

**TOWN OF SOUTH KINGSTOWN,
RHODE ISLAND**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2015**



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 28, 2015

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, 2015, 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, 2015, 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, 2015, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

PROFILE OF THE GOVERNMENT

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

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

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

The annual budget serves as the foundation for the Town of South Kingstown's financial planning and control. All departments of the Town are required to submit requests for appropriation and revenue estimates to the Town Manager on or before the last day of January each year. The Town Manager uses these requests as the starting point for developing a proposed budget. Based on amendments to the Town Charter, approved by South Kingstown voters in November 2006, the financial town meeting was eliminated. The 2014-2015 fiscal year budget was the eighth year that the budget was approved under the new procedures. It is the responsibility of the Town Manager to submit a proposed budget for the following fiscal year to the Town Council on or before March 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.

PROFILE OF THE GOVERNMENT (Continued)

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

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

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

Budget-to-actual comparisons are provided in this report for the general fund and the school unrestricted fund on pages 77-79 and page 80 respectively as part of the basic financial statements.

FACTORS AFFECTING FINANCIAL CONDITION

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

Local economy: The economy is centered on the University of Rhode Island, which had an enrollment of 16,218 for the 14/15 academic year and employs more than 2,350 people at the Main Kingston campus (URI is the sixth largest employer in the State of RI employing more than 3,675 persons at its four campuses). South County Hospital and the tourism trade are also key components of the South Kingstown and regional economy.

At the University of Rhode Island capital project development has continued over the past year. Major projects that have been completed or are under construction include the following:

- New "Chemistry and Forensic Science Building" a \$68,000,000, 133,000 square foot facility expected to open in the spring of 2016
- Completion of new fraternity building, "Sigma Chi" 41 bed facility with an estimated value of \$3.3 million dollars.
- Completed new "Gender and Sexuality Center", a 4,300 square foot, \$2,100,000 structure. Completed addition and renovations to Butterfield Dining Hall (project consists of a 6,000 square foot addition to the facility and renovations to 10,000 existing square feet, the value of project is estimated to be \$7,600,000).
- For FY 2014-15 the Building Department issued 2,249 permits with a construction value of \$35,986,243; this represents an increase in construction value of \$1,582,733 or 4.6% over FY 2013-2014.

FACTORS AFFECTING FINANCIAL CONDITION (Continued)

Over the past calendar year South Kingstown has witnessed an increase in building activity in both the residential and commercial building sectors. Active developments include the following:

Wakefield Meadows (age-restricted condominium development) 142 units being built-out by developer, Pulte Homes. Build out complete in late spring of 2015 all 132 units completed and sold.

East Matunuck Farms, 40 lot/unit residential subdivision located off Gooseberry Road in the Snug Harbor section of Town.

Woods at Lauren Lane, 13 lot/unit residential subdivision on the east side of Laurel Lane in West Kingston.

Stone Soup Farm, 17 lot/unit residential development situated off of South Road in Wakefield.

Sheldon Hill, 10 lot (11 units) residential development located off Winter Street in Wakefield (road and infrastructure nearing completion).

Construction of 2,200 square foot addition to South County Hospital to accommodate a new operating suite (6th such facility at the hospital).

Construction of the South Shore Country Club, planned 303 unit senior residential community (age 55+) with a clubhouse facility and nine hole golf course situated on 279 acres of land in the Perryville section of South Kingstown. Clearing and infrastructure installation began at the end of the fiscal year following purchase of the development by Envine LLC from South County Sand and Gravel for \$9.09 million dollars (sale closed on June 5, 2015).

Thundermist Health Center, on River Street in Wakefield, construction of a new 20,000 square foot facility to replace their existing health services clinic. The new facility was supported by a \$5 million federal grant. Project was completed and facility opened for use in the summer of 2015.

- According to the 2010 Census, the Town's population grew by 2,718 people from 27,921 to 30,639, an increase of 10 percent from 2000 to 2010. Growth in the number of students living in group quarters at the University of Rhode Island accounted for 50% of the increase in population. The increased student population is the result of several new dormitories being constructed on campus over the past decade.
- The median sale price of a single-family homes and condominiums in South Kingstown increased to \$314,750 for calendar 2015 (January – August) compared to calendar 2014 where such median value was \$302,500. (Source: the Warren Group).
- The 2010 U.S. census reports a total of 13,218 housing units in the Town of South Kingstown, of which 78.0 percent (10,316) were occupied, 17.5 percent were seasonal, recreational, or occasional use, and the remainder were vacant. Of the 10,316 occupied housing units, 72.6 percent were owner occupied and 27.4 percent were renter occupied. The average household size of an owner occupied unit was 2.60 persons, while the average household size of a rented unit was 1.99 persons.
- The estimated median income of South Kingstown's households during the time period of 2011-2013 was \$73,703 (Source: American Community Survey 3-year estimates, 2011-2013).
- On an annualized basis, private sector jobs totaled 9,698 in 2012, of which 2,609 were in Health Care and Social Assistance, 1,287 were in Retail Trade, 1,394 were in Accommodations and Food Service and 583 were in manufacturing jobs. The private sector job total was an increase of 36 jobs in comparison to the 2011 total of 9,662.

FACTORS AFFECTING FINANCIAL CONDITION (Continued)

- The 2014 size of the resident workforce is 16,578. The number of employed residents totals 15,335. The July 2014 unemployment rate for South Kingstown was reported at 7.5 percent, a reduction of 1.2 percent when compared to the calendar 2013 local unemployment rate (8.7 percent).

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 2015-2016 fiscal year capital improvement plan projects needs through fiscal year 2021. 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 \$22,684,725. Financing, net of third party funding sources for these projects by debt issuance, approximates \$10,550,000. In addition, \$14,974,100 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 \$37,658,825.

Major projects to be bonded in the plan include: Recreation and open space programs for \$8,930,000; general municipal improvements for \$7,936,325; and school improvements for \$5,818,400.

