	11.51%	11.42%

* Schedule is intended to show information for 10 years - additional years will be displayed as they become available.

Notes:

1) Employers participating in the State Employee's Retirement System are required by RI General Laws, Section 36-10-2, to contribute an actuarially determined contribution rate each year.

Notes to Schedule:

Valuation date: June 30, 2016
Measurement date: June 30, 2017

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry age normal
Amortization method Level percentage of payroll, closed
Remaining amortization period 20 years at June 30, 2017
Inflation 2.50%
Salary Increases Teachers - 3.0% to 13.0%
Investment rate of return 7.00%
Mortality Males: PR-2014 Combined Healthy for Males with White Collar adjustments, projected with Scale Ultimate MP16.
 Females: PR-2014 Combined Healthy for Females with White Collar adjustments, projected with Scale Ultimate MP16.

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
SCHEDULE OF CHANGES IN THE TOWN'S NET OPEB LIABILITY AND RELATED RATIOS
OPEB TRUST FUND
LAST THREE FISCAL YEARS*

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total OPEB Liability			
Service Cost	\$ 719,381	\$ 719,382	\$ 820,802
Interest on the total OPEB liability	1,283,580	1,199,145	1,416,126
Changes of benefit terms	25,908		
Changes of assumptions	2,214,123		788,258
Differences between expected and actual experience	(1,155,474)	(214,423)	(3,006,059)
Benefit payments	<u>(1,204,160)</u>	<u>(1,142,035)</u>	<u>(1,127,619)</u>
Net change in total OPEB liability	1,883,358	562,069	(1,108,492)
Total OPEB liability - beginning	<u>18,888,873</u>	<u>18,326,804</u>	<u>19,435,296</u>
Total OPEB liability - ending	<u>\$ 20,772,231</u>	<u>\$ 18,888,873</u>	<u>\$ 18,326,804</u>
Plan Fiduciary Net Position			
Contributions - employer	\$ 2,704,160	\$ 1,742,035	\$ 1,727,619
Net investment income	828,458	1,143,920	(62,732)
Benefit payments	(1,204,160)	(1,142,035)	(1,127,619)
OPEB Plan Administrative Expense	<u>(29,855)</u>	<u>(38,915)</u>	<u>(55,503)</u>
Net change in plan fiduciary net position	2,298,603	1,705,005	481,765
Plan fiduciary net position - beginning	<u>11,901,293</u>	<u>10,196,288</u>	<u>9,714,523</u>
Plan fiduciary net position - ending (b)	<u>14,199,896</u>	<u>11,901,293</u>	<u>10,196,288</u>
Net OPEB Liability - Ending	<u>\$ 6,572,335</u>	<u>\$ 6,987,580</u>	<u>\$ 8,130,516</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	68.36%	63.01%	55.64%
Covered Employee Payroll	\$ 41,918,684	\$ 42,186,979	\$ 40,859,060
Net OPEB Liability as a Percentage of Covered Payroll	-15.68%	-16.56%	19.90%

*Schedule is intended to show information for 10 years - additional years will be displayed as they become available.

**TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
 SCHEDULE OF TOWN CONTRIBUTIONS
 OPEB TRUST FUND
 LAST TEN FISCAL YEARS**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Actuarially determined contribution (1)	\$ 1,829,061	\$ 1,863,644	\$ 1,812,425	\$ 1,665,055	\$ 1,722,851	\$ 1,878,000	\$ 1,878,000	\$ 1,922,000	\$ 1,780,100	\$ 1,694,400
Contributions in relation to the actuarially determined contribution	<u>2,704,160</u>	<u>1,742,035</u>	<u>1,727,619</u>	<u>4,859,217</u>	<u>2,948,054</u>	<u>2,896,704</u>	<u>1,986,031</u>	<u>2,202,000</u>	<u>1,784,100</u>	<u>1,694,400</u>
Contribution deficiency (excess)	\$ <u>(875,099)</u>	\$ <u>121,609</u>	\$ <u>84,806</u>	\$ <u>(3,194,162)</u>	\$ <u>(1,225,203)</u>	\$ <u>(1,018,704)</u>	\$ <u>(108,031)</u>	\$ <u>(280,000)</u>	\$ <u>(4,000)</u>	\$ <u>-</u>
Covered-employee payroll	\$ 41,918,684	\$ 42,186,979	\$ 40,859,060	\$ 42,546,253	\$ 42,546,253	\$ 43,016,000	\$ 43,016,000	\$ 41,868,678	\$ 41,868,678	\$ 42,961,106
Contributions as a percentage of covered-employee payroll	6.45%	4.13%	4.23%	11.42%	6.93%	6.73%	4.62%	5.26%	4.26%	3.94%

(1) Actuarially Determined Contributions prior to fiscal year ending June 30, 2016 is based on the Annual Required Contribution (ARC) calculated in accordance with GASB No. 45

Notes to Schedule:

Valuation date: June 30, 2018
 Measurement date: June 30, 2018

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry Age Normal Level % of Salary.
 Discount rate 6.75% and will be updated annually to reflect market conditions
 Payroll Level percentage of payroll, closed
 Asset valuation method Market value of assets
 Inflation 2.75%
 Salary Increases For amortization purposes: 3.25%
 For valuation purposes: 14.0%-4% for IBPO/EMT and 7.25%-3.25% for all others
 Investment rate of return 6.75%
 Healthcare trend rates Initial 9.0% decreasing by 0.5% annually to an ultimate rate of 5.0%
 Disability/Termination/Retirement rates Experience-based table of rates that are specific to the type of eligibility conditions.
 Mortality SOA RPH-2017 total Dataset Mortality Table fully generational using Scale MP-2017

**TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
SCHEDULE OF INVESTMENT RETURNS
OPEB TRUST FUND
LAST THREE FISCAL YEARS***

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Annual money-weighted rate of return, net of investment expense	12.24%	6.87%	6.64%

** Schedule is intended to show information for 10 years - additional years will be displayed as they become available.*



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, 2018**

	<u>General Fund</u>	<u>School Unrestricted Fund</u>	<u>Eliminations</u>	<u>Total General Fund</u>
ASSETS				
Cash and cash equivalents	\$ 19,796,713	\$ 200	\$	\$ 19,796,913
Investments	11,244,790			11,244,790
Accounts and other receivable, net	1,272,628	24,657		1,297,285
Due from federal and state governments	10,233	62,258		72,491
Due from other funds	69,265	6,070,681	(6,053,863)	86,083
Prepaid items	1,457	8,141		9,598
Total Assets	<u>\$ 32,395,086</u>	<u>\$ 6,165,937</u>	<u>\$ (6,053,863)</u>	<u>\$ 32,507,160</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 165,842	\$ 716,113	\$	\$ 881,955
Accrued liabilities	807,350	1,924,219		2,731,569
Due to state and federal governments	112,283			112,283
Due to other funds	16,349,998	258,657	(6,053,863)	10,554,792
Unearned revenue	221,563	831		222,394
Deposits held in custody of others	145,833			145,833
Total liabilities	<u>17,802,869</u>	<u>2,899,820</u>	<u>(6,053,863)</u>	<u>14,648,826</u>
Deferred inflows of resources:				
Unavailable revenue - property taxes	620,462			620,462
Advance property tax collections	881,946			881,946
Total deferred inflows of resources	<u>1,502,408</u>	<u>-</u>	<u>-</u>	<u>1,502,408</u>
Fund balances:				
Nonspendable	1,457	8,141		9,598
Committed	1,007,286	3,257,976		4,265,262
Unassigned	12,081,066			12,081,066
Total fund balances	<u>13,089,809</u>	<u>3,266,117</u>	<u>-</u>	<u>16,355,926</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 32,395,086</u>	<u>\$ 6,165,937</u>	<u>\$ (6,053,863)</u>	<u>\$ 32,507,160</u>

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	<u>General Fund</u>	<u>School Unrestricted Fund</u>	<u>Eliminations</u>	<u>Total General Fund</u>
Revenues:				
Property taxes, interest and lien fees	\$ 72,138,721	\$	\$	\$ 72,138,721
Intergovernmental revenues	2,395,984	6,904,952		9,300,936
Licenses and fees	1,554,177			1,554,177
Investment income	210,731	374		211,105
Fines and charges for services	882	70,388		71,270
Departmental	1,085,472			1,085,472
State on behalf pension contribution		2,666,045		2,666,045
Other local revenues		381,705		381,705
Total revenues	<u>77,385,967</u>	<u>10,023,464</u>	<u>-</u>	<u>87,409,431</u>
Expenditures:				
Current:				
General government	3,781,248			3,781,248
Public safety	10,752,770			10,752,770
Public works	2,815,807			2,815,807
Human service agency contribution	130,077			130,077
Public libraries	1,252,550			1,252,550
Education		62,538,339		62,538,339
Recreation	1,636,592			1,636,592
Other	1,114,834			1,114,834
Total expenditures	<u>21,483,878</u>	<u>62,538,339</u>	<u>-</u>	<u>84,022,217</u>
Excess (Deficiency) of Revenues over Expenditures	<u>55,902,089</u>	<u>(52,514,875)</u>	<u>-</u>	<u>3,387,214</u>
Other Financing Sources (Uses):				
Transfers in from other funds	840,501	52,443,366	(52,563,194)	720,673
Transfers out to other funds	<u>(56,271,243)</u>	<u>(157,950)</u>	<u>52,563,194</u>	<u>(3,865,999)</u>
Total other financing sources (uses)	<u>(55,430,742)</u>	<u>52,285,416</u>	<u>-</u>	<u>(3,145,326)</u>
Net Change in Fund Balances	471,347	(229,459)	-	241,888
Fund Balances at Beginning of Year	<u>12,618,462</u>	<u>3,495,576</u>	<u>-</u>	<u>16,114,038</u>
Fund Balances at End of Year	<u>\$ 13,089,809</u>	<u>\$ 3,266,117</u>	<u>\$ -</u>	<u>\$ 16,355,926</u>

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, 2018

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues and Use of Fund Balance:				
Property taxes:				
Current taxes	\$ 70,711,723	\$ 70,711,723	\$ 70,857,399	\$ 145,676
Prior taxes	575,000	575,000	525,890	(49,110)
Total taxes current and prior	71,286,723	71,286,723	71,383,289	96,566
Pilot - Federal Aid	8,000	8,000	7,827	(173)
Interest on taxes	343,250	343,250	340,946	(2,304)
Payment in lieu of taxes	399,328	399,328	407,546	8,218
Total property taxes	72,037,301	72,037,301	72,139,608	102,307
State aid - Town:				
General state aid	204,000	204,000	204,036	36
Telephone tax	393,252	393,252	382,004	(11,248)
Meals and beverage tax	850,000	850,000	907,906	57,906
State library general aid	200,458	200,458	202,916	2,458
State library endowment aid	18,352	18,352	15,894	(2,458)
State motor vehicle phase-out	139,730	139,730	483,828	344,098
Hotel tax	160,000	160,000	199,400	39,400
Total state aid - Town	1,965,792	1,965,792	2,395,984	430,192
Licenses, fees and rents:				
Business licenses and fees	460,615	460,615	658,277	197,662
Nonbusiness licenses and fees	365,899	365,899	397,405	31,506
Real Estate conveyance fees	90,000	90,000	124,923	34,923
Rental of Town properties	412,662	412,662	373,573	(39,089)
Total licenses, fees and rents	1,329,176	1,329,176	1,554,178	225,002
Investment income - short term	185,000	185,000	344,811	159,811
Revenues and Use of Fund Balance:				
Departmental revenues:				
Police department revenue	273,300	273,300	278,902	5,602
Park rental revenue	28,000	28,000	29,436	1,436
Town beach parking	173,240	173,240	171,273	(1,967)
Boat and mooring	34,000	34,000	35,372	1,372
Animal control fees	1,400	1,400	1,340	(60)
Library fines and misc	20,200	20,200	22,001	1,801
Dog/cat licenses and fines	5,000	5,000	4,382	(618)
Recreation department	135,650	135,650	138,497	2,847
Recreation self-support program	155,600	155,600	151,703	(3,897)
Planning department	75	75		(75)
Communications department revenue	1,000	41,000	42,293	1,293
Copy charges	20,000	20,000	16,490	(3,510)
Recreation department - Outside sponsors	8,000	8,000	6,991	(1,009)
Stepping stone - creative	65,516	65,516	60,626	(4,890)
Stepping stone - self supported	2,500	2,500	2,896	396
Geographic information systems program	450	450	300	(150)
Narragansett - Dog Pound	70,500	70,500	70,500	-
Miscellaneous - Town	94,800	94,800	92,471	(2,329)
Total departmental revenues	1,089,231	1,129,231	1,125,473	(3,758)
Use of fund balance	600,000	600,000	600,000	-
Total revenues and use of fund balance	77,206,500	77,246,500	78,160,054	913,554

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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, 2016

	<u>Budgeted Amounts</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
Expenditures:				
General government:				
Town council	\$ 25,717	\$ 25,717	\$ 24,160	\$ 1,557
Financial town meeting	13,383	13,019	36	12,983
Legal staff	185,802	185,802	181,556	4,246
Probate judge	7,536	7,536	7,536	-
Town clerk	423,779	424,143	429,779	(5,636)
Canvassing authority	70,047	70,047	61,257	8,790
Town manager's office	434,758	434,758	423,076	11,682
Personnel administration	109,393	109,393	102,044	7,349
Town hall operations	181,512	181,512	181,511	1
Finance department	735,877	735,877	726,682	9,195
Tax assessor's office	348,548	348,548	342,414	6,134
Information technology	330,603	330,603	313,083	17,520
Geographic information systems	133,165	130,516	130,348	168
Planning department	410,887	413,536	409,952	3,584
Conservation commission	850	850	850	-
Zoning/building inspection	378,184	378,184	384,678	(6,494)
Outside agencies	52,015	52,015	44,681	7,334
Total general government	<u>3,842,056</u>	<u>3,842,056</u>	<u>3,763,643</u>	<u>78,413</u>
Public safety:				
Police department	8,053,454	7,270,607	7,034,690	235,917
Police civilians	0	782,847	775,600	7,247
Police dispatch	774,162	774,162	791,136	(16,974)
Animal control - RD/shelter	340,433	340,433	329,886	10,547
Communications	263,024	303,024	291,841	11,183
Harbor patrol	46,094	46,094	42,327	3,767
Emergency medical services	1,671,559	1,671,559	1,563,614	107,945
Total public safety	<u>11,148,726</u>	<u>11,188,726</u>	<u>10,829,094</u>	<u>359,632</u>
Public works:				
Public works administration	390,161	384,761	369,837	14,924
Streets and highway	2,364,201	2,337,601	2,209,361	128,240
Tree warden/ Street lighting	258,247	290,247	286,480	3,767
Total public works	<u>3,012,609</u>	<u>3,012,609</u>	<u>2,865,678</u>	<u>146,931</u>
Expenditures:				
Human service agency contributions:				
South Shore Mental Health	15,000	15,000	15,000	-
Hospice of Washington County	2,500	2,500	2,500	-
Visiting Nurses Association	24,000	24,000	24,000	-
Thundermist Health Center	24,000	24,000	24,000	-
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	10,000	15,077	15,077	-
Domestic Violence Resource Center	5,000	5,000	5,000	-
Washington County Coalition for Children	1,000	1,000	1,000	-
Education Exchange	3,500	3,500	3,500	-
Easter Seals	2,000	2,000	2,000	-
Total human service agency contributions	<u>142,000</u>	<u>147,077</u>	<u>147,077</u>	<u>-</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, 2018

