

**TOWN OF SOUTH KINGSTOWN,
RHODE ISLAND**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2017**



PREPARED BY: FINANCE DEPARTMENT

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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Introductory Section



Town of South Kingstown, Rhode Island

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

FINANCE DEPARTMENT

December 26, 2017

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, 2017, 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, 2017, 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, 2017, 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.

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.

PROFILE OF THE GOVERNMENT (Continued)

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

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

Budget-to-actual comparisons are provided in this report for the general fund and the school unrestricted fund on pages 90-92 and page 93 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 30,577.¹ 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%. Over 94% of South Kingstown's population are high school graduates or higher. Over 58% of the population holds an Associate's degree or higher.³

The median sales price for both single-family homes and condominium units continues to increase. In 2010, the median sales price for a single-family home was \$300,000; as of mid-2016, that figure was \$331,000. The median sales price for a condominium in 2010 was \$329,000; in mid-2016, the median sales price was \$377,500.⁴

As of June 2017, the Rhode Island unemployment rate was 4.2%, down from 5.3% in June 2016, and South Kingstown's unemployment rate was 4.1%, down from 5.2% in June 2016.⁵ In 2015, the top five employment sectors in South Kingstown were government (3,773 employees), health care and social assistance (2,806 employees), accommodations and food service (1,447 employees), retail trade (1,279 employees), and manufacturing (574 employees). Since 2002, employment in the health care and social assistance sector has increased 44.2%, up from 1,946 employees.

Similarly, employment in the accommodations and food service sector has increased by 38.7% over the same time frame, up from 1,043 employees in 2002.⁶

¹ 2015 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.

³ 2014 American Community Survey. U.S. Census Bureau.

⁴ The Warren Group.

⁵ Local Area Unemployment Statistics. RI Department of Labor and Training. Website, <http://www.dlt.ri.gov/lmi/laus/town/town.htm>. Accessed 7/24/17.

⁶ 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 18,072 students for the 2016-2017 academic year. The 2016-2017 enrollment represents an increase of 1,289 students, or a 7.6%, from the 2015-2016 academic year. This enrollment is supported by full time teaching faculty of 742, part time teaching faculty of 410, full time support staff of 1,769, and part time support staff of 175, for a total of 2,511 full time employees and 585 part time employees. Of the student population, approximately 6,200 students live on campus.⁷ In 2016, URI was the 10th largest employer in the State of Rhode Island.⁸

The University's total budget for the 2016-2017 year was \$744.10 million. The University has invested more than \$629 million in capital improvements since 2006, investing \$49.5 million in construction during the 2015-2016 academic year, including \$33 million of work by Rhode Island contractors.

At the University, capital project development has continued over the past year. Based on information found in URI's Capital Improvement Program for FY 17-22, the University anticipates investing over \$609 million in capital projects in the next eight (8) years.⁹ Three major projects are scheduled to begin in 2017:

- The University has begun phase 1 (of 2) to renovate and build a new building at the existing College of Engineering complex. The new building at the center of this \$125.0 million project will link the college's departments around the landscaped quadrangle, and will provide renovated and new space, improving classrooms and offices, and modernizing teaching laboratories. This phase of the construction began in January and is scheduled for completion in summer 2019.
- The White Horn Brook Apartments will involve the construction of a 183,000 square foot, six-story residence hall, hosting 500 beds for senior and junior class students. This \$94.3 million project also includes improvements to outdoor student activity areas, landscaping, utilities, and stormwater management systems. This project is scheduled to begin in fall 2017, and is anticipated to be complete in spring/summer 2019.
- Construction on the new URI Welcome Center, called the "Gateway to URI," will begin in September 2017. The 12,000 square foot building will replace and expand the current visitor center kiosk. This \$7.6 million project will be complete in summer 2018.

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 was completed on The Woods on Laurel Lane, a 13 lot residential development.
- 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.
- All site improvements have been completed for South County Trail, a 16 lot residential subdivision, and two model homes have been constructed.

⁷ URI At A Glance 2016-17. University of Rhode Island. Website, http://web.uri.edu/about/files/2017/03/URI_At_A-Glance.pdf. Accessed 7/24/2017.

⁸ Rhode Island's Largest Employers. Rhode Island Department of Labor and Training. Website, <http://www.dlt.ri.gov/lmi/es202/largestemp.htm>. Accessed 7/24/2017.

⁹ URI At A Glance 2016-17. University of Rhode Island. Website, http://web.uri.edu/about/files/2017/03/URI_At_A-Glance.pdf. Accessed 7/24/2017.

FACTORS AFFECTING FINANCIAL CONDITION (Continued)

- Site work has begun for both Dan's Place, a 191 seat restaurant on Kingstown Road, and the Westerly Community Credit Union headquarters and branch bank, an 18,000 square foot office building on Route 1.
- Silver Lake Cottages, a 7 unit high-end condominium development, is currently under construction on Woodruff Avenue.
- South Shore Country Club, a condominium development composed of 285 manufactured homes and a golf course, is under construction.
- 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.
- Site work has begun on Tower Hill Condominiums, a 5 unit residential development on Route 1.
- 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.
- Kingston Pine Estates, a 5 lot residential development, completed construction in 2016.
- A hotel, office and bank complex on Route 1 at Hampton Way is in undergoing Preliminary Plan review by the Planning Board. The complex is proposed to include a 100 bed hotel, a 3,400 square foot bank, and a 20,000 square foot office development. The applicant hopes to have the hotel open for business in 2019.

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 2017-2018 fiscal year capital improvement plan projects needs through fiscal year 2023. The plan provides for the needs of the general government and addresses such issues as infrastructure, major equipment replacement, school facilities, public safety, recreation and open space purchases.

This plan estimates total project cost over the six-year period of approximately \$20,380,035. Financing, net of third party funding sources for these projects by debt issuance, approximates \$5,400,000. In addition, \$16,707,500 in capital projects to be funded on a "pay as you go" basis are projected over the same six-year period. The total estimated cost of the two components of the six-year capital improvement plan is \$37,087,535.

Major projects planned in the capital improvement program include: Passive recreation, recreational fields and open space programs for \$1,511,000; town beach and marina improvements for \$465,000; general municipal improvements for \$8,198,975; and school improvements for \$7,910,060.

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.

FACTORS AFFECTING FINANCIAL CONDITION (Continued)

During 2016-2017 the Town conducted a bid process and engaged the services of an Investment Advisor to assist the Town and 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 limits.

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 82 retired School Department and Town employees receiving these benefits. The Town has completed their required interim update of the OPEB obligations with a valuation date of June 30, 2017. 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 50-64 and Note 12 on pages 64-70, 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-seven consecutive fiscal years (fiscal years ended June 30, 1990-2016). 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,

A handwritten signature in black ink, reading "Patricia A. Sunderland". The signature is fluid and cursive, with a long, sweeping underline that extends to the right.

Patricia A. Sunderland,
Finance Director

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND

TOWN OFFICIALS

JUNE 30, 2017

TOWN COUNCIL

Margaret M. Healy, President

Abel G. Collins, Vice President
Bryant Da Cruz

Liz Gledhill
Joe Viele

TOWN MANAGER

Stephen A. Alfred

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

Jeffrey T. O'Hara
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

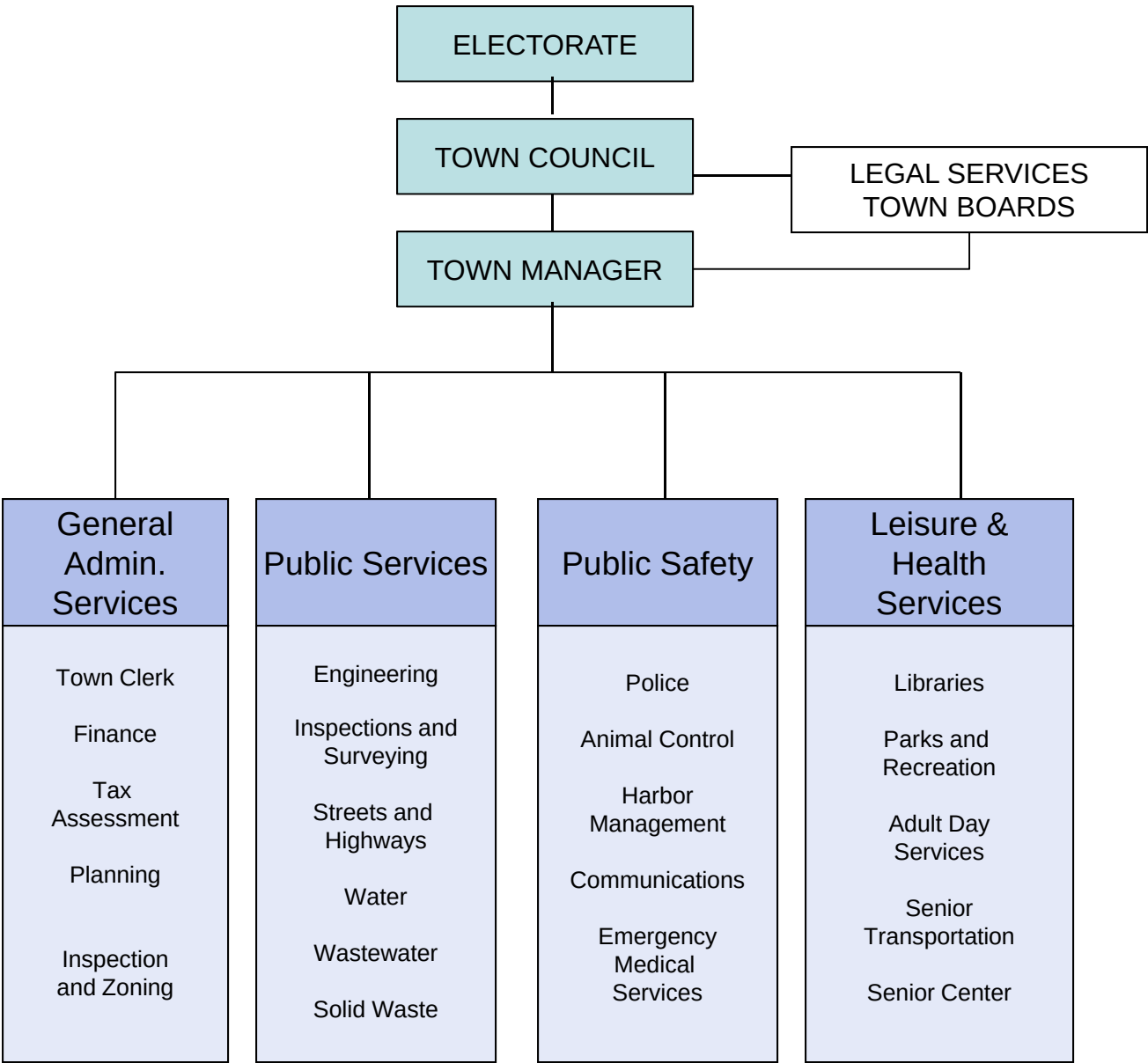
**Town of South Kingstown
Rhode Island**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

Town of South Kingstown



Financial Section



Accounting | Tax | Business Consulting

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, 2017, 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, 2017 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.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, during the fiscal year ended June 30, 2017, the Town adopted new accounting guidance, GASB Statement No. 77, *Tax Abatement Disclosures*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 18, the budgetary comparison information on page 76, and the pension and OPEB schedules on pages 77 through 87 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 26, 2017 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 26, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

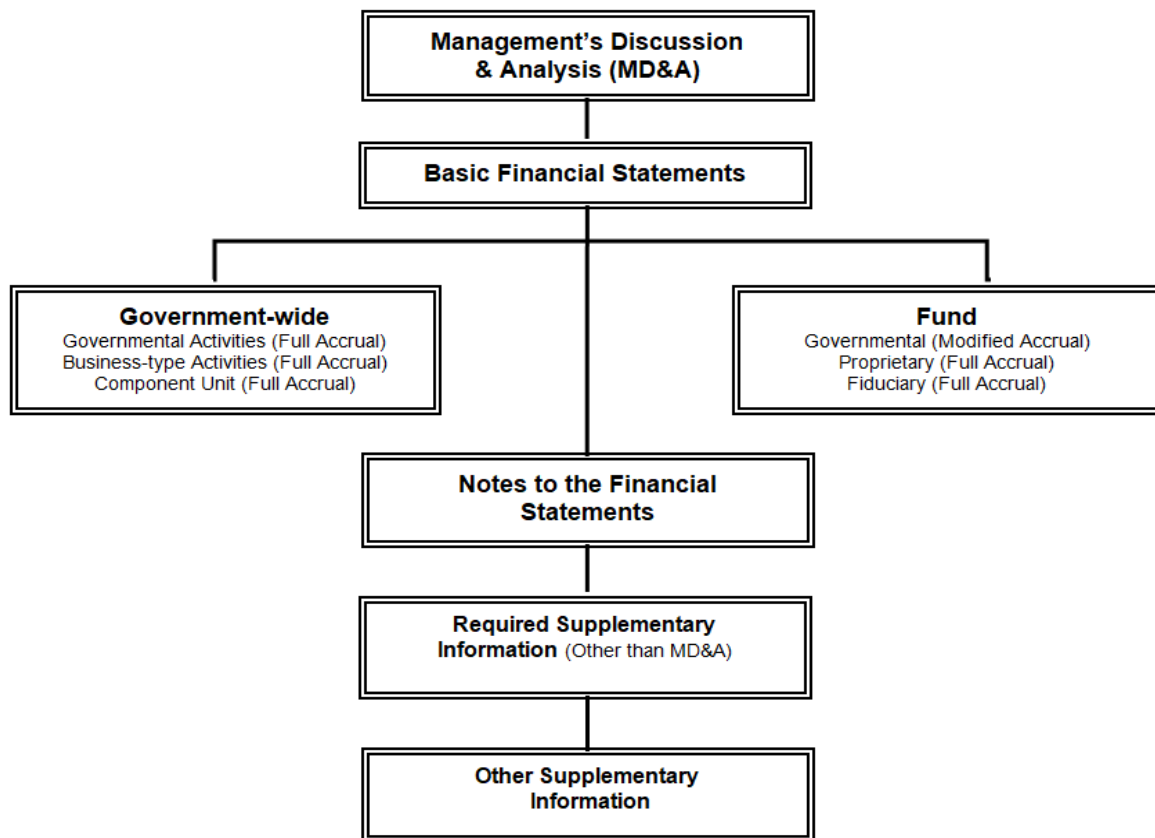
As management of the Town of South Kingstown, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with additional 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 \$87,089,032, or 2.1 percent, from the prior year's amount of \$85,264,908. Net position was comprised mainly of \$99,448,996 attributable to the Town's net investment in capital assets, \$2,509,938 restricted, and (\$14,869,902) unrestricted.
- The governmental activities total net position increased by \$303,459, a relatively stable position based on the prior year. Business-type activities net position increased by \$1,520,665, or 5.0 percent.
- The Town's unrestricted deficit increased by \$6,594,613. Consistent with prior years, 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. In addition to the capital asset investment, the Town constructed a new community recreation center for which bonds were issued in 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 \$45,551,646. Approximately 15.4% of this total amount, \$6,843,014 is available for use at the government's discretion (unassigned fund balance). \$3,731,681 of bonds issued in August, 2018 will reimburse the unassigned fund balance for advancement for the construction of the community recreation center.
- The remaining fund balance of \$38,708,632 includes \$457,364 in non-spendable funds, \$21,681,830 in restricted funds and \$16,569,438 in committed funds.
- The Town's total bonded debt declined by \$1,891,753 (15.7%) during the current fiscal year. The key factor in this decline was the retirement of bonds since the Town did not issue any new debt during the fiscal year.
- Long-term liabilities increase of \$7,837,534 is the result of an increase in the pension liability of \$9,293,025 offset by a decrease of \$1,142,936 in the net OPEB obligation and \$276,224 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** - During the current fiscal year, the Town included a blended component unit Friends of South Kingstown Parks and Recreation for which the Town is financially accountable for. Although legally separate, this component unit is part of the primary governments operations and as such the financial statements as of June 30, 2016 have been restated for the inclusion of this component unit.

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, 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:
 - o **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.
 - o **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:
 - o **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.
 - o **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.
 - o **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 30-75 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 76-87 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 88-107.

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 \$87,089,032 (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, 2017 and 2016 (in 000s)

	Governmental Activities		Business-Type Activities		Total	
	2017	2016 Restated	2017	2016	2017	2016 Restated
Current and other assets	\$ 53,996	\$ 61,504	\$ 11,377	\$ 10,695	\$ 65,373	\$ 72,199
Capital assets, net of accumulated depreciation	86,744	81,051	22,946	22,332	109,690	103,383
Total assets	<u>140,740</u>	<u>142,555</u>	<u>34,323</u>	<u>33,027</u>	<u>175,063</u>	<u>175,582</u>
Deferred outflows of resources	<u>16,333</u>	<u>7,166</u>			<u>16,333</u>	<u>7,166</u>
Current liabilities	7,421	8,198	979	1,063	8,400	9,261
Long-term liabilities outstanding	87,392	80,892	1,468	1,608	88,860	82,500
Total liabilities	<u>94,813</u>	<u>89,090</u>	<u>2,447</u>	<u>2,671</u>	<u>97,260</u>	<u>91,761</u>
Deferred inflows of resources	<u>7,047</u>	<u>5,632</u>			<u>7,047</u>	<u>5,632</u>
Net Position:						
Net investment in capital assets	77,889	70,479	21,560	20,765	99,449	91,244
Restricted	2,510	2,296			2,510	2,296
Unrestricted	<u>(25,186)</u>	<u>(17,776)</u>	<u>10,316</u>	<u>9,591</u>	<u>(14,870)</u>	<u>(8,185)</u>
Total Net Position	<u>\$ 55,213</u>	<u>\$ 54,999</u>	<u>\$ 31,876</u>	<u>\$ 30,356</u>	<u>\$ 87,089</u>	<u>\$ 85,355</u>

FY 2017, total assets for the Primary Government were \$175,062,365, a decrease from prior year total assets by \$429,334. Total assets for only governmental activities were \$140,739,417, down by \$1,725,212 or 1.2 percent. Total assets from business-type activities increased by \$1,295,878, accounting for 19.6 percent of total Primary Government assets compared to 18.8 percent in FY 2016. The largest portion of the Town's net position 114% 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 \$97,259,519, up \$5,498,318 from \$91,761,201 in FY 2016. Total liabilities associated with governmental type activities increased by \$5,723,105 up 6.4 percent while total liabilities associated with business-type activities decreased \$224,787 or -8.4 percent.

An additional portion of the Town's net position (4.5% or \$2,509,938) 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 increased by approximately \$6,594,613 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, 2017 and 2016 (in 000s)

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 5,225	\$ 5,334	\$ 6,273	\$ 5,512	\$ 11,498	\$ 10,846
Operating grants and contributions	13,491	14,611	402	428	13,893	15,039
Capital grants and contributions	2,277	3,218			2,277	3,218
General revenues:						
Property taxes	70,995	69,127			70,995	69,127
Motor vehicle phase-out taxes	142	140			142	140
Telephone and hotel taxes	164	159			164	159
Grants not restricted to specific programs	1,354	1,341			1,354	1,341
Unrestricted investment earnings (loss)	1,941	193	(9)	35	1,932	228
Total revenues	<u>95,589</u>	<u>94,123</u>	<u>6,666</u>	<u>5,975</u>	<u>102,255</u>	<u>100,098</u>
Expenses:						
General government	6,010	4,960			6,010	4,960
Public safety	11,959	13,021			11,959	13,021
Public works	3,287	3,084			3,287	3,084
Human service agencies	950	944			950	944
Public libraries	1,813	1,507			1,813	1,507
Education	66,090	65,101			66,090	65,101
Recreation	4,428	4,135			4,428	4,135
Interest on long-term debt	246	321			246	321
Wastewater			3,356	3,106	3,356	3,106
Solid waste			500	499	500	499
Water			896	818	896	818
School Cafeteria			986	983	986	983
Total expenses	<u>94,783</u>	<u>93,073</u>	<u>5,738</u>	<u>5,406</u>	<u>100,521</u>	<u>98,479</u>
Change in net position before transfers	806	1,050	928	569	1,734	1,619
Transfers	(592)	(804)	592	804	-	-
Change in net position	<u>214</u>	<u>246</u>	<u>1,520</u>	<u>1,373</u>	<u>1,734</u>	<u>1,619</u>
Net Position at Beginning of Year, as Restated	<u>54,999</u>	54,663	<u>30,356</u>	<u>28,983</u>	<u>85,355</u>	83,646
Restatement		<u>90</u>				<u>90</u>
Net Position at End 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>

Activities

In FY 2017, the Town's net position increased by \$1,733,950 during the current fiscal. Primary Government revenues increased from the prior year by \$2,157,005 or 2.2 percent to \$102,255,201. Program revenues (charges for services, grants and contributions) of \$27,668,159 accounted for 27.1 percent of all Primary Government revenues, while property and state taxes attributable to governmental activities accounted for \$71,301,223, 74.6 percent, of which property taxes is a major revenue source accounting for \$70,994,758. Grants and contributions not restricted to specific programs and unrestricted investment earnings account for the remaining \$3,294,493 or 3.2 percent.

Governmental Activities

Total revenues for all governmental activities were \$95,588,589. Governmental Activities' program revenues of \$20,992,874 accounted for 22 percent.

- Property tax revenues recorded for the 2017 fiscal year increased by \$1,867,870 or 2.7 percent over prior year. This increase is mainly due to an increase in the amount of current and prior year taxes received.
- Based on state law, all cities and towns are required to revalue property on a nine-year schedule, including two statistical updates at three-year internals. South Kingstown completed a full revaluation of all real and tangible property as of December 31, 2012 and a statistical revaluation as of December 31, 2015 for the 2016-2017 fiscal year. This valuation resulted in a 5.6 percent increase in the taxable assessed value. The increase in taxable value has the opposite effect on the tax rate which decreased from \$15.52 to \$15.09 per thousand dollars of assessed valuation due. The growth in the total assessed value of taxable property, excluding motor vehicles, was 5.7%. Motor vehicle values increased by \$5,165,241 over the prior year, from \$193,764,022 to \$198,929,263 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. Total assessed value of all taxable property increased by \$243,363,985 from \$4,374,248,716 to \$4,617,592,707.
- Charges for services decreased by \$108,500. The overall decline was attributed to shortfalls within public safety associated with EMS billing services and resident self-insured payments, police cruiser fees for detail and parking tickets. Additionally, education recognized a shortfall of approximately \$163,000 associated with the loss in outside tuition payments, significant loss in Medicaid reimbursement, offset by an increase in fair share fees. A loss in client payments of \$20,239 was recognized in our adult day program. However, offsetting these decreases were increases attributed to recording fees, real estate conveyance fees, a reimbursement of \$181,000 for lost wages paid to public safety personnel who were injured in the line of duty during the policy year 2014-2015, building and electrical permits. Annual variances in several other functions attributed to the decrease for program revenues.
- Operating and capital grants and contributions decreased by \$2,061,231 from the previous fiscal year. The major factor contributing to this decrease was the completion and transfer of ownership and responsibility for the Intermodal Comfort Station from the RI Department of Transportation which was valued at \$1,234,319 in fiscal year 2016. The school department recognized several increases in their operating grants from IDEA and State Housing Aid reimbursement for bonded and capital projects. The overall increase in these programs was offset by a reduction in funding of unrestricted state aid of \$293,372 for the School Department, based on the revised State funding formula for education aid as well as a reduction of \$386,124 in support provided by the State for pensions. Other state and federal grant programs accounted for the majority of the increase in this category such as the Community Development Block Grant, Pre-Disaster Mitigation Grant, and Federal Highway Grant.
- Investment earnings increased from a gain of \$193,395 in the prior fiscal year to gain of \$1,940,657 for the fiscal year ended June 30, 2017. The increase of \$1,747,990 was the result of portfolio gains and income in the School Trust Funds of \$1,509,829. The increase was the result of favorable equity market conditions which produced significant gains in the fund's portfolio. During FY 2017, the Town engaged the services of an Investment Advisor to develop 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 limits.