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

Risk management. The Town is a member of the Rhode Island Inter-Local Risk Management Pool. The cooperative pool was formed in 1986 to address the insurance needs of Rhode Island municipalities. South Kingstown became a member on July 1, 1988. The pool provides all property, liability and worker's compensation insurance policies for the Town. Property and liability claims are subject to a \$2,500 deductible with the exception of public officials' liability claims, which are subject to a \$5,000 deductible. The pool's self-insured retention levels range from \$10,000 to \$1,000,000 depending on the type of coverage provided. In addition to the self-insurance provided by the pool, there is also reinsurance through third party sources for claims up to \$5,000,000. In addition to the insurance coverage provided, the pool also provides various educational and training seminars to promote safety training and loss control efforts. Additional information on the Town of South Kingstown's risk management activity can be found in Note 14 on pages 63-64 of the notes to the financial statements.

Pension and other post-employment benefits. The Town of South Kingstown participates in the Municipal Employees' Retirement System of the State of Rhode Island (MERS), an agent multiple employer defined benefit pension plan for all permanent employees, who work in excess of 20 hours per week, except for certified school department employees. The Town has separate plans for general municipal and non-certified school employees, police and emergency medical personnel. Each year, an independent actuary engaged by the MERS calculates the amount of the annual contribution that the Town of South Kingstown must make to each pension plan to ensure that the plan

FACTORS AFFECTING FINANCIAL CONDITION (Continued)

will be able to fully meet its obligations to retired employees on a timely basis. As a matter of policy, the Town of South Kingstown fully funds each year's annual required contribution to the pension plan as determined by the actuary. The actuarial assumptions and methods used in the actuary's report comply with the parameters for disclosure that appear in Governmental Accounting Standards Board (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*.

As of June 30, 2015, the Town of South Kingstown has funded 89.3 percent of the present value of the projected benefits earned by general municipal and 61.4 percent non-certified school employees; 77.7 percent of the present value of the projected benefits earned by police employees; and 117.7 percent of the present value of the projected benefits earned by emergency medical personnel.

The Town of South Kingstown participates in the Employees' Retirement System of the State of Rhode Island (ERSRI), a cost-sharing multiple employer defined benefit pension plan for all certified School Department personnel. Annual contributions by both employers and the State on behalf of those employees are determined by an annual actuarial review and are assessed as a percentage of the participant's payroll. The required contributions include (a) normal costs, (b) payments to amortize the unfunded frozen actuarial accrued liability and (c) interest on the unfunded frozen actuarial liability. The actuarial assumptions and methods used in the actuary's report comply with the parameters for disclosure that appear in GASB Statement No. 68 and 71.

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

The Town of South Kingstown also provides postretirement healthcare benefits for certain retirees and their dependents. As of the end of the current fiscal year, there were 98 retired School Department and Town employees receiving these benefits. The Town has completed their required update of the OPEB obligations with a valuation date of July 1, 2013. The Town has established an irrevocable trust fund for the funding of Other Post Employment Benefits and as such the financial statements include an OPEB Trust Fund and the related disclosure requirements and required supplementary information in accordance with GASB Statement 45.

Additional information on the Town of South Kingstown's pension arrangements and post-employment benefits can be found in Note 11 on pages 45-57 and Note 12 on pages 58-62, respectively, in the notes to the financial statements.

COMMITMENTS AND CONTINGENCIES

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

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

The Consent Decree also requires reimbursement of 30% of the State of Rhode Island costs associated with the remediation of this landfill site and ongoing operation and maintenance costs. These costs will also be shared equally between the two Towns. The estimated cost of reimbursing the State, over the 23 years of payments remaining as of June 30, 2015 was \$3,087,306 of which South Kingstown is responsible for \$1,543,653. During the 2015 year the Town paid \$66,104 towards this liability. The balance of the estimated liability of \$1,543,653 has been included in the government-wide financial statements at June 30, 2015.

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

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of South Kingstown for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2014. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

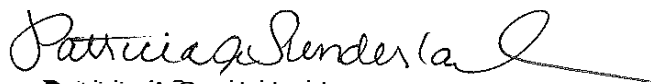
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal 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-five consecutive fiscal years (fiscal years ended June 30, 1990-2014). 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 and Kate Minahan. I sincerely appreciate their efforts in assisting me with preparing this comprehensive annual financial report.

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

Respectfully submitted,


Patricia A Sunderland,
Finance Director

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND

TOWN OFFICIALS

JUNE 30, 2015

TOWN COUNCIL

Abel G. Collins, President

Margaret M. Healy, Vice President
Rachel Clough

Joe Viele
Vacant

TOWN MANAGER

Stephen A. Alfred

TOWN ATTORNEYS

Michel Ursillo
Andrew Teitz
Amy Goins
Terrence G. Simpson

PROBATE JUDGE

Merlyn O'Keefe

DEPARTMENT HEADS

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

Jean-Paul Bouchard
Dale S. Holberton
Shirley D. Long
Patricia A. Sunderland
Theresa L. Murphy
L. Vincent Murray
Aimee Y. Reiner
Jeffrey T. O'Hara
Jon R. Schock
Vincent Vespia, Jr.