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Recreation:				
Recreation department	\$ 1,769,407	\$ 1,769,407	\$ 1,639,372	\$ 130,035
Public libraries	1,263,557	1,263,557	1,250,184	13,373
Miscellaneous:				
Unemployment insurance	12,500	12,500	43,159	(30,659)
Insurance	352,000	352,000	354,268	(2,268)
Contingency	65,000	59,923	59,610	313
OPEB funding	525,000	525,000	525,000	-
Workers' compensation	155,000	155,000	166,492	(11,492)
Total miscellaneous	1,109,500	1,104,423	1,148,529	(44,106)
Total expenditures	22,287,855	22,327,855	21,643,577	684,278
Excess of Revenues over Expenditures	54,918,645	54,918,645	56,516,477	1,597,832
Other Financing Sources (Uses):				
Transfers in:				
From Special Revenue Funds	822,598	822,598	840,501	17,903
Transfers out:				
Wastewater Fund	(4,300)	(4,300)	(4,300)	-
Elderly services	(419,793)	(419,793)	(419,793)	-
Tax Transfer to School	(52,415,096)	(52,415,096)	(52,415,096)	-
Tax Transfer to Debt Service	(1,093,643)	(1,093,643)	(1,093,643)	-
Tax Transfer to Comm Rec Ctr	(308,911)	(308,911)	(308,911)	-
Transfers to Other Funds			(105,000)	(105,000)
To Capital Project Funds	(1,499,500)	(1,499,500)	(1,924,500)	(425,000)
Total other financing sources (uses)	(54,918,645)	(54,918,645)	(55,430,742)	(512,097)
Excess of Revenues, Other Sources and Uses of Fund Balance over Expenditures and Other Financing Uses	\$ -	\$ -	1,085,735	\$ 1,085,735
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			(640,000)	
Encumbrances are reported in the year the order is placed for budgetary purposes but in the year received for financial reporting purposes			172,472	
Unbudgeted Planning Dept Expense			(12,780)	
Recognition of Fair Market Value of Investments			(134,080)	
Total Net Change in Fund Balance - GAAP basis			\$ 471,347	

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, 2018

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues and Designated Fund Balance:				
State aid	\$ 6,897,992	\$ 6,897,992	\$ 6,904,952	\$ 6,960
Tuition	210,272	210,272	70,388	(139,884)
Investment Income			375	375
Miscellaneous	530,000	530,000	381,705	(148,295)
Total revenues	<u>7,638,264</u>	<u>7,638,264</u>	<u>7,357,420</u>	<u>(280,844)</u>
Use of fund balance	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>-</u>
Total Revenues and Use of Fund Balance	<u>8,138,264</u>	<u>8,138,264</u>	<u>7,857,420</u>	<u>(280,844)</u>
Expenditures:				
Salaries	34,310,675	33,737,095	33,258,687	478,408
Employee benefits	14,250,647	14,195,657	13,950,493	245,164
Purchased services	9,355,533	9,984,435	9,990,393	(5,958)
Supplies and materials	2,656,505	2,656,173	2,625,320	30,853
Total expenditures	<u>60,573,360</u>	<u>60,573,360</u>	<u>59,824,893</u>	<u>748,467</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(52,435,096)</u>	<u>(52,435,096)</u>	<u>(51,967,473)</u>	<u>467,623</u>
Other Financing Sources:				
Transfers in:				
Town of South Kingstown General Fund	52,415,096	52,415,096	52,415,096	-
Trust Fund Income	20,000	20,000	28,270	8,270
Total other financing sources	<u>52,435,096</u>	<u>52,435,096</u>	<u>52,443,366</u>	<u>8,270</u>
Excess of Revenues, Other Sources and Uses of Fund Balance over Expenditures and Other Financing Uses	<u>\$ -</u>	<u>\$ -</u>	475,893	<u>\$ 475,893</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			(500,000)	
Use of fund balance, reduction in expenditures			(73,704)	
Change in encumbrances			<u>(131,648)</u>	
Total Net Change in Fund Balance - GAAP basis			<u>\$ (229,459)</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	Miscellaneous Donations Fund
Animal Shelter Benefit	Municipal Planning Services Reserve Fund
Asset Forfeiture Fund	Pre-Disaster Mitigation Grant
Community Recreation Center	Reducing Marijuana Grant
Public Safety Grants	Statewide Planning Grant
Drug Free Community Grant	Substance Abuse
Friends of SK Parks and Recreation	Historical and Vital Recording Fees

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 transfers. The following capital project funds are reported as nonmajor governmental funds.

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

Fair Share Development 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.

Guild Renovation Fund - This fund is used to account for improvements to the Neighborhood Guild facility.

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

Public Safety Improvement 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 Major Projects Fund - This fund is used to account for various restoration projects to the Town's recreational facilities.

Recreation Minor 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 Improvement Fund - This fund is used to account for the construction costs of the Senior Services Center.

South Road School Reserve Fund - This fund is used to account for construction costs associated with South Road School.

Recreation Center Fund - This fund is used to account for the construction costs of the South Kingstown Recreation Center.

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

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.

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.

	Special Revenue Funds									
	Affordable Housing	Animal Shelter Benefit Fund	Asset Forfeiture Fund	Community Development Block Grant	Community Recreation Center	Elderly Services	EMS Billing Services	Historical and Vital Recording Fees	Narragansett Library	Neighborhood Guild
ASSETS										
Cash and cash equivalents	\$	\$	\$ 740	\$	\$ 150	\$ 272,513	\$ 506,882	\$	\$ 21,200	\$ 73,255
Investments							807,557		89,211	
Accounts and other receivables						15,929			19,125	98,528
Due from federal and state governments				13,929		18,078				
Due from other funds	107,700	340,908	339,342		155,145		2,038	160,075		2,627
Prepays										3,540
Total Assets	\$ 107,700	\$ 340,908	\$ 340,082	\$ 13,929	\$ 155,295	\$ 306,520	\$ 1,316,477	\$ 160,075	\$ 129,536	\$ 177,950
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$	\$	\$ 19,423	\$	\$ 4,816	\$ 5,952	\$ 1,802	\$ 153	\$	\$ 5,330
Accrued liabilities		13,996			6,323	13,957				8,548
Due to federal and state governments		1,820								
Due to other funds				9,642		66			18,914	
Unearned revenue					26,407					60,055
Total liabilities	-	15,816	19,423	9,642	37,546	19,975	1,802	153	18,914	73,933
Fund Balances:										
Nonspendable										3,540
Restricted			320,659					159,922	110,622	100,477
Committed	107,700	325,092		4,287	117,749	286,545	1,314,675			
Unassigned										
Total fund balances	107,700	325,092	320,659	4,287	117,749	286,545	1,314,675	159,922	110,622	104,017
Total Liabilities and Fund Balances	\$ 107,700	\$ 340,908	\$ 340,082	\$ 13,929	\$ 155,295	\$ 306,520	\$ 1,316,477	\$ 160,075	\$ 129,536	\$ 177,950

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	Special Revenue Funds										
	Peace Dale Office Building	Property Revaluation Reserve Fund	RI Resource Recovery Grant	Public Safety Grants	Substance Abuse	Reducing Marijuana Grant	Statewide Planning Grant	Pre-Disaster Mitigation Grant	Drug Free Community Grant	Nancy Brown Memorial Fund	Municipal Planning Services Reserve Fund
ASSETS											
Cash and cash equivalents	\$ 185,068	\$	\$	\$	\$	\$	\$	\$	\$ 3,139	\$	
Investments											
Accounts and other receivables	31										
Due from federal and state governments				4,553				4,828	30,774		
Due from other funds	1,794	217,835	55,896		10,914					346	
Prepays											
Total Assets	\$ 186,893	\$ 217,835	\$ 55,896	\$ 4,553	\$ 10,914	\$ -	\$ -	\$ 4,828	\$ 30,774	\$ 3,139	\$ 346
LIABILITIES AND FUND BALANCES											
Liabilities:											
Accounts payable	\$ 1,632	\$	\$	\$	\$	\$	\$	\$ 1,625	\$	\$	
Accrued liabilities	4,312			889					3,139		
Due to federal and state governments											
Due to other funds				3,664				4,828	29,149		
Unearned revenue	383										
Total liabilities	6,327	-	-	4,553	-	-	-	4,828	30,774	3,139	-
Fund Balances:											
Nonspendable											
Restricted			55,896								
Committed	180,566	217,835			10,914					346	
Unassigned											
Total fund balances	180,566	217,835	55,896	-	10,914	-	-	-	-	-	346
Total Liabilities and Fund Balances	\$ 186,893	\$ 217,835	\$ 55,896	\$ 4,553	\$ 10,914	\$ -	\$ -	\$ 4,828	\$ 30,774	\$ 3,139	\$ 346

(Continued on next page)

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
 COMBINING BALANCE SHEET (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2018

EXHIBIT B-1

	Special Revenue Funds				Capital Project Funds						
	School Restricted Fund	Miscellaneous Donations Fund	Friends of SK Parks and Recreation	Total Special Revenue Funds	Capital Equipment and Replacement	Technology Improvement	Fair Share Development	Library Building Construction	Open Space Reserve	Public Safety Improvement	Public Services Office Building Improvement
ASSETS											
Cash and cash equivalents	\$	\$	\$ 75,930	\$ 1,138,877	\$	\$	\$	\$ 204,869	\$	\$	\$
Investments				896,768							
Accounts and other receivables				133,613							
Due from federal and state governments	77,849			150,011	11,501						
Due from other funds	112,090	16,110	73	1,522,893	1,073,121	183,074	438,751		631,867	376,661	86,879
Prepays				3,540							
Total Assets	\$ 189,939	\$ 16,110	\$ 76,003	\$ 3,845,702	\$ 1,084,622	\$ 183,074	\$ 438,751	\$ 204,869	\$ 631,867	\$ 376,661	\$ 86,879
LIABILITIES AND FUND BALANCES											
Liabilities:											
Accounts payable	\$ 37,042	\$	\$ 156	\$ 77,931	\$	\$	\$	\$	\$	\$	\$
Accrued liabilities	51,213			102,377							
Due to federal and state governments				1,820							
Due to other funds	16,818			83,081							
Unearned revenue	84,866			171,711							
Total liabilities	189,939	-	156	436,920	-	-	-	-	-	-	-
Fund Balances:											
Nonspendable				3,540							
Restricted		16,110		763,686					631,867		
Committed			75,847	2,641,556	1,084,622	183,074	438,751	204,869		376,661	86,879
Unassigned				-							
Total fund balances	-	16,110	75,847	3,408,782	1,084,622	183,074	438,751	204,869	631,867	376,661	86,879
Total Liabilities and Fund Balances	\$ 189,939	\$ 16,110	\$ 76,003	\$ 3,845,702	\$ 1,084,622	\$ 183,074	\$ 438,751	\$ 204,869	\$ 631,867	\$ 376,661	\$ 86,879

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TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
 COMBINING BALANCE SHEET (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2018

EXHIBIT B-1

	Capital Project Funds										
	Public Works Improvement	Recreation Minor Improvement	Guild Renovation	Recreation Improvement	School Improvement	Senior Services Center Construction	Recreation Center Fund	South Road School Reserve Fund	Town Hall Improvement	Wastewater Construction	Total Capital Project Funds
ASSETS											
Cash and cash equivalents	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$ 1,070,729	\$ 1,275,598
Investments										3,925,312	3,925,312
Accounts and other receivables											-
Due from federal and state governments	367,466	28,145									407,112
Due from other funds	1,386,682	333,973		120,210	970,051	42,212	262,285	363,031	691,864	96,744	7,057,405
Prepays											-
Total Assets	\$ 1,754,148	\$ 362,118	\$ -	\$ 120,210	\$ 970,051	\$ 42,212	\$ 262,285	\$ 363,031	\$ 691,864	\$ 5,092,785	\$ 12,665,427
LIABILITIES AND FUND BALANCES											
Liabilities:											
Accounts payable	\$	\$	\$ 2,424	\$	\$	\$	\$	\$	\$	\$	\$ 2,424
Accrued liabilities											-
Due to federal and state governments											-
Due to other funds											-
Unearned revenue		28,145									28,145
Total liabilities	-	28,145	2,424	-	-	-	-	-	-	-	30,569
Fund Balances:											
Nonspendable											-
Restricted											-
Committed	1,754,148	333,973		120,210	970,051	42,212	262,285	363,031	691,864	5,092,785	11,566,664
Unassigned			(2,424)								(2,424)
Total fund balances	1,754,148	333,973	(2,424)	120,210	970,051	42,212	262,285	363,031	691,864	5,092,785	12,634,858
Total Liabilities and Fund Balances	\$ 1,754,148	\$ 362,118	\$ -	\$ 120,210	\$ 970,051	\$ 42,212	\$ 262,285	\$ 363,031	\$ 691,864	\$ 5,092,785	\$ 12,665,427

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TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
 COMBINING BALANCE SHEET (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2018

EXHIBIT B-1

	Permanent Funds						Total
	Hazard Memorial Trust	Irving Knowles Trust	Oliver Watson Home	Walter W. Watson Trust	Kingston Free Library Trust	Total Permanent Funds	
ASSETS							
Cash and cash equivalents	\$ 207,076	\$ 7,179	\$ 18,692	\$ -	\$ 19,261	\$ 252,208	\$ 2,666,683
Investments	265,263	427,781	198,815	191,874	961,614	2,045,347	6,867,427
Accounts and other receivables						-	133,613
Due from federal and state governments						-	557,123
Due from other funds	97		220	111		428	8,580,726
Prepays						-	3,540
Total Assets	<u>\$ 472,436</u>	<u>\$ 434,960</u>	<u>\$ 217,727</u>	<u>\$ 191,985</u>	<u>\$ 980,875</u>	<u>\$ 2,297,983</u>	<u>\$ 18,809,112</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ -	\$ 5,625	\$ -	\$ -	\$ 16,916	\$ 22,541	\$ 102,896
Accrued liabilities						-	102,377
Due to federal and state governments						-	1,820
Due to other funds						-	83,081
Unearned revenue						-	199,856
Total liabilities	<u>-</u>	<u>5,625</u>	<u>-</u>	<u>-</u>	<u>16,916</u>	<u>22,541</u>	<u>490,030</u>
Fund Balances:							
Nonspendable	20,000	2,000	39,000	40,928	390,092	492,020	495,560
Restricted	452,436	427,335	178,727	151,057	573,867	1,783,422	3,617,726
Committed						-	14,208,220
Unassigned						-	(2,424)
Total fund balances	<u>472,436</u>	<u>429,335</u>	<u>217,727</u>	<u>191,985</u>	<u>963,959</u>	<u>2,275,442</u>	<u>18,319,082</u>
Total Liabilities and Fund Balances	<u>\$ 472,436</u>	<u>\$ 434,960</u>	<u>\$ 217,727</u>	<u>\$ 191,985</u>	<u>\$ 980,875</u>	<u>\$ 2,297,983</u>	<u>\$ 18,809,112</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, 2018