Total expenses for Primary Government were \$100,521,251. Four 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: \$6,009,770 (6 percent), \$11,959,463 (11.9 percent), \$66,089,552 (65.7 percent), \$4,428,491 (4.4 percent) and \$5,737,559 (5.7 percent), respectively. The Changes in Net Position table above is provided for the Town's government-wide activities for the years ended June 30, 2017 and 2016. Major expense factors included:

- Governmental activities expenses increased by \$1,711,614 from \$93,072,078 to \$94,783,692, 1.8 percent. The increase is reflective of the recognition of depreciation expense in the governmental activities programs of \$4,216,619 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 8 and 7 percent respectively.
- Public safety expenditures within governmental activities have decreased by \$1,061,075 mainly due to retirements and the accounting for compensated balances, OPEB and retirement liabilities offset by increases in depreciation expense. With the exception of bond interest expense the Town reports increases in all other functions of the government. An increase of \$989,312 is reported in education, which is as a result of contractual obligations and increases in utility costs for the year.
- Interest on long term debt declined by \$75,519 based on a declining debt schedule.
- Overall expenses related to public libraries and recreation increased by \$306,256 and \$293,173, respectively, attributed to an increase in the recognition of depreciation expense and the addition of capital assets.
- The vast majority of the changes from the prior year which netted an increase of \$293,173 in recreation program activities were due to an increase in depreciation expense of \$1,549,326 offset by a decrease in disposal of capital assets of \$14,820.

Business-type activities. Net position in business-type activities increased by \$1,520,665 resulting in a 5 percent increase in business-type net position.

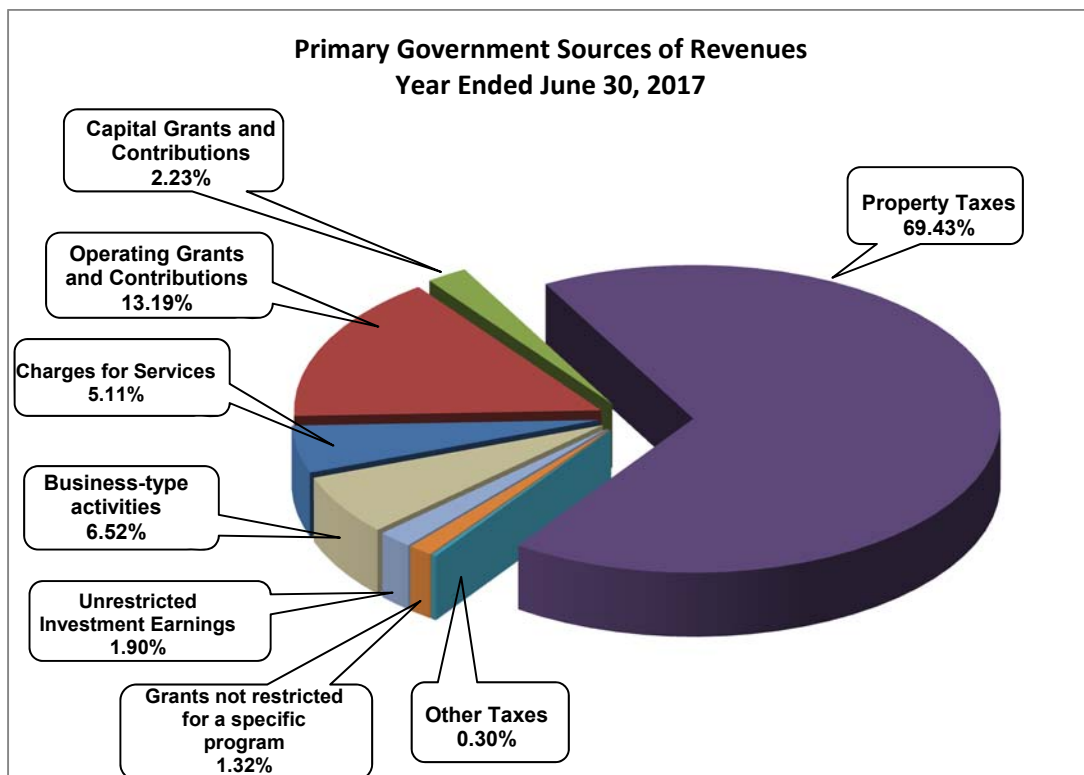
Charges for services for business-type activities accounted for 94 percent of the total revenue sources. The balance of revenues for business-type activities was from operating grants and contributions 6 percent. The decrease in fair market value of investment exceeded the interest income earned and resulted in a loss of \$8,674 at year end.

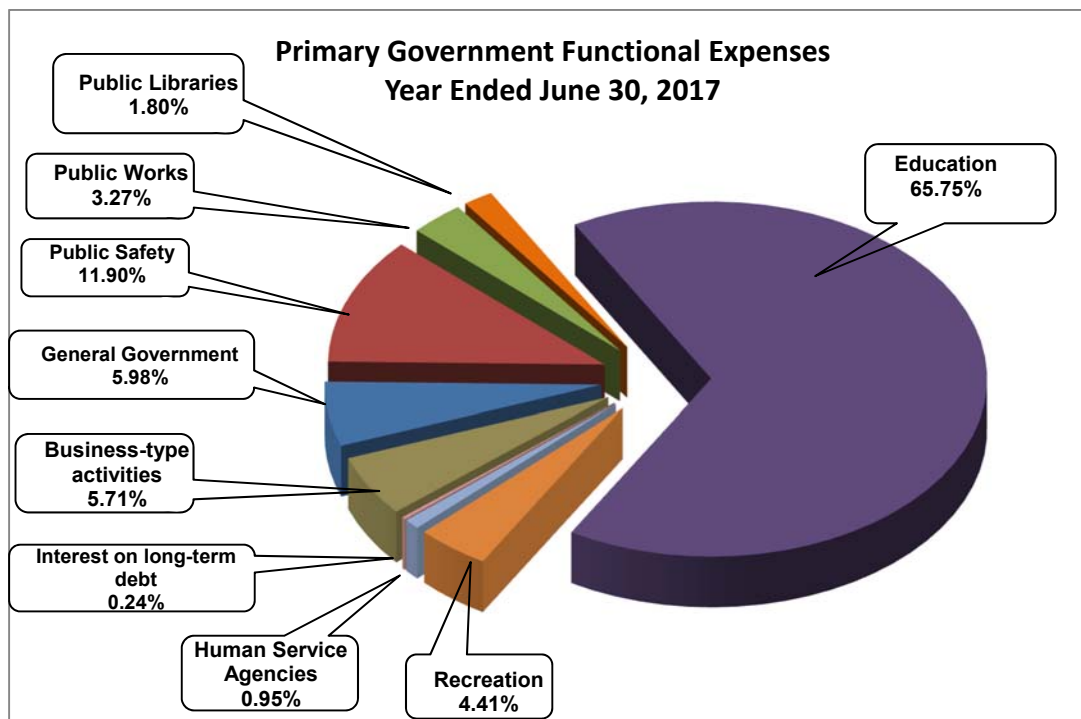
- Charges for services for business-type activities increased from \$5,512,368 to \$6,273,104, an increase of \$760,736, 13.8 percent. The wastewater fund accounted for \$767,083 of the overall increase in this category. This increase is attributable to the Town's new memorandum of understanding with 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 completed a number of upgrades to their infrastructure during the fiscal year. Therefore, the increase is reflective of an accounting method and not necessarily related to an increase or reduction in user fees.

- Several other minor variances contributed to the remaining increase. Charges for services for the cafeteria fund increased by \$18,377, however, the overall increase was a decrease of \$19,044 in the water fund. Operating grants and contributions recognized a slight decrease of \$25,536 for the fiscal year. A review of the cafeteria fund reports a negative change in net position of \$1,485 for the fiscal year, thus reducing the unrestricted net position from \$72,993 to \$71,508. Due to prior year deficits reported, the Town continues to monitor the school cafeteria operations.

Wastewater treatment expenses account for approximately 58.5 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, 15.6, and 8.7 percent respectively of the total business-type activities expenditures for the 2017 fiscal year.

- Expenses in the wastewater fund increased by \$249,515 due to contractual obligations, increases in capital improvements, depreciation expense, utility costs and property/liability insurance coverage. The \$78,146 increase in water fund expenses was related to capital improvements, contractual obligations, payout of accrued leave time due to retirement, an increase in utility costs which were offset by a decrease \$14,678 in central tipping fees.
- Costs to operate the cafeteria fund increased slightly by \$2,439, 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 \$45,551,646. Of this amount, \$6,843,014 is available for spending at the government's discretion (unassigned) within the Town and \$3,731,681 was advanced for the construction of the community recreation center and will be reimbursed by the issuance of bonds. The remaining fund balance of \$38,708,632 includes \$1,100,000 committed to help finance the 2017-2018 town and school operating budgets and \$1,000,000 committed to help pay for Superfund remediation costs. The remaining amount of \$36,608,632 consists of non-spendable fund balance of \$457,364, restricted fund balance of \$21,681,830 and committed fund balance of \$14,469,438.

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 \$12,618,461 which represents an increase of \$463,059 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 13.5 percent of the 2018 FY Adopted General Fund Expenditure Budget, while total fund balance represents 20.4 percent of that same amount.

The fund balance of the Town of South Kingstown's General Fund, excluding the School Fund, increased by \$536,941 as compared to the June 30, 2016 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 2016-2017 General Fund budget. The planned drawdown of fund balance was \$75,000 less than 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 \$21,025 on a budgetary basis expenditures being more than the GAAP basis.
- On a budgetary basis, the operating surplus in the General Fund was \$1,218,235 for 2016-2017. Expenditures under budget contributed \$390,171 to the surplus, while revenues finished the fiscal year with a \$814,140 surplus. Other financing sources (uses) over budget increased the surplus by \$13,924.
- The deferral of filling vacant positions and/or the decision to eliminate a position through attrition allowed the Town to achieve personnel savings of \$207,480, conservative spending patterns and a mild winter sought savings of \$423,968 in outside services and commodities on the expenditure side. These savings were offset by investments in additional capital improvements of \$241,263 more than budgeted. Favorable expenditure variances of significance included savings in general government accounts \$105,568, public safety \$146,074, public works \$32,829, town council contingency funding \$63,088 and other minor savings.
- Better than anticipated tax collections resulted in positive budget surplus variance in property taxes of \$182,000. Additionally, state aid revenues were higher than anticipated by \$192,749 specifically attributed to conservative budgeting of general state aid, hotel taxes, and meals and beverage taxes and additional funding for general library aid of \$21,699. Departmental revenues of \$236,530, investment income of \$100,116, and increases in business and non-business licenses and fees of \$102,728 contributed to the budgetary surplus as well. All five revenue categories recognized positive variances.

The fund balance of the School Fund decreased by \$8,656 as compared to the June 30, 2016 fund balance. Key factors in this decrease are as follows:

- The School committed \$400,000 of fund balance to help finance the 2016-2017 school's operating budget. The planned drawdown of fund balance was consistent with the prior year commitment of fund balance.
- The School also committed \$429,300 to help finance some capital projects as outlined in the 2016-2017 capital improvement program.

The school fund has a total fund balance of \$3,495,576 of which \$190,046 is committed to liquidate contracts and purchase orders of the prior period, \$33,281 is recognized as non-spendable for prepaid expenditures and \$500,000 is committed to help finance the 2017-2018 fiscal year budget. The remaining balance of \$2,772,249 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 \$6,493,752 an increase of \$392,255 over prior year. Unrestricted net position in the water fund increased by \$442,276 to a total of \$2,991,666. The school cafeteria operation maintains a surplus position of \$7,508 of which \$51,662 is unrestricted while the solid waste fund finished the year with unrestricted net

position of \$741,355 which was a slight decrease in value of \$80,656 mainly attributed to depreciation expense of capital assets. The restricted fund balance of \$37,703 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 \$30,868 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 2016-2017 fiscal year with a \$1,218,235 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.

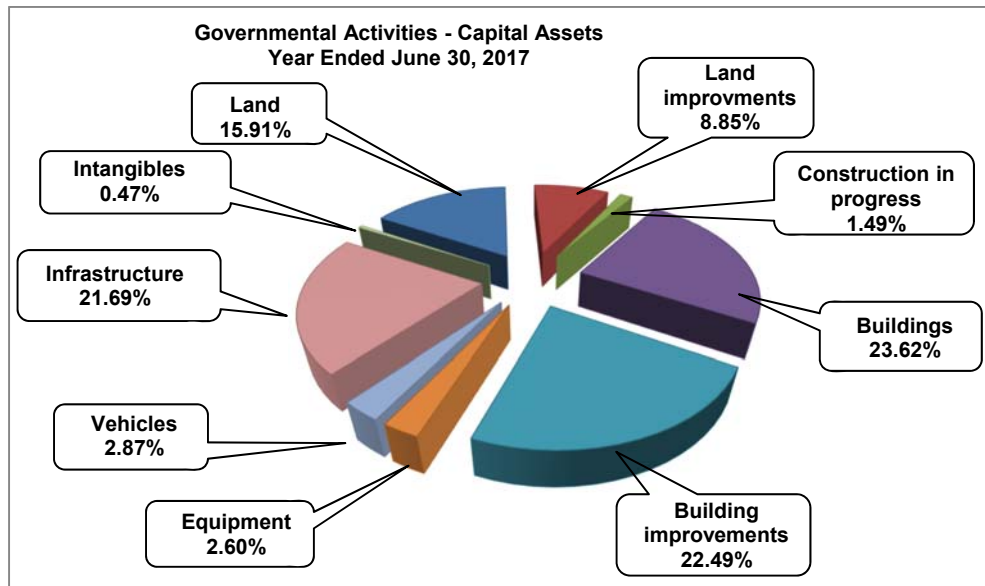
Capital Asset and Debt Administration

Capital assets. The Town of South Kingstown's investment in capital assets for its governmental and business type activities as of June 30, 2017 amounts to \$109,689,373 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, infrastructure, and construction in progress. The 2017 fiscal year resulted in an increase in value of investment in capital assets of \$6,306,491. The total increase in the Town of South Kingstown's investment in capital assets for the current fiscal year was 6.1 percent. The increase was due to the increase in assets capitalized as compared to the amount of depreciation expense recognized in the 2017 fiscal year, specifically, the amount of new capital assets was \$11,046,128 for the governmental activities, however, the amount of accumulated depreciation expense was \$4,246,618, in comparison to the prior year of new capital assets of \$6,248,676 and depreciation expense of \$3,933,144.

Town of South Kingstown's Capital Assets

(Net of accumulated depreciation) in 000s

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 13,798	\$ 13,798	\$ 1,587	\$ 1,587	\$ 15,385	\$ 15,385
Construction in progress	1,293	1,322	646	790	1,939	2,112
Land improvements	7,674	6,689	1,872	1,922	9,546	8,611
Buildings	20,493	16,268	2,928	3,120	23,421	19,388
Building improvements	19,509	19,092	1,609	1,711	21,118	20,803
Equipment	2,258	2,175	2,322	2,050	4,580	4,225
Vehicles	2,492	2,195	123	140	2,615	2,335
Infrastructure	18,816	19,049	11,718	10,855	30,534	29,904
Intangibles	411	463	140	157	551	620
Total	\$ 86,744	\$ 81,051	\$ 22,945	\$ 22,332	\$ 109,689	\$ 103,383



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

- The construction of the Community Recreation Center was completed during the fiscal year accounting for \$6,195,450 of the new capital asset additions. Of this amount, construction accounted for \$4,975,876; land accounted for \$1,023,500 and \$196,075 was for the purchase of new equipment to outfit the building.
- Town-wide purchases of new vehicles and equipment accounted for \$835,761 during the fiscal year these were mainly attributed to public safety, public services, and recreation.
- Parking lot improvements were made at the public safety building as well as the east and west parking lots at the marina.
- A variety of road construction projects were completed and capitalized. Projects capitalized as infrastructure totaled \$953,820, which included major work completed on Matunuck Beach Road, Moonstone Beach Road, North Road and Woodruff Avenue. Other minor upgrades and reconstruction work was completed.
- South Station Building Renovations related to Emergency Medical Services were completed at a cost of \$521,213. Stryker Power Load stretchers were purchased during the year for a total cost of \$77,442.
- The School Department replaced four roofs during the summer months at West Kingston, Wakefield and Matunuck Elementary, and South Road School.
- Library capital improvements accounted for \$94,873 of the building improvements. These projects were related to fire alarm upgrades, carpeting and an ice dam prevention system for the roof at Kingston Library.
- The HVAC system at the PeaceDale Office Building and upgrades to the electrical system at the Senior Center Annex accounted for \$56,037 of building improvements.
- Upgrades to the Town's IT network totaled \$79,800. This investment included the implementation of LIVE audio visual equipment for televising the town council meetings as well as network equipment upgrade.

- Construction in progress of the Governmental Funds increased by \$157,429, from \$889,192 to \$1,046,621 mainly attributed to the Matunuck Beach Road Protection project.
- The water fund completed the East Matunuck Water Main Loop whereby the installation of 6,175 linear feet of new 12-inch water main was installed from RT 1 northbound to Succotash Road. The cost of this project was \$1,119,562.
- The wastewater fund installed new equipment and replaced a generator at their pumping stations. The cost of equipment upgrades/replacements during the fiscal year were \$496,955. 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 44-45 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 \$10,142,430, entirely backed by the full faith and credit of the Town. Bonds authorized but unissued totaled an additional \$13,900,000. Of this amount, the Town issued \$5,550,000 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, 2017, the Town had a debt limit of \$138,527,781. Of the Town's \$10,142,430 in debt outstanding, \$3,875,584 is subject to the Town's legal debt limit. A balance of \$134,651,927 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	
	2017	2016	2017	2016	2017	2016
General Obligation Bonds	\$ 8,757	\$ 10,467	\$ 1,385	\$ 1,567	\$ 10,142	\$ 12,034

The Town's total bonded debt declined by the amount of principal payments made of \$1,891,753, 15.72 percent during the 2017 fiscal year. The Town did not issue any new debt during the fiscal year.

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 20.6%
- 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 48-50 of this report.

Economic Factors and Next Year's Budgets and Rates

- As of June 2017, 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 2018 was adopted in the amount of \$79,133,258 which represents an increase of \$1,775,303, or 2.3 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 2018 reflect an increase in the Town's tax levy of \$1,272,077 or 1.8 percent greater than the previous fiscal year. The property tax rate increased from \$15.09 to \$15.31 per thousand dollars of assessed value. Total taxable property increased slightly by \$522,482 from \$4,617,592,707 to \$4,618,115,189, a modest taxable property growth of 0.34 percent.
- The Town issued bonds in August, 2017, therefore, due to the maturity of existing debt and the issuance of new debt, the required debt service for fiscal year 2018 remains relatively neutral.

During the current fiscal year, the fund balance in the General Fund increased to \$12,618,462. The Town of South Kingstown has committed \$600,000 of this amount for spending in the 2018 fiscal year budget and \$1,000,000 to pay for future Superfund debt service costs, \$66,563 is committed for future municipal planning projects and \$240,953 is committed for outstanding purchase orders at June 30, 2017. The Town maintains an unassigned fund balance of \$10,708,177 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, 2017

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 14,430,289	\$ 1,445,903	\$ 15,876,192
Investments	36,457,908	8,773,062	45,230,970
Receivables, net of allowance for uncollectibles	2,699,882	669,838	3,369,720
Due from federal and state governments	251,129	73,167	324,296
Internal balances	(415,412)	415,412	-
Prepaid items	44,131		44,131
Total current assets	53,467,927	11,377,382	64,845,309
Noncurrent Assets:			
Deposits	280,101		280,101
Net pension asset	247,582		247,582
Capital assets not being depreciated	15,090,408	2,232,625	17,323,033
Capital assets, net of accumulated depreciation	71,653,399	20,712,941	92,366,340
Total noncurrent assets	87,271,490	22,945,566	110,217,056
Total assets	140,739,417	34,322,948	175,062,365
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	262,728		262,728
Deferred outflows of resources related to pensions	15,277,147		15,277,147
Deferred outflows of resources related to OPEB	793,685		793,685
Total deferred outflows of resources	16,333,560	-	16,333,560
LIABILITIES			
Current Liabilities:			
Accounts payable	717,750	296,492	1,014,242
Accrued liabilities	3,010,823	145,165	3,155,988
Due to federal and state governments	80,371	12,006	92,377
Due to fiduciary trust funds	443		443
Unearned revenue	323,042	240,955	563,997
Deposits held in custody of others	177,333		177,333
Current maturities of long-term obligations	3,110,773	283,488	3,394,261
Total current liabilities	7,420,535	978,106	8,398,641
Noncurrent liabilities:			
Due in more than one year	87,392,310	1,468,568	88,860,878
Total liabilities	94,812,845	2,446,674	97,259,519
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	4,305,856		4,305,856
Deferred inflows of resources related to OPEB	2,741,518		2,741,518
Total deferred inflows of resources	7,047,374	-	7,047,374
NET POSITION			
Net investment in capital assets	77,888,860	21,560,136	99,448,996
Restricted for:			
Endowments:			
Expendable	2,096,705		2,096,705
Nonexpendable	413,233		413,233
Unrestricted	(25,186,040)	10,316,138	(14,869,902)
Total Net Position	\$ 55,212,758	\$ 31,876,274	\$ 87,089,032

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, 2017

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	\$ 6,009,770	\$ 626,747	\$ 300,962	\$	\$ (5,082,061)	\$	\$ (5,082,061)
Public safety	11,959,463	1,260,869	248,418	75,733	(10,374,443)		(10,374,443)
Public works	3,287,040	882,677		1,961,904	(442,459)		(442,459)
Human service	950,422	142,466	342,596		(465,360)		(465,360)
Public libraries	1,813,159	23,267	270,394	18,275	(1,501,223)		(1,501,223)
Education	66,089,552	670,514	12,282,818		(53,136,220)		(53,136,220)
Recreation	4,428,491	1,618,619	45,993	220,621	(2,543,258)		(2,543,258)
Interest and fiscal charges	245,795				(245,795)		(245,795)
Total governmental activities	<u>94,783,692</u>	<u>5,225,159</u>	<u>13,491,181</u>	<u>2,276,533</u>	<u>(73,790,819)</u>	<u>-</u>	<u>(73,790,819)</u>
Business-type activities:							
Wastewater	3,355,328	4,052,754				697,426	697,426
Solid waste	500,390	501,178				788	788
Water	896,198	1,139,920	3,031			246,753	246,753
School cafeteria	985,643	579,252	399,151			(7,240)	(7,240)
Total business-type activities	<u>5,737,559</u>	<u>6,273,104</u>	<u>402,182</u>	<u>-</u>	<u>-</u>	<u>937,727</u>	<u>937,727</u>
Total	<u>\$ 100,521,251</u>	<u>\$ 11,498,263</u>	<u>\$ 13,893,363</u>	<u>\$ 2,276,533</u>	<u>(73,790,819)</u>	<u>937,727</u>	<u>(72,853,092)</u>
General revenues:							
Property taxes					70,994,758		70,994,758
Motor vehicle phase-out taxes					142,445		142,445
Telephone and hotel taxes					164,020		164,020
Grants and contributions not restricted to specific programs					1,353,836		1,353,836
Unrestricted investment earnings (loss)					1,940,657	(8,674)	1,931,983
Transfers:					(591,612)	591,612	-
Total general revenues and transfers					<u>74,004,104</u>	<u>582,938</u>	<u>74,587,042</u>
Change in net position					213,285	1,520,665	1,733,950
Net Position at Beginning of Year, as Restated					<u>54,999,473</u>	<u>30,355,609</u>	<u>85,355,082</u>
Net Position at End of Year					<u>\$ 55,212,758</u>	<u>\$ 31,876,274</u>	<u>\$ 87,089,032</u>

The accompanying notes are an integral part of the financial statements

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2017

	<u>General</u>	<u>School Trust Fund</u>	<u>Debt Service Fund</u>	<u>Recreation Center Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 11,837,808	\$ 837,306	\$	\$	1,612,504	\$ 14,287,618
Investments	12,094,566	16,976,699			7,337,380	36,408,645
Accounts and other receivable	1,198,643				133,516	1,332,159
Due from federal and state governments	76,379				174,750	251,129
Due from other funds	3,947,581		503,176		6,089,414	10,540,171
Prepaid items	36,956				7,175	44,131
Total Assets	\$ 29,191,933	\$ 17,814,005	\$ 503,176	\$ -	\$ 15,354,739	\$ 62,863,853
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 659,174	\$	\$	3,850	\$ 54,726	\$ 717,750
Accrued liabilities	2,873,161				105,569	2,978,730
Due to state and federal governments	76,023				4,348	80,371
Due to other funds	8,491,758			3,727,831	219,498	12,439,087
Unearned revenue	204,552				118,490	323,042
Deposits held in custody of others	177,333					177,333
Total liabilities	12,482,001	-	-	3,731,681	502,631	16,716,313
Deferred inflows of resources:						
Unavailable revenue - property taxes	595,894					595,894
Total deferred inflows of resources	595,894	-	-	-	-	595,894
Fund balances:						
Nonspendable	36,956	413,233			7,175	457,364
Restricted		17,400,772	503,176		3,777,882	21,681,830
Committed	5,369,811				11,200,533	16,570,344
Unassigned	10,707,271			(3,731,681)	(133,482)	6,842,108
Total fund balances	16,114,038	17,814,005	503,176	(3,731,681)	14,852,108	45,551,646
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 29,191,933	\$ 17,814,005	\$ 503,176	\$ -	\$ 15,354,739	\$ 62,863,853

(Continued on next page)

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2017

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)	\$ 45,551,646
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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	\$ 161,846,438	
Less accumulated depreciation	<u>(75,102,631)</u>	
Net capital assets		86,743,807

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	595,894
Net pension asset	247,582
Deferred outflows of resources related to pensions	15,277,147
Deferred outflows of resources related to OPEB	793,685

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.