Government Finance Officers Association

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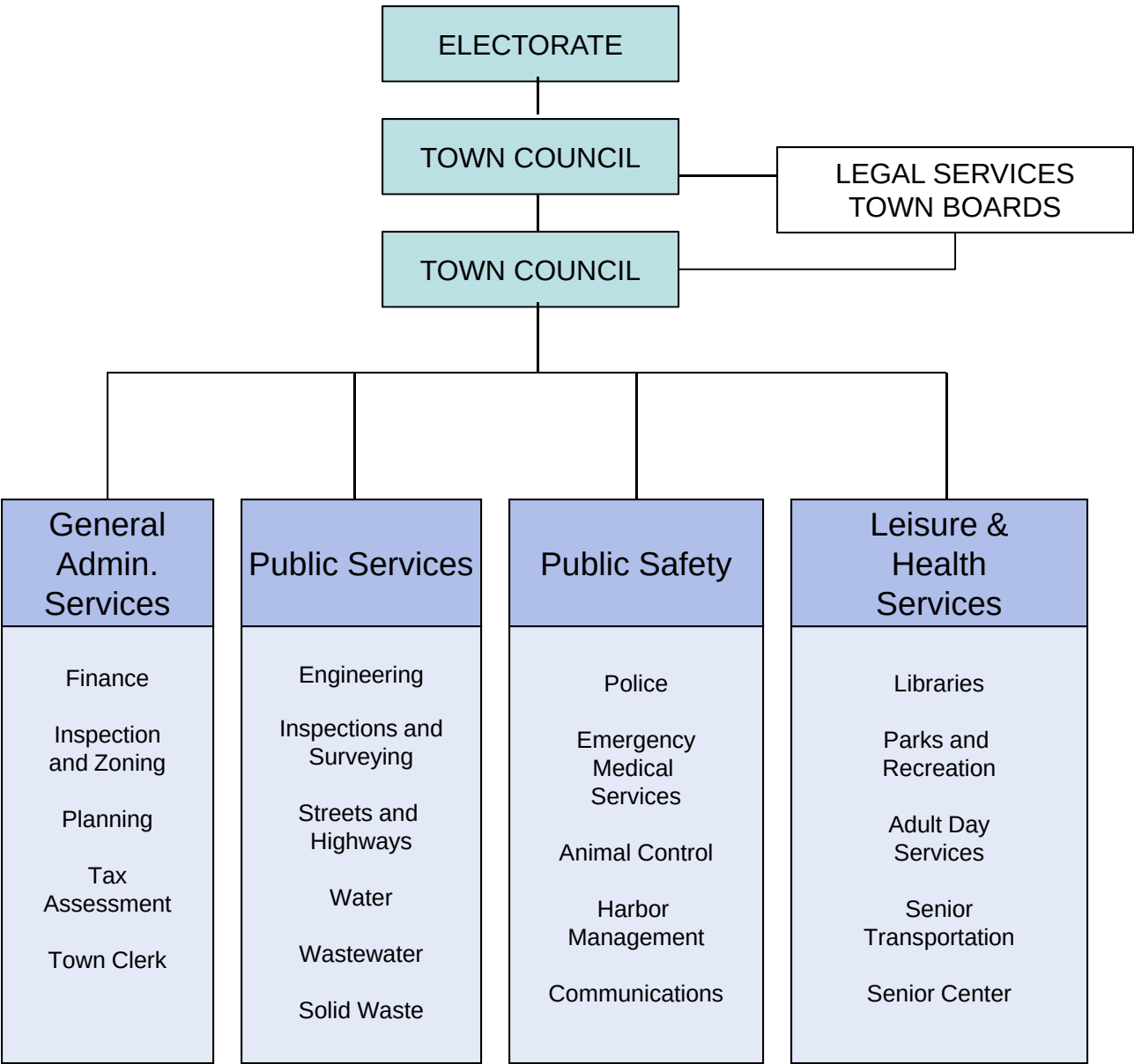
**Town of South Kingstown
Rhode Island**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

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, 2015, 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, 2015 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 16 to the financial statements, during the fiscal year ended June 30, 2015, the Town adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The net position of the Town has been restated to recognize the net pension liability required in implementing both GASB No. 68 and GASB No. 71. 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 16, the budgetary comparison information on page 66, and the pension schedules on pages 67 through 74 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, 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements of the Town of South Kingstown, Rhode Island.

The combining and individual nonmajor fund financial statements and schedules, 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, and schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2015 on our consideration of the Town of South Kingstown, Rhode Island's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of South Kingstown, Rhode Island's internal control over financial reporting and compliance.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 28, 2015

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, 2015. 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-viii of this report as well as the Town's basic financial statements that follow this section. All amounts in the tables in this MD&A are expressed in thousands. All amounts in the narrative portion are expressed in real dollars.

Financial Highlights

- The assets of the Town of South Kingstown exceeded its liabilities at the close of the most recent fiscal year by \$99,230,550 (net position). During the fiscal year ended June 30, 2015, the Town adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Therefore, the net position of the Town has been restated to recognize the net pension liability required in implementing both GASB No. 68 and GASB No. 71. The effect of the implementation caused the unrestricted net position to decrease by (\$53,743,276).
- The government's total net assets increased by \$4,513,026. The major factors in this increase were the positive operating results within the governmental funds and the business-type activity funds as well as an increase in capital assets.
- As of the close of the current fiscal year, the Town of South Kingstown's governmental funds reported combined ending fund balances of \$49,794,762. Approximately 19.98% of this total amount, \$9,948,402 is available for use at the government's discretion (unassigned fund balance).
- The remaining fund balance of \$39,846,360 includes \$15,760,482 in non-spendable funds, \$7,179,399 in restricted funds and \$16,906,479 in committed funds.
- The Town's total bonded debt declined by \$2,629,917 (15.6%) during the current fiscal year. The key factor in this decline was the retirement of \$2,849,118 in bonds. The Town did issue \$6,935,000 in General Obligation Refunding Bonds during the current fiscal year, with an interest rate of 1.567%, and a Net PV savings of approximately, \$568,666 or 8.2% NPV, well above the recommended threshold for a refunding of 3.0% NPV.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of South Kingstown's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information and a statistical section. The statistical section provides comparisons of selected information beginning with FYE 2006 through the current audited fiscal year.

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. All of the resources the Town has at its disposal are shown, including major assets such as buildings and infrastructure. A thorough accounting of the cost of government is rendered because the statements present all costs, not just how much was collected and disbursed. They provide both long-term and short-term information about the Town's overall financial status.

Overview of the Financial Statements (Continued)

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

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

Both of the government-wide financial statements distinguish functions of the Town of South Kingstown that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government, public safety, streets and highways, libraries, education and recreation. The business-type activities of the Town include a water fund, a wastewater operations fund, a solid waste fund and a school cafeteria fund.

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

The government-wide financial statements can be found on pages 17-18 of this report.

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

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

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

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

Overview of the Financial Statements (Continued)

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

The basic governmental fund financial statements can be found on pages 19-22 of this report.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water fund, wastewater operations fund, solid waste fund and school cafeteria fund, all of which are considered to be major funds of the Town of South Kingstown. The basic proprietary fund financial statements can be found on pages 23-25 of this report.