EXHIBIT B-2

	Special Revenue Funds										
	Affordable Housing	Animal Shelter Benefit Fund	Asset Forfeiture Fund	Community Development Block Grant	Community Recreation Center	Elderly Services	EMS Billing Services Fund	Historical and Vital Recording Fees	Narragansett Library	Neighborhood Guild	Peace Dale Office Building
Revenues:											
Intergovernmental revenues	\$	\$	\$ 9,216	\$ 109,380	\$	\$ 324,665	\$	\$	\$	\$	\$
Licenses and fees		26,453						38,280			
Fines and charges					138,917	124,650	1,022,468			365,275	84,307
Investment income (loss)					113	3,135	(68)		12,197	1,096	2,887
Contributions		1,640						45,248			
Other revenue		43,243	203,663								
Total revenues	<u>-</u>	<u>71,336</u>	<u>212,879</u>	<u>109,380</u>	<u>139,030</u>	<u>452,450</u>	<u>1,022,400</u>	<u>38,280</u>	<u>57,445</u>	<u>366,371</u>	<u>87,194</u>
Expenditures:											
Education											
Recreation										771,413	
Other expenditures	1,100	3,648	56,085	113,613	439,428	832,831	235,332	31,581	19		85,466
Debt service:											
Interest and other charges											
Capital outlay											
Total expenditures	<u>1,100</u>	<u>3,648</u>	<u>56,085</u>	<u>113,613</u>	<u>439,428</u>	<u>832,831</u>	<u>235,332</u>	<u>31,581</u>	<u>19</u>	<u>771,413</u>	<u>85,466</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,100)</u>	<u>67,688</u>	<u>156,794</u>	<u>(4,233)</u>	<u>(300,398)</u>	<u>(380,381)</u>	<u>787,068</u>	<u>6,699</u>	<u>57,426</u>	<u>(405,042)</u>	<u>1,728</u>
Other Financing Sources (Uses):											
Issuance of general obligation bonds											
Bond premium											
Transfers in	100,000				308,911	419,793			5,625	394,112	
Transfers out						(35,000)	(590,000)		(51,106)		
Total other financing sources (uses)	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>308,911</u>	<u>384,793</u>	<u>(590,000)</u>	<u>-</u>	<u>(45,481)</u>	<u>394,112</u>	<u>-</u>
Net Change in Fund Balances	98,900	67,688	156,794	(4,233)	8,513	4,412	197,068	6,699	11,945	(10,930)	1,728
Fund Balances at Beginning of Year	<u>8,800</u>	<u>257,404</u>	<u>163,865</u>	<u>8,520</u>	<u>109,236</u>	<u>282,133</u>	<u>1,117,607</u>	<u>153,223</u>	<u>98,677</u>	<u>114,947</u>	<u>178,838</u>
Fund Balances at End of Year	<u>\$ 107,700</u>	<u>\$ 325,092</u>	<u>\$ 320,659</u>	<u>\$ 4,287</u>	<u>\$ 117,749</u>	<u>\$ 286,545</u>	<u>\$ 1,314,675</u>	<u>\$ 159,922</u>	<u>\$ 110,622</u>	<u>\$ 104,017</u>	<u>\$ 180,566</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, 2018

EXHIBIT B-2

	Special Revenue Funds										
	Property Revaluation Reserve Fund	RI Resource Recovery Grant	Public Safety Grants	Substance Abuse	Reducing Marijuana Grant	Statewide Planning Grant	Pre-Disaster Mitigation Grant	Drug Free Community Grant	Nancy Brown Memorial Fund	Municipal Planning Services Reserve Fund	School Restricted Fund
Revenues:											
Intergovernmental revenues	\$	\$	\$ 78,205	\$	\$	\$ (95)	\$ 4,828	\$ 121,929	\$	\$	\$ 1,448,209
Licenses and fees											
Fines and charges											
Investment income (loss)											
Contributions											
Other revenue				25,039					1,500	12,110	
Total revenues	<u>-</u>	<u>-</u>	<u>78,205</u>	<u>25,039</u>	<u>-</u>	<u>(95)</u>	<u>4,828</u>	<u>121,929</u>	<u>-</u>	<u>1,500</u>	<u>1,460,319</u>
Expenditures:											
Education											1,437,791
Recreation											
Other expenditures	22,878		78,205	17,722		1	4,828	121,929	1,500		
Debt service:											
Interest and other charges											
Capital outlay											22,528
Total expenditures	<u>22,878</u>	<u>-</u>	<u>78,205</u>	<u>17,722</u>	<u>-</u>	<u>1</u>	<u>4,828</u>	<u>121,929</u>	<u>-</u>	<u>1,500</u>	<u>1,460,319</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(22,878)</u>	<u>-</u>	<u>-</u>	<u>7,317</u>	<u>-</u>	<u>(96)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses):											
Issuance of general obligation bonds											
Bond premium											
Transfers in											
Transfers out											
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(22,878)	-	-	7,317	-	(96)	-	-	-	-	-
Fund Balances at Beginning of Year	240,713	55,896	-	3,597	-	96	-	-	-	346	-
Fund Balances at End of Year	<u>\$ 217,835</u>	<u>\$ 55,896</u>	<u>\$ -</u>	<u>\$ 10,914</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 346</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, 2018

EXHIBIT B-2

	Special Revenue Funds			Capital Projects Funds						
	Miscellaneous Donations Fund	Friends of SK Parks and Recreation	Total Special Revenue Funds	Capital Equipment and Replacement	Technology Improvement	Fair Share Development	Library Building Construction	Open Space Reserve	Public Safety Improvement	Public Services Office Building Improvement
Revenues:										
Intergovernmental revenues	\$		\$ 2,096,337	\$	\$	\$	\$	\$	\$	\$
Licenses and fees			64,733			171,587		430,107		
Fines and charges			1,735,617							
Investment income (loss)		480	19,840				2,168			
Contributions	2,418		49,306							
Other revenue		24,225	309,780				80,885			
Total revenues	<u>2,418</u>	<u>24,705</u>	<u>4,275,613</u>	<u>-</u>	<u>-</u>	<u>171,587</u>	<u>83,053</u>	<u>430,107</u>	<u>-</u>	<u>-</u>
Expenditures:										
Education			1,437,791							
Recreation		23,995	795,408							
Other expenditures	3,560		2,049,726							
Debt service:										
Interest and other charges			-							
Capital outlay			22,528	520,300	106,820	322	25,913	111,934	43,890	
Total expenditures	<u>3,560</u>	<u>23,995</u>	<u>4,305,453</u>	<u>520,300</u>	<u>106,820</u>	<u>322</u>	<u>25,913</u>	<u>111,934</u>	<u>43,890</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,142)</u>	<u>710</u>	<u>(29,840)</u>	<u>(520,300)</u>	<u>(106,820)</u>	<u>171,265</u>	<u>57,140</u>	<u>318,173</u>	<u>(43,890)</u>	<u>-</u>
Other Financing Sources (Uses):										
Issuance of general obligation bonds										
Bond premium										
Transfers in			1,228,441	658,500	87,500		7,500		115,000	70,000
Transfers out			(676,106)			(178,216)		(325,000)		
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>552,335</u>	<u>658,500</u>	<u>87,500</u>	<u>(178,216)</u>	<u>7,500</u>	<u>(325,000)</u>	<u>115,000</u>	<u>70,000</u>
Net Change in Fund Balances	(1,142)	710	522,495	138,200	(19,320)	(6,951)	64,640	(6,827)	71,110	70,000
Fund Balances at Beginning of Year	<u>17,252</u>	<u>75,137</u>	<u>2,886,287</u>	<u>946,422</u>	<u>202,394</u>	<u>445,702</u>	<u>140,229</u>	<u>638,694</u>	<u>305,551</u>	<u>16,879</u>
Fund Balances at End of Year	<u>\$ 16,110</u>	<u>\$ 75,847</u>	<u>\$ 3,408,782</u>	<u>\$ 1,084,622</u>	<u>\$ 183,074</u>	<u>\$ 438,751</u>	<u>\$ 204,869</u>	<u>\$ 631,867</u>	<u>\$ 376,661</u>	<u>\$ 86,879</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, 2018

EXHIBIT B-2

	Capital Project Funds										
	Public Works Improvement	Recreation Minor Improvement	Guild Renovation	Recreation Improvement	School Improvement	Senior Services Center Construction	Recreation Center Fund	South Road School Reserve Fund	Town Hall Improvement	Wastewater Construction	Total Capital Project Funds
Revenues:											
Intergovernmental revenues	\$ 962,658		\$	\$	\$ 165,159	\$	\$	\$	\$	\$	\$ 1,127,817
Licenses and fees											601,694
Fines and charges								91,062		36,153	127,215
Investment income (loss)										(10,607)	(8,439)
Contributions											-
Other revenue	1	83,242					16,374				180,502
Total revenues	<u>962,659</u>	<u>83,242</u>	<u>-</u>	<u>-</u>	<u>165,159</u>	<u>-</u>	<u>16,374</u>	<u>91,062</u>	<u>-</u>	<u>25,546</u>	<u>2,028,789</u>
Expenditures:											
Education											-
Recreation											-
Other expenditures											-
Debt service:											
Interest and other charges	6,169				19,051		64,154				89,374
Capital outlay	1,259,184	128,856	168,334	4,211	75,547	42,450	172,408		100,630	17,495	2,778,294
Total expenditures	<u>1,265,353</u>	<u>128,856</u>	<u>168,334</u>	<u>4,211</u>	<u>94,598</u>	<u>42,450</u>	<u>236,562</u>	<u>-</u>	<u>100,630</u>	<u>17,495</u>	<u>2,867,668</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(302,694)</u>	<u>(45,614)</u>	<u>(168,334)</u>	<u>(4,211)</u>	<u>70,561</u>	<u>(42,450)</u>	<u>(220,188)</u>	<u>91,062</u>	<u>(100,630)</u>	<u>8,051</u>	<u>(838,879)</u>
Other Financing Sources (Uses):											
Issuance of general obligation bonds	385,000				980,000		4,055,000				5,420,000
Bond premium	21,169				39,051		159,154				219,374
Transfers in	800,000	96,000	179,831	55,000		35,000			105,000		2,209,331
Transfers out								(9,187)			(512,403)
Total other financing sources (uses)	<u>1,206,169</u>	<u>96,000</u>	<u>179,831</u>	<u>55,000</u>	<u>1,019,051</u>	<u>35,000</u>	<u>4,214,154</u>	<u>(9,187)</u>	<u>105,000</u>	<u>-</u>	<u>7,336,302</u>
Net Change in Fund Balances	903,475	50,386	11,497	50,789	1,089,612	(7,450)	3,993,966	81,875	4,370	8,051	6,497,423
Fund Balances at Beginning of Year	<u>850,673</u>	<u>283,587</u>	<u>(13,921)</u>	<u>69,421</u>	<u>(119,561)</u>	<u>49,662</u>	<u>(3,731,681)</u>	<u>281,156</u>	<u>687,494</u>	<u>5,084,734</u>	<u>6,137,435</u>
Fund Balances at End of Year	<u>\$ 1,754,148</u>	<u>\$ 333,973</u>	<u>\$ (2,424)</u>	<u>\$ 120,210</u>	<u>\$ 970,051</u>	<u>\$ 42,212</u>	<u>\$ 262,285</u>	<u>\$ 363,031</u>	<u>\$ 691,864</u>	<u>\$ 5,092,785</u>	<u>\$ 12,634,858</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, 2018

EXHIBIT B-2

	Permanent Funds						Eliminations	Total
	Hazard Memorial Trust	Irving Knowles Trust	Oliver Watson Home	Walter W. Watson Trust	Kingston Free Library Trust	Total Permanent Funds		
Revenues:								
Intergovernmental revenues	\$	\$	\$	\$	\$	\$	\$	\$ 3,224,154
Licenses and fees						-		666,427
Fines and charges						-		1,862,832
Investment income (loss)	28,964	96,865	(623)	(702)	100,339	224,843		236,244
Contributions						-		49,306
Other revenue						-		490,282
Total revenues	<u>28,964</u>	<u>96,865</u>	<u>(623)</u>	<u>(702)</u>	<u>100,339</u>	<u>224,843</u>	<u>-</u>	<u>6,529,245</u>
Expenditures:								
Education						-		1,437,791
Recreation						-		795,408
Other expenditures			408		6,929	7,337		2,057,063
Debt service:								
Interest and other charges						-		89,374
Capital outlay	5,919					5,919		2,806,741
Total expenditures	<u>5,919</u>	<u>-</u>	<u>408</u>	<u>-</u>	<u>6,929</u>	<u>13,256</u>	<u>-</u>	<u>7,186,377</u>
Excess (Deficiency) of Revenues over Expenditures	<u>23,045</u>	<u>96,865</u>	<u>(1,031)</u>	<u>(702)</u>	<u>93,410</u>	<u>211,587</u>	<u>-</u>	<u>(657,132)</u>
Other Financing Sources (Uses):								
Issuance of general obligation bonds								5,420,000
Bond premium								219,374
Transfers in						-	(140,625)	3,297,147
Transfers out		(5,625)			(27,225)	(32,850)	140,625	(1,080,734)
Total other financing sources (uses)	<u>-</u>	<u>(5,625)</u>	<u>-</u>	<u>-</u>	<u>(27,225)</u>	<u>(32,850)</u>	<u>-</u>	<u>7,855,787</u>
Net Change in Fund Balances	23,045	91,240	(1,031)	(702)	66,185	178,737	-	7,198,655
Fund Balances at Beginning of Year	<u>449,391</u>	<u>338,095</u>	<u>218,758</u>	<u>192,687</u>	<u>897,774</u>	<u>2,096,705</u>	<u>-</u>	<u>11,120,427</u>
Fund Balances at End of Year	<u>\$ 472,436</u>	<u>\$ 429,335</u>	<u>\$ 217,727</u>	<u>\$ 191,985</u>	<u>\$ 963,959</u>	<u>\$ 2,275,442</u>	<u>\$ -</u>	<u>\$ 18,319,082</u>



Internal Service Funds

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for and finance certain health care costs of the Town in addition to non-major technology investments. The Internal Service Funds are as follows:

Health Care Management Fund - To account for health care management costs for the Town.

Compensated Absences Fund - To account for compensated absences administration for the Town.

Non-major Technology Reserve Fund - To account for all funds held for the purposes of non-major technology purchases.