3,320,615

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	(8,757,000)
Deferred charges on refunding	262,728
Deferred inflows of resources related to pensions	(4,305,856)
Deferred inflows of resources related to OPEB	(2,741,518)
Unamortized bond issue premium	(360,675)
Interest payable on bonds	(29,889)
Compensated absences	(4,677,953)
Net pension liability	(68,332,917)
Net OPEB liability	(6,987,580)
Claims and judgments	<u>(1,386,958)</u>

Net Position of Governmental Activities (Exhibit I)	\$ <u>55,212,758</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, 2017**

	<u>General</u>	<u>School Trust Fund</u>	<u>Debt Service Fund</u>	<u>Recreation Center Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:						
Property taxes, interest and lien fees	\$ 71,023,350	\$	\$	\$	\$	\$ 71,023,350
Intergovernmental revenues	9,399,404		561,934		4,163,105	14,124,443
Licenses and fees	1,405,832				621,278	2,027,110
Investment income	142,359	1,509,829			287,900	1,940,088
Fines and charges	89,036				1,365,292	1,454,328
Departmental	1,382,810					1,382,810
Contributions					54,913	54,913
State on-behalf pension contribution	2,683,099					2,683,099
Other revenues	371,288				408,227	779,515
Total revenues	<u>86,497,178</u>	<u>1,509,829</u>	<u>561,934</u>	<u>-</u>	<u>6,900,715</u>	<u>95,469,656</u>
Expenditures:						
Current:						
General government	3,719,127				32,796	3,751,923
Public safety	10,465,758				432,202	10,897,960
Public works	2,784,085				843,119	3,627,204
Human service agency contribution	138,000				812,422	950,422
Public libraries	1,205,573				4,775	1,210,348
Education	61,407,536				1,751,076	63,158,612
Recreation	1,818,412			19,045	1,086,855	2,924,312
Other	969,527	69,762	1,000			1,040,289
Debt service:						
Principal retirement			1,710,000			1,710,000
Interest and other charges			257,434			257,434
Capital outlay				5,131,354	5,030,344	10,161,698
Total expenditures	<u>82,508,018</u>	<u>69,762</u>	<u>1,968,434</u>	<u>5,150,399</u>	<u>9,993,589</u>	<u>99,690,202</u>
Excess (Deficiency) of Revenues over Expenditures	<u>3,989,160</u>	<u>1,440,067</u>	<u>(1,406,500)</u>	<u>(5,150,399)</u>	<u>(3,092,874)</u>	<u>(4,220,546)</u>
Other Financing Sources (Uses):						
Transfers in from other funds	720,863		1,621,605		3,358,183	5,700,651
Transfers out to other funds	(4,181,738)	(437,396)			(1,091,572)	(5,710,706)
Total other financing sources (uses)	<u>(3,460,875)</u>	<u>(437,396)</u>	<u>1,621,605</u>	<u>-</u>	<u>2,266,611</u>	<u>(10,055)</u>
Net Change in Fund Balances	528,285	1,002,671	215,105	(5,150,399)	(826,263)	(4,230,601)
Fund Balances at Beginning of Year, as Restated	<u>15,585,753</u>	<u>16,811,334</u>	<u>288,071</u>	<u>1,418,718</u>	<u>15,678,371</u>	<u>49,782,247</u>
Fund Balances at End of Year	<u>\$ 16,114,038</u>	<u>\$ 17,814,005</u>	<u>\$ 503,176</u>	<u>\$ (3,731,681)</u>	<u>\$ 14,852,108</u>	<u>\$ 45,551,646</u>

(Continued on next page)

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

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)	\$ (4,230,601)
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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	9,970,257
Depreciation expense	(4,246,618)
Loss on disposition of capital assets	(30,885)

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	(33,971)
Change in net pension asset	(155,528)
Change in deferred outflows of resources related to pensions	9,769,420
Change in deferred outflows of resources related to OPEB	(569,046)

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.

Principal payments	1,710,000
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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	(1,448,706)
Change in deferred inflows of resources related to OPEB	33,306
Amortization of bond premiums	39,737
Accrued interest	5,100
Change in long-term compensated absences	276,224
Change in net pension liability	(9,293,025)
Change in net OPEB liability	1,142,936
Change in claims and judgments	78,347

The net expense of the internal service funds is reported with governmental activities.	<u>(2,770,464)</u>
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Change in Net Position of Governmental Activities (Exhibit II)	<u>\$ 213,285</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, 2017

	Business-Type Activities - Enterprise Funds					Governmental Activities
	Major Funds			Nonmajor		Internal Service Funds
	Wastewater	Solid Waste	Water	School Cafeteria	Total	
Assets:						
Current assets:						
Cash and cash equivalents	\$ 1,037,614	\$ 39,221	\$ 368,428	\$ 640	\$ 1,445,903	\$ 142,671
Investments	5,485,043	796,458	2,491,561		8,773,062	49,263
Accounts and other receivables, net	371,490	40,097	250,332	7,919	669,838	1,367,723
Due from federal and state governments				73,167	73,167	
Due from other funds	336,057	8,890		70,717	415,664	1,483,061
Total current assets	<u>7,230,204</u>	<u>884,666</u>	<u>3,110,321</u>	<u>152,443</u>	<u>11,377,634</u>	<u>3,042,718</u>
Noncurrent assets:						
Deposits					-	280,101
Capital assets not being depreciated	815,747	1,005,003	411,875		2,232,625	
Capital assets, net of accumulated depreciation	<u>14,541,532</u>	<u>1,846,990</u>	<u>4,304,573</u>	<u>19,846</u>	<u>20,712,941</u>	
Total noncurrent assets	<u>15,357,279</u>	<u>2,851,993</u>	<u>4,716,448</u>	<u>19,846</u>	<u>22,945,566</u>	<u>280,101</u>
Total assets	<u>22,587,483</u>	<u>3,736,659</u>	<u>7,826,769</u>	<u>172,289</u>	<u>34,323,200</u>	<u>3,322,819</u>
Liabilities:						
Current liabilities:						
Accounts payable	90,403	85,164	36,004	84,921	296,492	
Accrued liabilities	142,084	1,545	1,536		145,165	2,206
Due to federal and state governments	12,006				12,006	
Due to other funds			252		252	
Unearned revenue	225,095			15,860	240,955	
Current portion of compensated absences	69,274	5,074	23,346		97,694	
Current portion of bonds payable	<u>26,000</u>	<u>159,794</u>			<u>185,794</u>	
Total current liabilities	<u>564,862</u>	<u>251,577</u>	<u>61,138</u>	<u>100,781</u>	<u>978,358</u>	<u>2,206</u>
Noncurrent liabilities:						
Compensated absences	197,590	13,825	57,517		268,932	
Bonds payable after one year	<u>169,000</u>	<u>1,030,636</u>			<u>1,199,636</u>	
Total noncurrent liabilities	<u>366,590</u>	<u>1,044,461</u>	<u>57,517</u>	<u>-</u>	<u>1,468,568</u>	<u>-</u>
Total liabilities	<u>931,452</u>	<u>1,296,038</u>	<u>118,655</u>	<u>100,781</u>	<u>2,446,926</u>	<u>2,206</u>
Net Position:						
Net investment in capital assets	15,162,279	1,661,563	4,716,448	19,846	21,560,136	
Restricted for grants		37,703			37,703	
Unrestricted	<u>6,493,752</u>	<u>741,355</u>	<u>2,991,666</u>	<u>51,662</u>	<u>10,278,435</u>	<u>3,320,615</u>
Total Net Position	<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>\$ 3,320,615</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, 2017

	Business-Type Activities - Enterprise Funds					Governmental
	Major Funds		Nonmajor		Total	Activities
	Wastewater	Solid Waste	Water	School Cafeteria		Internal Service Funds
Operating Revenues:						
Charges for services	\$ 4,034,264	\$ 477,612	\$ 1,125,435	\$ 579,252	\$ 6,216,563	\$ 7,500
Other	18,490	23,566	14,485		56,541	
Total operating revenues	<u>4,052,754</u>	<u>501,178</u>	<u>1,139,920</u>	<u>579,252</u>	<u>6,273,104</u>	<u>7,500</u>
Operating Expenses:						
Wells			210,695		210,695	
Pumping	477,236		14,485		491,721	
Distribution			31,261		31,261	
Treating and sludge	1,740,041				1,740,041	
Transportation and disposal		266,902			266,902	
Other operating	128,798	74,429			203,227	
Administrative and general	324,808	92,639	412,804		830,251	
Depreciation	612,178	45,297	208,173	3,653	869,301	
Repairs and maintenance	51,125		18,780		69,905	
Health care management						2,514,795
Compensated absences						263,738
School cafeteria operations				981,990	981,990	
Total operating expenses	<u>3,334,186</u>	<u>479,267</u>	<u>896,198</u>	<u>985,643</u>	<u>5,695,294</u>	<u>2,778,533</u>
Operating Income (Loss)	<u>718,568</u>	<u>21,911</u>	<u>243,722</u>	<u>(406,391)</u>	<u>577,810</u>	<u>(2,771,033)</u>
Nonoperating Revenues (Expenses):						
Income (loss) on investments	(2,971)	(1,857)	(3,846)		(8,674)	569
Loss on disposal of capital assets	(16,954)				(16,954)	
State and federal grants			3,031	399,151	402,182	
Interest expense	(4,188)	(21,123)			(25,311)	
Total nonoperating revenues (expenses)	<u>(24,113)</u>	<u>(22,980)</u>	<u>(815)</u>	<u>399,151</u>	<u>351,243</u>	<u>569</u>
Income (Loss) Before Capital Contributions and Transfers	694,455	(1,069)	242,907	(7,240)	929,053	(2,770,464)
Capital Contributions	173,766		407,791		581,557	
Transfers In	<u>4,300</u>			<u>5,755</u>	<u>10,055</u>	
Change in Net Position	872,521	(1,069)	650,698	(1,485)	1,520,665	(2,770,464)
Net Position at Beginning of Year	<u>20,783,510</u>	<u>2,441,690</u>	<u>7,057,416</u>	<u>72,993</u>	<u>30,355,609</u>	<u>6,091,079</u>
Net Position at End 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>\$ 3,320,615</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, 2017

	Business-Type Activities - Enterprise Funds					Governmental Activities
	Major Funds					Internal Service Funds
	Wastewater	Solid Waste	Water	School Cafeteria	Total	
Cash Flows from Operating Activities:						
Receipts from customers and users	\$ 4,128,716	\$ 542,152	\$ 1,209,447	\$ 596,645	\$ 6,476,960	\$
Receipts from providing services					-	2,820,236
Payment for interfund activity	(332,442)	(8,988)	(579)	13,665	(328,344)	
Payments to suppliers	(1,722,792)	(313,426)	(1,003,917)	(970,149)	(4,010,284)	
Payments to employees	(1,068,862)	(64,662)	284,922		(848,602)	
Payments for claims					-	(2,915,712)
Net cash provided by (used in) operating activities	1,004,620	155,076	489,873	(359,839)	1,289,730	(95,476)
Cash Flows from Noncapital Financing Activities:						
Transfers in from other funds	4,300			5,755	10,055	
Nonoperating grants received			3,031	353,057	356,088	
Net cash provided (used in) by noncapital financing activities	4,300	-	3,031	358,812	366,143	-
Cash Flows from Capital and Related Financing Activities:						
Additions to property, plant and equipment	(892,678)		(8,804)		(901,482)	
Principal paid on bonds	(26,000)	(155,753)			(181,753)	
Interest paid on bonds	(4,188)	(21,123)			(25,311)	
Net cash provided by (used in) capital and related financing activities	(922,866)	(176,876)	(8,804)	-	(1,108,546)	-
Cash Flows from Investing Activities:						
Purchases of investments	(5,504,968)	(798,315)	(2,495,407)		(8,798,690)	(49,264)
Interest on investments					-	569
Net cash provided by (used in) investing activities	(5,504,968)	(798,315)	(2,495,407)	-	(8,798,690)	(48,695)
Net Increase (Decrease) in Cash and Cash Equivalents	(5,418,914)	(820,115)	(2,011,307)	(1,027)	(8,251,363)	(144,171)
Cash and Cash Equivalents at Beginning of Year	6,456,528	859,336	2,379,735	1,667	9,697,266	286,842
Cash and Cash Equivalents at End of Year	\$ 1,037,614	\$ 39,221	\$ 368,428	\$ 640	\$ 1,445,903	\$ 142,671
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:						
Operating income (loss)	\$ 718,568	\$ 21,911	\$ 243,722	\$ (406,391)	\$ 577,810	\$ (2,771,033)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	612,178	45,297	208,173	3,653	869,301	
Change in assets and liabilities:						
(Increase) decrease in accounts receivable	101,962	40,974	69,527	1,533	213,996	2,730,741
(Increase) decrease in due from other funds	(332,442)	(8,890)		13,665	(327,667)	81,995
(Increase) decrease in deposits					-	108,499
Increase (decrease) in accounts payable and accrued items	(109,587)	50,217	(56,126)	11,841	(103,655)	(245,678)
Increase (decrease) in due to other governments	12,006				12,006	
Increase (decrease) in due to other funds		(98)	(579)		(677)	
Increase (decrease) in deferred revenue	(26,000)			15,860	(10,140)	
Increase (decrease) in compensated absences	27,935	5,665	25,156		58,756	
Total adjustments	286,052	133,165	246,151	46,552	711,920	2,675,557
Net Cash Provided by (Used in) Operating Activities	\$ 1,004,620	\$ 155,076	\$ 489,873	\$ (359,839)	\$ 1,289,730	\$ (95,476)

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, 2017

	Cemetery Care Private - Purpose Trust Funds	OPEB Trust Funds	Agency Funds
Assets:			
Cash and cash equivalents	\$ 3,926	\$	\$ 354,723
Investments	139,696	11,901,293	30,966
Due from other funds	443		
Total assets	<u>144,065</u>	<u>11,901,293</u>	<u>\$ 385,689</u>
Liabilities:			
Deposits held in custody for others			<u>\$ 385,689</u>
Net Position:			
Restricted for care and maintenance	144,065		
Restricted for OPEB benefits		<u>11,901,293</u>	
Total Net Position	<u>\$ 144,065</u>	<u>\$ 11,901,293</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, 2017

	Cemetery Care Private - Purpose Trust Funds	OPEB Trust Funds
Additions:		
Charges for services	\$ 2,250	\$
Employer contributions		1,742,035
Net change in fair value of investments	(113)	290,815
Interest and dividends		853,105
Total additions	<u>2,137</u>	<u>2,885,955</u>
Deductions:		
Benefit payments		1,142,035
Operating expenses in accordance with agreement	7,920	
Administrative expense		38,915
Total deductions	<u>7,920</u>	<u>1,180,950</u>
Change in Net Position	(5,783)	1,705,005
Net Position at Beginning of Year	<u>149,848</u>	<u>10,196,288</u>
Net Position at End of Year	<u>\$ 144,065</u>	<u>\$ 11,901,293</u>

The accompanying notes are an integral part of the financial statements

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. As further discussed is Note 18, the financial statements as of June 30, 2016 have been restated for the inclusion of this blended component unit.

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, 2017

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 *Recreation Center Fund* is used to account for the construction costs of the South Kingstown Recreation Center. The fund's major source of revenue are Town contributions.

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.

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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

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

E. Measurement Focus and Basis of Accounting

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

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

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

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

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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

F. Assets, Liabilities and Equity

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:

Assets	Years
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 deferred inflow of resources related to pensions and OPEB in the government-wide financial statements. 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, 2017

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, 2017

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 99.25% of the total 2016 levy. The Town's fiscal 2016-2017 property taxes were levied on July 1, 2016 on assessed valuation as of December 31, 2015. 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, 2017, the Town received \$142,445 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 fiscal year 2015-2016, the Town used a \$2,500 per vehicle value in determining the Motor Vehicle Tax Levy.

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.

I. New Accounting Standards Adopted

Effective for the year ended June 30, 2017, the Town adopted a new statement of financial accounting standard issued by the Governmental Accounting Standards Board. GASB Statement No. 77, *Tax Abatement Disclosures* defines tax abatements and contains required disclosures related to abatement agreements entered into by the Town or other governments that reduce the reporting government's tax revenues. As of June 30, 2017 there are four such abatements that are described in further detail in Note 13.

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.

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.

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

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

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

B. Deficit Fund Equity and Accumulated Deficits

The Recreation Center Fund, a major capital projects governmental fund, has a fund deficit of \$3,731,681 at June 30, 2017. The Recreation Center Fund will be funded through future bond issuances as discussed further in Note 18.

The Guild Renovation Fund and School Improvement Fund, nonmajor capital project governmental funds, have deficits of \$13,921 and \$119,561, respectively, at June 30, 2017. The deficit in these funds will be funded through future bond issuances as discussed further in Note 18.

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, 2017 of \$18,639,799 was insured or collateralized.

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
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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, 2017, the cash equivalent amounted to \$878,240. The cash equivalents consisted of certificate of deposits, subject to coverage by federal depository insurance and collateralization and money market mutual funds held at banking institution and were not rated.

4. INVESTMENTS

State statutes and the Town Charter authorize the Town to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements. 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	\$ 18,348,027	\$ 1,804,464	\$ 16,543,563	
U.S. Government agencies	Aaa	6,548,445		6,548,445	
Municipal bonds	Aaa	49,564		49,564	
Municipal bonds	Aa1	21,755		21,755	
Municipal bonds	Aa2	46,631		46,631	
Municipal bonds	Aa3	27,932		27,932	
Municipal bonds	Unrated	21,865		21,865	
Corporate bonds	A1	24,984		24,984	
Corporate bonds	A2	50,626		50,626	
Corporate bonds	Unrated	25,168	25,168		
Certificates of deposit	*	2,014,426	1,763,803	250,623	
Total		27,179,423	\$ 3,593,435	\$ 23,585,988	\$ -
Other investments:					
Common stock		12,630,963			
Mutual Funds		17,492,539			
Total Investments		\$ 57,302,925			

* Subject to coverage by federal depository insurance and collateralization.

Interest Rate Risk

Approximately 48% 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 52% 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.

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
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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, 2017, the Town had a diversified portfolio and was not deemed to be concentrated in any one investment category. Although approximately 52% of the investments were held in common stock, mutual funds, these investments were in a wide range of companies and various industries enabling the Town to minimize its risk.

The Town has adopted a "statement of investment objectives, goals and policy guidelines" for investments held in the School Trust Fund, which is where approximately 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, 2017:

	<u>June 30,</u> <u>2017</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by fair value level:				
U.S. Government securities	\$ 18,348,027	\$ 18,348,027	\$	\$
U.S. Government agencies	6,548,445	6,548,445		
Municipal bonds	167,747	167,747		
Corporate bonds	100,778	100,778		
Common stock	12,630,963	12,630,963		
Mutual funds	<u>17,492,539</u>	<u>17,492,539</u>		
Total investments by fair value level	55,288,499	<u>\$ 55,288,499</u>	<u>\$ -</u>	<u>\$ -</u>
Investment not included above:				
Certificate of deposits	<u>2,014,426</u>			
Total Investments	<u>\$ 57,302,925</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, 2017

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	\$ 266,769	\$ 356,821	\$ 40,097	\$ 250,332	\$ 7,919	\$ 1,501,239	\$ 2,423,177
Property taxes	1,313,110						1,313,110
Tax liens	313,805						313,805
Other governments	76,379				73,167	174,750	324,296
Special assessments		32,169					32,169
Gross receivables	<u>1,970,063</u>	<u>388,990</u>	<u>40,097</u>	<u>250,332</u>	<u>81,086</u>	<u>1,675,989</u>	<u>4,406,557</u>
Less allowance for uncollectibles	<u>(695,041)</u>	<u>(17,500)</u>					<u>(712,541)</u>
Net Total Receivables	<u>\$ 1,275,022</u>	<u>\$ 371,490</u>	<u>\$ 40,097</u>	<u>\$ 250,332</u>	<u>\$ 81,086</u>	<u>\$ 1,675,989</u>	<u>\$ 3,694,016</u>

6. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

A. Interfund Receivables and Payables

The composition of interfund balances as of June 30, 2017 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Debt Service Fund	General Fund	\$ 503,176
Wastewater Fund	General Fund	336,057
Solid Waste Fund	General Fund	8,890
School Cafeteria	General Fund	70,717
Internal Service Fund	General Fund	1,483,061
Fiduciary Funds	General Fund	443
Nonmajor governmental funds	General Fund	6,089,414
General Fund	Water Fund	252
General Fund	Recreation Center Fund	3,727,831
General Fund	Nonmajor governmental funds	<u>219,498</u>
Total		<u>\$ 12,439,339</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
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B. Interfund Transfers

The composition of interfund transfers for the year ended June 30, 2017 is as follows:

	Transfers In					Total Transfers Out
	General Fund	Debt Service Fund	Wastewater Fund	School Cafeteria	Nonmajor Governmental and Other Funds	
Transfers out:						
General Fund	\$	\$ 1,200,000	\$ 4,300	\$ 5,755	\$ 2,971,683	\$ 4,181,738
School Trust Fund	50,896				386,500	437,396
Nonmajor Governmental Funds	<u>669,967</u>	<u>421,605</u>		-		<u>1,091,572</u>
Transfers In	<u>\$ 720,863</u>	<u>\$ 1,621,605</u>	<u>\$ 4,300</u>	<u>\$ 5,755</u>	<u>\$ 3,358,183</u>	<u>\$ 5,710,706</u>

Capital asset contributions totaling \$581,557 were made from governmental funds to business-type funds during the year ended June 30, 2017. This activity is included in transfers in the government-wide activity in Exhibit II of the accompanying financial statements.

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.