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

The basic fiduciary fund financial statements can be found on pages 26-27 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. Included in the notes is the information pertaining to the Town of South Kingstown's funding obligation to provide pension benefits to its employees. The notes to the financial statements can be found on pages 28-65 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town of South Kingstown's progress in funding its obligation to provide pension and OPEB benefits to its employees. Budget to actual schedules for the General Fund and School Fund are also included. Required supplementary information can be found on pages 66-74 of this report.

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 75-91.

Overview of the Financial Statements (Continued)

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of South Kingstown, assets and deferred outflow of resources exceeded liabilities by \$99,230,550 at the close of the most recent fiscal year.

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND

NET POSITION

For the Fiscal Years Ended June 30, 2015 and 2014 (in 000s)

	Governmental Activities		Business-Type Activities		Total	
	2015	2014 Restated	2015	2014	2015	2014 Restated
Current and other assets	\$ 71,294	\$ 69,702	\$ 10,113	\$ 8,986	\$ 81,407	\$ 78,688
Capital assets, net of accumulated depreciation	80,395	80,898	22,125	22,572	102,520	103,470
Total assets	<u>151,689</u>	<u>150,600</u>	<u>32,238</u>	<u>31,558</u>	<u>183,927</u>	<u>182,158</u>
Deferred outflows of resources	5,857	5,374			5,857	5,374
Current liabilities	12,541	13,298	1,406	1,100	13,947	14,398
Long-term liabilities outstanding	65,590	76,419	1,849	1,998	67,439	78,417
Total liabilities	<u>78,131</u>	<u>89,717</u>	<u>3,255</u>	<u>3,098</u>	<u>81,386</u>	<u>92,815</u>
Deferred inflows of resources	9,167				9,167	-
Net Position:						
Net investment in capital assets	67,773	65,788	20,380	20,653	88,153	86,441
Restricted	17,687	17,649			17,687	17,649
Unrestricted	<u>(15,212)</u>	<u>(17,179)</u>	<u>8,603</u>	<u>7,807</u>	<u>(6,609)</u>	<u>(9,372)</u>
Total Net Position	\$ <u>70,248</u>	\$ <u>66,258</u>	\$ <u>28,983</u>	\$ <u>28,460</u>	\$ <u>99,231</u>	\$ <u>94,718</u>

By far the largest portion of the Town's net position (88.8%) 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.

An additional portion of the Town of South Kingstown's net position (11.8% or \$17,686,826) 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. Due to the implementation of GASB 68 and 71 and a restatement of prior year, the unrestricted net position deficit decreased by approximately \$1,967,000.

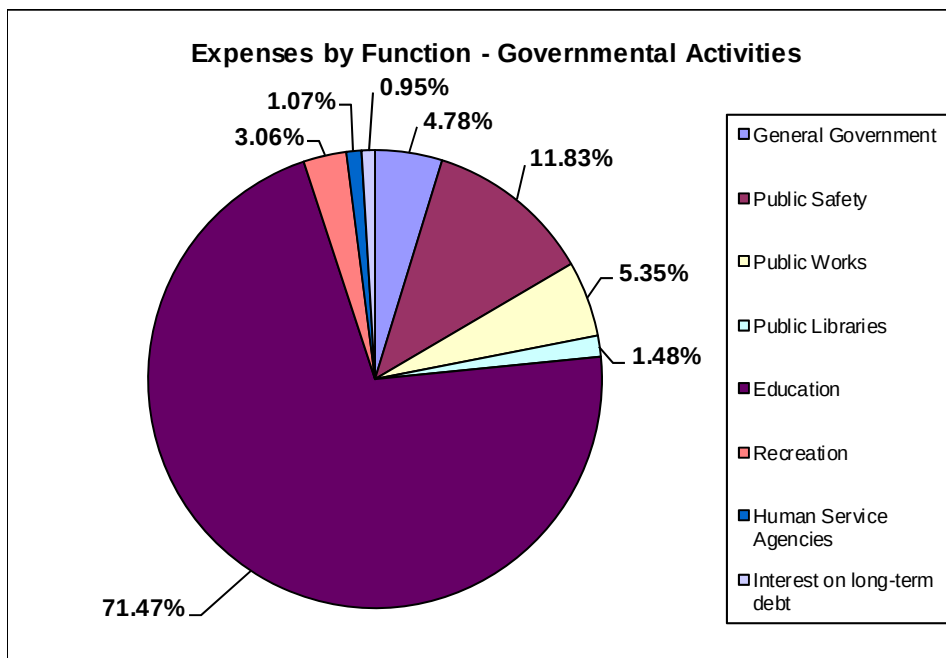
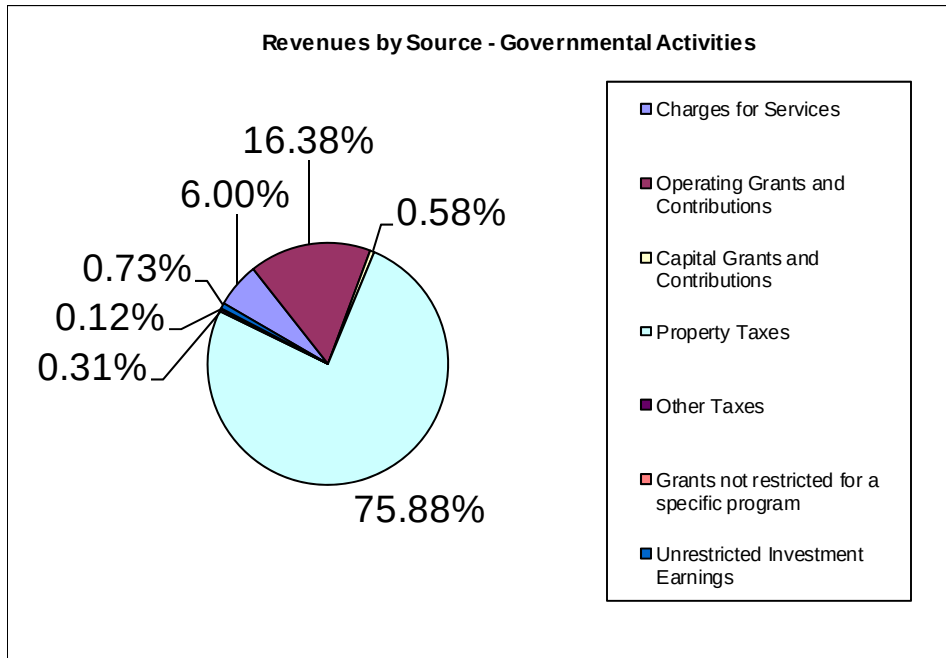
Overview of the Financial Statements (Continued)

Governmental Activities. The Town's restated net position increased by \$4,513,026 during the current fiscal year. Of this amount, \$1,020,261 is attributable to changes in net pension asset/liability and related deferred inflows and outflows.