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
COMBINING STATEMENT OF NET POSITION - INTERNAL SERVICE FUNDS
JUNE 30, 2018

	<u>Health Care Management Fund</u>	<u>Compensated Absences Fund</u>	<u>Non-major Technology Reserve Fund</u>	<u>Total</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,658,928	\$ 51,607	\$	\$ 1,710,535
Due from other funds		<u>1,147,661</u>	<u>82,562</u>	<u>1,230,223</u>
Total Assets	<u>1,658,928</u>	<u>1,199,268</u>	<u>82,562</u>	<u>2,940,758</u>
LIABILITIES AND NET POSITION				
Liabilities:				
Accrued liabilities		<u>2</u>		<u>2</u>
Net Position:				
Unrestricted	<u>\$ 1,658,928</u>	<u>\$ 1,199,266</u>	<u>\$ 82,562</u>	<u>\$ 2,940,756</u>

**TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
 COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES
 IN FUND NET POSITION - INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018**

	Health Care Management Fund	Compensated Absences Fund	Non-major Technology Reserve Fund	Total
Operating Revenues:				
Charges for services	\$	\$	\$ 92,163	\$ 92,163
Claims reimbursement	557,705			557,705
Total operating revenues	<u>557,705</u>	<u>-</u>	<u>92,163</u>	<u>649,868</u>
Operating Expenses:				
Health care management	5,003			5,003
Compensated absences		294,402		294,402
Contribution to OPEB Trust Fund	800,000			800,000
Other			17,101	17,101
Total operating expenses	<u>805,003</u>	<u>294,402</u>	<u>17,101</u>	<u>1,116,506</u>
Operating Income (Loss)	<u>(247,298)</u>	<u>(294,402)</u>	<u>75,062</u>	<u>(466,638)</u>
Nonoperating Income:				
Income on investments	<u>10,989</u>	<u>792</u>		<u>11,781</u>
Income (Loss) Before Transfers	(236,309)	(293,610)	75,062	(454,857)
Transfers in		<u>75,000</u>		<u>75,000</u>
Change in Net Position	(236,309)	(218,610)	75,062	(379,857)
Net Position at Beginning of Year	<u>1,895,237</u>	<u>1,417,876</u>	<u>7,500</u>	<u>3,320,613</u>
Net Position at End of Year	<u>\$ 1,658,928</u>	<u>\$ 1,199,266</u>	<u>\$ 82,562</u>	<u>\$ 2,940,756</u>

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Health Care Management Fund</u>	<u>Compensated Absences Fund</u>	<u>Non-major Technology Reserve Fund</u>	<u>Total</u>
Cash Flows from Operating Activities:				
Receipts from providing services	\$ 1,476,223	\$ 219,400	\$ -	\$ 1,695,623
Receipts from claims reimbursements	837,806			837,806
Payment for interfund activity				
Payments to OPEB Trust Fund	(800,000)			(800,000)
Payments for claims	(7,209)	(294,400)		(301,609)
Net cash provided by (used in) operating activities	<u>1,506,820</u>	<u>(75,000)</u>	<u>-</u>	<u>1,431,820</u>
Cash Flows from Noncapital Financing Activities:				
Transfers in from other funds		75,000		75,000
Net cash provided by (used in) by noncapital financing activities	<u>-</u>	<u>75,000</u>	<u>-</u>	<u>75,000</u>
Cash Flows from Investing Activities:				
Sales of investments		49,263		49,263
Interest on investments	10,989	792		11,781
Net cash provided by (used in) investing activities	<u>10,989</u>	<u>50,055</u>	<u>-</u>	<u>61,044</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,517,809	50,055	-	1,567,864
Cash and Cash Equivalents at Beginning of Year	<u>141,119</u>	<u>1,552</u>	<u>-</u>	<u>142,671</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,658,928</u>	<u>\$ 51,607</u>	<u>\$ -</u>	<u>\$ 1,710,535</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	\$ (247,298)	\$ (294,402)	\$ 75,062	\$ (466,638)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	1,367,723			1,367,723
(Increase) decrease in due from other funds	108,500	219,400	(75,062)	252,838
(Increase) decrease in deposits	280,101			280,101
Increase (decrease) in accrued liabilities	(2,206)	2		(2,204)
Total adjustments	<u>1,754,118</u>	<u>219,402</u>	<u>(75,062)</u>	<u>1,898,458</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 1,506,820</u>	<u>\$ (75,000)</u>	<u>\$ -</u>	<u>\$ 1,431,820</u>



Agency Funds

AGENCY FUNDS

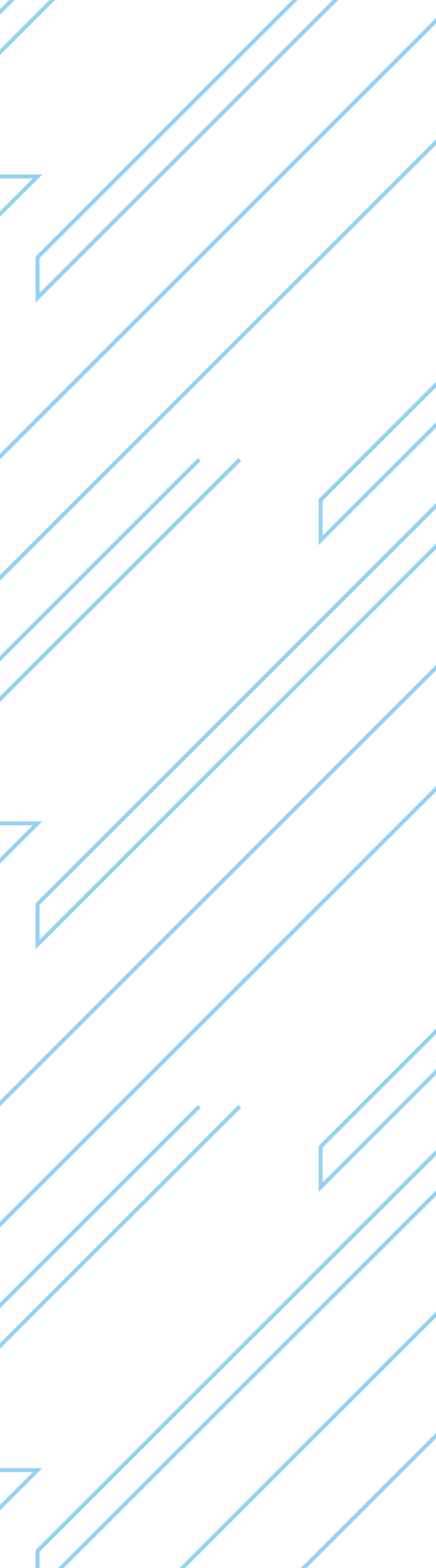
Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Agency Funds are as follows:

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, 2018

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2018</u>
Unclaimed Estates				
Assets:				
Cash	\$ 325	\$ 24,320	\$	\$ 24,645
Investments	<u>22,950</u>	<u></u>	<u>22,950</u>	<u>-</u>
Total Assets	<u>\$ 23,275</u>	<u>\$ 24,320</u>	<u>\$ 22,950</u>	<u>\$ 24,645</u>
Liabilities:				
Deposits held in custody for others	<u>\$ 23,275</u>	<u>\$ 24,320</u>	<u>\$ 22,950</u>	<u>\$ 24,645</u>
Student Activities Fund				
Assets:				
Cash	\$ 354,398	\$ 437,844	\$ 399,811	\$ 392,431
Investments	<u>8,016</u>	<u></u>	<u></u>	<u>8,016</u>
Total Assets	<u>\$ 362,414</u>	<u>\$ 437,844</u>	<u>\$ 399,811</u>	<u>\$ 400,447</u>
Liabilities:				
Deposits held in custody for others	<u>\$ 362,414</u>	<u>\$ 437,844</u>	<u>\$ 399,811</u>	<u>\$ 400,447</u>
Total All Agency Funds				
Assets:				
Cash	\$ 354,723	\$ 462,164	\$ 399,811	\$ 417,076
Investments	<u>30,966</u>	<u></u>	<u>22,950</u>	<u>8,016</u>
Total Assets	<u>\$ 385,689</u>	<u>\$ 462,164</u>	<u>\$ 422,761</u>	<u>\$ 425,092</u>
Liabilities:				
Deposits held in custody for others	<u>\$ 385,689</u>	<u>\$ 462,164</u>	<u>\$ 422,761</u>	<u>\$ 425,092</u>



Other Schedules

**TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
SCHEDULE OF PROPERTY TAXES RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2018**

<u>Year</u>	<u>Mill Rate</u>	<u>Property Taxes Receivable July 1, 2017</u>	<u>Current Year Assessment</u>	<u>Transfers Addendums (Net)</u>	<u>Abatements and Adjustments</u>	<u>Amount to be Collected</u>	<u>Collections Net of Refunds</u>	<u>Property Taxes Receivable June 30, 2018</u>
2017	15.310	\$	\$ 71,328,981	\$ 134,783	\$ 28,598	\$ 71,435,166	\$ 70,569,067	\$ 866,099
2016	15.090	846,225		214	313	846,126	701,088	145,038
2015	15.520	137,992				137,992	66,143	71,849
2014	15.482	87,307				87,307	35,450	51,857
2013	15.470	50,603				50,603	10,072	40,531
2012	14.501	43,307				43,307	4,701	38,606
2011	14.510	39,490				39,490	1,150	38,340
2010	14.190	54,591				54,591	1,724	52,867
2009	12.090	16,321				16,321	567	15,754
2008	11.970	18,738				18,738	20	18,718
2007	11.510	18,536			14,523	4,013		-
Subtotal		1,313,110	\$ <u>71,328,981</u>	\$ <u>134,997</u>	\$ <u>43,434</u>	\$ <u>72,733,654</u>	\$ <u>71,389,982</u>	1,339,659
Less: estimated allowance for uncollectable accounts		<u>381,236</u>						<u>389,913</u>
Net property taxes receivable		\$ <u>931,874</u>						\$ <u>949,746</u>

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TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
 SCHEDULE OF PROPERTY TAXES RECEIVABLE (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2018

Collections

Year	July - August 2017 Collections Subject to 60-Day FY17 Accrual	September - June 2018 Collections	Total FY 2018 Collections	July - August 2018 Collections Subject to 60-Day FY18 Accrual
2017	\$	\$ 70,569,067	\$ 70,569,067	\$ 288,328
2016	296,915	404,173	701,088	26,150
2015	24,016	42,127	66,143	10,555
2014	12,389	23,061	35,450	2,266
2013	1,107	8,965	10,072	1,437
2012	628	4,073	4,701	500
2011	549	601	1,150	43
2010	376	1,348	1,724	
2009		567	567	
2008		20	20	5
2007				
Total	\$ 335,980	\$ 71,054,002	\$ 71,389,982	\$ 329,284

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**TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
SCHEDULE OF PROPERTY TAXES RECEIVABLE (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018**

Schedule of Net Assessed Property Value by Category			Reconciliation of Current Year Property Tax Revenue	
Assessed December 31, 2016				
Description of Property	Valuations	Levy		
Real property	\$ 4,381,583,800	\$ 67,082,048	Current year collections	\$ 71,389,982
Motor vehicle	245,263,424	4,588,879	Revenue received 60 days subsequent to fiscal year ending June 30, 2018	<u>329,284</u>
Tangible property	<u>112,676,078</u>	<u>1,725,071</u>	Subtotal	<u>71,719,266</u>
Total	4,739,523,302	73,395,998	Prior year revenue received in current year (2017 60 day rule)	<u>(335,980)</u>
Exemptions and adjustments	<u>121,408,113</u>	<u>2,067,017</u>	Current Year Property Tax Revenue	<u>\$ 71,383,286</u>
Net Assessed Value	<u>\$ 4,618,115,189</u>	<u>\$ 71,328,981</u>		



Other Supplementary Information

**The Annual Supplemental Transparency Report
Schedules
required by the State of Rhode Island General Law
§ 45-12-22.2 and § 44-35-10**

- Annual Supplemental Transparency Report (MTP2) - Revenue
- Annual Supplemental Transparency Report (MTP2) - Expenditures
- Combining Schedule of Reportable Government Services with Reconciliation to MTP2 - Municipal
- Combining Schedule of Reportable Government Services with Reconciliation to MTP2 - Education Department
- Notes to Supplementary Information - Annual Supplemental Transparency Report (MTP2)

Town of South Kingstown
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2018

EXHIBIT F-1

<u>REVENUE</u>	<u>Municipal</u>	<u>Education Department</u>
Current Year Levy Tax Collection	\$ 70,856,583	\$ -
Last Year's Levy Tax Collection	430,321	-
Prior Years Property Tax Collection	95,569	-
Interest & Penalty	341,762	-
PILOT & Tax Treaty (excluded from levy) Collection	407,546	-
Other Local Property Taxes	-	-
Licenses and Permits	1,180,605	-
Fines and Forfeitures	124,650	-
Investment Income	229,396	-
Departmental	1,760,978	-
Rescue Run Revenue	1,022,401	-
Police & Fire Detail	-	-
Other Local Non-Property Tax Revenues	373,573	-
Tuition	-	70,388
Impact Aid	-	-
Medicaid	-	369,198
Federal Stabilization Funds	-	-
Federal Food Service Reimbursement	-	356,311
CDBG	-	-
COPS Grants	-	-
SAFER Grants	-	-
Other Federal Aid Funds	7,827	1,443,000
MV Excise Tax Reimbursement & Phase-out	483,828	-
State PILOT Program	204,036	-
Distressed Community Relief Fund	-	-
Library Resource Aid	218,810	-
Library Construction Aid	-	-
Public Service Corporation Tax	382,004	-
Meals & Beverage Tax / Hotel Tax	1,107,306	-
LEA Aid	-	6,833,446
Group Home	-	-
Housing Aid Capital Projects	-	-
Housing Aid Bonded Debt	558,953	-
State Food Service Revenue	-	10,459
Incentive Aid	-	-
Property Revaluation Reimbursement	-	-
Other State Revenue	-	5,209
Other Revenue	-	672,634
Local Appropriation for Education	-	52,415,096
Regional Appropriation for Education	-	-
Supplemental Appropriation for Education	-	-
Regional Supplemental Appropriation for Education	-	-
Other Education Appropriation	-	-
Rounding	-	-
Total Revenue	\$ 79,786,148	\$ 62,175,742
Financing Sources: Transfer from Capital Funds	\$ -	\$ -
Financing Sources: Transfer from Other Funds	644,611	-
Financing Sources: Debt Proceeds	-	-
Financing Sources: Other	412,403	-
Rounding	-	-
Total Other Financing Sources	\$ 1,057,014	\$ -

Town of South Kingstown
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2018