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

7. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2017 for governmental activity was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Adjustments/ Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 13,797,859	\$	\$	\$ 13,797,859
Construction in progress	1,321,799	1,046,621	1,075,871	1,292,549
Total capital assets not being depreciated	<u>15,119,658</u>	<u>1,046,621</u>	<u>1,075,871</u>	<u>15,090,408</u>
Capital assets being depreciated:				
Land improvements	9,696,679	1,122,224		10,818,903
Buildings	32,850,996	4,975,876		37,826,872
Building improvements	40,843,902	1,641,863		42,485,765
Equipment	5,414,674	450,596	24,750	5,840,520
Vehicles	6,066,384	855,129	450,993	6,470,520
Infrastructure	41,842,883	953,819		42,796,702
Intangibles	516,748			516,748
Total capital assets being depreciated	<u>137,232,266</u>	<u>9,999,507</u>	<u>475,743</u>	<u>146,756,030</u>
Less accumulated depreciation for:				
Land improvements	3,008,109	136,979		3,145,088
Buildings	16,581,823	751,432		17,333,255
Building improvements	21,751,617	1,225,230		22,976,847
Equipment	3,239,896	357,556	14,644	3,582,808
Vehicles	3,871,386	536,966	430,214	3,978,138
Infrastructure	22,794,253	1,186,076		23,980,329
Intangibles	53,787	52,379		106,166
Total accumulated depreciation	<u>71,300,871</u>	<u>4,246,618</u>	<u>444,858</u>	<u>75,102,631</u>
Total capital assets being depreciated, net	<u>65,931,395</u>	<u>5,752,889</u>	<u>30,885</u>	<u>71,653,399</u>
Governmental Activities Capital Assets, Net	\$ <u>81,051,053</u>	\$ <u>6,799,510</u>	\$ <u>1,106,756</u>	\$ <u>86,743,807</u>

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

Governmental activities:	
General government	\$ 148,036
Public safety	471,525
Public works	1,419,651
Public libraries	103,564
Education	1,549,325
Recreation	<u>554,517</u>
Total	\$ <u>4,246,618</u>

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
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Capital assets activity for the year ended June 30, 2017 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	789,561	594,750	738,216	646,095
Total capital assets not being depreciated	<u>2,376,091</u>	<u>594,750</u>	<u>738,216</u>	<u>2,232,625</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			2,991,840
Equipment	6,121,197	502,704		6,623,901
Vehicles	586,202	21,192	51,561	555,833
Infrastructure	19,723,863	1,119,562		20,843,425
Intangibles	174,842			174,842
Total capital assets being depreciated	<u>42,843,379</u>	<u>1,643,458</u>	<u>51,561</u>	<u>44,435,276</u>
Less accumulated depreciation for:				
Land improvements	760,044	49,661		809,705
Buildings	7,443,040	192,038		7,635,078
Building improvements	1,280,823	101,984		1,382,807
Equipment	4,070,712	230,882		4,301,594
Vehicles	446,643	20,390	34,607	432,426
Infrastructure	8,868,895	256,862		9,125,757
Intangibles	17,484	17,484		34,968
Total accumulated depreciation	<u>22,887,641</u>	<u>869,301</u>	<u>34,607</u>	<u>23,722,335</u>
Total capital assets being depreciated, net	<u>19,955,738</u>	<u>774,157</u>	<u>16,954</u>	<u>20,712,941</u>
Business-Type Activities Capital Assets, Net	\$ <u>22,331,829</u>	\$ <u>1,368,907</u>	\$ <u>755,170</u>	\$ <u>22,945,566</u>

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

Business-type activities:	
Wastewater	\$ 612,178
Solid Waste	45,297
Water	208,173
Cafeteria	<u>3,653</u>
Total	\$ <u>869,301</u>

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

8. FUND BALANCE

The components of fund balance for the governmental funds at June 30, 2017 are as follows:

	<u>General Fund</u>	<u>School Trust Fund</u>	<u>Debt Service Fund</u>	<u>Recreation Center Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:						
Nonspendable for:						
Prepays	\$ 36,956	\$	\$	\$	7,175	\$ 44,131
Endowment for recreation and education purposes		413,233				413,233
Restricted for:						
Recreational and educational		17,400,772			553,570	17,954,342
Asset forfeiture					163,865	163,865
Maintenance of historical records					153,223	153,223
Libraries operations					1,783,937	1,783,937
Recycling program					55,896	55,896
Miscellaneous donations fund					17,252	17,252
Open space acquisition					638,694	638,694
Human services					411,445	411,445
Debt service			503,176			503,176
Committed to:						
General government - encumbrances	19,591					19,591
Police department- encumbrances	203,720					203,720
Public works - encumbrances	3,906					3,906
Libraries - encumbrances	13,736					13,736
Municipal planning	66,563					66,563
To balance future budgets - Town	600,000					600,000
Superfund site cleanup	1,000,000					1,000,000
To balance future budgets - schools	500,000					500,000
Education encumbrances	190,046					190,046
Education	2,772,249					2,772,249
Affordable housing					8,800	8,800
Animal shelter renovations					257,404	257,404
Elderly services					282,133	282,133
Public safety support					1,117,607	1,117,607
Operation of Peacedale Office Building					178,838	178,838
Property revaluation					240,713	240,713
Maintenance of South Road School					281,156	281,156
Municipal planning services grant					346	346
Community development					8,520	8,520
Capital equipment acquisitions					946,422	946,422
Data processing improvements					202,394	202,394
Park construction and maintenance					75,137	75,137
Library improvements					140,229	140,229
Public safety building improvement					305,551	305,551
Public service office building improvements					16,879	16,879
Infrastructure improvements					850,673	850,673
Recreation facility improvement					462,244	462,244
Substance abuse treatment					3,597	3,597
Senior Services Center Construction					49,662	49,662
Wastewater Construction					5,084,734	5,084,734
Town hall improvements					687,494	687,494
Unassigned	10,707,271			(3,731,681)	(133,482)	6,842,108
Total Fund Balances	\$ 16,114,038	\$ 17,814,005	\$ 503,176	\$ (3,731,681)	\$ 14,852,108	\$ 45,551,646

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, 2017

Endowments Received

	School Trust Fund
	<u> </u>
Original principal received	\$ 413,233
Net appreciation on investments	<u>17,400,772</u>
Total Value	<u>\$ 17,814,005</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 \$17,400,772 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 \$46,605 plus a proportionate share of operating costs and property taxes. Total costs for the leases were \$46,605 for the year ended June 30, 2017. The lease has an option for an additional five-year term at the expiration of the initial term, which ends in fiscal year 2018. Future minimum lease payments for these lease for fiscal year 2018 totals \$23,303.

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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, 2017 are as follows:

Description	Date of Issue	Date of Maturity	Interest Rate (%)	Amount of Original Issue	Balance Outstanding June 30, 2017
Governmental activities:					
General obligation bonds:					
School Improvement Series 2009 A	11/12/09	11/01/29	2.55% - 5.00%	\$ 1,200,000	\$ 780,000
School Improvement Refunding Series 2009 B	11/12/09	06/15/19	2.25% - 4.5%	2,010,000	300,000
Advance refunding	11/13/12	06/15/24	1.90%	4,263,000	2,562,000
Advance refunding	04/08/15	06/15/27	2.0% - 4.0%	6,935,000	5,115,000
Total governmental activities				<u>14,408,000</u>	<u>8,757,000</u>
Business Type Activities:					
General obligation and revenue bonds:					
Wastewater fund - GO bond	11/13/02	09/01/23	1.38%	500,000	195,000
Solid waste fund - GO bond	09/03/02	09/01/22	1.14%	2,000,000	719,430
Solid waste fund - GO bond	11/22/05	09/01/25	1.34%	950,000	471,000
Total business-type activities				<u>3,450,000</u>	<u>1,385,430</u>
Total Outstanding				<u>\$ 17,858,000</u>	<u>\$ 10,142,430</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 \$10,142,430 total bonds payable (including bonds payable for the wastewater and solid-waste enterprise funds), approximately \$3,875,854 is subject to its legal debt limits. The \$3,875,854 outstanding does not exceed the Town's legal debt limit of \$138,527,781 which is 3% of the assessed value (\$4,617,592,707) of taxable property of the Town as of December 31, 2015. The total long-term debt bond obligations of the Town of \$10,142,430 represent approximately 0.22% of the assessed value of the taxable property of the Town at June 30, 2017 (assessment date December 31, 2015).

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C. Authorized But Unissued Bond Authority

The Town has the following remaining authorized but unissued bond authority as of June 30, 2017:

Purpose	Authority Amount	Issued	Authorized and Unissued
School capital improvements	\$ 4,000,000	\$ 3,000,000	\$ 1,000,000
Town hall improvements	300,000		300,000
Municipal land bank reserve	750,000		750,000
School/community gymnasium	4,150,000		4,150,000
Capital transportation improvement	400,000		400,000
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>\$ 3,700,000</u>	<u>\$ 13,900,000</u>

D. Changes in Long-Term Liabilities

Changes in the government's long-term liabilities for the year ended June 30, 2017 are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds payable:					
General obligation bonds	\$ 10,467,000	\$	\$ 1,710,000	\$ 8,757,000	\$ 1,682,000
Issuance premium on bonds	400,412		39,737	360,675	
Total bonds payable	10,867,412	-	1,749,737	9,117,675	1,682,000
Compensated absences	4,954,177	1,500,789	1,777,013	4,677,953	1,359,572
Net pension liability	59,039,892	9,293,025		68,332,917	
Net OPEB liability	8,130,516		1,142,936	6,987,580	
Claims and judgments	1,465,305		78,347	1,386,958	69,201
Total Governmental Activities Long-Term Liabilities	<u>\$ 84,457,302</u>	<u>\$ 10,793,814</u>	<u>\$ 4,748,033</u>	<u>\$ 90,503,083</u>	<u>\$ 3,110,773</u>
Business-Type Activities:					
Bonds payable:					
General obligation bonds	\$ 1,567,183	\$	\$ 181,753	\$ 1,385,430	\$ 185,793
Compensated absences	307,870	143,494	84,738	366,626	97,695
Total Business-Type Activities Long-Term Liabilities	<u>\$ 1,875,053</u>	<u>\$ 143,494</u>	<u>\$ 266,491</u>	<u>\$ 1,752,056</u>	<u>\$ 283,488</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.

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

	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2018	\$ 1,682,000	\$ 218,203	\$ 185,793	\$ 23,320
2019	1,547,000	181,563	190,919	20,018
2020	1,399,000	148,750	195,132	16,621
2021	880,000	120,346	200,435	13,126
2022	863,000	102,239	204,831	9,530
2023-2027	2,086,000	212,526	408,320	11,257
2028-2031	<u>300,000</u>	<u>12,150</u>		
Total	\$ <u>8,757,000</u>	\$ <u>995,777</u>	\$ <u>1,385,430</u>	\$ <u>93,872</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.

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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.

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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.

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 the 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%.

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Employees Covered by Benefit Terms

At the June 30, 2015 valuation date, the following employees were covered by the benefit terms:

	<u>Municipal</u>	<u>Police</u>	<u>EMT</u>
Retirees and Beneficiaries	178	48	2
Inactive, Nonretired Members	144	6	7
Active Members	<u>302</u>	<u>50</u>	<u>17</u>
Total	<u>624</u>	<u>104</u>	<u>26</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 8.25%. 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 of contributed \$2,228,905 in the year ended June 30, 2017 which was 13.65% of annual covered payroll.

Net Pension Liability (Asset)

The total pension liability (asset) was determined by actuarial valuations performed as of June 30, 2015 and rolled forward to June 30, 2016, 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, 2016 Measurement Date (June 30, 2015 Valuation Rolled Forward to June 30, 2016)

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	7.50%
Projected Salary Increases	General Employees - 3.50% to 7.50% ; Police & Fire Employees - 4.00% to 14.00%
Inflation	2.75%
Mortality	- Male Employees, MERS General and MERS P&F: 115% of RP-2000 Combined Healthy for Males with White Collar adjustments, projected with Scale AA from 2000. - Female Employees, MERS General and MERS P&F: 95% of RP-2000 Combined Healthy for Females with White Collar adjustments, projected with Scale AA from 2000.
Cost of Living Adjustments	1.00%

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The actuarial assumptions used in the June 30, 2015 valuation rolled forward to June 30, 2016 and the calculation of the total pension liability at June 30, 2016 were consistent with the results of an actuarial experience study performed as of June 30, 2013.

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:	38.0%	
U.S. Equity		6.98%
International Developed		7.26%
International Emerging Markets		9.57%
Equity Hedge Funds	8.0%	4.10%
Private Equity	7.0%	10.15%
Core Fixed Income	15.0%	2.37%
Absolute Return Hedge Funds	7.0%	4.10%
Infrastructure	3.0%	5.58%
Real estate	8.0%	5.33%
Other Real Return Assets:	11.0%	
Master Limited partnerships		4.97%
Credit		4.97%
Inflation Linked Bonds		1.76%
Cash, Overlay, Money Market	3.0%	0.82%
	<u>100.0%</u>	

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 7.5%. 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.

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Changes in Net Pension Liabilities (Asset)

Municipal Employee's Retirement System - General Employees			
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances as of July 1, 2016	\$ 58,270,576	\$ 51,775,423	\$ 6,495,153
Changes for the Year			
Service cost	1,177,994		1,177,994
Interest on the total pension liability	4,294,016		4,294,016
Difference between expected and actual experience	388,521		388,521
Employer contributions		1,392,328	(1,392,328)
Employee contributions		420,375	(420,375)
Net investment income		(6,478)	6,478
Benefit payments, including employee refunds	(3,212,066)	(3,212,066)	-
Administrative expense		(57,861)	57,861
Other changes		(79,911)	79,911
Net changes	2,648,465	(1,543,613)	4,192,078
Balances as of June 30, 2017	\$ 60,919,041	\$ 50,231,810	\$ 10,687,231

Municipal Employee's Retirement System - Police			
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances as of July 1, 2016	\$ 29,693,303	\$ 21,823,345	\$ 7,869,958
Changes for the Year			
Service cost	600,941		600,941
Interest on the total pension liability	2,186,552		2,186,552
Difference between expected and actual experience	(1,391,195)		(1,391,195)
Employer contributions		794,657	(794,657)
Employee contributions		319,163	(319,163)
Net investment income		(7,368)	7,368
Benefit payments, including employee refunds	(1,679,490)	(1,679,490)	-
Administrative expense		(19,819)	19,819
Other changes		(5,036)	5,036
Net changes	(283,192)	(597,893)	314,701
Balances as of June 30, 2017	\$ 29,410,111	\$ 21,225,452	\$ 8,184,659

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Municipal Employee's Retirement System - EMT			
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances as of July 1, 2016	\$ 3,247,374	\$ 3,650,484	\$ (403,110)
Changes for the Year			
Service cost	144,725		144,725
Interest on the total pension liability	245,078		245,078
Difference between expected and actual experience	(119,389)		(119,389)
Employer contributions		41,920	(41,920)
Employee contributions		77,657	(77,657)
Net investment income		(1,271)	1,271
Benefit payments, including employee refunds	(104,062)	(104,062)	-
Administrative expense		(3,419)	3,419
Other changes		(1)	1
Net changes	166,352	10,824	155,528
Balances as of June 30, 2017	\$ 3,413,726	\$ 3,661,308	\$ (247,582)

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 7.5%, 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 6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
General Employees	\$ 17,113,609	\$ 10,687,231	\$ 5,427,441
Police	11,301,274	8,184,659	5,633,696
EMT	104,708	(247,582)	(535,854)

Pension Plan Fiduciary Net Position

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

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

For the year ended June 30, 2017, the employer recognized pension expense of \$2,906,090. 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	\$ 298,596	\$ 112,816	\$	\$ 411,412
Changes of assumptions	170,946			170,946
Net difference between projected and actual earnings on pension plan investments	3,247,890	1,379,081	231,846	4,858,817
Town contributions subsequent to measurement date	<u>1,394,716</u>	<u>825,285</u>	<u>39,491</u>	<u>2,259,492</u>
Total	<u>\$ 5,112,148</u>	<u>\$ 2,317,182</u>	<u>\$ 271,337</u>	<u>\$ 7,700,667</u>
	<u>Municipal</u>	<u>Police</u>	<u>EMT</u>	<u>Total</u>
Deferred Outflows of Resources				
Difference between expected and actual experience	\$ 496,187	\$ 1,170,146	\$ 173,411	\$ 1,839,744
Changes of assumptions		101,597	19,548	121,145
Total	<u>\$ 496,187</u>	<u>\$ 1,271,743</u>	<u>\$ 192,959</u>	<u>\$ 1,960,889</u>

Total of the Town contributions subsequent to measurement date of \$2,259,492 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, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>Net Deferred Outflows of Resources</u>		
<u>Year Ending June 30,</u>	<u>Municipal</u>	<u>Police</u>	<u>EMT</u>
2018	\$ 572,313	\$ 37,270	\$ 12,709
2019	569,486	37,268	12,711
2020	1,284,225	330,400	64,545
2021	795,221	107,811	32,693
2022		(227,694)	(22,410)
Thereafter		<u>(64,901)</u>	<u>(61,361)</u>
Total	<u>\$ 3,221,245</u>	<u>\$ 220,154</u>	<u>\$ 38,887</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,

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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.

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 2017, 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 14.01% and 21.01% of annual covered payroll for the fiscal year ended June 30, 2017 for the state and School, respectively. The School contributed \$2,941,515, \$3,584,110 and \$3,229,345 for the fiscal years ended June 30, 2017, 2016 and 2015, respectively, equal to 100% of the required contributions for each year.

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

At June 30, 2017, the School reported a liability of \$49,461,027 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	\$ 49,461,027
State's proportionate share of the net pension liability associated with the School	<u>33,873,541</u>
Total Net Pension Liability	<u><u>\$ 83,334,568</u></u>

The net pension liability was measured as of June 30, 2016, 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, 2015 rolled forward to June 30, 2016. 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, 2016 the School's proportion was 1.66%.

For the year ended June 30, 2017, the School recognized gross pension expense of \$7,056,310 and revenue of \$2,835,434 for support provided by the State. At June 30, 2016 the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Teachers

Deferred outflows of resources:

Net difference between projected and actual earning on pension plan investments	\$ 3,859,709
Changes in proportionate share of employer contributions	856,954
Contributions subsequent to the measurement date	<u>2,859,817</u>
	<u><u>\$ 7,576,480</u></u>

Deferred inflows of resources:

Difference between expected and actual experience	\$ 975,893
Change of assumptions	1,024,559
Changes in proportionate share of employer contributions	<u>344,515</u>

Total	<u><u>\$ 2,344,967</u></u>
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The \$2,859,817 reported as deferred outflows of resources related to pensions resulting from the School contributions in fiscal year 2017 subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Net Deferred Outflows of Resources
2018	\$ 401,617
2019	401,617
2020	1,270,265
2021	627,387
2022	(289,706)
Thereafter	<u>(39,484)</u>
Total	<u>\$ 2,371,696</u>

Actuarial Assumptions

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

Inflation	2.75%
Salary increases	3.50% to 13.50%
Investment rate of return	7.50%

Mortality - male and female teachers: 97% and 92%, respectively of rates in a GRS table based on male and female teacher experience, projected with Scale AA from 2000.

The actuarial assumptions used in the June 30, 2015 valuation rolled forward to June 30, 2016 and the calculation of the total pension liability at June 30, 2016 were consistent with the results of an actuarial experience study performed as of June 30, 2013.

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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:	38.0%	
U.S. Equity		6.98%
International Developed		7.26%
International Emerging Markets		9.57%
Equity Hedge Funds	8.0%	4.10%
Private Equity	7.0%	10.15%
Core Fixed Income	15.0%	2.37%
Absolute Return Hedge Funds	7.0%	4.10%
Infrastructure	3.0%	5.58%
Real estate	8.0%	5.33%
Other Real Return Assets:	11.0%	
Master Limited partnerships		4.97%
Credit		4.97%
Inflation Linked Bonds		1.76%
Cash, Overlay, Money Market	<u>3.0%</u>	0.82%
	<u><u>100.0%</u></u>	

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 7.5%. 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.

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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 7.5% 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.

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
	<u> </u>	<u> </u>	<u> </u>
\$	61,080,041	\$ 49,461,027	\$ 39,949,123

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:

	Employee Contribution	Employer Contribution
	<u> </u>	<u> </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 \$1,297,444 and \$307,130, respectively, during the fiscal year ended June 30, 2017 for teacher plan members.

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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 \$290,787 and \$68,440, respectively, during the fiscal year ended June 30, 2017 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.

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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, 2017, the following employees were covered by the benefit terms:

	<u>Participants</u>
Active employees	683
Retirees	82
Spouses of retirees	<u>64</u>
Total	<u><u>829</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.

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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, 2017, plan members contributed \$93,974 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, 2017 the annual money-weighted rate of return on investments, net of investment expense, was 6.87%. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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Net OPEB Liability of the Town

The components of the net OPEB liability of the Town at June 30, 2017, were as follows:

Total OPEB liability	\$ 18,888,873
Plan fiduciary net position	<u>11,901,293</u>
Town's Net OPEB Liability	<u>\$ 6,987,580</u>
Plan fiduciary net position as a percentage of the total OPEB liability	63%

The Town's net OPEB liability was measured as of June 30, 2017, 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, 2017 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 8.5% decreasing by 0.5% annually to an ultimate rate of 5.0%

Mortality rates were based on RPH-2015 Total Dataset Mortality Table fully generational using scale MP-2015. RPH-2015 table is created based on RPH-2014 Total Dataset Mortality Table with eight years of MP-2014 mortality improvement backed out, projected to 2015 using MP-2015 improvement.

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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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	37.1%	8.2%
International equity	15.9%	8.8%
Fixed income	39.0%	3.1%
Real estate	8.0%	6.5%
Total	100%	

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.

Changes in the Net OPEB Liability

	Total OPEB Liability	Increase (Decrease)	Net OPEB Liability
		Plan Fiduciary Net Position	
Balances as of July 1, 2016	\$ 18,326,804	\$ 10,196,288	\$ 8,130,516
Changes for the Year			
Service cost	719,382		719,382
Interest on the total pension liability	1,199,145		1,199,145
actual experience	(214,423)		(214,423)
Employer contributions		1,742,035	(1,742,035)
Net investment income		1,143,920	(1,143,920)
Benefit payments	(1,142,035)	(1,142,035)	-
Administrative expense		(38,915)	38,915
Net changes	562,069	1,705,005	(1,142,936)
Balances as of June 30, 2017	\$ 18,888,873	\$ 11,901,293	\$ 6,987,580

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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	\$	8,266,427	\$	6,987,580	\$ 5,799,867

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 (7.5% Decreasing to 4.0%)	Healthcare Cost Trend Rates (8.5% Decreasing to 5.0%)		1% Increase (9.5% Decreasing to 6.0%)
Net OPEB Liability	\$	5,287,455	\$	6,987,580	\$ 8,948,027

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2017, the Town recognized OPEB expense of \$1,146,662. At June 30, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$	\$ 2,741,518
Changes of assumptions	666,988	
Net difference between projected and actual earnings on OPEB plan investments	126,697	
Total	\$ 793,685	\$ 2,741,518

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Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in pension expense as follows:

Year Ending June 30,	Net Deferred Outflow (Inflow) of Resources
2018	\$ (115,726)
2019	(115,726)
2020	(115,726)
2021	(274,501)
2022	(187,094)
Thereafter	<u>(1,139,060)</u>
Total	<u>\$ (1,947,833)</u>

13. TAX ABATEMENTS

The Town adopted new accounting guidance, GASB Statement No. 77, *Tax Abatement Disclosures*, effective for the year ended June 30, 2017. The new disclosure is presented below:

As of June 30, 2017, 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, 2017, 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, 2017, taxes abated through this program total

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\$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, 2017, 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.

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, 2017, 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 nonrestoring line of credit. The proceeds of the loan shall be used by the Town for the establishment of an operation of a Community Septic System Loan Program. The Program provides for the Town to make loans to property owners of the Town for the repair or replacement of failed or failing septic systems. The individual loans to be made to property owners shall be underwritten by the Town with the assistance of the Rhode Island Housing Mortgage Finance Corporation (RIHMFC). RIHMFC, on behalf of the Town, shall perform all administrative functions related to servicing the individual loans, including disbursing loans to property owners and collecting and remitting borrower loan payments. The loan has a zero interest rate to the Town and 4% to property owners. The Town is only required to make principal repayments in the event that individual property owners default on their loans. Accordingly, the potential liability has not been accrued (reported) in the Town's financial statements. As of June 30, 2017, there are \$300,000 in loans issued and an available (nonrestoring) line-of-credit balance of \$-0-.

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NOTES TO FINANCIAL STATEMENTS
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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, 2017, 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. During fiscal year 2017, there were 4 closings totaling \$64,250 in loans issued which leaves an available line-of-credit balance of \$603,870.