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND CHANGES IN NET POSITION For the Fiscal Years Ended June 30, 2015 and 2014 (in 000s)

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 5,419	\$ 5,508	\$ 5,744	\$ 5,154	\$ 11,163	\$ 10,662
Operating grants and contributions	12,941	13,187	432	368	13,373	13,555
Capital grants and contributions	524	92			524	92
General revenues:						
Property taxes	68,534	66,953			68,534	66,953
Motor vehicle phase-out taxes	139	171			139	171
Telephone and hotel taxes	141	510			141	510
Grants not restricted to specific programs	1,960	1,838			1,960	1,838
Unrestricted investment earnings	661	2,569	19	17	680	2,586
Total revenues	<u>90,319</u>	<u>90,828</u>	<u>6,195</u>	<u>5,539</u>	<u>96,514</u>	<u>96,367</u>
Expenses:						
General government	4,132	4,842			4,132	4,842
Public safety	10,224	10,044			10,224	10,044
Public works	4,621	4,300			4,621	4,300
Human service agencies	929	923			929	923
Public libraries	1,283	1,231			1,283	1,231
Education	61,776	61,623			61,776	61,623
Recreation	2,648	2,724			2,648	2,724
Interest on long-term debt	820	861			820	861
Wastewater			3,224	2,829	3,224	2,829
Solid waste			477	457	477	457
Water			927	846	927	846
School Cafeteria			940	973	940	973
Total expenses	<u>86,433</u>	<u>86,548</u>	<u>5,568</u>	<u>5,105</u>	<u>92,001</u>	<u>91,653</u>
Change in net position before transfers	3,886	4,280	627	434	4,513	4,714
Transfers	104	163	(104)	(163)	-	-
Change in net position	<u>3,990</u>	<u>4,443</u>	<u>523</u>	<u>271</u>	<u>4,513</u>	<u>4,714</u>
Net Position at Beginning of Year, as restated	<u>66,258</u>	<u>115,558</u>	<u>28,460</u>	<u>28,189</u>	<u>94,718</u>	<u>143,747</u>
Restatement for GASB No. 68 Implementation		<u>(53,743)</u>				<u>(53,743)</u>
Net Position at End of Year	<u>\$ 70,248</u>	<u>\$ 66,258</u>	<u>\$ 28,983</u>	<u>\$ 28,460</u>	<u>\$ 99,231</u>	<u>\$ 94,718</u>

Government-wide Financial Analysis (Continued)



Governmental activities increased the Town of South Kingstown's net position by \$3,989,956 thereby accounting for 88.4% of the total growth in the net position of the Town.

Major revenue factors included:

- Property taxes are the largest revenue source for governmental activities accounting for approximately 75.88% of total revenues. Operating grants and contributions and charges for services, fees, and licenses provide approximately 16.38% and 6.00% of total revenues respectively.
- Property tax revenues recorded for the 2015 fiscal year increased by \$1,580,676 or 2.36% over prior year. This increase is mainly due to an increase in the amount of current and prior year taxes received. The Town's tax rate increased from \$15.47 to \$15.482 per thousand dollars of assessed

valuation. The growth in the total assessed value of taxable property, excluding motor vehicles, was 0.71%. Motor vehicle values increased by \$1,448,891 over the prior year, from \$185,876,659 to \$187,325,550 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 \$30,509,440 from \$4,297,341,593 to \$4,327,531,033.