EXHIBIT F-1

EXPENDITURES	General		Social	Centralized	Planning	Libraries	Public Works	Parks and Rec	Police Department
	Government	Finance	Services	IT					
Compensation- Group A	\$ 705,088	\$ 816,341	\$ 476,009	\$ 170,869	\$ 622,895	\$ 734,016	\$ 1,127,080	\$ 1,176,478	\$ 3,503,922
Compensation - Group B	-	-	-	-	-	-	-	-	519,067
Compensation - Group C	-	-	-	-	-	-	-	-	-
Compensation -Volunteer	-	-	-	-	-	-	-	-	-
Overtime- Group A	5,868	-	1,051	-	1,434	289	68,028	22,126	647,153
Overtime - Group B	-	-	-	-	-	-	-	-	4,744
Overtime - Group C	-	-	-	-	-	-	-	-	-
Police & Fire Detail	-	-	-	-	-	-	-	-	-
Active Medical Insurance - Group A	122,234	126,172	90,135	28,255	121,724	111,544	241,435	159,570	681,269
Active Medical Insurance- Group B	-	-	-	-	-	-	-	-	143,817
Active Medical Insurance- Group C	-	-	-	-	-	-	-	-	-
Active Dental insurance- Group A	8,676	8,265	7,442	1,179	8,817	6,873	17,096	13,153	43,349
Active Dental Insurance- Group B	-	-	-	-	-	-	-	-	8,292
Active Dental Insurance- Group C	-	-	-	-	-	-	-	-	-
Payroll Taxes	48,771	62,230	34,805	12,531	46,066	54,339	88,075	89,298	335,167
Life Insurance	328	405	235	60	330	326	718	546	4,669
State Defined Contribution- Group A	4,111	8,267	4,223	2,221	5,610	6,057	9,314	9,643	787,711
State Defined Contribution - Group B	-	-	-	-	-	-	-	-	4,449
State Defined Contribution - Group C	-	-	-	-	-	-	-	-	-
Other Benefits- Group A	4,604	3,610	11,303	442	5,559	4,891	63,443	36,790	17,586
Other Benefits- Group B	-	-	-	-	-	-	-	-	4,637
Other Benefits- Group C	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension- Group A	-	-	-	-	-	-	-	-	7,480
Local Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
State Defined Benefit Pension- Group A	90,586	88,324	43,028	19,190	66,355	68,834	123,819	102,505	-
State Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	57,520
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
Other Defined Benefit / Contribution	-	-	-	-	-	-	-	-	-
Purchased Services	255,073	59,787	39,830	10,256	23,403	58,487	384,504	474,800	25,051
Materials/Supplies	5,292	5,851	24,180	5,073	3,130	105,372	139,805	105,311	43,080
Software Licenses	-	425	2,880	57,218	5,834	8,474	4,873	3,884	28,536
Capital Outlays	6,687	7,702	398	2,506	2,059	10,470	2,825	5,982	9,059
Insurance	420,860	-	-	-	-	-	-	-	-
Maintenance	14,667	-	3,593	-	4,936	23,056	22,670	33,391	15,878
Vehicle Operations	698	472	11,319	-	5,384	1,860	132,572	39,171	330,161
Utilities	42,662	-	60,869	-	-	40,764	51,269	100,070	96,738
Contingency	-	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	201,114	-	-
Revaluation	-	-	-	-	-	-	-	-	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	131,277	-	-
Trash Removal & Recycling	-	-	-	-	-	-	21,370	-	-
Claims & Settlements	-	-	-	-	-	-	-	-	-
Community Support	163,643	-	-	-	-	-	-	-	-
Other Operation Expenditures	42,594	14,468	6,758	4,928	10,978	16,573	16,173	47,134	128,348
Local Appropriation for Education	-	-	-	-	-	-	-	-	-
Regional Appropriation for Education	-	-	-	-	-	-	-	-	-
Supplemental Appropriation for Education	-	-	-	-	-	-	-	-	-
Regional Supplemental Appropriation for Education	-	-	-	-	-	-	-	-	-
Other Education Appropriation	-	-	-	-	-	-	-	-	-
Municipal Debt- Principal	-	-	-	-	-	-	-	-	-
Municipal Debt- Interest	-	-	-	-	-	-	-	-	-
School Debt- Principal	-	-	-	-	-	-	-	-	-
School Debt- Interest	-	-	-	-	-	-	-	-	-
Retiree Medical Insurance- Total	-	-	-	-	-	-	-	-	-
Retiree Dental Insurance- Total	-	-	-	-	-	-	-	-	-
OPEB Contribution- Total	-	-	-	-	-	-	-	-	-
Non-Qualified OPEB Trust Contribution	-	-	-	-	-	-	-	-	-
Rounding	-	-	-	-	-	-	-	-	-
Total Expenditures	\$ 1,942,442	\$ 1,202,319	\$ 818,058	\$ 314,728	\$ 934,514	\$ 1,252,225	\$ 2,847,460	\$ 2,419,852	\$ 7,447,682

Town of South Kingstown
Annual Supplemental Transparency Report (MTP2)
Fiscal Year Ended June 30, 2018

EXHIBIT F-1

EXPENDITURES	Fire Department	Centralized Dispatch	Public Safety Other	Education Appropriation	Debt	OPEB	Total Municipal	Education Department
Compensation- Group A	\$ -	\$ 413,647	\$ 1,212,592	\$ -	\$ -	\$ -	\$ 10,958,937	\$ 25,777,973
Compensation - Group B	-	-	-	-	-	-	519,067	3,559,242
Compensation - Group C	-	-	-	-	-	-	-	4,490,033
Compensation -Volunteer	-	-	-	-	-	-	-	-
Overtime- Group A	-	117,662	306,183	-	-	-	1,169,794	-
Overtime - Group B	-	-	-	-	-	-	4,744	-
Overtime - Group C	-	-	-	-	-	-	-	59,303
Police & Fire Detail	-	-	-	-	-	-	-	-
Active Medical Insurance - Group A	-	100,593	281,009	-	-	-	2,063,940	3,743,023
Active Medical Insurance- Group B	-	-	-	-	-	-	143,817	420,009
Active Medical Insurance- Group C	-	-	-	-	-	-	-	1,491,918
Active Dental insurance- Group A	-	6,387	17,557	-	-	-	138,794	288,582
Active Dental Insurance- Group B	-	-	-	-	-	-	8,292	27,530
Active Dental Insurance- Group C	-	-	-	-	-	-	-	114,726
Payroll Taxes	-	38,789	111,569	-	-	-	921,640	2,556,477
Life Insurance	-	262	1,459	-	-	-	9,338	195,738
State Defined Contribution- Group A	-	4,693	2,389	-	-	-	844,239	144,232
State Defined Contribution - Group B	-	-	-	-	-	-	4,449	28,634
State Defined Contribution - Group C	-	-	-	-	-	-	-	40,672
Other Benefits- Group A	-	1,287	29,369	-	-	-	178,883	316,339
Other Benefits- Group B	-	-	-	-	-	-	4,637	-
Other Benefits- Group C	-	-	-	-	-	-	-	-
Local Defined Benefit Pension- Group A	-	-	-	-	-	-	7,480	-
Local Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-
Local Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-
State Defined Benefit Pension- Group A	-	43,948	58,188	-	-	-	704,777	3,364,036
State Defined Benefit Pension - Group B	-	-	-	-	-	-	57,520	434,621
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-	481,468
Other Defined Benefit / Contribution	-	-	-	-	-	-	-	-
Purchased Services	-	2,295	249,261	-	-	-	1,582,747	10,427,992
Materials/Supplies	-	1,492	24,581	-	-	-	463,167	673,433
Software Licenses	-	4,041	5,721	-	-	-	121,886	219,849
Capital Outlays	-	-	14,028	-	-	-	61,716	850,336
Insurance	-	-	-	-	-	-	420,860	245,081
Maintenance	-	2,165	7,765	-	-	-	128,121	349,425
Vehicle Operations	-	-	40,139	-	-	-	561,776	13,930
Utilities	-	12,075	20,121	-	-	-	424,568	943,861
Contingency	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	201,114	-
Revaluation	-	-	-	-	-	-	-	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	131,277	-
Trash Removal & Recycling	-	-	-	-	-	-	21,370	-
Claims & Settlements	-	-	-	-	-	-	-	-
Community Support	-	-	-	-	-	-	163,643	-
Other Operation Expenditures	-	10,656	43,537	-	-	-	342,147	269,966
Local Appropriation for Education	-	-	-	52,415,096	-	-	52,415,096	-
Regional Appropriation for Education	-	-	-	-	-	-	-	-
Supplemental Appropriation for Education	-	-	-	-	-	-	-	-
Regional Supplemental Appropriation for Education	-	-	-	-	-	-	-	-
Other Education Appropriation	-	-	-	-	-	-	-	-
Municipal Debt- Principal	-	-	-	-	619,464	-	619,464	-
Municipal Debt- Interest	-	-	-	-	156,742	-	156,742	-
School Debt- Principal	-	-	-	-	1,062,536	-	1,062,536	-
School Debt- Interest	-	-	-	-	132,146	-	132,146	-
Retiree Medical Insurance- Total	-	-	-	-	-	-	-	-
Retiree Dental Insurance- Total	-	-	-	-	-	-	-	-
OPEB Contribution- Total	-	-	-	-	-	982,576	982,576	702,108
Non-Qualified OPEB Trust Contribution	-	-	-	-	-	-	-	-
Rounding	-	-	-	-	-	-	-	-
Total Expenditures	\$ -	\$ 759,992	\$ 2,425,468	\$ 52,415,096	\$ 1,970,888	\$ 982,576	\$ 77,733,300	\$ 62,230,535

Financing Uses: Transfer to Capital Funds	\$ 1,534,500	\$ -
Financing Uses: Transfer to Other Funds	418,211	148,098
Financing Uses: Payment to Bond Escrow Agent	-	-
Financing Uses: Other	425,000	-
Total Other Financing Uses	\$ 2,377,711	\$ 148,098
Net Change in Fund Balance¹	732,151	(202,892)
Fund Balance¹- beginning of year	\$14,636,336	\$3,547,217
Funds removed from Reportable Government Services (RGS)	-	-
Funds added to Reportable Government Services (RGS)	240,713	-
Prior period adjustments	-	-
Misc. Adjustment	(11)	-
Fund Balance¹ - beginning of year adjusted	14,877,038	3,547,217
Rounding	-	-
Fund Balance¹ - end of year	\$ 15,609,189	\$ 3,344,325

¹ and Net Position if Enterprise Fund activity is included in the transparency portal report.

Town of South Kingstown
Combining Schedule of
Reportable Government Services with
Reconciliation to MTP2
Municipal
Fiscal Year Ended June 30, 2018

EXHIBIT F-1

Per Audited Fund Financial Statements Fund Description	Total Revenue	Total Other Financing Sources	Total Expenditures	Total Other Financing Uses	Net Change in Fund Balance ¹	Beginning Fund Fund Balance ¹ (Deficit)	Prior Period Adjustment	Restated Beginning Fund Balance ¹ (Deficit)	Ending Fund Balance ¹ (Deficit)
Fund Balance¹ - per MTP-2 at June 30, 2017						\$ 14,636,336		\$ 14,636,336	
<i>Property Revaluation was added to RGS for fiscal 2018</i>						240,713	-	240,713	
<i>Miscellaneous difference from FY17 MTP2 impacting FY18 fund balance</i>						(11)	-	(11)	
<i>No misc. adjustments made for fiscal 2018</i>						-	-	-	
Fund Balance¹ - per MTP-2 at June 30, 2017 adjusted						<u>\$ 14,877,038</u>		<u>\$ 14,877,038</u>	
General Fund	\$ 77,385,967	\$ 840,501	\$ 21,483,878	\$ 56,271,243	\$ 471,347	\$ 12,618,462	\$ -	\$ 12,618,462	\$ 13,089,809
Senior Services	452,450	419,793	832,831	35,000	4,412	282,133	-	282,133	286,545
Neighborhood Guild	366,371	394,112	771,413	-	(10,930)	114,947	-	114,947	104,017
EMS Billing	1,022,400	-	235,332	590,000	197,068	1,117,607	-	1,117,607	1,314,675
Property Revaluation	-	-	22,878	-	(22,878)	240,713	-	240,713	217,835
Debt Service	558,956	1,506,046	1,971,888	-	93,114	503,176	-	503,176	596,290
Totals per audited financial statements	<u>\$ 79,786,144</u>	<u>\$ 3,160,452</u>	<u>\$ 25,318,220</u>	<u>\$ 56,896,243</u>	<u>\$ 732,133</u>	<u>\$ 14,877,038</u>	<u>\$ -</u>	<u>\$ 14,877,038</u>	<u>\$ 15,609,171</u>
<u>Reconciliation from financial statements to MTP2</u>									
Reclassify transfer of municipal appropriation to Education Department as expenditure on MTP2	\$ -	\$ -	\$ 52,415,096.00	\$ (52,415,096.00)	\$ -	\$ -	\$ -	\$ -	\$ -
Eliminate transfers between Funds reported on MTP2:	-	-	-	-	-	-	-	-	-
- from General Fund to Debt Service	-	(1,093,643)	-	(1,093,643)	-	-	-	-	-
- from General Fund to Senior Services	-	(419,793)	-	(419,793)	-	-	-	-	-
- from EMS Billing to General Fund	-	(590,000)	-	(590,000)	-	-	-	-	-
Rounding	4	(2)	(16)	-	18	-	-	-	18
Totals Per MTP2	<u>\$ 79,786,148</u>	<u>\$ 1,057,014</u>	<u>\$ 77,733,300</u>	<u>\$ 2,377,711</u>	<u>\$ 732,151</u>	<u>\$ 14,877,038</u>	<u>\$ -</u>	<u>\$ 14,877,038</u>	<u>\$ 15,609,189</u>

¹ and Net Position if Enterprise Fund activity is included in the transparency portal report.

Town of South Kingstown
Combining Schedule of
Reportable Government Services with
Reconciliation to MTP2
Education Department
Fiscal Year Ended June 30, 2018

EXHIBIT F-1

Per Audited Fund Financial Statements Fund Description	Total Revenue	Total Other Financing Sources	Total Expenditures	Total Other Financing Uses	Net Change in Fund Balance ¹	Beginning Fund Fund Balance ¹ (Deficit)	Prior Period Adjustment	Restated Beginning Fund Balance ¹ (Deficit)	Ending Fund Balance ¹ (Deficit)
Fund Balance¹ - per MTP-2 at June 30, 2017						\$ 3,547,217		\$ 3,547,217	
<i>No misc. adjustments made for fiscal 2018</i>						-	-	-	
Fund Balance¹ - per MTP-2 at June 30, 2017 adjusted						\$ 3,547,217		\$ 3,547,217	
School Unrestricted Fund	\$ 10,023,464	\$ 52,443,366	\$ 62,538,339	\$ 157,950	\$ (229,459)	\$ 3,495,576		\$ 3,495,576	\$ 3,266,117
Enterprise Fund1	1,033,356.00		1,020,300.00	(9,852.00)	22,908.00	71,508.00		71,508.00	94,416.00
School Special Revenue Funds	1,460,311.00		1,460,311.00	-	-	-		-	-
Totals per audited financial statements	\$ 12,517,131	\$ 52,443,366	\$ 65,018,950	\$ 148,098	\$ (206,551)	\$ 3,567,084	\$ -	\$ 3,567,084	\$ 3,360,533

Reconciliation from financial statements to MTP2

Municipal appropriation for Education reported as a transfer on financial statements but a revenue on MTP2	\$ 52,443,366.00	\$ (52,443,366.00)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State contributions on behalf of teacher pensions are reported as revenue and expenditures on financial statements only	(2,666,045)	-	(2,666,045)	-	-	-	-	-	-
Transfer (from School Unrestricted to the School Enterprise Fund) is reported as a revenue in Food Service Fund in UCOA file	-	-	-	-	-	-	-	-	-
In financial report as fund transfer, reported in MPT2 as expense	-	-	-	-	-	-	-	-	-
Less Commodities reported from GAAP financials - not in MPT2	(47,204)	-	(47,204)	-	-	-	-	-	-
For financial statements, indirect cost charges and recovery are reported in federal grant funds and also actual expenditures & reimbursement reported in School Unrestricted Fund.	(71,506)	-	(71,506)	-	-	-	-	-	-
Depreciation Expenses recognized on Financial Statements NOT recognized for MTP2 or UCOA and NET INVESTMENT IN CAPITAL ASSETS FOR SCHOOL LUNCH FUND NOT RECOGNIZED IN UCOA	-	-	(3,653)	-	3,653	(19,846)	-	(19,846)	(16,193)
Rounding	(0)	-	(7)	-	6	(21)	-	(21)	(15)
Totals Per MTP2	\$ 62,175,742	\$ -	\$ 62,230,535	\$ 148,098	\$ (202,892)	\$ 3,547,217	\$ -	\$ 3,547,217	\$ 3,344,325

Reconciliation from MTP2 to UCOA

Transfer (from School Unrestricted to the School Enterprise Fund) is reported as a revenue in Food Service Fund in UCOA file.		
In financial report as fund transfer, reported to UCOA as expense		
Use of Fund Balance recorded as revenue in UCOA file	500,000	-
In financial report as fund transfer, reported to UCOA as expense	-	157,950
Transfer (from School Unrestricted to the School Enterprise Fund) is reported as a revenue in Food Service Fund in UCOA file.	9,852	-
Less Expense (direct funded from Fund Balance) Water Fountains reported from GAAP financials - not in MPT2	-	(54,570)
Less Expense (direct funded from Fund Balance) WKES Plumbing reported from GAAP financials - not in MPT2	-	(19,134)
Totals per UCOA Validated Totals Report	\$ 62,685,594	\$ 62,314,781

¹ and Net Position if Enterprise Fund activity is included in the transparency portal report.