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.

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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.

Activity in the Health Care Management Fund (an internal service fund) during the year ended June 30, 2017 are related to claims incurred and outstanding prior to July 1, 2016 and the settlement of amounts owed to the fund.

At June 30, 2017, 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>
2016-17	\$ 247,883	\$ 2,514,795	\$ 2,760,472	\$ 2,206
2015-16	762,061	6,706,187	7,220,365	247,883

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

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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 \$1,386,958 at June 30, 2017. 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.

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.

17. PRIOR PERIOD ADJUSTMENT AND RESTATEMENT

As discussed in Note 1, the following restatements were recorded to the beginning of net position of the governmental activities and nonmajor governmental fund opinion units as a result of the current year inclusion of a blended component unit *Friends of South Kingstown Parks and Recreation*.

	Governmental Activities	Nonmajor Governmental Funds
Net position at June 30, 2016, as previously reported	\$ 54,909,299	\$ 15,588,197 *
Adjustments:		
Addition of blended component unit Friends of South Kingstown Parks and Recreation	<u>90,174</u>	<u>90,174</u>
Net Position at July 1, 2016, as Restated	<u>\$ 54,999,473</u>	<u>\$ 15,678,371</u>

* Amount as previously reported updated to show the effect of the beginning fund balance of the Recreation Center Fund. This fund did not meet the requirements of a major fund until the year ended June 30, 2017.

18. SUBSEQUENT EVENTS

On August 17, 2017, the Town issued \$5,420,000 in general obligation bonds. The bonds mature on August 15, 2037 with interest rates ranging from 2.0% to 4.0%. The purpose of the issuance is to finance the construction of school capital improvements including a gymnasium, community recreation construction including program development and road reconstruction.

**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, 2017

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues:				
Property tax revenues	\$ 70,591,038	\$ 70,841,038	\$ 71,023,038	\$ 182,000
Intergovernmental revenues	9,156,775	9,156,775	9,399,403	242,628
Licenses, fees, tuition and rent	1,513,374	1,513,374	1,494,866	(18,508)
Other local revenues	1,811,595	1,811,595	1,980,201	168,606
Use of fund balance	1,000,000	1,000,000	1,000,000	-
Cancelled prior year encumbrances			17	17
Total revenues	<u>84,072,782</u>	<u>84,322,782</u>	<u>84,897,525</u>	<u>574,743</u>
Expenditures:				
Current:				
General government	3,841,084	3,815,584	3,710,016	105,568
Public safety	10,766,168	10,676,168	10,530,094	146,074
Public works	2,952,072	2,802,072	2,769,243	32,829
Human service agency contribution	138,000	138,000	138,000	-
Recreation	1,851,016	1,851,016	1,819,313	31,703
Public libraries	1,219,965	1,212,465	1,210,885	1,580
Education	59,926,334	59,926,334	59,063,827	862,507
Pension and other employee benefits	990,000	990,000	917,583	72,417
Total expenditures	<u>81,684,639</u>	<u>81,411,639</u>	<u>80,158,961</u>	<u>1,252,678</u>
Excess of Revenues over Expenditures	<u>2,388,143</u>	<u>2,911,143</u>	<u>4,738,564</u>	<u>1,827,421</u>
Other Financing Uses:				
Transfers in	843,040	843,040	864,453	21,413
Transfers out	(3,231,183)	(3,754,183)	(3,754,183)	-
Total Other Financing Uses	<u>(2,388,143)</u>	<u>(2,911,143)</u>	<u>(2,889,730)</u>	<u>21,413</u>
Excess of Revenues and Other Sources	<u>\$ -</u>	<u>\$ -</u>	<u>1,848,834</u>	<u>\$ 1,848,834</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			(1,000,000)	
Transfers to other funds appropriated from reserves			(429,300)	
Cancellation of prior year encumbrances is not a GAAP revenue			(17)	
Recognition of fair market value of investments			(83,429)	
Planning expenditures not budgeted			(18,873)	
Change in encumbrances			<u>211,070</u>	
Total Net Change in Fund Balance - GAAP basis			<u>\$ 528,285</u>	

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 THREE FISCAL YEARS*

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>
A. Total pension liability			
Service Cost	\$ 600,941	\$ 553,069	\$ 550,738
Interest on the Total Pension Liability	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	(1,391,195)	163,450	
Changes of assumptions			(164,150)
Benefit payments, including refunds of employee contributions	<u>(1,679,490)</u>	<u>(1,638,543)</u>	<u>(1,630,699)</u>
Net change in total pension liability	<u>(283,192)</u>	<u>2,058,462</u>	<u>733,027</u>
Total pension liability - beginning	<u>29,693,303</u>	<u>27,634,841</u>	<u>26,901,814</u>
Total pension liability - ending (a)	<u>\$ 29,410,111</u>	<u>\$ 29,693,303</u>	<u>\$ 27,634,841</u>
B. Plan fiduciary net position			
Contributions - employer	\$ 794,657	\$ 712,921	\$ 468,675
Contributions - employee	319,163	251,692	257,164
Net investment income (loss)	(7,368)	511,433	2,930,811
Benefit payments, including refunds of employee contributions	(1,679,490)	(1,638,543)	(1,630,699)
Pension Plan Administrative Expense	(19,819)	(19,499)	(18,353)
Other	<u>(5,036)</u>	<u>416</u>	<u>801</u>
Net change in plan fiduciary net position	<u>(597,893)</u>	<u>(181,580)</u>	<u>2,008,399</u>
Plan fiduciary net position - beginning	<u>21,823,345</u>	<u>22,004,925</u>	<u>19,996,526</u>
Plan fiduciary net position - ending (b)	<u>21,225,452</u>	<u>21,823,345</u>	<u>22,004,925</u>
C. Net pension liability - ending (a) - (b)	<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	72.17%	73.50%	79.63%
E. Covered employee payroll	\$ 3,213,589	\$ 3,128,217	\$ 3,120,331
F. Net pension liability as a percentage of covered payroll	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 THREE FISCAL YEARS*.

	<u>2017</u>	<u>2016</u>	<u>2015</u>
A. Total pension liability			
Service Cost	\$ 144,725	\$ 144,842	\$ 135,144
Interest on the Total Pension Liability	245,078	219,726	204,900
Changes of benefit terms		180,010	
Difference between expected and actual experience of the Total Pension Liability	(119,389)	(85,523)	
Changes of assumptions			(41,805)
Benefit payments, including refunds of employee contributions	<u>(104,062)</u>	<u>(137,877)</u>	<u>(72,944)</u>
Net change in total pension liability	166,352	321,178	225,295
Total pension liability - beginning	<u>3,247,374</u>	<u>2,926,196</u>	<u>2,700,901</u>
Total pension liability - ending (a)	<u>\$ 3,413,726</u>	<u>\$ 3,247,374</u>	<u>\$ 2,926,196</u>
B. Plan fiduciary net position			
Contributions - employer	\$ 41,920	\$ 49,050	\$ 33,018
Contributions - employee	77,657	65,837	63,498
Net investment income (loss)	(1,271)	85,550	478,328
Benefit payments, including refunds of employee contributions	(104,062)	(137,877)	(72,944)
Pension Plan Administrative Expense	(3,419)	(3,431)	(2,995)
Other	<u>(1)</u>	<u>1</u>	<u>155</u>
Net change in plan fiduciary net position	10,824	59,130	499,060
Plan fiduciary net position - beginning	<u>3,650,484</u>	<u>3,591,354</u>	<u>3,092,294</u>
Plan fiduciary net position - ending (b)	<u>3,661,308</u>	<u>3,650,484</u>	<u>3,591,354</u>
C. Net pension liability (asset) - ending (a) - (b)	<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	107.25%	112.41%	122.73%
E. Covered employee payroll	\$ 778,090	\$ 822,966	\$ 790,777
F. Net pension asset as a percentage of covered payroll	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 THREE FISCAL YEARS*

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 1,394,716	\$ 1,392,328	\$ 1,420,102
Contributions in relation to the actuarially determined contribution	<u>1,394,716</u>	<u>1,392,328</u>	<u>1,420,102</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Covered-employee payroll	\$ 12,335,012	\$ 12,266,819	\$ 11,878,682
Contributions as a percentage of covered-employee payroll	11.31%	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, 2015

Measurement date: June 30, 2016

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	20 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 THREE FISCAL YEARS*

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

Measurement date: June 30, 2016

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	20 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 - EMT
LAST THREE FISCAL YEARS*

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 39,491	\$ 41,920	\$ 49,050
Contributions in relation to the actuarially determined contribution	<u>39,491</u>	<u>41,920</u>	<u>49,050</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Covered-employee payroll	\$ 778,090	\$ 822,966	\$ 790,777
Contributions as a percentage of covered-employee payroll	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, 2015
Measurement date: June 30, 2016
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	20 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 THREE FISCAL YEARS*

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's proportion of the net pension liability	1.66%	1.62%	1.64%
Town's proportionate share of the net pension liability	\$ 49,461,027	\$ 44,674,781	\$ 39,917,633
State's proportionate share of the net pension liability associated with the school district	<u>33,873,541</u>	<u>30,520,408</u>	<u>27,373,360</u>
Total	<u>\$ 83,334,568</u>	<u>\$ 75,195,189</u>	<u>\$ 67,290,993</u>
Town's covered employee payroll	\$ 26,698,936	\$ 25,552,372	\$ 31,370,787
Town's proportionate share of the net pension liability as a percentage of its covered employee payroll	185.25%	174.84%	127.24%
Plan fiduciary net position as a percentage of the total pension liability	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 THREE FISCAL YEARS*

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 2,859,817	\$ 2,941,515	\$ 3,584,110
Contributions in relation to the actuarially determined contribution	<u>2,859,817</u>	<u>2,941,515</u>	<u>3,584,110</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Covered-employee payroll	\$ 26,698,936	\$ 25,552,372	\$ 31,370,787
Contributions as a percentage of covered- employee payroll	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, 2015
Measurement date: June 30, 2016

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	22.3 years at June 30, 2015
Inflation	2.75%
Salary Increases	Teachers - 3.50% to 13.5%
Investment rate of return	7.50%
Mortality	Teachers: Male and female teachers: 97% and 92%, respectively of rates in a GRS table based on male and female teacher experience, projected with Scale AA from 2000

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

	<u>2017</u>	<u>2016</u>
Total OPEB liability		
Service Cost	\$ 719,382	\$ 820,802
Interest on the total OPEB liability	1,199,145	1,416,126
Changes of assumptions		788,258
Differences between expected and actual experience	(214,423)	(3,006,059)
Benefit payments	<u>(1,142,035)</u>	<u>(1,127,619)</u>
Net change in total OPEB liability	562,069	(1,108,492)
Total OPEB liability - beginning	18,326,804	19,435,296
Total OPEB liability - ending	<u><u>\$ 18,888,873</u></u>	<u><u>\$ 18,326,804</u></u>
Plan fiduciary net position		
Contributions - employer	\$ 1,742,035	\$ 1,727,619
Contributions - retired members		
Net investment income	1,143,920	(62,732)
Benefit payments	(1,142,035)	(1,127,619)
OPEB Plan Administrative Expense	<u>(38,915)</u>	<u>(55,503)</u>
Net change in plan fiduciary net position	1,705,005	481,765
Plan fiduciary net position - beginning	<u>10,196,288</u>	<u>9,714,523</u>
Plan fiduciary net position - ending (b)	<u><u>11,901,293</u></u>	<u><u>10,196,288</u></u>
Net OPEB liability - ending	<u><u>\$ 6,987,580</u></u>	<u><u>\$ 8,130,516</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	63.01%	55.64%
Covered employee payroll	\$ 42,186,979	\$ 40,859,060
Net OPEB liability as a percentage of covered payroll	-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 NINE FISCAL YEARS*

	<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)	\$ 1,863,644	\$ 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>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>\$ 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	\$ 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	4.13%	4.23%	11.42%	6.93%	6.73%	4.62%	5.26%	4.26%	3.94%

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

(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, 2016

Measurement date: June 30, 2017

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: 4% for IBPO/EMT and 3.5% for all others
Investment rate of return	6.75%
Healthcare trend rates	Initial 8.5% 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-2015 total Dataset Mortality Table fully generational using Scale MP-2015

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

	2017	2016
Annual money-weighted rate of return, net of investment expense	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, 2017

	General Fund	School Unrestricted Fund	Eliminations	Total General Fund
ASSETS				
Cash and cash equivalents	\$ 11,837,608	\$ 200	\$	\$ 11,837,808
Investments	12,094,566			12,094,566
Accounts and other receivable, net	1,174,188	24,455		1,198,643
Due from federal and state governments	20,486	55,893		76,379
Due from other funds	3,921,017	6,016,283	(5,989,719)	3,947,581
Prepaid items	3,675	33,281		36,956
Total Assets	<u>\$ 29,051,540</u>	<u>\$ 6,130,112</u>	<u>\$ (5,989,719)</u>	<u>\$ 29,191,933</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 202,513	\$ 456,661	\$	\$ 659,174
Accrued liabilities	815,147	2,058,014		2,873,161
Due to state and federal governments	76,023			76,023
Due to other funds	14,361,872	119,605	(5,989,719)	8,491,758
Unearned revenue	204,296	256		204,552
Deposits held in custody of others	177,333			177,333
Total liabilities	<u>15,837,184</u>	<u>2,634,536</u>	<u>(5,989,719)</u>	<u>12,482,001</u>
Deferred inflows of resources:				
Unavailable revenue - property taxes	595,894			595,894
Total deferred inflows of resources	<u>595,894</u>	<u>-</u>	<u>-</u>	<u>595,894</u>
Fund balances:				
Nonspendable	3,675	33,281		36,956
Committed	1,907,516	3,462,295		5,369,811
Unassigned	10,707,271			10,707,271
Total fund balances	<u>12,618,462</u>	<u>3,495,576</u>	<u>-</u>	<u>16,114,038</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 29,051,540</u>	<u>\$ 6,130,112</u>	<u>\$ (5,989,719)</u>	<u>\$ 29,191,933</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, 2017

	General Fund	School Unrestricted Fund	Eliminations	Total General Fund
Revenues:				
Property taxes, interest and lien fees	\$ 71,023,350	\$	\$	\$ 71,023,350
Intergovernmental revenues	1,980,812	7,418,592		9,399,404
Licenses and fees	1,405,832			1,405,832
Investment income	141,687	672		142,359
Fines and charges for services		89,036		89,036
Departmental	1,382,810			1,382,810
State on behalf pension contribution		2,683,099		2,683,099
Other local revenues		371,288		371,288
Total revenues	<u>75,934,491</u>	<u>10,562,687</u>	<u>-</u>	<u>86,497,178</u>
Expenditures:				
Current:				
General government	3,719,127			3,719,127
Public safety	10,465,758			10,465,758
Public works	2,784,085			2,784,085
Human service agency contribution	138,000			138,000
Public libraries	1,205,573			1,205,573
Education		61,407,536		61,407,536
Recreation	1,818,412			1,818,412
Other	969,527			969,527
Total expenditures	<u>21,100,482</u>	<u>61,407,536</u>	<u>-</u>	<u>82,508,018</u>
Excess (Deficiency) of Revenues over Expenditures	<u>54,834,009</u>	<u>(50,844,849)</u>	<u>-</u>	<u>3,989,160</u>
Other Financing Sources (Uses):				
Transfers in from other funds	836,964	51,414,838	(51,530,939)	720,863
Transfers out to other funds	(55,134,032)	(578,645)	51,530,939	(4,181,738)
Total other financing sources (uses)	<u>(54,297,068)</u>	<u>50,836,193</u>	<u>-</u>	<u>(3,460,875)</u>
Net Change in Fund Balances	536,941	(8,656)	-	528,285
Fund Balances at Beginning of Year	<u>12,081,521</u>	<u>3,504,232</u>	<u>-</u>	<u>15,585,753</u>
Fund Balances at End of Year	<u>\$ 12,618,462</u>	<u>\$ 3,495,576</u>	<u>\$ -</u>	<u>\$ 16,114,038</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, 2017

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues and Use of Fund Balance:				
Property taxes:				
Current taxes	\$ 69,418,078	\$ 69,668,078	\$ 69,872,047	\$ 203,969
Prior taxes	585,000	585,000	537,849	(47,151)
Total taxes current and prior	70,003,078	70,253,078	70,409,896	156,818
Pilot - Federal Aid	8,000	8,000	8,620	620
Interest on taxes	333,500	333,500	344,338	10,838
Payment in lieu of taxes	246,460	246,460	260,184	13,724
Total property taxes	70,591,038	70,841,038	71,023,038	182,000
State aid - Town:				
General state aid	173,566	173,566	202,326	28,760
Telephone tax	378,660	378,660	393,252	14,592
Meals and beverage tax	750,000	750,000	853,115	103,115
State library general aid	185,602	185,602	207,301	21,699
State library endowment aid	16,431	16,431	18,352	1,921
State motor vehicle phase-out	138,803	138,803	142,445	3,642
Hotel tax	145,000	145,000	164,020	19,020
Total state aid - Town	1,788,062	1,788,062	1,980,811	192,749
Licenses, fees and rents:				
Business licenses and fees	463,185	463,185	535,981	72,796
Nonbusiness licenses and fees	360,635	360,635	396,702	36,067
Real Estate conveyance fees	80,000	80,000	109,125	29,125
Rental of Town properties	399,282	399,282	364,022	(35,260)
Total licenses, fees and rents	1,303,102	1,303,102	1,405,830	102,728
Investment income - short term	125,000	125,000	225,116	100,116
Revenues and Use of Fund Balance:				
Departmental revenues:				
Police department revenue	235,250	235,250	327,241	91,991
Park rental revenue	23,000	23,000	30,325	7,325
Town beach parking	155,790	155,790	177,275	21,485
Boat and mooring	34,000	34,000	39,689	5,689
Animal control fees	1,400	1,400	1,390	(10)
Library fines and misc	19,500	19,500	23,267	3,767
Dog/cat licenses and fines	5,000	5,000	3,511	(1,489)
Recreation department	240,955	240,955	211,642	(29,313)
Recreation self-support program	157,000	157,000	163,248	6,248
Planning department	100	100	37	(63)
Communications department revenue	1,000	1,000	1,442	442
Copy charges	22,500	22,500	17,000	(5,500)
Recreation department - Outside sponsors	13,575	13,575	7,012	(6,563)
Stepping stone - creative	68,625	68,625	50,853	(17,772)
Stepping stone - self supported	4,000	4,000	5,176	1,176
Geographic information systems program	450	450	444	(6)
Narragansett - Dog Pound	70,500	70,500	70,500	-
Miscellaneous - Town	93,950	93,950	253,073	159,123
Total departmental revenues	1,146,595	1,146,595	1,383,125	236,530
Use of fund balance	600,000	600,000	600,000	-
Cancelled Prior Year Encumbrances			17	17
Total revenues and use of fund balance	75,553,797	75,803,797	76,617,937	814,140

(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, 2017

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Expenditures:				
General government:				
Town council	\$ 25,233	\$ 25,233	\$ 23,984	\$ 1,249
Financial town meeting	11,808	8,733		8,733
Legal staff	181,901	181,901	182,602	(701)
Probate judge	7,536	7,536	7,536	-
Town clerk	415,383	415,383	407,775	7,608
Canvassing authority	106,365	109,440	102,058	7,382
Town manager's office	422,792	422,792	418,171	4,621
Personnel administration	108,280	108,280	102,002	6,278
Town hall operations	180,375	180,375	170,542	9,833
Finance department	706,398	698,898	692,112	6,786
Tax assessor's office	401,054	401,054	393,333	7,721
Information technology	331,879	313,879	312,621	1,258
Geographic information systems	129,554	129,554	128,271	1,283
Planning department	395,791	395,791	367,750	28,041
Conservation commission	850	850	850	-
Zoning/building inspection	361,170	361,170	345,695	15,475
Outside agencies	54,715	54,715	54,714	1
Total general government	3,841,084	3,815,584	3,710,016	105,568
Public safety:				
Police department	8,499,156	7,731,803	7,610,283	121,520
Police dispatch		712,353	735,565	(23,212)
Animal control - RD/shelter	322,424	322,424	307,012	15,412
Communications	254,993	249,993	239,319	10,674
Harbor patrol	37,531	37,531	37,012	519
Emergency medical services	1,652,064	1,622,064	1,600,903	21,161
Total public safety	10,766,168	10,676,168	10,530,094	146,074
Public works:				
Public works administration	373,420	373,420	364,428	8,992
Streets and highway	2,329,287	2,179,287	2,150,397	28,890
Tree warden/ Street lighting	249,365	249,365	254,418	(5,053)
Total public works	2,952,072	2,802,072	2,769,243	32,829
Expenditures:				
Human service agency contributions:				
South Shore Mental Health	15,000	15,000	15,000	-
Hospice of Washington County	1,500	1,500	1,500	-
Visiting Nurses Association	24,000	24,000	24,000	-
Thundermist Health Center	24,000	24,000	24,000	-
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	8,000	8,000	8,000	-
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	1,000	1,000	1,000	-
Total human service agency contributions	138,000	138,000	138,000	-

(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, 2017

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Recreation:				
Recreation department	\$ 1,851,016	\$ 1,851,016	\$ 1,819,313	\$ 31,703
Public libraries	1,219,965	1,212,465	1,210,885	1,580
Miscellaneous:				
Unemployment insurance	10,000	10,000	14,779	(4,779)
Insurance	330,000	330,000	331,265	(1,265)
Contingency	75,000	75,000	75,000	-
Miscellaneous expense	65,000	65,000	1,912	63,088
OPEB funding	350,000	350,000	350,000	-
Workers' compensation	160,000	160,000	144,627	15,373
Total miscellaneous	990,000	990,000	917,583	72,417
Total expenditures	21,758,305	21,485,305	21,095,134	390,171
Excess of Revenues over Expenditures	53,795,492	54,318,492	55,522,803	1,204,311
Other Financing Sources (Uses):				
Transfers in:				
From Special Revenue Funds	823,040	823,040	836,964	13,924
Transfers out:				
Wastewater Fund	(4,300)	(4,300)	(4,300)	-
Elderly services	(414,700)	(414,700)	(414,700)	-
Tax Transfer to School	(51,387,349)	(51,387,349)	(51,387,349)	-
Tax Transfer to Debt Service	(1,200,000)	(1,200,000)	(1,200,000)	-
Tax Transfer to Comm Rec Ctr	(171,733)	(171,733)	(171,733)	-
Transfers to Other Funds	-	(523,000)	(523,000)	-
To Capital Project Funds	(1,440,450)	(1,440,450)	(1,440,450)	-
Total other financing sources (uses)	(53,795,492)	(54,318,492)	(54,304,568)	13,924
Excess of Revenues, Other Sources and Uses of Fund Balance over Expenditures and Other Financing Uses	\$ -	\$ -	1,218,235	\$ 1,218,235
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			(600,000)	
Cancellation of prior year encumbrances is not a GAAP revenue			(17)	
Encumbrances are reported in the year the order is placed for budgetary purposes but in the year received for financial reporting purposes			21,025	
Unbudgeted Planning Dept Expense			(18,873)	
Recognition of Fair Market Value of Investments			(83,429)	
Total Net Change in Fund Balance - GAAP basis			\$ 536,941	

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, 2017

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues and Designated Fund Balance:				
State aid	\$ 7,368,713	\$ 7,368,713	\$ 7,418,592	\$ 49,879
Tuition	210,272	210,272	89,036	(121,236)
Investment Income			672	672
Miscellaneous	540,000	540,000	371,288	(168,712)
Total revenues	<u>8,118,985</u>	<u>8,118,985</u>	<u>7,879,588</u>	<u>(239,397)</u>
Use of fund balance	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>	<u>-</u>
Total Revenues and Use of Fund Balance	<u>8,518,985</u>	<u>8,518,985</u>	<u>8,279,588</u>	<u>(239,397)</u>
Expenditures:				
Salaries	33,928,001	33,928,622	33,945,890	(17,268)
Employee benefits	13,857,117	13,767,117	13,650,216	116,901
Purchased services	9,570,844	9,664,980	9,134,489	530,491
Supplies and materials	<u>2,570,372</u>	<u>2,565,615</u>	<u>2,333,232</u>	<u>232,383</u>
Total expenditures	<u>59,926,334</u>	<u>59,926,334</u>	<u>59,063,827</u>	<u>862,507</u>
Deficiency of Revenues over Expenditures	<u>(51,407,349)</u>	<u>(51,407,349)</u>	<u>(50,784,239)</u>	<u>623,110</u>
Other Financing Sources:				
Transfers in:				
Town of South Kingstown General Fund	51,387,349	51,387,349	51,387,349	-
Trust Fund Income	<u>20,000</u>	<u>20,000</u>	<u>27,489</u>	<u>7,489</u>
Total other financing sources	<u>51,407,349</u>	<u>51,407,349</u>	<u>51,414,838</u>	<u>7,489</u>
Excess of Revenues, Other Sources and Uses of Fund Balance over Expenditures and Other Financing Uses	\$ <u>-</u>	\$ <u>-</u>	630,599	\$ <u>630,599</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			(400,000)	
Use of fund balance, transfer to other funds			(429,300)	
Change in encumbrances			<u>190,045</u>	
Total Net Change in Fund Balance - GAAP basis			\$ <u>(8,656)</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
Drug Free Community Grant	Seat Belt Enforcement Grants
Friends of SK Parks and Recreation	Statewide Planning Grant
Governor's Justice Commission Grants	Substance Abuse
Historical and Vital Recording Fees	Tobacco Compliance Investigation Project

SCHOOL FUNDS

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

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

CAPITAL PROJECTS FUNDS

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

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.