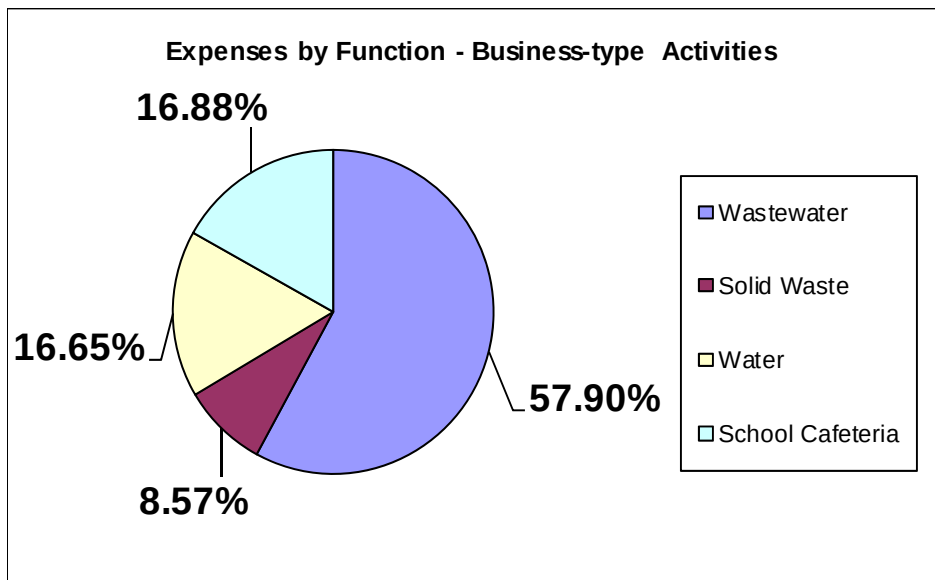
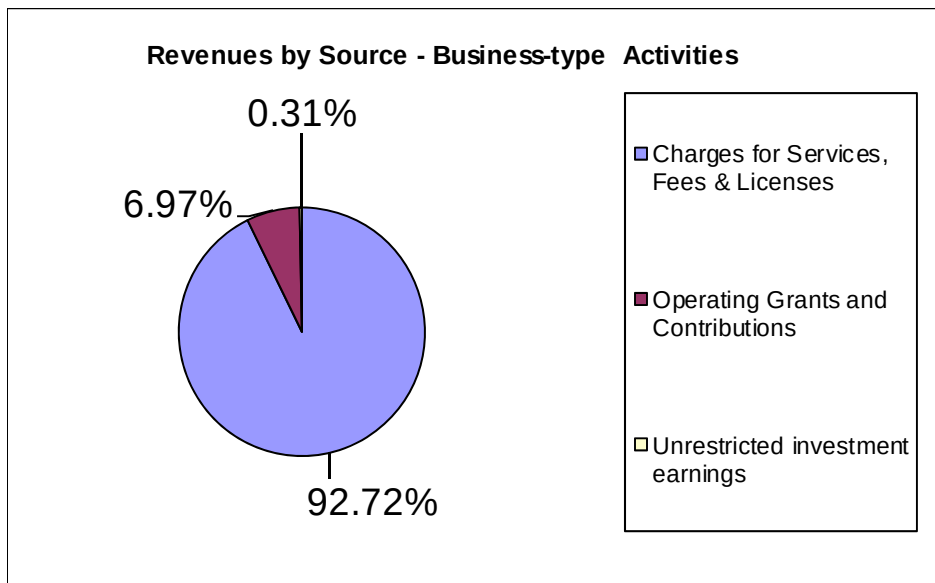
- Charges for services decreased by \$88,969. The decrease was mainly attributed to shortfalls in general government, human services and education functions of which report deficits of \$12,611; \$14,087 and \$173,384 respectively. Offsetting this deficit was a surplus in public service's revenues, specifically real estate conveyance tax of \$131,082. Annual variances in several other functions attributed to the decrease for program revenues.
- Operating grants and contributions decreased by approximately \$182,000 from the previous fiscal year. The school department recognized several slight increases in their operating grants from IDEA, Wireless Classroom, Project Awareness, Smile and a private donation from the Champlin Foundation. The overall increase in these programs was offset by a reduction in funding of unrestricted state aid of \$239,892 for the School Department, based on the revised State funding formula for education aid. Overall, the School Unrestricted Fund and School Restricted fund combined saw a decrease in intergovernmental revenues of \$244,738 over the prior year. Other state and federal grant programs accounted for the majority of the increase in this category such as the Community Development Block Grant, Reducing Marijuana Grant and Library Champlin grant program; \$385,422, \$50,000 and \$30,000 respectively. The net impact of the restatement and the recognition of GASB 68 decreased the State's funding of pension contribution by approximately \$466,000.
- Investment earnings decline from a gain of \$2,568,515 in the prior fiscal year to gain of \$661,351 for the fiscal year ended June 30, 2015, a decrease of \$1,907,164. The reduction was the result of following a very strong 2014 fiscal year for portfolio gains and income in the School Trust Funds. While the 2015 fiscal year had positive results, the return on investment was not as great as the prior period fiscal year. School Trust Funds generated \$420,370 in investment income as compared to \$2,308,313 in the prior fiscal year. Offsetting the decrease in equity gains was an increase in General Fund investment earnings of \$42,174, as compared to the previous year, a result of favorable equity market conditions.

Education expenses account for approximately 71.5% of the total expenses within the governmental funds of the Town of South Kingstown. Public safety and public services expenses account for approximately 11.83% and 5.35% respectively of the total expenses for the 2015 fiscal year. The Town has implemented a new financial system and has undergone a major change in the chart of accounts. The benefits are now accounted for at the departmental level to provide a true cost for services for each function. Major expense factors included:

- Governmental activities expenses decreased by \$115,053 from \$86,547,880 to \$86,432,827. The decline reflected a conservative approach on spending. All labor contracts for the town employees had a 2% cost of living increase.
- Although for FY2015 the general government expenditures appears to have decreased by approximately \$710,000, the public safety and public works expenditures have gone up by approximately \$501,000, cumulatively, which is indicative of the Town's recognition of spending over \$501,000 in Community Development Block grant funding for public service, planning, disaster recovery, housing and rehabilitation programs.
- Interest on long term debt declined by \$40,894 based on a declining debt schedule.
- Overall expenses related to public libraries increased by \$51,478 and was attributed to an increase in contractual obligation and technology improvements.

- A slight increase of \$153,420 was recognized for education related expenditures compared to the prior fiscal year. There were several variances, both positive and negative, which accounted for the increase specifically in the IDEA, Title II, and Project Awareness grants.
- The vast majority of the changes from the prior year which netted a reduction of \$75,608 in recreation program activities were due to positive and negative variances amount several operating accounts specifically building maintenance and an increase in additional capital assets of \$200,026 offset by a decrease of depreciation expense of \$275,335.

Business-type activities. Net position in business-type activities increased slightly by \$523,070 resulting in a 1.8% increase in business-type net position.



Charges for services for business-type activities accounted for 92.72% of the total revenue sources. The balance of revenues for business-type activities was from operating grants and contributions 6.97%, and investment earnings 0.31%.

Government-wide Financial Analysis (Continued)

Wastewater treatment expenses account for approximately 57.90% of the total expenditures within the business-type activities of the Town. The school cafeteria fund, water fund and solid waste fund expenses account for approximately 16.88%, 16.65% and 8.57% respectively of the total business-type activities expenditures for the 2015 fiscal year.

Charges for services for business-type activities increased slightly from \$5,153,848 to \$5,743,569, an increase of \$589,721. The wastewater fund accounted for \$444,921, or 75.45%, of the overall increase in this category. Several increases to prior year fees resulted in the increases among our regional partners, University of Rhode Island and the Town of Narragansett directly related to an increase in wastewater flows. Charges for services for the water fund increased by \$131,133 specifically in water sales and cell antennae lease revenues, and the solid waste fund also experienced an increase of \$35,986 in these program revenues. Solid waste fees increase was mainly to an increase of the sale of residential sticker fees and an increase in RIRRC Recycling Revenue Reimbursement of \$13,275.