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
NOTES TO SUPPLEMENTARY INFORMATION - ANNUAL SUPPLEMENTAL TRANSPARENCY
REPORT (MTP2)
JUNE 30, 2018

NOTE 1. Basis of Presentation

The *Annual Supplemental Transparency Report* (MTP2) is a supplemental schedule required by the State of Rhode Island General Laws 45-12-22.2 and 44-35-10. This supplementary schedule included within the audit report is part of a broader project to create a municipal transparency portal (MTP) website to host municipal financial information in a centralized location.

The format of the *Annual Supplemental Transparency Report* (MTP2) was prescribed by the State Department of Revenue (Division of Municipal Finance), Office of the Auditor General and the Department of Education.

NOTE 2. Reportable Government Services

Data consistency and comparability are among the key objectives of the State's Municipal Transparency portal. Consistent with that goal, the State has defined "reportable government services", RGS, to include those operational revenues, expenditures, and transfers related to activities which are essential to the achievement of municipal operations. The determination of RGS may be different from the activities included within the legally adopted budget of the municipality. In practice, some communities report certain RGS in separate funds (e.g., special revenue funds, enterprise funds) rather than the municipality's general fund. The Annual Supplemental Transparency Report (MTP2) includes a reconciliation to the fund level statements.

NOTE 3. Allocations

The State reporting requires expenditures to be reported by departments, as defined by the State. Some of the departmental groupings are not consistent with the departments reflected in the City's (or Town's) budget and accounting system. To report these costs, the City (or Town) made allocations of costs to the State's departmental groupings based on a reasonable basis.

NOTE 4. Employee Groups

Compensation includes salaries, longevity, stipends, clothing allowance/maintenance, shift differential, out-of-rank, holiday pay and bonuses.

For Public Safety departments (i.e., police, fire, and centralized dispatch) and the Education Department, compensation and most benefits costs are reported in the following employee groupings:

Group A: This group consists of employees who serve the primary function of the department.

- Police Department - police officers (e.g., uniform personnel - including, leadership positions)
- Fire Department - fire fighters (e.g., uniform personnel - including, leadership positions)
- Centralized Dispatch Department - civilian dispatchers only
- Education Department - professional staff providing direct services to students
- For the remaining departments - all employees' compensation and benefits are reported under Group A

**TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
NOTES TO SUPPLEMENTARY INFORMATION - ANNUAL SUPPLEMENTAL TRANSPARENCY
REPORT (MTP2)
JUNE 30, 2018**

Group B: For Police and Fire Departments, compensation and benefits paid to its administrative employees and civilian dispatch employees are reported under Group B. The Education Department reports compensation and benefits paid to executive/mid-level educational administration employees under Group B.

Group C: This group is only used for the Education Department and it includes administrative and support staff.

Other post-employment benefits (OPEB) are not reported by employee groups on the MTP2. They are reported in total as either (1) contributions to a qualified OPEB trust or (2) the amount paid for medical and dental insurance for retirees when an OPEB trust fund has not been established. The detail employee group information for the Education Department can be found on the State's Municipal Transparency portal website.

NOTE 5. Education Revenue and Expenditures

The revenues and expenditures presented on the MTP2 under the Education Department is consistent with existing Uniform Chart of Accounts (UCOA) guidelines. Each MTP account code has been mapped to the corresponding UCOA code or group of UCOA codes to facilitate the preparation of the MTP reporting.

Additional guidance and definitions regarding the State's Municipal Transparency Portal can be found on the State Division of Municipal Finance website: <http://www.municipalfinance.ri.gov/>.



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 POSITION BY COMPONENT
LAST TEN YEARS**

	Fiscal Year Ended June 30									
	2018	2017	Restated 2016	Restated 2015	Restated 2014	2013	2012	2011	2010	2009
Governmental activities:										
Net investment in capital assets	\$ 72,453,601	\$ 77,888,860	\$ 70,479,567	\$ 67,772,956	\$ 65,788,311	\$ 67,088,741	\$ 66,167,452	\$ 64,187,374	\$ 59,514,637	\$ 58,268,229
Restricted	2,196,655	2,509,938	2,295,984	17,686,826	17,649,052	15,968,722	15,885,876	15,927,670	14,457,291	13,627,269
Unrestricted	(16,739,201)	(25,186,040)	(17,776,078)	(30,877,110)	(54,454,652)	35,089,366	31,781,810	28,956,645	28,760,016	25,159,357
Total governmental activities net position	<u>57,911,055</u>	<u>55,212,758</u>	<u>54,999,473</u>	<u>54,582,672</u>	<u>28,982,711</u>	<u>118,146,829</u>	<u>113,835,138</u>	<u>109,071,689</u>	<u>102,731,944</u>	<u>97,054,855</u>
Business-type activities:										
Net investment in capital assets	21,099,965	21,560,136	20,764,646	20,379,758	20,653,037	21,169,022	21,551,897	21,529,486	21,683,245	21,953,466
Unrestricted	11,148,345	10,316,138	9,590,963	8,602,953	7,806,604	7,020,437	6,215,290	5,705,043	5,107,329	4,699,813
Total business-type activities net position	<u>32,248,310</u>	<u>31,876,274</u>	<u>30,355,609</u>	<u>28,982,711</u>	<u>28,459,641</u>	<u>28,189,459</u>	<u>27,767,187</u>	<u>27,234,529</u>	<u>26,790,574</u>	<u>26,653,279</u>
Primary government:										
Net investment in capital assets	93,553,566	99,448,996	91,244,213	88,152,714	86,441,348	88,257,763	87,719,349	85,716,860	81,197,882	80,221,695
Restricted	2,196,655	2,509,938	2,295,984	17,686,826	17,649,052	15,968,722	15,885,876	15,927,670	14,457,291	13,627,269
Unrestricted	(5,590,856)	(14,869,902)	(8,185,115)	(22,274,157)	(46,648,048)	42,109,803	37,997,100	34,661,688	33,867,345	29,859,170
Total Primary Government Net Position	<u>\$ 90,159,365</u>	<u>\$ 87,089,032</u>	<u>\$ 85,355,082</u>	<u>\$ 83,565,383</u>	<u>\$ 57,442,352</u>	<u>\$ 146,336,288</u>	<u>\$ 141,602,325</u>	<u>\$ 136,306,218</u>	<u>\$ 129,522,518</u>	<u>\$ 123,708,134</u>

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

	For the Fiscal Year Ended June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Expenses										
Governmental activities:										
General government	\$ 5,485,016	\$ 6,009,770	\$ 4,959,774	\$ 4,132,116	\$ 4,841,301	\$ 10,084,503	\$ 8,998,934	\$ 8,762,355	\$ 9,181,646	\$ 8,773,435
Public safety	12,533,561	11,959,463	13,020,538	10,223,505	10,045,222	7,077,376	6,982,529	6,842,338	6,586,666	6,809,682
Public works	2,925,740	3,287,040	3,084,179	4,621,350	4,299,775	3,648,193	2,867,358	3,267,543	3,123,570	3,381,225
Human service agency contributions	840,591	950,422	943,812	928,691	923,218	145,400	145,400	145,400	166,750	188,927
Public libraries	1,832,064	1,813,159	1,506,903	1,282,647	1,231,188	1,051,446	1,033,043	1,049,444	1,015,013	1,039,152
Education	65,482,766	66,089,552	65,100,240	61,776,176	61,622,756	62,189,433	62,121,226	62,708,323	62,584,202	63,199,438
Recreation	4,699,805	4,428,491	4,135,318	2,648,392	2,723,576	2,264,670	2,242,208	2,274,394	2,238,241	2,301,367
Interest on long-term debt	413,293	245,795	321,314	819,950	860,844	730,633	916,407	1,067,569	1,236,605	1,369,147
Total governmental activities	<u>94,212,836</u>	<u>94,783,692</u>	<u>93,072,078</u>	<u>86,432,827</u>	<u>86,547,880</u>	<u>87,191,654</u>	<u>85,307,105</u>	<u>86,117,366</u>	<u>86,132,693</u>	<u>87,062,373</u>
Business-type activities:										
Wastewater	3,394,506	3,355,328	3,105,813	3,223,580	2,829,421	2,768,557	3,024,608	2,941,505	3,084,902	3,152,653
Solid Waste	559,798	500,390	498,920	477,057	457,313	474,459	522,638	511,132	471,896	477,435
Water	970,691	896,198	818,052	927,477	845,888	768,278	852,845	831,549	805,924	784,999
School Cafeteria	1,020,300	985,643	983,204	939,795	973,067	957,920	984,046	1,022,540	956,998	992,566
Total business-type activities	<u>5,945,295</u>	<u>5,737,559</u>	<u>5,405,989</u>	<u>5,567,909</u>	<u>5,105,689</u>	<u>4,969,214</u>	<u>5,384,137</u>	<u>5,306,726</u>	<u>5,319,720</u>	<u>5,407,653</u>
Total Primary Government Expense	<u>\$ 100,158,131</u>	<u>\$ 100,521,251</u>	<u>\$ 98,478,067</u>	<u>\$ 92,000,736</u>	<u>\$ 91,653,569</u>	<u>\$ 92,160,868</u>	<u>\$ 90,691,242</u>	<u>\$ 91,424,092</u>	<u>\$ 91,452,413</u>	<u>\$ 92,470,026</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 495,600	\$ 626,747	\$ 561,391	\$ 538,276	\$ 3,188,727	\$ 3,447,815	\$ 3,140,696	\$ 3,568,036	\$ 3,544,928	\$ 3,170,376
Public safety	1,468,888	1,260,869	1,391,139	1,358,084	348,997	1,169,260	689,271	920,046	878,852	888,425
Human service	1,065,694	882,677	754,636	908,990	139,704		150			
Public works	174,401	142,466	162,652	123,738		324,340	5,500	114,780	77,269	65,465
Public libraries	22,001	23,267	20,855	21,686	24,491	24,283	24,784	27,877	28,448	30,186
Education	631,480	670,514	833,574	883,368	791,124	824,591	734,695	758,360	915,874	988,731
Recreation	1,677,624	1,618,619	1,609,412	1,585,138	1,015,206	958,750	980,159	921,171	863,176	821,301
Operating grants and contributions	13,065,446	13,491,181	14,611,427	12,940,772	13,186,891	13,639,256	14,373,951	14,624,647	14,597,929	14,971,735
Capital grants and contributions	1,799,851	2,276,533	3,217,518	524,381	92,439	107,725	877,125	1,002,922	678,310	105,831
Total governmental activities program revenues	<u>20,400,985</u>	<u>20,992,873</u>	<u>23,162,604</u>	<u>18,884,433</u>	<u>18,787,579</u>	<u>20,496,020</u>	<u>20,826,331</u>	<u>21,937,839</u>	<u>21,584,786</u>	<u>21,042,050</u>
Business-type activities:										
Charges for services:										
Wastewater	3,608,923	4,052,754	3,285,671	3,494,268	3,049,347	3,251,827	3,248,469	3,055,955	3,093,623	3,080,743
Solid Waste	561,226	501,178	506,858	528,250	492,264	544,766	565,191	483,873	425,240	478,540
Water	1,137,826	1,139,920	1,158,964	1,141,522	1,010,389	973,530	946,523	954,815	922,164	940,327
School Cafeteria	619,381	579,252	560,875	579,529	601,848	633,393	680,055	728,897	679,823	721,789
Operating grants and contributions	413,975	402,182	427,718	432,055	368,165	325,227	293,285	321,307	274,624	265,866
Capital grants and contributions	18,069						168,650	154,650		
Total business-type activities	<u>6,359,400</u>	<u>6,675,286</u>	<u>5,940,086</u>	<u>6,175,624</u>	<u>5,522,013</u>	<u>5,728,743</u>	<u>5,902,173</u>	<u>5,699,497</u>	<u>5,395,474</u>	<u>5,487,265</u>
Total Primary Government Program Revenues	<u>\$ 26,760,385</u>	<u>\$ 27,668,159</u>	<u>\$ 29,102,690</u>	<u>\$ 25,060,057</u>	<u>\$ 24,309,592</u>	<u>\$ 26,224,763</u>	<u>\$ 26,728,504</u>	<u>\$ 27,637,336</u>	<u>\$ 26,980,260</u>	<u>\$ 26,529,315</u>

(Continued on next page)

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

	For the Fiscal Year Ended June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Net Revenue (Expense)										
Governmental activities	\$ (73,811,851)	\$ (73,790,819)	\$ (69,909,474)	\$ (67,548,394)	\$ (67,760,301)	\$ (64,480,774)	\$ (64,179,527)	\$ (64,547,907)	\$ (66,020,323)	\$ (63,320,370)
Business-type activities	414,105	937,727	534,097	607,715	416,324	759,529	392,771	75,754	79,612	326,511
Total Primary Government Net Expense	\$ <u>(73,397,746)</u>	\$ <u>(72,853,092)</u>	\$ <u>(69,375,377)</u>	\$ <u>(66,940,679)</u>	\$ <u>(67,343,977)</u>	\$ <u>(63,721,245)</u>	\$ <u>(63,786,756)</u>	\$ <u>(64,472,153)</u>	\$ <u>(65,940,711)</u>	\$ <u>(62,993,859)</u>
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Property taxes	\$ 72,166,222	\$ 70,994,758	\$ 69,126,888	\$ 66,953,388	\$ 66,953,388	\$ 66,659,301	\$ 66,472,251	\$ 65,797,804	\$ 64,729,407	\$ 63,974,336
Motor vehicle phase-out taxes	483,828	142,445	139,730	170,945	170,945	165,446	167,774	168,739	1,876,190	2,178,075
Telephone and hotel taxes	199,400	164,020	159,174	509,604	509,604	495,631	463,552	414,890	372,981	357,171
Grants and aid not restricted for a specific program	1,663,617	1,353,836	1,340,500	1,837,885	1,837,885	1,663,378	1,657,207	1,413,742	1,440,551	1,737,177
Unrestricted investment earnings	1,971,233	1,940,657	193,395	2,568,515	2,568,515	1,990,301	481,121	2,733,097	1,822,022	(834,736)
Transfers	25,848	(591,612)	(803,982)	163,057	163,057	357,608	2,318	(9,000)	(16,155)	81,973
Total governmental activities	<u>76,510,148</u>	<u>74,004,104</u>	<u>70,155,705</u>	<u>72,203,394</u>	<u>72,203,394</u>	<u>71,331,665</u>	<u>69,244,223</u>	<u>70,519,272</u>	<u>70,224,996</u>	<u>67,493,996</u>
Business-type activities:										
Unrestricted investment earnings	(16,221)	(8,674)	34,819	16,915	16,915	20,351	16,940	42,184	45,386	108,359
Transfers	(25,848)	591,612	803,982	(163,057)	(163,057)	(357,608)	(2,318)	9,000	16,155	(81,973)
Total business type activities	<u>(42,069)</u>	<u>582,938</u>	<u>838,801</u>	<u>(146,142)</u>	<u>(146,142)</u>	<u>(337,257)</u>	<u>14,622</u>	<u>51,184</u>	<u>61,541</u>	<u>26,386</u>
Total primary government	\$ <u>76,468,079</u>	\$ <u>74,587,042</u>	\$ <u>70,994,506</u>	\$ <u>72,057,252</u>	\$ <u>72,057,252</u>	\$ <u>70,994,408</u>	\$ <u>69,258,845</u>	\$ <u>70,570,456</u>	\$ <u>70,286,537</u>	\$ <u>67,520,382</u>
Change in Net Position										
Governmental activities	\$ 2,698,297	\$ 213,285	\$ 246,231	\$ 4,443,093	\$ 4,443,093	\$ 3,571,364	\$ 4,763,449	\$ 6,339,745	\$ 5,677,089	\$ 1,473,673
Business-type activities	372,036	1,520,665	1,372,898	270,182	270,182	79,067	774,151	443,955	137,295	105,998
Total Primary Government	\$ <u>3,070,333</u>	\$ <u>1,733,950</u>	\$ <u>1,619,129</u>	\$ <u>4,713,275</u>	\$ <u>4,713,275</u>	\$ <u>3,650,431</u>	\$ <u>5,537,600</u>	\$ <u>6,783,700</u>	\$ <u>5,814,384</u>	\$ <u>1,579,671</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,									
	2018	2017	2016	2015	2014	2013	2012 **	2011 *	2010	2009
General Fund:										
Reserved	\$ 9,598	\$ 36,956	\$ 15,726	\$ 38,193	\$ 63,678	\$ 21,926	\$ 30,361	\$ 2,579	\$ 22,133	\$ 45,788
Unreserved	<u>16,346,328</u>	<u>16,077,082</u>	<u>15,570,027</u>	<u>14,984,306</u>	<u>15,914,055</u>	<u>15,443,286</u>	<u>15,048,648</u>	<u>11,661,554</u>	<u>11,485,482</u>	<u>11,535,780</u>
Total General Fund	<u>\$ 16,355,926</u>	<u>\$ 16,114,038</u>	<u>\$ 15,585,753</u>	<u>\$ 15,022,499</u>	<u>\$ 15,977,733</u>	<u>\$ 15,465,212</u>	<u>\$ 15,079,009</u>	<u>\$ 11,664,133</u>	<u>\$ 11,507,615</u>	<u>\$ 11,581,568</u>
All Other Governmental Funds:										
Reserved	\$ 23,333,520	\$ 22,102,238	\$ 22,090,114	\$ 22,901,688	\$ 27,111,926	\$ 25,031,275	\$ 23,540,103	\$ 23,737,218	\$ 15,179,653	\$ 12,524,961
Unreserved, reported in:										
Special revenue funds	2,565,363	2,206,848	2,498,058	2,345,147	2,399,180	2,246,126	2,453,669	5,318,787	7,708,064	6,132,249
Capital project funds	11,640,433	5,128,522	9,518,148	9,525,428	3,931,006	4,140,305	4,134,410	3,376,356	9,576,489	9,966,576
Permanent funds									1,415,680	1,447,322
Total All Other Governmental Funds	<u>\$ 37,539,316</u>	<u>\$ 29,437,608</u>	<u>\$ 34,106,320</u>	<u>\$ 34,772,263</u>	<u>\$ 33,442,112</u>	<u>\$ 31,417,706</u>	<u>\$ 30,128,182</u>	<u>\$ 32,432,361</u>	<u>\$ 33,879,886</u>	<u>\$ 30,071,108</u>