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

EXHIBIT B-1

	Special Revenue Funds										
	Affordable Housing	Animal Shelter Benefit	Asset Forfeiture	Community Development Block Grant	Community Recreation Center	Elderly Services	EMS Billing Services	Governor's Justice Commission Grants	Historical and Vital Records	Narragansett Library	Neighborhood Guild
ASSETS											
Cash and cash equivalents	\$	\$	\$ 740	\$	\$ 150	\$ 155,796	\$ 301,637	\$	\$	\$	\$ 28,127
Investments						99,783	748,370			98,395	49,891
Accounts and other receivables						23,946				12,945	96,625
Due from federal and state governments				40,407		22,164		1,200			
Due from other funds	8,800	273,774	166,273		138,600	6,549	69,713		153,223		490
Prepays											7,175
Total Assets	\$ 8,800	\$ 273,774	\$ 167,013	\$ 40,407	\$ 138,750	\$ 308,238	\$ 1,119,720	\$ 1,200	\$ 153,223	\$ 111,340	\$ 182,308
LIABILITIES AND FUND BALANCES											
Liabilities:											
Accounts payable	\$	\$	\$	\$	\$ 4,765	\$ 9,788	\$ 2,113	\$	\$	\$	\$ 11,459
Accrued liabilities		15,170			5,651	16,317					8,419
Due to federal and state governments		1,200	3,148								
Due to other funds				31,887				1,200		12,663	
Unearned revenue					19,098						47,483
Total liabilities	-	16,370	3,148	31,887	29,514	26,105	2,113	1,200	-	12,663	67,361
Fund Balances:											
Nonspendable											7,175
Restricted			163,865						153,223	98,677	107,772
Committed	8,800	257,404		8,520	109,236	282,133	1,117,607				
Unassigned											
Total fund balances	8,800	257,404	163,865	8,520	109,236	282,133	1,117,607	-	153,223	98,677	114,947
Total Liabilities and Fund Balances	\$ 8,800	\$ 273,774	\$ 167,013	\$ 40,407	\$ 138,750	\$ 308,238	\$ 1,119,720	\$ 1,200	\$ 153,223	\$ 111,340	\$ 182,308

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TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

EXHIBIT B-1

	Special Revenue Funds											
	Peace Dale Office Building	Property Revaluation Reserve	RI Resource Recovery Grant	Seat Belt Enforcement Grant	Substance Abuse	Tobacco Compliance Investigation Project	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	\$ 3,419	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$ 3,138	\$
Investments	181,712											
Accounts and other receivables												
Due from federal and state governments				2,770		259						
Due from other funds	85	240,713	55,896		3,597			96				346
Prepays												
Total Assets	<u>\$ 185,216</u>	<u>\$ 240,713</u>	<u>\$ 55,896</u>	<u>\$ 2,770</u>	<u>\$ 3,597</u>	<u>\$ 259</u>	<u>\$ -</u>	<u>\$ 96</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,138</u>	<u>\$ 346</u>
LIABILITIES AND FUND BALANCES												
Liabilities:												
Accounts payable	\$ 1,180	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Accrued liabilities	4,549			588							3,138	
Due to federal and state governments												
Due to other funds				2,182		259						
Unearned revenue	649											
Total liabilities	<u>6,378</u>	<u>-</u>	<u>-</u>	<u>2,770</u>	<u>-</u>	<u>259</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,138</u>	<u>-</u>
Fund Balances:												
Nonspendable												
Restricted			55,896					96				
Committed	178,838	240,713			3,597							346
Unassigned												
Total fund balances	<u>178,838</u>	<u>240,713</u>	<u>55,896</u>	<u>-</u>	<u>3,597</u>	<u>-</u>	<u>-</u>	<u>96</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>346</u>
Total Liabilities and Fund Balances	<u>\$ 185,216</u>	<u>\$ 240,713</u>	<u>\$ 55,896</u>	<u>\$ 2,770</u>	<u>\$ 3,597</u>	<u>\$ 259</u>	<u>\$ -</u>	<u>\$ 96</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,138</u>	<u>\$ 346</u>

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TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

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	\$	\$	\$ 1,363	\$ 494,370	\$	\$	\$	\$ 9,764	\$	\$	\$
Investments				1,178,151				139,667			
Accounts and other receivables				133,516							
Due from federal and state governments	68,305			135,105	11,500						
Due from other funds	48,887	17,252	73,774	1,258,068	934,922	202,394	445,702		638,694	305,551	16,879
Prepays				7,175							
Total Assets	<u>\$ 117,192</u>	<u>\$ 17,252</u>	<u>\$ 75,137</u>	<u>\$ 3,206,385</u>	<u>\$ 946,422</u>	<u>\$ 202,394</u>	<u>\$ 445,702</u>	<u>\$ 149,431</u>	<u>\$ 638,694</u>	<u>\$ 305,551</u>	<u>\$ 16,879</u>
LIABILITIES AND FUND BALANCES											
Liabilities:											
Accounts payable	\$ 15,776	\$	\$	45,081	\$	\$	\$	\$	\$	\$	\$
Accrued liabilities	51,737			105,569							
Due to federal and state governments				4,348							
Due to other funds	26,564			74,755				9,202			
Unearned revenue	23,115			90,345							
Total liabilities	<u>117,192</u>	<u>-</u>	<u>-</u>	<u>320,098</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,202</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:											
Nonspendable				7,175							
Restricted		17,252		596,781			445,702		638,694		
Committed			75,137	2,282,331	946,422	202,394		140,229		305,551	16,879
Unassigned				-							
Total fund balances	<u>-</u>	<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>
Total Liabilities and Fund Balances	<u>\$ 117,192</u>	<u>\$ 17,252</u>	<u>\$ 75,137</u>	<u>\$ 3,206,385</u>	<u>\$ 946,422</u>	<u>\$ 202,394</u>	<u>\$ 445,702</u>	<u>\$ 149,431</u>	<u>\$ 638,694</u>	<u>\$ 305,551</u>	<u>\$ 16,879</u>

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	Capital Project Funds									
	Public Works Improvement	Recreation Minor Improvement	Guild Renovation	Recreation Major Projects	School Improvement	Senior Services Improvement	South Road School Reserve	Town Hall Improvement	Wastewater Construction	Total Capital Project Funds
ASSETS										
Cash and cash equivalents	\$	\$	\$	\$	\$	\$	\$	\$	\$ 1,036,452	\$ 1,046,216
Investments									3,985,296	4,124,963
Accounts and other receivables										-
Due from federal and state governments		28,145								39,645
Due from other funds	850,673	283,587		69,421		49,662	281,156	687,494	62,986	4,829,121
Prepays										-
Total Assets	\$ 850,673	\$ 311,732	\$ -	\$ 69,421	\$ -	\$ 49,662	\$ 281,156	\$ 687,494	\$ 5,084,734	\$ 10,039,945
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$	\$	\$	\$	\$	\$	\$	\$	\$	-
Accrued liabilities										-
Due to federal and state governments										-
Due to other funds			13,921		119,561					142,684
Unearned revenue		28,145								28,145
Total liabilities	-	28,145	13,921	-	119,561	-	-	-	-	170,829
Fund Balances:										
Nonspendable										-
Restricted										1,084,396
Committed	850,673	283,587		69,421		49,662	281,156	687,494	5,084,734	8,918,202
Unassigned			(13,921)		(119,561)					(133,482)
Total fund balances	850,673	283,587	(13,921)	69,421	(119,561)	49,662	281,156	687,494	5,084,734	9,869,116
Total Liabilities and Fund Balances	\$ 850,673	\$ 311,732	\$ -	\$ 69,421	\$ -	\$ 49,662	\$ 281,156	\$ 687,494	\$ 5,084,734	\$ 10,039,945

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TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

EXHIBIT B-1

	Permanent Funds							
	Hazard Memorial Trust	Irving Knowles Trust	Oliver Watson Home	Walter W. Watson Trust	Kingston Free Library Trust	Total Permanent Funds	Eliminations	Total
ASSETS								
Cash and cash equivalents	\$ 19,144	\$ 4,473	\$ 19,105	\$ 170	\$ 29,026	\$ 71,918	\$	\$ 1,612,504
Investments	428,110	338,095	199,565	194,576	873,920	2,034,266		7,337,380
Accounts and other receivables						-		133,516
Due from federal and state governments						-		174,750
Due from other funds	2,137		88			2,225		6,089,414
Prepays						-		7,175
Total Assets	\$ 449,391	\$ 342,568	\$ 218,758	\$ 194,746	\$ 902,946	2,108,409	\$ -	\$ 15,354,739
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$	\$ 4,473	\$	\$	\$ 5,172	\$ 9,645	\$	\$ 54,726
Accrued liabilities						-		105,569
Due to federal and state governments						-		4,348
Due to other funds				2,059		2,059		219,498
Unearned revenue						-		118,490
Total liabilities	-	4,473	-	2,059	5,172	11,704	-	502,631
Fund Balances:								
Nonspendable						-		7,175
Restricted	449,391	338,095	218,758	192,687	897,774	2,096,705		3,777,882
Committed						-		11,200,533
Unassigned						-		(133,482)
Total fund balances	449,391	338,095	218,758	192,687	897,774	2,096,705	-	14,852,108
Total Liabilities and Fund Balances	\$ 449,391	\$ 342,568	\$ 218,758	\$ 194,746	\$ 902,946	2,108,409	\$ -	\$ 15,354,739

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, 2017

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	Governor's Justice Commission Grants	Historical and Vital Recording Fees	Narragansett Library	Neighborhood Guild
Revenues:											
Intergovernmental revenues	\$	\$	\$ 94,190	\$ 541,322	\$	\$ 344,052	\$	\$ 12,244	\$	\$	\$
Licenses and fees		16,558							38,061		
Fines and charges					2,274	91,477	778,665				385,072
Investment income (loss)						342	587			15,723	129
Contributions		5,767								44,701	
Other revenue		21,088	281							40	
Total revenues	-	43,413	94,471	541,322	2,274	435,871	779,252	12,244	38,061	60,464	385,201
Expenditures:											
Education											
Recreation											785,573
Other expenditures	1,200	991	16,954	532,802	64,771	811,222	155,766	12,244	31,653	21	
Debt service:											
Principal retirement											
Interest and other charges											
Capital outlay											
Total expenditures	1,200	991	16,954	532,802	64,771	811,222	155,766	12,244	31,653	21	785,573
Excess (Deficiency) of Revenues over Expenditures	(1,200)	42,422	77,517	8,520	(62,497)	(375,351)	623,486	-	6,408	60,443	(400,372)
Other Financing Sources (Uses):											
Transfers in					171,733	414,700				4,473	386,500
Transfers out							(590,000)			(49,283)	(5,450)
Total other financing sources (uses)	-	-	-	-	171,733	414,700	(590,000)	-	-	(44,810)	381,050
Net Change in Fund Balances	(1,200)	42,422	77,517	8,520	109,236	39,349	33,486	-	6,408	15,633	(19,322)
Fund Balances at Beginning of Year, as Restated	10,000	214,982	86,348	-	-	242,784	1,084,121	-	146,815	83,044	134,269
Fund Balances at End of Year	\$ 8,800	\$ 257,404	\$ 163,865	\$ 8,520	\$ 109,236	\$ 282,133	\$ 1,117,607	\$ -	\$ 153,223	\$ 98,677	\$ 114,947

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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, 2017

EXHIBIT B-2

	Special Revenue Funds											
	Peace Dale Office Building	Property Revaluation Reserve Fund	RI Resource Recovery Grant	Seat Belt Enforcement Grant	Substance Abuse	Tobacco Compliance Investigation Project	Reducing Marijuana Grant	Statewide Planning Grant	Pre-Disaster Mitigation Grant	Drug Free Community Grant	Nancy Brown Memorial Fund	Municipal Planning Services Reserve Fund
Revenues:												
Intergovernmental revenues	\$	\$	\$	\$ 44,301	\$ 12,569	\$ 778	\$ 29,523	\$ 5,000	\$ 300,817	\$ 143,236	\$	\$
Licenses and fees												
Fines and charges	70,890											
Investment income (loss)	82											
Contributions												
Other revenue					12,144							2,628
Total revenues	<u>70,972</u>	<u>-</u>	<u>-</u>	<u>44,301</u>	<u>24,713</u>	<u>778</u>	<u>29,523</u>	<u>5,000</u>	<u>300,817</u>	<u>143,236</u>	<u>-</u>	<u>2,628</u>
Expenditures:												
Education												
Recreation												
Other expenditures	162,964			44,301	28,409	778	29,523	4,999	300,817	143,236		4,501
Debt service:												
Principal retirement												
Interest and other charges												
Capital outlay												
Total expenditures	<u>162,964</u>	<u>-</u>	<u>-</u>	<u>44,301</u>	<u>28,409</u>	<u>778</u>	<u>29,523</u>	<u>4,999</u>	<u>300,817</u>	<u>143,236</u>	<u>-</u>	<u>4,501</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(91,992)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,696)</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,873)</u>
Other Financing Sources (Uses):												
Transfers in												
Transfers out	(3,000)											
Total other financing sources (uses)	<u>(3,000)</u>	<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	(94,992)	-	-	-	(3,696)	-	-	1	-	-	-	(1,873)
Fund Balances at Beginning of Year, as Restated	<u>273,830</u>	<u>240,713</u>	<u>55,896</u>	<u>-</u>	<u>7,293</u>	<u>-</u>	<u>-</u>	<u>95</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,219</u>
Fund Balances at End of Year	<u>\$ 178,838</u>	<u>\$ 240,713</u>	<u>\$ 55,896</u>	<u>\$ -</u>	<u>\$ 3,597</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 96</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 346</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, 2017

EXHIBIT B-2

	Special Revenue Funds				Capital Projects 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
Revenues:											
Intergovernmental revenues	\$ 1,741,222	\$	\$	\$ 3,269,254	\$ 198	\$	\$ 195,188	\$ 18,275	\$ 371,471	\$ 75,734	\$
Licenses and fees				54,619							
Fines and charges				1,328,378							
Investment income (loss)			31	16,894				(102)			
Contributions		4,445		54,913							
Other revenue	40,756		55,944	132,881							
Total revenues	<u>1,781,978</u>	<u>4,445</u>	<u>55,975</u>	<u>4,856,939</u>	<u>198</u>	<u>-</u>	<u>195,188</u>	<u>18,173</u>	<u>371,471</u>	<u>75,734</u>	<u>-</u>
Expenditures:											
Education	1,751,076			1,751,076							
Recreation			71,012	856,585							
Other expenditures		1,143		2,348,295							
Debt service:											
Principal retirement				-							
Interest and other charges				-							
Capital outlay	30,902			30,902	692,988	37,425		99,808	239,000	112,340	479,862
Total expenditures	<u>1,781,978</u>	<u>1,143</u>	<u>71,012</u>	<u>4,986,858</u>	<u>692,988</u>	<u>37,425</u>	<u>-</u>	<u>99,808</u>	<u>239,000</u>	<u>112,340</u>	<u>479,862</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>3,302</u>	<u>(15,037)</u>	<u>(129,919)</u>	<u>(692,790)</u>	<u>(37,425)</u>	<u>195,188</u>	<u>(81,635)</u>	<u>132,471</u>	<u>(36,606)</u>	<u>(479,862)</u>
Other Financing Sources (Uses):											
Transfers in				977,406	695,450	60,500				40,000	10,000
Transfers out				(647,733)			(187,086)		(225,000)		
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>329,673</u>	<u>695,450</u>	<u>60,500</u>	<u>(187,086)</u>	<u>-</u>	<u>(225,000)</u>	<u>40,000</u>	<u>10,000</u>
Net Change in Fund Balances	-	3,302	(15,037)	199,754	2,660	23,075	8,102	(81,635)	(92,529)	3,394	(469,862)
Fund Balances at Beginning of Year, as Restated	-	13,950	90,174	2,686,533	943,762	179,319	437,600	221,864	731,223	302,157	486,741
Fund Balances at End of Year	<u>\$ -</u>	<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>

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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, 2017

EXHIBIT B-2

	Capital Project Funds									
	Public Works Improvement	Recreation Minor Improvement	Guild Renovation	Recreation Improvement	School Improvement	Senior Services Center Construction	South Road School Reserve Fund	Town Hall Improvement	Wastewater Construction	Total Capital Project Funds
Revenues:										
Intergovernmental revenues	\$ 552,831	\$	\$	\$	\$ 246,813	\$	\$	\$	\$	\$ 893,851
Licenses and fees										566,659
Fines and charges							20,000		16,914	36,914
Investment income (loss)									(3,415)	(3,517)
Contributions										-
Other revenue	34,478	240,868								275,346
Total revenues	<u>587,309</u>	<u>240,868</u>	<u>-</u>	<u>-</u>	<u>246,813</u>	<u>-</u>	<u>20,000</u>	<u>-</u>	<u>13,499</u>	<u>1,769,253</u>
Expenditures:										
Education										-
Recreation										-
Other expenditures										-
Debt service:										-
Principal retirement										-
Interest and other charges										-
Capital outlay	1,810,450	97,293	13,921	77,914	955,823	8,739	153,660		193,646	4,972,869
Total expenditures	<u>1,810,450</u>	<u>97,293</u>	<u>13,921</u>	<u>77,914</u>	<u>955,823</u>	<u>8,739</u>	<u>153,660</u>	<u>-</u>	<u>193,646</u>	<u>4,972,869</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,223,141)</u>	<u>143,575</u>	<u>(13,921)</u>	<u>(77,914)</u>	<u>(709,010)</u>	<u>(8,739)</u>	<u>(133,660)</u>	<u>-</u>	<u>(180,147)</u>	<u>(3,203,616)</u>
Other Financing Sources (Uses):										
Transfers in	740,000	105,000		20,000	429,300	25,000		260,000		2,385,250
Transfers out							(9,519)			(421,605)
Total other financing sources (uses)	<u>740,000</u>	<u>105,000</u>	<u>-</u>	<u>20,000</u>	<u>429,300</u>	<u>25,000</u>	<u>(9,519)</u>	<u>260,000</u>	<u>-</u>	<u>1,963,645</u>
Net Change in Fund Balances	(483,141)	248,575	(13,921)	(57,914)	(279,710)	16,261	(143,179)	260,000	(180,147)	(1,239,971)
Fund Balances at Beginning of Year, as Restated	<u>1,333,814</u>	<u>35,012</u>	<u>-</u>	<u>127,335</u>	<u>160,149</u>	<u>33,401</u>	<u>424,335</u>	<u>427,494</u>	<u>5,264,881</u>	<u>11,109,087</u>
Fund Balances at End 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>\$ 281,156</u>	<u>\$ 687,494</u>	<u>\$ 5,084,734</u>	<u>\$ 9,869,116</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, 2017

EXHIBIT B-2

	Permanent Funds							
	Hazard Memorial Trust	Irving Knowles Trust	Oliver Watson Home	Walter W. Watson Trust	Kingston Free Library Trust	Total Permanent Funds	Eliminations	Total
Revenues:								
Intergovernmental revenues	\$	\$	\$	\$	\$	\$ -	\$	\$ 4,163,105
Licenses and fees						-		621,278
Fines and charges						-		1,365,292
Investment income (loss)	23,915	153,261	(120)	(190)	97,657	274,523		287,900
Contributions						-		54,913
Other revenue						-		408,227
Total revenues	<u>23,915</u>	<u>153,261</u>	<u>(120)</u>	<u>(190)</u>	<u>97,657</u>	<u>274,523</u>	<u>-</u>	<u>6,900,715</u>
Expenditures:								
Education						-		1,751,076
Recreation						-		856,585
Other expenditures			402	2,133	4,754	7,289		2,355,584
Debt service:								
Principal retirement						-		-
Interest and other charges						-		-
Capital outlay	<u>26,573</u>					<u>26,573</u>		<u>5,030,344</u>
Total expenditures	<u>26,573</u>	<u>-</u>	<u>402</u>	<u>2,133</u>	<u>4,754</u>	<u>33,862</u>	<u>-</u>	<u>9,993,589</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(2,658)</u>	<u>153,261</u>	<u>(522)</u>	<u>(2,323)</u>	<u>92,903</u>	<u>240,661</u>	<u>-</u>	<u>(3,092,874)</u>
Other Financing Sources (Uses):								
Transfers in						-	(4,473)	3,358,183
Transfers out		(4,473)			(22,234)	(26,707)	4,473	(1,091,572)
Total other financing sources (uses)	<u>-</u>	<u>(4,473)</u>	<u>-</u>	<u>-</u>	<u>(22,234)</u>	<u>(26,707)</u>	<u>-</u>	<u>2,266,611</u>
Net Change in Fund Balances	(2,658)	148,788	(522)	(2,323)	70,669	213,954	-	(826,263)
Fund Balances at Beginning of Year, as Restated	<u>452,049</u>	<u>189,307</u>	<u>219,280</u>	<u>195,010</u>	<u>827,105</u>	<u>1,882,751</u>	<u>-</u>	<u>15,678,371</u>
Fund Balances at End 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>\$ 14,852,108</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, 2017

	Health Care Management Fund	Compensated Absences Fund	Non-major Technology Reserve Fund	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 141,119	\$ 1,552	\$	\$ 142,671
Investments		49,263		49,263
Accounts and other receivable, net	1,367,723			1,367,723
Due from other funds	108,500	1,367,061	7,500	1,483,061
Total current assets	<u>1,617,342</u>	<u>1,417,876</u>	<u>7,500</u>	<u>3,042,718</u>
Noncurrent assets:				
Deposits	280,101			280,101
Total Assets	1,897,443	\$ 1,417,876	\$ 7,500	3,322,819
LIABILITIES AND NET POSITION				
Liabilities:				
Accrued liabilities	<u>2,206</u>			<u>2,206</u>
Net Position:				
Unrestricted	<u>\$ 1,895,237</u>	<u>\$ 1,417,876</u>	<u>\$ 7,500</u>	<u>\$ 3,320,613</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, 2017

	Health Care Management Fund	Compensated Absences Fund	Non-major Technology Reserve Fund	Total
Operating Revenues:				
Charges for services	\$ -	\$ -	\$ 7,500	7,500
Operating Expenses:				
Health care management	2,514,795			2,514,795
Compensated absences		263,738		263,738
Total expenditures	2,514,795	263,738	-	2,778,533
Operating Income (Loss)	(2,514,795)	(263,738)	7,500	(2,771,033)
Nonoperating Revenues:				
Income on investments	418	151		569
Change in Net Position	(2,514,377)	(263,587)	7,500	(2,770,464)
Net Position at Beginning of Year	4,409,614	1,681,463	-	6,091,077
Net Position at End of Year	\$ 1,895,237	\$ 1,417,876	\$ 7,500	3,320,613