Several other minor variances contributed to the remaining increase. Charges for services for the cafeteria fund declined by \$22,319, however, operating grants and contributions increased by \$57,979 in this fund. A close review of the cafeteria fund reports a positive net position for the fiscal year due to a transfer in from the unassigned fund balance of the school department to absorb a prior years accumulated deficit. Unrestricted investment earnings decreased slightly from \$16,915 to \$16,052 for all business-type activities.

Expenses in the wastewater fund increased by \$394,159 due to contractual obligations, increases in capital improvements, utility costs, property/liability insurance coverage, chemicals and gases and other associated costs related to general material and supplies related to Kingston Pumping Station. These increases were offset by a decrease in depreciation of \$14,092 and a reduction in costs associated with employee sick and vacation accrual payout of \$31,682 over the prior fiscal year. The \$81,589 increase in water fund expenses was related to contractual obligations and the purchasing of water United Water for the Middlebridge and South Shore areas of approximately \$43,000.

The \$19,744 increase in expenses for the solid waste fund was directly attributable to an transportation and disposal costs of approximately \$25,832 which is offset by a depreciation expense and the maintenance costs associated with the closure of the Rose Hill Landfill. Costs to operate the cafeteria fund decreased by \$33,272 or 3.4%, based on the food service contract entered in to by the school department.

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

Financial Analysis of the Government's Funds

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

As of the end of the current fiscal year, the Town of South Kingstown's governmental funds reported combined ending fund balances of \$49,794,762. Of this amount, \$9,948,402 is available for spending at the government's discretion (unassigned) within the Town. The remaining fund balance of \$39,846,360 includes \$1,075,000 committed to help finance the 2015-2016 fiscal year budgets and \$1,000,000 committed to help pay for Superfund remediation costs. The remaining amount of \$37,771,360 consists of non-spendable fund balance of \$15,760,482, restricted fund balance of \$7,179,399 and committed fund balance of \$14,831,479.

The General Fund is the chief operating fund of the Town of South Kingstown and for the fourth year reflects the Unrestricted School Fund included within it. At the end of the current fiscal year, excluding the School Fund amount, the total General Fund balance was \$11,877,508 which represents a slight decrease of \$384,090. 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 13.15% of the 2016 FY Adopted General Fund Expenditure Budget, while total fund balance represents 15.69% of that same amount.

The fund balance of the Town of South Kingstown's General Fund, excluding the School Fund, decreased by \$384,090 as compared to the June 30, 2014 fund balance. Key factors in this decrease are as follows:

- The Town committed \$825,000 of fund balance to help finance the 2014-2015 General Fund budget. The planned drawdown of fund balance was \$175,000 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 \$825,000, as a revenue source under the budgetary basis but not the GAAP basis. In addition, accounting for encumbrances resulted in an increase of \$127,169 on a budgetary basis expenditures being more than the GAAP basis.
- The Town also committed \$1,000,000 of fund balance to help finance the construction of the South Kingstown Community Recreation Center. The commitment is not part of the expenditures on a budgetary basis but is a GAAP net change in fund balance reconciling item.
- On a budgetary basis, the operating surplus in the General Fund was \$1,316,241 for 2014-2015. Expenditures under budget contributed \$462,814 to the surplus, while revenues finished the fiscal year with an \$841,442 surplus. Other financing sources (uses) over budget increased the surplus by \$11,985.
- Despite the record snowfall, conservative spending patterns and the deferral of filling vacant positions allowed the Town to achieve savings of \$462,814 on the expenditure side. Favorable expenditure variances of significance included savings in general government accounts \$115,213, public safety \$248,855, public works \$49,959, and other minor savings.
- Better than anticipated tax collections resulted in positive budget surplus variance in property taxes of \$516,664. Additionally, state aid revenues were higher than anticipated by \$144,376 specifically attributed to general state aid, telephone tax and meals and beverage taxes. Departmental revenues of \$116,583 and licenses, fees and rents of \$21,607 contributed to the budgetary surplus as well as better than anticipated investment income on short term investments of \$42,212. All five revenue categories recognized positive variances.

The fund balance of the School Fund decreased by \$571,144 as compared to the June 30, 2014 fund balance. Key factors in this decrease are as follows:

- The School committed \$400,000 of fund balance to help finance the 2014-2015 school's operating budget. The planned drawdown of fund balance was consistent with the prior year commitment of fund balance.
- The School also committed \$903,000 to help finance some capital projects as outlined in the 2014-2015 capital improvement program. Additionally, the committed \$80,003 to rid the accumulated deficit existing in the cafeteria fund. Coincidentally, the cafeteria fund reported a surplus for the fiscal year of \$46,024.

The school fund has a total fund balance of \$3,144,991 of which \$4,402 is committed to liquidate contracts and purchase orders of the prior period, \$6,000 is committed to the computer system, \$22,579 is recognized as non-spendable for prepaid expenditures and \$400,000 is committed to help finance the 2015-2016 fiscal year budget. The remaining balance of \$2,712,010 is available to help finance future years' school budgets.

Financial Analysis of the Government's Funds (Continued)

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

Unrestricted net position in the wastewater fund at the end of the fiscal year totaled \$5,402,481 an increase of \$367,975. Unrestricted net position in the water fund increased by \$369,848 to a total of \$2,164,414. The school cafeteria operation maintains a surplus position of \$67,604 of which \$49,084 is unrestricted while the solid waste fund finished the year with unrestricted net position of \$902,515 which was a decline in value of \$155,022 mainly attributed to a transfer of \$84,459 to restricted fund balance from 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.

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 2014-2015 fiscal year with a \$1,316,241 budgetary surplus. Differences between the original budget and the final amended budget involved transferring funds from departments with expenditure surpluses to departments with expenditure deficits and transferring various department surpluses to different reserve funds to ensure adequate funds for future anticipated expenditures.