Notes:
 Permanent funds were reported as trust and agency funds prior to FY 2011

* 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,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenues:										
Property Taxes and Interest	\$ 72,138,721	\$ 71,023,350	\$ 69,170,273	\$ 68,282,410	\$ 67,434,952	\$ 66,626,623	\$ 66,517,515	\$ 65,767,357	\$ 64,686,811	\$ 63,897,316
Intergovernmental revenues	13,084,043	14,124,443	14,224,265	13,519,811	13,313,778	13,809,380	15,000,408	14,625,902	16,477,182	16,796,121
Licenses, Fees and Rents	2,220,604	2,027,110	1,800,653	2,091,978	1,936,129	2,122,082	1,850,827	2,037,196	2,024,285	1,789,384
Interest on Investments	1,959,452	1,940,088	192,667	661,351	2,562,349	1,913,743	463,169	2,716,487	1,808,819	(853,653)
Fines and Charges	1,934,102	1,454,328	1,668,007	1,685,331	1,720,729	1,707,372	1,514,469	1,178,269	1,135,127	1,114,872
Department Revenue	1,085,472	1,382,810	1,319,990	1,153,858	1,131,332	924,693	1,255,012	1,064,987	1,002,911	1,028,183
Other Revenue	921,296	834,428	853,428	777,521	765,504	1,812,880	1,015,744	1,591,105	1,670,698	1,507,728
State On-behalf Pension	2,666,045	2,683,099	2,449,310	2,369,227	2,185,581	2,119,728	2,478,404	2,098,130	2,008,361	2,439,868
Total revenues	<u>96,009,735</u>	<u>95,469,656</u>	<u>91,678,593</u>	<u>90,541,487</u>	<u>91,050,354</u>	<u>91,036,501</u>	<u>90,095,548</u>	<u>91,079,433</u>	<u>90,814,194</u>	<u>87,719,819</u>
Expenditures:										
Current:										
General Government	3,839,267	3,751,923	3,776,694	3,571,502	3,632,029	2,660,861	2,549,948	2,578,103	2,486,301	2,732,722
Public Safety	11,265,691	10,897,960	10,559,201	9,639,003	9,281,517	6,672,979	6,743,188	6,563,358	6,036,189	6,383,435
Public Services	2,935,749	3,627,204	2,984,847	2,735,979	2,491,439	2,398,155	1,644,637	2,081,960	1,951,422	2,219,582
Public Health Contributions	964,008	950,422	940,061	125,400	147,400	145,400	145,400	145,400	166,750	188,927
Recreation	2,957,302	2,924,312	2,658,792	2,572,574	2,358,758	2,035,546	2,029,877	2,043,091	1,995,969	2,032,015
Public Libraries	1,259,498	1,210,348	1,180,796	1,173,634	1,134,945	914,695	943,655	928,496	918,449	936,811
Educational	63,976,130	63,158,612	62,196,819	61,834,589	60,988,629	61,524,508	61,576,314	61,820,390	61,519,957	61,776,284
Capital Improvements	2,806,741	10,161,698	3,508,744	3,011,018	2,906,979	1,842,708	2,229,942	4,319,515	2,091,968	1,445,008
Miscellaneous	1,191,713	1,040,289	967,255	928,093	2,361,875	7,550,463	6,965,814	6,382,023	6,386,655	6,786,000
Debt Service: (2)										
Principal	1,682,000	1,710,000	2,044,000	2,371,000	2,680,000	2,981,000	3,260,000	3,435,000	3,523,093	3,590,000
Interest	378,262	257,434	334,933	618,393	592,913	717,211	898,394	1,020,227	1,270,377	1,292,092
Total expenditures	<u>93,256,361</u>	<u>99,690,202</u>	<u>91,152,142</u>	<u>88,581,185</u>	<u>88,576,484</u>	<u>89,443,526</u>	<u>88,987,169</u>	<u>91,317,563</u>	<u>88,347,130</u>	<u>89,382,876</u>
Excess of revenues over (under) expenditures	<u>2,753,374</u>	<u>(4,220,546)</u>	<u>526,451</u>	<u>1,960,302</u>	<u>2,473,870</u>	<u>1,592,975</u>	<u>1,108,379</u>	<u>(238,130)</u>	<u>2,467,064</u>	<u>(1,663,057)</u>
Other Financing Sources (Uses):										
Proceeds from borrowing	5,639,374								1,283,916	
Issuance of refunding bonds				6,935,000		4,263,000				
Payment to refunding debt escrow				(7,218,900)		(4,207,856)				
Transfers in	5,523,866	5,700,651	5,860,074	5,996,250	4,571,217	3,907,648	3,513,401	52,192,383	52,425,977	52,080,623
Transfers out	(5,573,018)	(5,710,706)	(6,489,214)	(5,892,553)	(4,508,160)	(3,880,040)	(3,511,083)	(52,201,383)	(52,442,132)	(51,998,650)
Total other financing sources (uses)	<u>5,590,222</u>	<u>(10,055)</u>	<u>(629,140)</u>	<u>(180,203)</u>	<u>63,057</u>	<u>82,752</u>	<u>2,318</u>	<u>(9,000)</u>	<u>1,267,761</u>	<u>81,973</u>
Net Change in Fund Balances	<u>\$ 8,343,596</u>	<u>\$ (4,230,601)</u>	<u>\$ (102,689)</u>	<u>\$ 1,780,099</u>	<u>\$ 2,536,927</u>	<u>\$ 1,675,727</u>	<u>\$ 1,110,697</u>	<u>\$ (247,130)</u>	<u>\$ 3,734,825</u>	<u>\$ (1,581,084)</u>
Debt Service as a Percentage of Noncapital Expenditures (1)	<u>2.28%</u>	<u>1.97%</u>	<u>2.61%</u>	<u>3.37%</u>	<u>3.70%</u>	<u>4.13%</u>	<u>4.67%</u>	<u>4.88%</u>	<u>5.43%</u>	<u>5.46%</u>

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.

TABLE 5

**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	Motor Vehicles	Less Tax Exempt Property		
2018	\$ 3,902,377,700	\$ 406,099,681	\$ 73,106,419	\$ 112,676,078	\$ 184,249,032	\$ 60,393,721	\$ 4,618,115,189	\$ 15.45
2017	3,874,286,600	417,248,697	74,538,903	113,800,099	198,929,263	61,210,855	4,617,592,707	15.25
2016	3,663,352,700	388,285,575	75,493,525	113,540,016	194,264,022	60,187,116	4,374,748,722	15.66
2015	3,528,766,791	493,273,045	73,836,764	106,473,897	187,325,550	61,825,012	4,327,851,035	15.48
2014	4,327,013,284	420,199,912	40,682,402	117,242,736	185,876,659	793,673,400	4,297,341,593	15.47
2013	4,434,004,364	476,108,659	41,715,054	202,728,309	182,251,511	810,728,300	4,526,079,597	14.50
2012	4,438,109,285	440,496,805	40,110,400	232,546,219	170,642,925	814,832,689	4,507,072,945	14.67
2011	4,423,285,263	440,530,005	40,110,400	236,046,336	220,747,096	813,898,457	4,546,820,643	14.41
2010	5,229,586,265	494,226,005	46,754,260	257,930,859	99,835,185	846,367,997	5,281,964,577	12.21
2009	5,185,491,136	492,945,505	46,824,460	239,650,476	122,641,096	832,047,183	5,255,505,490	12.13

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% for fiscal year 2018.

The Town had a full revaluation of real property as of December 31, 2012, effective for the 2013-14 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, 2015 for the 2016-2017 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 vehicle tax rate was frozen at \$18.71. For fiscal year 2018, the property tax rate, exclusive of motor vehicles, was \$15.31

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, 2018

Note: Excludes 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	\$ 4,381,583,800			
Less Exemptions	60,393,721			
Net Real Estate		\$ 4,321,190,079	\$ 15.3100	\$ 66,157,420
Tangible/Personal		112,676,078	15.3100	1,725,071
Motor Vehicle	245,263,424			
Less Exemptions	61,014,392			
Net Motor Vehicle		184,249,032	18.71	3,447,299
		<u>\$ 4,618,115,189</u>		<u>\$ 71,329,790</u>
	Total Assessed Value:	\$ 4,618,115,189		
	Divided by Total Levy:	71,329,790		
	(Times 1000)	<u>\$ 15.45</u>	Weighted Avg/Total Direct Rate	

TABLE 6

**TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO**

	2018			2009		
	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value
Harbor Village Apts (formerly Grandville)	\$ 36,769,600	1	0.80%	\$ 44,057,300	2	0.84%
Schneider Electric (formerly APC)	27,168,623	2	0.59%	60,514,828	1	1.15%
Narragansett Electric	21,902,869	3	0.47%	22,345,206	3	0.43%
SCC Investments II, LLC	18,464,500	4	0.40%			
Brightview Commons, LLC (formerly SHP III)	18,169,500	5	0.39%	18,582,600	6	0.35%
HCP HB2 South Bay Manor LLC	14,352,600	6	0.31%	16,094,500	8	0.31%
Wakefield Mall, LLC	13,557,900	7	0.29%	13,504,900	9	0.26%
Jerry Brown Farm Association	13,513,100	8	0.29%	18,893,100	5	0.36%
Tower Hill Landings, LLC	8,022,800	9	0.17%			
United Water	7,910,000	10	0.17%			
APC America Inc				20,816,500	4	0.40%
Green Tree Realty				17,256,300	7	0.33%
Hallkeen CDT Kingston LTD Part				10,806,900	10	0.21%
Total	\$ 179,831,492		3.42%	\$ 242,872,134		5.26%

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 8/30/18	% of Net Levy
2017-18	\$ 15.31	\$ 71,328,981	\$ 134,783	\$ 28,622	\$ 71,435,142	\$ 866,099	1.21%	\$ 577,770	0.8088%
2016-17	15.09	70,398,298	78,533	55,227	70,421,604	145,041	0.21%	118,891	0.17%
2015-16	15.52	68,504,982	93,912	43,927	67,698,861	71,850	0.11%	61,295	0.09%
2014-15	15.48	67,607,641	114,775	23,555	65,885,154	51,856	0.08%	49,590	0.08%
2013-14	15.47	67,082,117	175,914	348,216	65,199,289	40,530	0.06%	39,093	0.06%
2012-13	14.50	66,399,782	99,701	372,420	64,231,377	38,605	0.06%	38,105	0.06%
2011-12	14.51	66,120,832	124,683	360,361	65,885,154	38,340	0.06%	38,297	0.06%
2010-11	14.19	65,499,433	109,275	409,419	65,199,289	52,867	0.08%	52,867	0.08%
2009-10	12.09	64,504,174	122,736	395,533	64,231,377	15,754	0.02%	15,754	0.02%
2008-09	11.97	63,726,992	103,533	441,796	63,388,729	18,717	0.03%	18,717	0.03%

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

General Bonded Debt						
Fiscal Year June 30,	General Obligation Bonds	Bonds Premiums	Taxable Assessed Value	Percent of Taxable Assessed Value	(2010 is actual) U.S. Census Estimated Population	Per Capita
2018	\$ 12,495,000	\$ 529,392	\$ 4,618,115,189	0.27%	30,788	\$ 406
2017	8,757,000	360,675	4,617,592,707	0.19%	30,791	284
2016	10,467,000	400,412	4,374,748,722	0.24%	30,826	340
2015	12,511,000	440,149	4,327,851,035	0.29%	30,750	407
2014	14,967,000	96,209	4,297,341,593	0.35%	30,615	489
2013	17,647,000	128,650	4,526,079,597	0.39%	30,363	581
2012	20,390,000	161,091	4,507,072,945	0.45%	30,378	671
2011	23,650,000	193,532	4,546,820,643	0.52%	30,639	772
2010	27,085,000		5,281,964,577	0.51%	30,639	884
2009	29,405,000		5,255,505,490	0.56%	29,195	1,007

Business-Type Activities							
Fiscal Year June 30,	Wastewater Bonds	Solid Waste Bonds	Water Bonds	Total Primary Government	Total Personal Income	Percent of Personal Income *	Per Capita
2018	\$ 169,000	\$ 1,030,638		\$ 14,224,030	Not Available	Not Available	\$ 462
2017	195,000	1,190,432		10,503,107	Not Available	Not Available	341
2016	221,000	1,346,185		12,434,597	1,044,569,836	1.19%	403
2015	246,000	1,498,979		14,696,128	1,002,204,000	1.47%	478
2014	271,000	1,647,896		16,982,105	1,030,776,435	1.65%	555
2013	295,000	1,793,014	84,000	19,947,664	1,088,665,365	1.83%	657
2012	380,205	1,934,409	166,000	23,031,705	1,033,064,646	2.23%	758
2011	463,465	2,072,154	246,000	26,625,151	1,304,884,371	2.04%	869
2010	543,843	2,207,323	324,000	30,160,166	1,423,242,828	2.12%	984
2009	622,398	2,338,985	400,000	32,766,383	1,342,386,100	2.44%	1,122

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		
	Real Estate / Personal Property	Motor Vehicle	Union Fire District	Indian Lake Fire District	Kingston Fire District
2018	\$ 15.31	\$ 18.71	\$ 0.86	\$ 1.22	\$ 1.00
2017	15.09	18.71	0.85	1.22	0.97
2016	15.52	18.71	0.88	1.38	0.98
2015	15.48	18.71	0.82	1.38	0.96
2014	15.47	18.71	0.79	1.13	0.92
2013	14.50	18.71	0.71	0.95	0.87
2012	14.51	18.71	0.62	1.02	0.82
2011	14.19	18.71	0.52	0.80	0.81
2010	12.09	18.71	0.44	0.70	0.65
2009	11.97	18.71	0.46	0.70	0.61

Notes:

Beginning in the 2012-2013 fiscal year, the Town's basic tax rate increase cannot exceed 4% of the prior year's rate unless the State of Rhode Island approves such increase.