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Health Care Management Fund	Compensated Absences Fund	Non-major Technology Reserve Fund	Total
Cash Flows from Operating Activities:				
Receipts from providing services	\$ 2,622,241	\$ 197,995	\$ -	\$ 2,820,236
Payments for claims	(2,651,974)	(263,738)	-	(2,915,712)
Net cash provided by (used in) operating activities	(29,733)	(65,743)	-	(95,476)
Cash Flows from Investing Activities:				
Purchases of investments	-	(49,264)	-	(49,264)
Interest on investments	418	151	-	569
Net cash provided by (used in) investing activities	418	(49,113)	-	(48,695)
Net Increase (Decrease) in Cash and Cash Equivalents	(29,315)	(114,856)	-	(144,171)
Cash and Cash Equivalents at Beginning of Year	170,434	116,408	-	286,842
Cash and Cash Equivalents at End of Year	<u>\$ 141,119</u>	<u>\$ 1,552</u>	<u>\$ -</u>	<u>\$ 142,671</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	\$ (2,514,795)	\$ (263,738)	\$ 7,500	\$ (2,771,033)
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	2,730,741	-	-	2,730,741
(Increase) decrease in due from other funds	(108,500)	197,995	(7,500)	81,995
(Increase) decrease in deposits	108,499	-	-	108,499
Increase (decrease) in accrued liabilities	(245,678)	-	-	(245,678)
Total adjustments	2,485,062	197,995	(7,500)	2,675,557
Net Cash Provided by (Used in) Operating Activities	<u>\$ (29,733)</u>	<u>\$ (65,743)</u>	<u>\$ -</u>	<u>\$ (95,476)</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, 2017

	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2017</u>
Unclaimed Estates				
Assets:				
Cash	\$	\$	\$	\$
Investments	23,295	325	345	22,950
Total Assets	<u>\$ 23,295</u>	<u>\$ 325</u>	<u>\$ 345</u>	<u>\$ 23,275</u>
Liabilities:				
Deposits held in custody for others	<u>\$ 23,295</u>	<u>\$ 325</u>	<u>\$ 345</u>	<u>\$ 23,275</u>
Student Activities Fund				
Assets:				
Cash	\$ 328,965	\$ 414,483	\$ 389,050	\$ 354,398
Investments	8,016			8,016
Total Assets	<u>\$ 336,981</u>	<u>\$ 414,483</u>	<u>\$ 389,050</u>	<u>\$ 362,414</u>
Liabilities:				
Deposits held in custody for others	<u>\$ 336,981</u>	<u>\$ 414,483</u>	<u>\$ 389,050</u>	<u>\$ 362,414</u>
Total All Agency Funds				
Assets:				
Cash	\$ 328,965	\$ 414,808	\$ 389,050	\$ 354,723
Investments	31,311		345	30,966
Total Assets	<u>\$ 360,276</u>	<u>\$ 414,808</u>	<u>\$ 389,395</u>	<u>\$ 385,689</u>
Liabilities:				
Deposits held in custody for others	<u>\$ 360,276</u>	<u>\$ 414,808</u>	<u>\$ 389,395</u>	<u>\$ 385,689</u>

Other Schedules

**TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
SCHEDULE OF PROPERTY TAXES RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2017**

Year	Mill Rate	Property Taxes Receivable July 1, 2016	Current Year Assessment	Transfers Addendums (Net)	Abatements and Adjustments	Amount to be Collected	Collections Net of Refunds	Property Taxes Receivable June 30, 2017
2016	15.090	\$	\$ 70,398,298	\$ 78,533	\$ 55,227	\$ 70,421,604	\$ 69,575,379	\$ 846,225
2015	15.520	916,183			410	915,773	777,781	137,992
2014	15.482	134,503				134,503	47,196	87,307
2013	15.470	65,006				65,006	14,403	50,603
2012	14.501	47,150				47,150	3,843	43,307
2011	14.510	42,892				42,892	3,402	39,490
2010	14.190	57,492				57,492	2,901	54,591
2009	12.090	16,904				16,904	583	16,321
2008	11.970	19,029				19,029	291	18,738
2007	11.510	18,643				18,643	107	18,536
2006	13.650	14,523			14,523	-		-
Subtotal		1,332,325	\$ <u>70,398,298</u>	\$ <u>78,533</u>	\$ <u>70,160</u>	\$ <u>71,738,996</u>	\$ <u>70,425,886</u>	1,313,110
Less: estimated allowance for uncollectable accounts		<u>350,103</u>						<u>381,236</u>
Net property taxes receivable		\$ <u>982,222</u>						\$ <u>931,874</u>

(Continued on next page)

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
SCHEDULE OF PROPERTY TAXES RECEIVABLE (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

Collections

Year	July - August 2016 Collections Subject to 60-Day FY16 Accrual	September - June 2017 Collections	Total FY 2017 Collections	July - August 2017 Collections Subject to 60-Day FY17 Accrual
2016	\$	\$ 69,575,379	\$ 69,575,379	\$ 297,300
2015	326,949	450,832	777,781	24,016
2014	15,837	31,359	47,196	12,389
2013	5,487	8,916	14,403	1,107
2012	1,515	2,328	3,843	628
2011	955	2,447	3,402	549
2010	1,579	1,322	2,901	377
2009	35	548	583	
2008		291	291	
2007		107	107	
2006				
Total	\$ <u>352,357</u>	\$ <u>70,073,529</u>	\$ <u>70,425,886</u>	\$ <u>336,366</u>

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TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
SCHEDULE OF PROPERTY TAXES RECEIVABLE (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

Schedule of Net Assessed Property Value by Category Assessed December 31, 2015			Reconciliation of Current Year Property Tax Revenue	
Description of Property	Valuations	Levy		
Real property	\$ 4,366,074,200	\$ 65,884,060	Current year collections	\$ 70,425,886
Motor vehicle	269,075,879	5,034,410	Revenue received 60 days subsequent to fiscal year ending June 30, 2017	<u>336,366</u>
Tangible property	<u>113,800,099</u>	<u>1,717,243</u>	Subtotal	70,762,252
Total	4,748,950,178	72,635,713	Prior year revenue received in current year (2016 60 day rule)	<u>(352,357)</u>
Exemptions and adjustments	<u>131,357,471</u>	<u>2,237,415</u>		
Net Assessed Value	\$ <u>4,617,592,707</u>	\$ <u>70,398,298</u>	Current Year Property Tax Revenue	\$ <u>70,409,895</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, 2017

EXHIBIT F-1

<u>REVENUE</u>	<u>Municipal</u>	<u>Education Department</u>
Current Year Levy Tax Collection	\$ 69,869,578	\$ -
Last Year's Levy Tax Collection	365,327	-
Prior Years Property Tax Collection	172,524	-
Interest & Penalty	346,806	-
PILOT & Tax Treaty (excluded from levy) Collection	260,184	-
Other Local Property Taxes	-	-
Licenses and Permits	1,041,807	-
Fines and Forfeitures	90,242	-
Investment Income	155,742	-
Departmental	2,099,899	-
Rescue Run Revenue	779,253	-
Police & Fire Detail	-	-
Other Local Non-Property Tax Revenues	364,022	-
Tuition	-	89,036
Impact Aid	-	-
Medicaid	-	359,087
Federal Stabilization Funds	-	-
Federal Food Service Reimbursement	-	353,446
CDBG	6,930	-
COPS Grants	-	-
SAFER Grants	-	-
Other Federal Aid Funds	8,620	1,731,154
MV Excise Tax Reimbursement	142,445	-
State PILOT Program	198,218	-
Distressed Community Relief Fund	-	-
Library Resource Aid	225,653	-
Library Construction Aid	-	-
Public Service Corporation Tax	393,252	-
Meals & Beverage Tax / Hotel Tax	1,017,135	-
LEA Aid	-	7,329,896
Group Home	-	-
Housing Aid Capital Projects	-	-
Housing Aid Bonded Debt	561,934	-
State Food Service Revenue	-	10,884
Incentive Aid	4,109	-
Property Revaluation Reimbursement	-	-
Other State Revenue	-	10,069
Other Revenue	-	664,608
Local Appropriation for Education	-	51,387,349
Regional Appropriation for Education	-	-
Supplemental Appropriation for Education	-	-
Regional Supplemental Appropriation for Education	-	-
Other Education Appropriation	-	-
Rounding	-	-
Total Revenue	\$ 78,103,680	\$ 61,935,530
Financing Sources: Transfer from Capital Funds	\$ -	\$ -
Financing Sources: Transfer from Other Funds	633,464	-
Financing Sources: Debt Proceeds	-	-
Financing Sources: Other	421,605	-
Rounding	-	-
Total Other Financing Sources	\$ 1,055,069	\$ -

EXPENDITURES	General Government	Finance	Social Services	Centralized IT	Planning	Libraries	Public Works	Parks and Rec	Police Department
Compensation- Group A	\$ 720,555	\$ 830,630	\$ 480,930	\$ 162,775	\$ 587,670	\$ 714,693	\$ 1,062,989	\$ 1,262,625	\$ 3,514,100
Compensation - Group B	-	-	-	-	-	-	-	-	510,130
Compensation - Group C	-	-	-	-	-	-	-	-	-
Compensation -Volunteer	-	-	-	-	-	-	-	-	-
Overtime- Group A	7,714	-	481	-	204	847	64,486	21,305	612,454
Overtime - Group B	-	-	-	-	-	-	-	-	7,436
Overtime - Group C	-	-	-	-	-	-	-	-	-
Police & Fire Detail	-	-	-	-	-	-	-	-	-
Active Medical Insurance - Group A	112,360	134,215	81,973	25,671	83,453	101,011	223,166	163,228	609,212
Active Medical Insurance- Group B	-	-	-	-	-	-	-	-	134,764
Active Medical Insurance- Group C	-	-	-	-	-	-	-	-	-
Active Dental insurance- Group A	8,338	9,492	7,167	1,131	7,722	6,326	16,522	13,203	39,308
Active Dental Insurance- Group B	-	-	-	-	-	-	-	-	9,003
Active Dental Insurance- Group C	-	-	-	-	-	-	-	-	-
Payroll Taxes	48,128	62,863	40,231	11,961	52,209	52,112	82,213	96,242	323,083
Life Insurance	320	416	233	58	967	312	670	564	4,458
State Defined Contribution- Group A	3,410	8,647	4,427	2,125	4,769	5,706	8,631	9,357	826,685
State Defined Contribution - Group B	-	-	-	-	-	-	-	-	7,388
State Defined Contribution - Group C	-	-	-	-	-	-	-	-	-
Other Benefits- Group A	4,296	3,257	8,529	426	5,449	4,411	59,088	33,467	28,978
Other Benefits- Group B	-	-	-	-	-	-	-	-	-
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	98,152	93,193	44,352	18,887	64,398	67,420	119,606	103,645	-
State Defined Benefit Pension - Group B	-	-	-	-	-	-	-	-	56,638
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-	-	-
Other Defined Benefit / Contribution	-	-	-	-	-	-	-	-	-
Purchased Services	255,683	26,794	25,169	18,487	21,260	56,388	373,383	534,728	25,458
Materials/Supplies	4,714	5,784	24,722	2,911	3,611	109,056	151,429	119,647	44,814
Software Licenses	832	536	2,692	53,577	9,003	3,220	515	3,677	25,875
Capital Outlays	611	1,470	-	10,016	2,228	8,243	6,627	5,068	8,167
Insurance	367,907	-	-	-	-	-	-	-	-
Maintenance	22,916	-	4,629	-	-	27,837	11,285	40,595	14,510
Vehicle Operations	772	317	11,940	-	3,148	1,220	136,967	33,324	231,810
Utilities	40,204	-	57,209	-	-	36,919	47,244	109,631	95,503
Contingency	-	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	198,075	-	-
Revaluation	-	-	-	-	-	-	-	-	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	170,271	-	-
Trash Removal & Recycling	-	-	-	-	-	-	20,813	-	-
Claims & Settlements	-	-	-	-	-	-	-	-	-
Community Support	181,599	-	-	-	-	-	-	-	-
Other Operation Expenditures	63,380	4,666	2,552	3,836	5,213	8,941	42,683	64,119	80,760
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	\$ 1,941,891	\$ 1,182,280	\$ 797,236	\$ 311,861	\$ 851,304	\$ 1,204,662	\$ 2,796,663	\$ 2,614,425	\$ 7,218,014

EXPENDITURES	Fire Department	Centralized Dispatch	Public Safety Other	Education Appropriation	Debt	OPEB	Total Municipal	Education Department
Compensation- Group A	\$ -	\$ 412,719	\$ 1,262,148	\$ -	\$ -	\$ -	\$ 11,011,834	\$ 26,396,910
Compensation - Group B	-	-	-	-	-	-	510,130	3,533,482
Compensation - Group C	-	-	-	-	-	-	-	4,692,394
Compensation -Volunteer	-	-	-	-	-	-	-	-
Overtime- Group A	-	87,419	287,332	-	-	-	1,082,242	-
Overtime - Group B	-	-	-	-	-	-	7,436	-
Overtime - Group C	-	-	-	-	-	-	-	53,449
Police & Fire Detail	-	-	-	-	-	-	-	-
Active Medical Insurance - Group A	-	97,951	260,075	-	-	-	1,892,315	3,527,013
Active Medical Insurance- Group B	-	-	-	-	-	-	134,764	348,540
Active Medical Insurance- Group C	-	-	-	-	-	-	-	1,451,015
Active Dental insurance- Group A	-	7,158	16,434	-	-	-	132,801	281,232
Active Dental Insurance- Group B	-	-	-	-	-	-	9,003	25,568
Active Dental Insurance- Group C	-	-	-	-	-	-	-	107,611
Payroll Taxes	-	37,516	109,109	-	-	-	915,667	2,603,504
Life Insurance	-	261	1,448	-	-	-	9,707	188,432
State Defined Contribution- Group A	-	1,987	2,258	-	-	-	878,001	141,536
State Defined Contribution - Group B	-	-	-	-	-	-	7,388	28,712
State Defined Contribution - Group C	-	-	-	-	-	-	-	41,005
Other Benefits- Group A	-	1,029	18,265	-	-	-	167,196	276,920
Other Benefits- Group B	-	-	-	-	-	-	-	29,391
Other Benefits- Group C	-	-	-	-	-	-	-	39,031
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	-	47,614	71,112	-	-	-	728,380	3,363,248
State Defined Benefit Pension - Group B	-	-	-	-	-	-	56,638	435,618
State Defined Benefit Pension - Group C	-	-	-	-	-	-	-	513,769
Other Defined Benefit / Contribution	-	-	-	-	-	-	-	-
Purchased Services	-	2,188	171,442	-	-	-	1,510,980	9,572,472
Materials/Supplies	-	1,711	24,860	-	-	-	493,259	793,687
Software Licenses	-	3,323	3,412	-	-	-	106,662	174,278
Capital Outlays	-	-	14,425	-	-	-	56,855	640,339
Insurance	-	-	-	-	-	-	367,907	263,402
Maintenance	-	1,843	6,427	-	-	-	130,042	326,114
Vehicle Operations	-	-	39,518	-	-	-	459,016	11,675
Utilities	-	12,101	20,400	-	-	-	419,211	875,189
Contingency	-	-	-	-	-	-	-	-
Street Lighting	-	-	-	-	-	-	198,075	-
Revaluation	-	-	-	-	-	-	-	-
Snow Removal-Raw Material & External Contracts	-	-	-	-	-	-	170,271	-
Trash Removal & Recycling	-	-	-	-	-	-	20,813	-
Claims & Settlements	-	-	-	-	-	-	-	-
Community Support	-	-	-	-	-	-	181,599	-
Other Operation Expenditures	-	5,259	39,847	-	-	-	321,256	114,783
Local Appropriation for Education	-	-	-	51,387,349	-	-	51,387,349	-
Regional Appropriation for Education	-	-	-	-	-	-	-	-
Supplemental Appropriation for Education	-	-	-	-	-	-	-	-
Regional Supplemental Appropriation for Education	-	-	-	-	-	-	-	-
Other Education Appropriation	-	-	-	-	-	-	-	-
Municipal Debt- Principal	-	-	-	-	627,007	-	627,007	-
Municipal Debt- Interest	-	-	-	-	113,540	-	113,540	-
School Debt- Principal	-	-	-	-	1,082,993	-	1,082,993	-
School Debt- Interest	-	-	-	-	143,894	-	143,894	-
Retiree Medical Insurance- Total	-	-	-	-	-	-	-	450,084
Retiree Dental Insurance- Total	-	-	-	-	-	-	-	37,336
OPEB Contribution- Total	-	-	-	-	-	874,036	874,036	175,000
Non-Qualified OPEB Trust Contribution	-	-	-	-	-	-	-	-
Rounding	-	-	-	-	-	-	-	-
Total Expenditures	\$ -	\$ 720,079	\$ 2,348,512	\$ 51,387,349	\$ 1,967,434	\$ 874,036	\$ 76,215,747	\$ 61,512,739

Financing Uses: Transfer to Capital Funds	\$ 1,440,450	\$ -
Financing Uses: Transfer to Other Funds	431,483	429,300
Financing Uses: Payment to Bond Escrow Agent	-	-
Financing Uses: Other	265,500	-
Total Other Financing Uses	\$ 2,137,433	\$ 429,300
Net Change in Fund Balance¹	805,569	(6,509)
Fund Balance1- beginning of year	\$13,696,498	\$3,572,251
Funds removed from Reportable Government Services (RGS)	-	-
Funds added to Reportable Government Services (RGS)	134,269	-
Prior period adjustments	-	-
Misc. Adjustment	-	(18,525)
Fund Balance¹ - beginning of year adjusted	13,830,767	3,553,726
Rounding	-	-
Fund Balance¹ - end of year	\$ 14,636,336	\$ 3,547,217

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, 2017

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, 2016						\$ 13,696,498		\$ 13,696,498	
<i>No funds removed from RGS for fiscal 2017</i>						-		-	
<i>Neighborhood Guild was added to RGS for fiscal 2017</i>						134,269		134,269	
<i>No misc. adjustments made for fiscal 2017</i>						1		1	
Fund Balance¹ - per MTP-2 at June 30, 2016 adjusted						<u>\$ 13,830,768</u>	-	<u>\$ 13,830,768</u>	
General Fund	\$ 75,934,491	\$ 836,964	\$ 21,100,482	\$ 55,134,032	\$ 536,941	\$ 12,081,521	\$ -	\$ 12,081,521	\$ 12,618,462
Senior Services	435,871	414,700	811,222	-	39,349	242,784	-	242,784	282,133
Neighborhood Guild	385,201	386,500	785,573	5,450	(19,322)	134,269	-	134,269	114,947
EMS Billing	779,252	-	155,766	590,000	33,486	1,084,121	-	1,084,121	1,117,607
CDBG Grants	541,332	-	532,802	-	8,530	-	-	-	8,530
Debt Service	561,934	1,621,605	1,968,434	-	215,105	288,071	-	288,071	503,176
Totals per audited financial statements	<u>\$ 78,638,081</u>	<u>\$ 3,259,769</u>	<u>\$ 25,354,279</u>	<u>\$ 55,729,482</u>	<u>\$ 814,089</u>	<u>\$ 13,830,766</u>	<u>\$ -</u>	<u>\$ 13,830,766</u>	<u>\$ 14,644,855</u>
<u>Reconciliation from financial statements to MTP2</u>									
Reclassify transfer of municipal appropriation to Education Department as expenditure on MTP2	\$ -	\$ -	51,387,349	(51,387,349)	\$ -	\$ -	\$ -	\$ -	\$ -
Reduction in CDBG grant to account for offsetting administrative costs reimbursed to General Fund	(534,402)	-	(525,872)	-	(8,530)	-	-	-	(8,530)
Eliminate transfers between Funds reported on MTP2:	-	-	-	-	-	-	-	-	-
- from General Fund to Debt Service	-	(1,200,000)	-	(1,200,000)	-	-	-	-	-
- from General Fund to Senior Services	-	(414,700)	-	(414,700)	-	-	-	-	-
- from EMS Billing to General Fund	-	(590,000)	-	(590,000)	-	-	-	-	-
Rounding	1	-	(9)	-	10	1	-	1	11
Totals Per MTP2	<u>\$ 78,103,680</u>	<u>\$ 1,055,069</u>	<u>\$ 76,215,747</u>	<u>\$ 2,137,433</u>	<u>\$ 805,569</u>	<u>\$ 13,830,767</u>	<u>\$ -</u>	<u>\$ 13,830,767</u>	<u>\$ 14,636,336</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, 2017

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, 2016						\$ 3,572,251	-	\$ 3,572,251	
<i>Capital Assets net of Accumulated Depreciation at 6/30/2015 not reported as reconciling item</i>						(18,520)	-	(18,520)	
<i>Miscellaneous rounding</i>						(5)	-	(5)	
Fund Balance¹ - per MTP-2 at June 30, 2016 adjusted						<u>\$ 3,553,726</u>	-	<u>\$ 3,553,726</u>	
 School Unrestricted Fund	\$ 10,562,687	\$ 51,414,838	\$ 61,407,536	\$ 578,645	\$ (8,656)	\$ 3,504,232	\$ -	\$ 3,504,232	\$ 3,495,576
Enterprise Fund ¹	978,403	5,755	985,643	-	(1,485)	72,993	-	72,993	71,508
School Special Revenue Funds	1,781,978	-	1,781,978	-	-	-	-	-	-
 Totals per audited financial statements	<u>\$ 13,323,068</u>	<u>\$ 51,420,593</u>	<u>\$ 64,175,157</u>	<u>\$ 578,645</u>	<u>\$ (10,141)</u>	<u>\$ 3,577,225</u>	<u>\$ -</u>	<u>\$ 3,577,225</u>	<u>\$ 3,567,084</u>
 <u>Reconciliation from financial statements to MTP2</u>									
Municipal appropriation for Education reported as a transfer on financial statements but a revenue on MTP2	\$ 51,387,349	\$ (51,387,349)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State contributions on behalf of teacher pensions are reported as revenue and expenditures on financial statements only	(2,683,099)	-	(2,683,099)	-	-	-	-	-	-
Trust Fund Income listed as transfer in Financial Statements in UCOA file as revenue	27,489	(27,489)	-	-	-	-	-	-	-
Transfer (from School Unrestricted to the School Enterprise Fund) is reported as an revenue in Food service Fund in UCOA file.	5,755	(5,755)	-	-	-	-	-	-	-
For financial statements, indirect cost charges and recovery are reported in federal grant funds and also actual expenditures & reimbursement reported in School Unrestricted Fund.	(88,696)	-	(88,696)	-	-	-	-	-	-
In financial report as fund transfer, reported in MPT2 as expense		-	149,345	(149,345)	-	-	-	-	-
Less Commodities reported from GAAP financials - not in MPT2	(36,338)	-	(36,338)	-	-	-	-	-	-
Less Depreciation recorded for GAAP but not in MPT2 file for FY17 & Capital assets net of depreciation balance as of 6/30/16	-	-	(3,653)	-	3,653	(23,499)	-	(23,499)	(19,846)
Miscellaneous variances between UCOA & FS	1	-	23	-	(22)	-	-	-	(22)
Rounding	0	-	(0)	-	1	-	-	-	1
 Totals Per MTP2	<u>\$ 61,935,530</u>	<u>\$ -</u>	<u>\$ 61,512,739</u>	<u>\$ 429,300</u>	<u>\$ (6,509)</u>	<u>\$ 3,553,726</u>	<u>\$ -</u>	<u>\$ 3,553,726</u>	<u>\$ 3,547,217</u>
 <u>Reconciliation from MTP2 to UCOA</u>									
Use of Fund Balance recored as revenue in UCOA file	<u>\$ 400,000</u>								
 Totals per UCOA Validated Totals Report	<u>\$ 62,335,530</u>		<u>\$ 61,512,739</u>						

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, 2017

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 Town's budget and accounting system. To report these costs, the Town made reasonable 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, 2017

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.

TABLE 1

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
NET POSITION BY COMPONENT
LAST TEN YEARS

	Fiscal Year Ended June 30									
	2017	Restated 2016	Restated 2015	Restated 2014	2013	2012	2011	2010	2009	2008
Governmental activities:										
Net investment in capital assets	\$ 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	\$ 55,954,948
Restricted	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	15,981,878
Unrestricted	(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	23,644,356
Total governmental activities net position	<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>	<u>95,581,182</u>
Business-type activities:										
Net investment in capital assets	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	22,481,289
Unrestricted	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	4,065,992
Total business-type activities net position	<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>	<u>26,547,281</u>
Primary government:										
Net investment in capital assets	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	78,436,237
Restricted	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	15,981,878
Unrestricted	(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	27,710,348
Total Primary Government Net Position	<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>	<u>\$ 122,128,463</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,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Expenses										
Governmental activities:										
General government	\$ 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	\$ 8,806,804
Public safety	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	6,784,029
Public works	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	2,905,202
Human service agency contributions	950,422	943,812	928,691	923,218	145,400	145,400	145,400	166,750	188,927	183,987
Public libraries	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	1,039,669
Education	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	62,853,934
Recreation	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	2,322,764
Interest on long-term debt	245,795	321,314	819,950	860,844	730,633	916,407	1,067,569	1,236,605	1,369,147	1,520,722
Total governmental activities	<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>	<u>86,417,111</u>
Business-type activities:										
Wastewater	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	3,144,544
Solid Waste	500,390	498,920	477,057	457,313	474,459	522,638	511,132	471,896	477,435	945,596
Water	896,198	818,052	927,477	845,888	768,278	852,845	831,549	805,924	784,999	835,913
School Cafeteria	985,643	983,204	939,795	973,067	957,920	984,046	1,022,540	956,998	992,566	1,041,418
Total business-type activities	<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>	<u>5,967,471</u>
Total Primary Government Expense	<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>	<u>\$ 92,384,582</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 626,747	\$ 561,391	\$ 538,276	\$ 3,188,727	\$ 3,447,815	\$ 3,140,696	\$ 3,568,036	\$ 3,544,928	\$ 3,170,376	\$ 3,617,841
Public safety	1,260,869	1,391,139	1,358,084	348,997	1,169,260	689,271	920,046	878,852	888,425	989,173
Human service	882,677	754,636	908,990	139,704		150				
Public works	142,466	162,652	123,738		324,340	5,500	114,780	77,269	65,465	62,935
Public libraries	23,267	20,855	21,686	24,491	24,283	24,784	27,877	28,448	30,186	28,348
Education	670,514	833,574	883,368	791,124	824,591	734,695	758,360	915,874	988,731	1,003,973
Recreation	1,618,619	1,609,412	1,585,138	1,015,206	958,750	980,159	921,171	863,176	821,301	800,684
Operating grants and contributions	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	16,321,642
Capital grants and contributions	2,276,533	3,217,518	524,381	92,439	107,725	877,125	1,002,922	678,310	105,831	272,145
Total governmental activities program revenues	<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>	<u>23,096,741</u>
Business-type activities:										
Charges for services:										
Wastewater	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	3,065,229
Solid Waste	501,178	506,858	528,250	492,264	544,766	565,191	483,873	425,240	478,540	789,355
Water	1,139,920	1,158,964	1,141,522	1,010,389	973,530	946,523	954,815	922,164	940,327	866,797
School Cafeteria	579,252	560,875	579,529	601,848	633,393	680,055	728,897	679,823	721,789	760,830
Operating grants and contributions	402,182	427,718	432,055	368,165	325,227	293,285	321,307	274,624	265,866	504,696
Capital grants and contributions						168,650	154,650			307,075
Total business-type activities	<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>	<u>6,293,982</u>
Total Primary Government Program Revenues	<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>	<u>\$ 29,390,723</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,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Net (Expense)/Revenue										
Governmental activities	\$ (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)	\$ (60,332,475)
Business-type activities	937,727	534,097	607,715	416,324	759,529	392,771	75,754	79,612	326,511	(348,952)
Total Primary Government Net Expense	<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>	<u>\$ (60,681,427)</u>
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Property taxes	\$ 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	\$ 60,903,094
Motor vehicle phase-out taxes	142,445	139,730	170,945	170,945	165,446	167,774	168,739	1,876,190	2,178,075	2,167,848
Telephone and hotel taxes	164,020	159,174	509,604	509,604	495,631	463,552	414,890	372,981	357,171	339,967
Grants and aid not restricted for a specific program	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	2,295,069
Unrestricted investment earnings	1,940,657	193,395	2,568,515	2,568,515	1,990,301	481,121	2,733,097	1,822,022	(834,736)	1,073,334
Transfers	(591,612)	(803,982)	163,057	163,057	357,608	2,318	(9,000)	(16,155)	81,973	(880,146)
Total governmental activities	<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>	<u>65,899,166</u>
Business-type activities:										
Unrestricted investment earnings	(8,674)	34,819	16,915	16,915	20,351	16,940	42,184	45,386	108,359	182,029
Transfers	591,612	803,982	(163,057)	(163,057)	(357,608)	(2,318)	9,000	16,155	(81,973)	880,146
Total business type activities	<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>	<u>1,062,175</u>
Total primary government	<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>	<u>\$ 66,961,341</u>
Change in Net Position										
Governmental activities	\$ 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	\$ 2,578,796
Business-type activities	1,520,665	1,372,898	270,182	270,182	79,067	774,151	443,955	137,295	105,998	1,388,686
Total Primary Government	<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>	<u>\$ 3,967,482</u>

TABLE 3

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

	Fiscal Year Ended June 30,									
	2017	2016	2015	2014	2013	2012 **	2011 *	2010	2009	2008
General Fund:										
Reserved	\$ 36,956	\$ 15,726	\$ 38,193	\$ 63,678	\$ 21,926	\$ 30,361	\$ 2,579	\$ 22,133	\$ 45,788	\$ 211,673
Unreserved	<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>	<u>12,151,623</u>
Total General Fund	<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>	<u>\$ 12,363,296</u>
All Other Governmental Funds:										
Reserved	\$ 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	\$ 15,431,321
Unreserved, reported in:										
Special revenue funds	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	5,025,971
Capital project funds	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	9,022,455
Permanent funds								1,415,680	1,447,322	1,390,717
Total All Other Governmental Funds	<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>	<u>\$ 30,870,464</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,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenues:										
Property Taxes and Interest	\$ 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	\$ 60,825,348
Intergovernmental revenues	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	18,853,974
Licenses, Fees and Rents	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	2,235,837
Interest on Investments	1,940,088	192,667	661,351	2,562,349	1,913,743	463,169	2,716,487	1,808,819	(853,653)	1,059,327
Fines and Charges	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	1,163,767
Department Revenue	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	1,146,290
Other Revenue	834,428	853,428	777,521	765,504	1,812,880	1,015,744	1,591,105	1,670,698	1,507,728	1,450,458
State On-behalf Pension	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	2,406,682
Total revenues	<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>	<u>89,141,683</u>
Expenditures:										
Current:										
General Government	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	2,643,256
Public Safety	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	6,343,310
Public Services	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	1,794,767
Public Health Contributions	950,422	940,061	125,400	147,400	145,400	145,400	145,400	166,750	188,927	183,987
Recreation	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	2,044,667
Public Libraries	1,210,348	1,180,796	1,173,634	1,134,945	914,695	943,655	928,496	918,449	936,811	909,506
Educational	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	60,874,616
Capital Improvements	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	1,833,299
Miscellaneous	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	6,739,952
Debt Service: (2)										
Principal	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	3,715,000
Interest	257,434	334,933	618,393	592,913	717,211	898,394	1,020,227	1,270,377	1,292,092	1,443,667
Total expenditures	<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>	<u>88,526,027</u>
Excess of revenues over (under) expenditures	<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>	<u>615,656</u>
Other Financing Sources (Uses):										
Proceeds from borrowing								1,283,916		
Issuance of refunding bonds			6,935,000		4,263,000					
Payment to refunding debt escrow			(7,218,900)		-4207856					
Transfers in	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	49,870,629
Transfers out	(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)	(49,850,566)
Total other financing sources (uses)	<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>	<u>20,063</u>
Net Change in Fund Balances	<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>	<u>\$ 635,719</u>
Debt Service as a Percentage of Noncapital Expenditures (1)	<u>2.19%</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>	<u>5.83%</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	Inventory	Motor Vehicles	Less Tax Exempt Property		
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
2008	5,247,334,996	490,690,205	47,206,400	259,438,540	17,486,558	113,969,417	960,427,396	5,215,698,720	11.64

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 2017.

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 vehicles tax rate was frozen at \$18.71. For fiscal year 2017, the property tax rate, exclusive of motor vehicles, was \$15.09

(Continued on next page)

TABLE 5

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, 2017

<u>Category</u>	<u>Assessed Value</u>	<u>Assessed Value</u>	<u>Direct Rate Per \$1000</u>	<u>Total Tax Levy</u>
Real Estate	\$ 4,366,074,200			
Less Exemptions	61,210,855			
Net Real Estate		\$ 4,304,863,345	\$ 15.0900	\$ 64,960,388
Tangible/Personal		113,800,099	15.0900	1,717,243
Motor Vehicle	269,075,879			
Less Exemptions	70,146,616			
Net Motor Vehicle		198,929,263	18.71	3,721,967
		<u>\$ 4,617,592,707</u>		<u>\$ 70,399,598</u>
	Total Assessed Value:	\$ 4,617,592,707		
	Divided by Total Levy:	70,399,598		
	(Times 1000)	<u>\$ 15.25</u>	Weighted Avg/Total Direct Rate	

TABLE 6

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

	2017			2008		
	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)	27,933,483	2	0.60%	59,605,292	1	1.14%
Narragansett Electric	22,865,684	3	0.50%	20,347,418	5	0.39%
SCC Investments II, LLC	18,464,500	4	0.40%			
Brightview Commons, LLC (formerly SHP III)	18,169,500	5	0.39%	21,931,700	3	0.42%
HCP HB2 South Bay Manor LLC	14,352,600	6	0.31%	16,487,752	7	0.32%
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	6	0.36%
Indian Run Village RIH LLC	10,787,800	9	0.23%			
Tower Hill Landings, LLC	8,022,800	10	0.17%			
APC America Inc				20,425,100	4	0.39%
Green Tree Realty				14,658,700	8	0.28%
Hallkeen CDT Kingston LTD Part				10,806,900	10	0.21%
Total	\$ <u>184,436,967</u>		<u>3.54%</u>	\$ <u>240,718,162</u>		<u>5.21%</u>

Source: Town of South Kingstown Assessor

TABLE 7

**TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year	Actual Tax Rate	Gross Levy	Addendums and Adjustments	Abatements and Adjustments	Net Levy	Uncollected (2)			
						End of Year Levy (1)	% of Net Levy	As of 8/30/17	% of Net Levy
2016-17	\$ 15.09	\$ 70,398,298	\$ 78,533	\$ 55,227	\$ 70,421,604	\$ 846,225	1.20%	\$ 549,311	0.7800%
2015-16	15.52	68,504,982	93,912	43,927	68,554,967	916,185	1.34%	113,977	0.1663%
2014-15	15.48	67,607,641	114,775	23,555	67,698,861	961,902	1.42%	74,917	0.11%
2013-14	15.47	67,082,117	175,914	348,216	65,885,154	940,714	1.43%	49,495	0.08%
2012-13	14.50	66,399,782	99,701	372,420	65,199,289	647,955	0.99%	42,678	0.07%
2011-12	14.51	66,120,832	124,683	360,361	64,231,377	618,926	0.96%	38,941	0.06%
2010-11	14.19	65,499,433	109,275	409,419	65,199,289	702,456	1.08%	54,216	0.08%
2009-10	12.09	64,504,174	122,736	395,533	64,231,377	647,960	1.01%	16,321	0.03%
2008-09	11.97	63,726,992	103,533	441,796	63,388,729	616,114	0.97%	18,737	0.03%
2007-08	11.51	60,692,561	115,434	528,939	60,279,056	529,770	0.88%	18,536	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	General	Bonds	Taxable	Percent of	(2010 is actual)	
June 30,	Obligation	Premiums	Assessed	Taxable Assessed	U.S. Census	Per
	Bonds		Value	Value	Estimated	Capita
					Population	
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
2008	32,995,000		5,215,698,720	0.63%	29,188	1,130

Business-Type Activities							
Fiscal Year	Wastewater	Solid Waste	Water	Total	Total	Percent	Per
June 30,	Bonds	Bonds	Bonds	Primary	Personal	of Personal	Capita
				Government	Income	Income *	
2017	\$ 195,000	\$ 1,190,432	\$ -	\$ 10,503,107	Not Available	Not Available	\$ 341
2016	221,000	1,346,185	-	12,434,597	Not Available	Not Available	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
2008	699,189	2,467,208		36,161,397	1,355,928,540	2.67%	1,239

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	Overlapping Rates				
	Total Direct Tax Rate		Union Fire District	Indian Lake Fire District	Kingston Fire District
	Real Estate / Personal Property	Motor Vehicle			
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
2008	11.51	18.71	0.40	0.73	0.58

Notes:

For 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, 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									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Total assessed value	\$ 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	\$ 5,215,698,720
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	<u>138,527,781</u>	<u>131,242,462</u>	<u>129,835,531</u>	<u>128,920,248</u>	<u>135,782,388</u>	<u>135,212,188</u>	<u>136,404,619</u>	<u>158,458,937</u>	<u>157,665,165</u>	<u>156,470,962</u>
Total net debt applicable to the limit	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	7,240,508
Legal debt margin	<u>134,651,927</u>	<u>126,879,855</u>	<u>125,089,854</u>	<u>123,477,056</u>	<u>131,482,875</u>	<u>130,464,471</u>	<u>131,066,247</u>	<u>152,547,167</u>	<u>151,100,380</u>	<u>149,230,454</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>2.80%</u>	<u>3.32%</u>	<u>3.66%</u>	<u>4.22%</u>	<u>3.17%</u>	<u>3.51%</u>	<u>3.91%</u>	<u>3.73%</u>	<u>4.16%</u>	<u>4.63%</u>

Notes:

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

TABLE 11

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

Fiscal Year June 30,	(3) Population	Per Capita Personal Income (1)	Estimated Total Personal Income (1) (thousands)	School Enrollment	Unemployment Rate (2)
2017	30,791	Not Available	Not Available	3,111	4.9%
2016	30,826	Not Available	Not Available	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%
2008	29,188	46,455	1,355,929	3,658	4.3%

(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

2017 (1)				2008 (1)			
Employment Sector	Employees	Rank	Percentage of Total Town Employment	Employment Sector	Employees	Rank	Percentage of Total Town Employment
Government	3,874	1	27.9%	Government	3,871	1	28.6%
Health Care & Social Assistance	2,814	2	20.3%	Health Care & Social Assistance	2,508	2	18.7%
Accommodation & Food Services	1,543	3	11.1%	Retail Trade	1,517	3	11.3%
Retail Trade	1,264	4	9.1%	Accommodation & Food Services	1,228	4	9.1%
Other Services (except Public Administration)	675	5	4.9%	Manufacturing	794	5	5.9%
Wholesale Trade	608	6	4.4%	Other Services (except Public Administration)	766	6	5.7%
Manufacturing	562	7	4.0%	Wholesale Trade	729	7	5.4%
Professional & Technical Services	388	8	2.8%	Construction	391	8	2.9%
Construction	376	9	2.7%	Professional & Technical Services	364	9	2.7%
Administrative Support & Waste Management	313	10	2.3%	Finance & Insurance	268	10	2.0%
Total	<u>12,417</u>		<u>89.4%</u>	Total	<u>12,436</u>		<u>92.3%</u>

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.

TABLE 13

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
FULL-TIME EQUIVALENT TOWN GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	Fiscal Year Ended June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Government:	32	33	33	33	33	33	33	33	36	38
Public Safety:										
Police - Officers	53	53	52	51	51	51	51	53	54	54
Police - Civilians	18	19	22	22	22	22	22	22	22	22
Emer. Medical Services	16	15	17	17	17	17	17	17	17	17
Communications	2	2	2	2	2	2	2	2	3	3
	<u>89</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>	<u>96</u>
Public Works:										
Streets & Highways	17	17	18	17	17	17	17	18	19	19
Administration	4	4	4	4	4	4	4	4	4	4
	<u>21</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>	<u>23</u>
Parks & Recreation	13	11	11	11	11	11	11	11	12	12
Libraries	10	10	10	10	10	11	11	12	12	11
TOTAL GENERAL FUND	165	164	169	167	167	168	168	172	179	180
Water	3	3	3	4	4	4	4	4	4	4
Wastewater	14	14	14	17	17	17	18	18	18	18
Neighborhood Guild	5	5	5	5	5	5	5	5	5	5
Senior Services	9	7	7	7	7	7	8	8	8	9
Other	1	1	1	1	1	1	1	1	1	1
Public education:										
Certified	316	313	316	323	341	345	347	348	367	373
Non-certified	154	154	153	158	174	172	180	195	203	208
Administrative	24	25	24	24	24	20	21	21	22	21
	<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>	<u>601</u>
Total	<u>691</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>	<u>819</u>

TABLE 14

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

Function/Program	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Police:										
Physical arrests	555	545	530	645	626	682	661	718	714 (3)	667
Traffic violations	1,862	2,021	1,751	2,696	2,764	3,718	2,354	3,147	4,650 (3)	8,197
Parking violations	1,984	2,428	1,152	1,257	742	987	1,032	1,239	1,145 (3)	1,046
Emergency Medical Services:										
Number of calls answered	3,034	2,930	2,750	2,852	2,807	2,652	2,707	2,703	2,637	2,584
Animal Control:										
Number of complaints	1,032	1,281	1,188	1,357	1,260	1,457	1,332	1,324	1,334	1,408
Number of impoundments	336	341	201	318	383	382	390	418	401	601
Communications:										
Fire alarm activations	30	64	202	227	262	222	241	254	227	240
Streets & Highways:										
Street Sweeping (miles)	151	148	151	151	151	151	150	150	150	150
Road regrading (miles)	31	44	45	45	45	45	45	45	45	45
Street plowing/deicing (OT hours)	1,588	1,055	2,814	1,568	1,965	344	2,394	1,666	2,500	1,836
Culture & Recreation:										
Programs/Classes (enroll/attend)	28,125	28,168	30,349	30,550	28,745	32,978	35,652	33,345	35,716 (2)	46,528
Libraries:										
Volumes in Collection	79,701	69,999	69,301	70,599	68,916	68,634	69,223	68,721	66,769	67,700
Volumes borrowed	216,904	247,197	257,137	267,491	262,456	278,828	287,607	301,834	313,716	302,654
Reference requests filled	26,263	25,907	26,158	29,025	28,136	27,949	26,362	26,865	28,221	29,088
Water:										
New connections (net)	12	7	10	12	4	0	16	9	35	60
Average daily consumption (1) (thousands of gallons)	329	391	250	324	315	313	325	317	364	376
Wastewater:										
Average daily sewage treatment (thousands of gallons)	2,469	2,430	2,368	2,589	2,520	2,700	2,517	3,052	2,733	2,473
Senior Services:										
Adult Day Care services (client days)	3,004	3,408	3,034	2,961	3,554	3,321	3,783	4,109	2,304	3,210
Senior transportation (trips)	5,868	5,758	7,042	6,246	7,730	7,645	6,244	7,631	9,269	6,706
Congregate meals served	11,273	9,831	9,375	9,648	11,149	11,977	11,422	11,512	12,765	13,587

Sources: Various Town departments

Notes:
 Indicators are not available for the general government function.
 (1) Consumption is calculated from billed usage
 (2) A significant reduction is reflected in program attendance in the special event category due to untimely weather activity associated with several major community programs that impacted both fiscal year 2008 and fiscal year 2009.
 (3) The 2009 Police statistics have been revised based on corrected information provided by the Police Department subsequent to the publishing of the 2009 CAFR.

TABLE 15

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

<u>Function/Program</u>	<u>Fiscal Year Ended</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>	<u>2008</u>
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	149	151	151	151	149	149	149	148	148
Culture and recreation:										
Park acreage	454	453	453	453	453	453	453	453	440	440
Tennis courts	25	25	25	25	25	25	25	25	25	25
Community centers	2	1	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	49	49	49	49	49	49	49	49
Fire hydrants	260	262	252	252	252	253	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	53	53	53	53
Storm drains (miles)	54	53	53	53	53	53	53	53	53	47
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.

Federal Single Audit Section

This section contains information regarding federal grant activity for the year ended June 30, 2017, 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, 2017

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Passed Through to Subrecipients	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	\$ 57,683	
National School Lunch Program	10.555	311,515	
Summer Food Service Program for Children	10.559	20,585	
			<u>\$ 389,783</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		385,350
Title II, Improving Teacher Quality State Grants	84.367A		182,619
Special Education Cluster (IDEA):			
Special Education - Grants to States (IDEA, Part B)	84.027	1,114,445	
Special Education - Preschool Grants (IDEA Preschool)	84.173	24,240	
			<u>1,138,685</u>
Title III Consortium	84.365		<u>6,965</u>
Total United States Department of Education			<u>1,713,619</u>
United States Department of Health and Human Services			
<i>Direct:</i>			
Project AWARE	93.243		17,534
<i>Passed Through the State of Rhode Island Department of Health:</i>			
Block Grants for Community Mental Health - Reducing Marijuana Grant	93.959		29,523
Drug-Free Communities Support Program Grant	93.276		143,236
Tobacco Compliance Investigation Grant	93.959		<u>778</u>
Total United States Department of Health and Human Services			<u>191,071</u>
United States Department of Homeland Security			
<i>Passed Through the Rhode Island Emergency Management Agency:</i>			
Pre-Disaster Mitigation	97.047		300,816
Homeland Security Grant Program	97.067		<u>75,939</u>
Total United States Department of Homeland Security			<u>376,755</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, 2017

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Passed Through to Subrecipients	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 - 2013	14.228	\$ 181	
Community Development Block Grant/Small Cities Program - 2014	14.228	119,143	
Community Development Block Grant/Small Cities Program - 2015	14.228	\$ 88,934	185,540
Community Development Block Grant/Small Cities Program - 2016	14.228	6,300	
			<u>\$ 311,164</u>
CDBG - Disaster Recovery Grants - Pub. L. No. 113-2 Cluster:			
Hurricane Sandy Community Development Block Grant Disaster Recovery	14.269	<u>112,471</u>	<u>221,638</u>
Total United States Department of Housing and Urban Development		<u>201,405</u>	<u>532,802</u>
United States Department of Interior			
<i>Passed Through the State of Rhode Island Historical Preservation & Heritage Commission:</i>			
Historic Preservation Fund Grants-In-Aid	15.904		<u>5,000</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		13,037
US Department of Justice, DEA	16.001		36,252
Enforcing Underage Drinking Laws Program	16.727		12,569
SOLEMN - U.S. Marshalls Grant	16.203		<u>458</u>
Total United States Department of Justice			<u>62,316</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		794,091
Highway Safety Cluster:			
Seat-Belt Enforcement	20.604		<u>44,301</u>
Total United States Department of Transportation			<u>838,392</u>
Total Federal Awards Expended		<u>\$ 201,405</u>	<u>\$ 4,109,738</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, 2017

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, 2017. 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 \$36,338 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.



Accounting | Tax | Business Consulting

**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, 2017, 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 26, 2017.

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 result 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 26, 2017



Accounting | Tax | Business Consulting

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 each of the Town of South Kingstown, Rhode Island's major federal programs for the year ended June 30, 2017. The Town of South Kingstown, Rhode Island's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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 each of the Town of South Kingstown, Rhode Island's major federal programs 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 each 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 each of its major federal programs for the year ended June 30, 2017.

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 each 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 26, 2017

**TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

• Material weakness(es) identified?	_____ yes	<u> X </u> no	
• Significant deficiency(ies) identified?	_____ yes	<u> X </u> none reported	
Noncompliance material to financial statements noted?	_____ yes	<u> X </u> no	

Federal Awards

Internal control over major programs:

• Material weakness(es) identified?	_____ yes	<u> X </u> no	
• Significant deficiency(ies) identified?	_____ yes	<u> X </u> 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
20.205	Highway Planning and Construction 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.