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									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Total assessed value	\$ 4,618,115,189	\$ 4,617,592,707	\$ 4,374,748,722	\$ 4,327,851,035	\$ 4,297,341,593	\$ 4,526,079,597	\$ 4,507,072,945	\$ 4,546,820,643	\$ 5,281,964,577	\$ 5,255,505,490
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	138,543,456	138,527,781	131,242,462	129,835,531	128,920,248	135,782,388	135,212,188	136,404,619	158,458,937	157,665,165
Total net debt applicable to the limit	3,335,645	3,875,854	4,362,607	4,745,677	5,443,192	4,299,513	4,747,717	5,338,372	5,911,770	6,564,785
Legal debt margin	\$ 135,207,810	\$ 134,651,927	\$ 126,879,855	\$ 125,089,854	\$ 123,477,056	\$ 131,482,875	\$ 130,464,471	\$ 131,066,247	\$ 152,547,167	\$ 151,100,380
Total net debt applicable to the limit as a percentage of debt limit	2.41%	2.80%	3.32%	3.66%	4.22%	3.17%	3.51%	3.91%	3.73%	4.16%

Notes:

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

**TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

Fiscal Year June 30,	(3) Population	Per Capita Personal Income (1)	Estimated Total Personal Income (1) (thousands)	School Enrollment	Unemployment Rate (2)
2018	30,788	Not Available	Not Available	3,043	3.9%
2017	30,791	Not Available	Not Available	3,111	4.9%
2016	30,826	\$ 33,886	\$ 1,044,570	3,249	5.4%
2015	30,750	32,592	1,002,204	3,275	6.9%
2014	30,615	33,669	1,030,776	3,397	8.7%
2013	30,363	35,855	1,088,665	3,357	9.1%
2012	30,378	34,007	1,033,065	3,443	9.7%
2011	30,639	42,589	1,304,884	3,523	10.3%
2010	30,639	46,452	1,423,243	3,548	9.2%
2009	29,195	45,980	1,342,386	3,599	6.6%

(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.

TABLE 12

**TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

2018 (1)				2009 (1)			
Employment Sector	Employees	Rank	Percentage of Total Town Employment	Employment Sector	Employees	Rank	Percentage of Total Town Employment
Government	3,945	1	28.4%	Government	3,867	1	28.6%
Health Care & Social Assistance	2,892	2	20.8%	Health Care & Social Assistance	2,566	2	19.1%
Accommodation & Food Services	1,567	3	11.3%	Retail Trade	1,420	3	10.6%
Retail Trade	1,237	4	8.9%	Accommodation & Food Services	1,230	4	9.2%
Other Services (except Public Administration)	595	5	4.3%	Manufacturing	793	5	5.9%
Manufacturing	530	6	3.8%	Wholesale Trade	786	6	5.8%
Wholesale Trade	475	7	3.4%	Other Services (except Public Administration)	752	7	5.6%
Professional & Technical Services	426	8	3.1%	Professional & Technical Services	397	8	3.0%
Construction	392	9	2.8%	Construction	350	9	2.6%
Administrative Support & Waste Management	365	10	2.6%	Educational Support	271	10	2.0%
Total	12,424		89.4%	Total	12,432		92.3%

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,									
	2018 ⁽¹⁾	2017 ⁽¹⁾	2016	2015	2014	2013	2012	2011	2010	2009
General Government:	35	36	33	33	33	33	33	33	33	36
Public Safety:										
Police - Officers	54	54	53	52	51	51	51	51	53	54
Police - Civilians	18	18	19	22	22	22	22	22	22	22
Emer. Medical Services	17	17	15	17	17	17	17	17	17	17
Communications	2	2	2	2	2	2	2	2	2	3
	<u>91</u>	<u>91</u>	<u>89</u>	<u>93</u>	<u>92</u>	<u>92</u>	<u>92</u>	<u>92</u>	<u>94</u>	<u>96</u>
Public Works:										
Streets & Highways	20	19	17	18	17	17	17	17	18	19
Administration	4	4	4	4	4	4	4	4	4	4
	<u>24</u>	<u>23</u>	<u>21</u>	<u>22</u>	<u>21</u>	<u>21</u>	<u>21</u>	<u>21</u>	<u>22</u>	<u>23</u>
Parks & Recreation	<u>18</u>	<u>18</u>	<u>11</u>	<u>11</u>	<u>11</u>	<u>11</u>	<u>11</u>	<u>11</u>	<u>11</u>	<u>12</u>
Libraries	<u>9</u>	<u>9</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>10</u>	<u>11</u>	<u>11</u>	<u>12</u>	<u>12</u>
TOTAL GENERAL FUND	<u>177</u>	<u>177</u>	<u>164</u>	<u>169</u>	<u>167</u>	<u>167</u>	<u>168</u>	<u>168</u>	<u>172</u>	<u>179</u>
Water	3	3	3	3	4	4	4	4	4	4
Wastewater	15	15	14	14	17	17	17	18	18	18
Neighborhood Guild	5	5	5	5	5	5	5	5	5	5
Senior Services	8	8	7	7	7	7	7	8	8	8
Other	6	6	1	1	1	1	1	1	1	1
Public education:										
Certified	308	316	313	316	323	341	345	347	348	367
Non-certified	150	154	154	153	158	174	172	180	195	203
Administrative	24	24	25	24	24	24	20	21	21	22
	<u>482</u>	<u>494</u>	<u>492</u>	<u>493</u>	<u>505</u>	<u>539</u>	<u>537</u>	<u>549</u>	<u>564</u>	<u>592</u>
Total	<u>696</u>	<u>708</u>	<u>686</u>	<u>692</u>	<u>706</u>	<u>740</u>	<u>739</u>	<u>752</u>	<u>772</u>	<u>807</u>

Source: Town Budgets and School Department Budgets

NOTES

(1) Employee counts now reflect budgeted positions not actual staff.

TABLE 14

**TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Function/Program	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Police:										
Physical arrests	545	555	545	530	645	626	682	661	718	714 (3)
Traffic violations	1,975	1,862	2,021	1,751	2,696	2,764	3,718	2,354	3,147	4,650 (3)
Parking violations	1,195	1,984	2,428	1,152	1,257	742	987	1,032	1,239	1,145 (3)
Emergency Medical Services:										
Number of calls answered	3,112	3,034	2,930	2,750	2,852	2,807	2,652	2,707	2,703	2,637
Animal Control:										
Number of complaints	1,141	1,032	1,281	1,188	1,357	1,260	1,457	1,332	1,324	1,334
Number of impoundments	401	336	341	201	318	383	382	390	418	401
Communications:										
Fire alarm activations	23	30	64	202	227	262	222	241	254	227
Streets & Highways:										
Street Sweeping (miles)	151	151	148	151	151	151	151	150	150	150
Road regrading (miles)	19	31	44	45	45	45	45	45	45	45
Street plowing/deicing (OT hours)	1,422	1,588	1,055	2,814	1,568	1,965	344	2,394	1,666	2,500
Culture & Recreation:										
Programs/Classes (enroll/attend)	26,377	28,125	28,168	30,349	30,550	28,745	32,978	35,652	33,345	35,716 (2)
Libraries:										
Volumes in Collection	80,115	79,701	69,999	69,301	70,599	68,916	68,634	69,223	68,721	66,769
Volumes borrowed	218,461	216,904	247,197	257,137	267,491	262,456	278,828	287,607	301,834	313,716
Reference requests filled	27,480	26,263	25,907	26,158	29,025	28,136	27,949	26,362	26,865	28,221
Water:										
New connections (net)	8	12	7	10	12	4	0	16	9	35
Average daily consumption (1) (thousands of gallons)	327	329	391	250	324	315	313	325	317	364
Wastewater:										
Average daily sewage treatment (thousands of gallons)	2,653	2,469	2,430	2,368	2,589	2,520	2,700	2,517	3,052	2,733
Senior Services:										
Adult Day Care services (client days)	3,379	3,004	3,408	3,034	2,961	3,554	3,321	3,783	4,109	2,304
Senior transportation (trips)	5,883	5,868	5,758	7,042	6,246	7,730	7,645	6,244	7,631	9,269
Congregate meals served	10,075	11,273	9,831	9,375	9,648	11,149	11,977	11,422	11,512	12,765

Sources: Various Town departments

- Notes:
- Indicators are not available for the general government function.
- (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**

Function/Program	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	16	16	16	16	16	16	16	16	16	16
Public works:										
Streets (miles)	150	150	149	151	151	151	149	149	149	148
Culture and recreation:										
Park acreage	454	454	453	453	453	453	453	453	453	440
Tennis courts	25	25	25	25	25	25	25	25	25	25
Community centers	2	2	1	1	1	1	1	1	1	1
Libraries	3	3	3	3	3	3	3	3	3	3
Water:										
Water mains (miles)	50	50	50	49	49	49	49	49	49	49
Fire hydrants	260	260	262	252	252	252	253	253	253	253
Storage capacity (thousands of gallons-treated)	800	800	800	800	800	800	800	800	800	800
Wastewater:										
Sanitary sewers (miles)	54	54	54	54	54	54	54	53	53	53
Storm drains (miles)	54	54	53	53	53	53	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

Sources: Various town departments

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



Single Audit Section

Federal Single Audit

This section contains information regarding federal grant activity for the year ended June 30, 2018, which was audited in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States, and the he audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

**TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Total Federal Expenditures
United States Department of Agriculture		
<i>Passed Through the State of Rhode Island Department of Education:</i>		
Child Nutrition Cluster:		
School Breakfast Program	10.553	\$ 54,325
National School Lunch Program	10.555	328,775
Summer Food Service Program for Children	10.559	<u>20,415</u>
Total United States Department of Agriculture		\$ <u>403,515</u>
United States Department of Education		
<i>Passed Through the State of Rhode Island Department of Education:</i>		
Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA)	84.010	399,518
Title II, Improving Teacher Quality State Grants	84.367A	137,747
Special Education Cluster (IDEA):		
Special Education - Grants to States (IDEA, Part B)	84.027	877,743
Special Education - Preschool Grants (IDEA Preschool)	84.173	<u>23,130</u>
Total Special Education Cluster (IDEA)		900,873
Title III Consortium	84.365	<u>4,862</u>
Total United States Department of Education		<u>1,443,000</u>
United States Department of Health and Human Services		
<i>Direct:</i>		
Project AWARE	93.243	2,390
<i>Passed Through the State of Rhode Island Department of Health:</i>		
Underage Drinking and Alcohol Grant	93.243	270
Drug-Free Communities Support Program Grant	93.276	121,929
Tobacco Compliance Investigation Grant	93.959	<u>270</u>
Total United States Department of Health and Human Services		<u>124,859</u>
United States Department of Homeland Security		
<i>Passed Through the Rhode Island Emergency Management Agency:</i>		
Pre-Disaster Mitigation	97.047	4,828
Homeland Security Grant Program	97.067	<u>16,811</u>
Total United States Department of Homeland Security		<u>21,639</u>

The accompanying notes are an integral part of this schedule

**TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Total Federal Expenditures
United States Department of Housing and Urban Development		
<i>Passed Through the State of Rhode Island Governor's Office of Housing, Energy & Intergovernmental Relations:</i>		
Community Development Block Grants:		
Community Development Block Grant/Small Cities Program - 2014	14.228	\$ 70,842
Community Development Block Grant/Small Cities Program - 2015	14.228	<u>42,771</u>
		\$ <u>113,613</u>
United States Department of Justice		
<i>Passed Through the State of Rhode Island Governor's Justice Commission:</i>		
Governor Justice Commission Grant	16.738	23,674
U.S. Department of Justice, DEA	16.001	<u>15,749</u>
Total United States Department of Justice		<u>39,423</u>
United States Department of Transportation		
<i>Passed Through the State of Rhode Island Department of Transportation:</i>		
Highway Planning and Construction Cluster:		
Highway Planning and Construction	20.205	293,972
Highway Safety Cluster:		
Seat-Belt Enforcement	20.604	<u>43,889</u>
Total United States Department of Transportation		<u>337,861</u>
Total Federal Awards Expended		<u>\$ 2,483,910</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, 2018**

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Town of South Kingstown, Rhode Island, under programs of the federal government for the year ended June 30, 2018. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

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 position or cash flows of the Town of South Kingstown, Rhode Island.

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 the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. NONCASH AWARDS

Donated commodities in the amount of \$47,204 are included in the Department of Agriculture's National School Lunch Program, CFDA #10.555. The amount represents the market value of commodities received.

4. INDIRECT COST RECOVERY

The Town of South Kingstown, Rhode Island, has elected not to use the 10% de minimis indirect cost rate provided under Section 200.414 of the Uniform Guidance.

**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 Members of the Town Council
Town of South Kingstown, Rhode Island

We have audited, in accordance with the 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, the 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, 2018, and the related notes to the financial statements, which collectively comprise the Town of South Kingstown, Rhode Island's basic financial statements, and have issued our report thereon dated December 28, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of South Kingstown, Rhode Island's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the Town of South Kingstown, Rhode Island's internal control.

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 a 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. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of South Kingstown, Rhode Island's financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of South Kingstown, Rhode Island's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of South Kingstown, Rhode Island's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 28, 2018

Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance

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

Report on Compliance for Each Major Federal Program

We have audited the Town of South Kingstown, Rhode Island's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Town of South Kingstown, Rhode Island's major federal program for the year ended June 30, 2018. The Town of South Kingstown, Rhode Island's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the Town of South Kingstown, Rhode Island's major federal program based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 on compliance for the major federal program. However, our audit does not provide a legal determination of the Town of South Kingstown, Rhode Island's compliance.

Opinion on Each Major Federal Program

In our opinion, the Town of South Kingstown, Rhode Island, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2018.

Report on 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 types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of South Kingstown, Rhode Island's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 a 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. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 28, 2018

**TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2018**

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

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: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? _____ yes X no

Major programs:

CFDA #	Name of Federal Program or Cluster
84.027/84.173	Special Education Cluster (IDEA)

Dollar threshold used to distinguish between type A and type B programs: \$750,000

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.