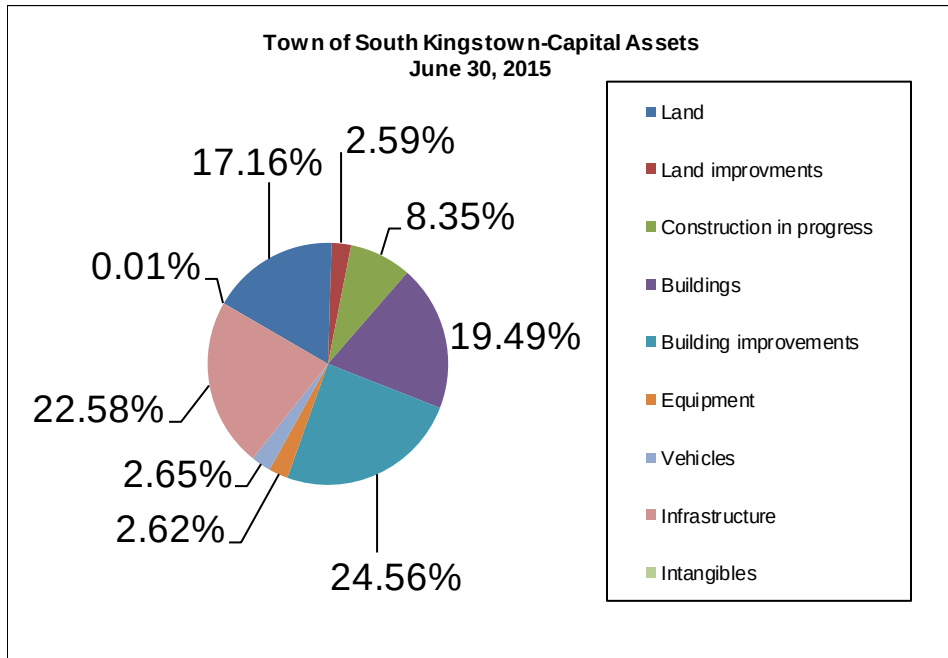
Capital Asset and Debt Administration

Capital assets. The Town of South Kingstown's investment in capital assets for its governmental and business type activities as of June 30, 2015 amounts to \$102,519,717 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, infrastructure, and construction in progress. The 2015 fiscal year resulted in a decline in value of investment in capital assets. The reduction was due to the amount of depreciation taken on the capital assets as compared to the amount of assets capitalized in the 2015 fiscal year, specifically, the amount of new capital assets was \$3,632,123 for the governmental activities, however, the amount of accumulated depreciation was \$3,723,567. The total decline in the Town of South Kingstown's investment in capital assets for the current fiscal year was 0.054% (a 0.14% decrease for governmental activities and a 1.98% decline for business-type activities).

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

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 13,798	\$ 13,798	\$ 1,587	\$ 1,587	\$ 15,385	\$ 15,385
Construction in progress	2,083	255	362	92	2,445	347
Land improvements	6,710	6,747	1,972	2,021	8,682	8,768
Buildings	15,665	16,267	3,256	3,446	18,921	19,713
Building improvements	19,743	19,816	1,520	1,607	21,263	21,423
Equipment	2,108	2,189	2,222	2,415	4,330	4,604
Vehicles	2,132	2,164	138	91	2,270	2,255
Infrastructure	18,150	19,271	11,068	11,313	29,218	30,584
Intangibles	6				6	
Total	\$ 80,395	\$ 80,507	\$ 22,125	\$ 22,572	\$ 102,520	\$ 103,079

Capital Asset and Debt Administration (Continued)



Additional information on the Town of South Kingstown's capital assets can be found in Note 7 on pages 40-41 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 \$14,255,978, entirely backed by the full faith and credit of the Town. Bonds authorized but unissued totaled an additional \$17,715,000.

State statutes limit the amount of general obligation bonded debt a town can issue to 3% of net assessed property values. However, all bonds approved through State enabling legislation and voter referendums are exempt from the limit. At June 30, 2015, the Town had a debt limit of \$129,835,531. Of the Town's \$14,255,978 in debt outstanding, \$4,745,677 is subject to the Town's legal debt limit. A balance of \$125,089,854 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	
	2015	2014	2015	2014	2015	2014
General Obligation Bonds	\$ 12,511	\$ 14,967	\$ 1,745	\$ 1,919	\$ 14,256	\$ 16,886

The Town's total bonded debt declined by the amount of principal payments made of \$2,629,917, 15.57% during the 2015 fiscal year. The Town did not issue any new debt during the fiscal year.

Capital Asset and Debt Administration (Continued)

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 Town had previously received upgrades from A to A-1 in 1991, from A-1 to Aa3 in 2002 and from Aa3 to Aa2 in 2006. The Moody's credit report cited the following factors for the 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 43-45 of this report.

Economic Factors and Next Year's Budgets and Rates

- As of June 2015, the town had an unemployment rate of 5.6%. The labor force in South Kingstown was 16,869 with employment at 15,923 yielding an unemployment rate of 5.6%, a drop of 0.80% from prior year.
- The final budget for 2016 was adopted in the amount of \$75,703,006 which represents an increase of \$835,753 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 2016 reflect an increase in the Town's tax levy of 1.33% or \$897,341 greater than the previous fiscal year. The property tax rate increased slightly from \$15.48 to \$15.52 per thousand dollars of assessed value. Total taxable property increased slightly by \$46,397,686 from \$4,327,851,033 to \$4,374,248,719.
- Based on a declining debt service schedule coupled with our April 21, 2015 GO Refunded Bonds debt service costs were reduced by \$495,782. The pay-as-you-go portion of the 2015-16 FY Capital Budget increased slightly by \$6,600.

During the current fiscal year, the fund balance in the General Fund increased to \$11,877,508. The Town of South Kingstown has committed \$675,000 of this amount for spending in the 2016 fiscal year budget and \$1,000,000 to pay for future Superfund debt service costs, \$72,935 is committed for future municipal planning projects and \$157,172 is committed for outstanding purchase orders at June 30, 2015. The Town also has an unassigned fund balance of \$9,956,787 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, 2015

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 39,024,701	\$ 8,978,883	\$ 48,003,584
Investments	18,082,879		18,082,879
Receivables, net of allowance for uncollectibles	5,596,427	1,145,504	6,741,931
Due from federal and state governments	1,584,087	33,642	1,617,729
Internal balances	45,242	(45,242)	-
Prepaid items	42,550		42,550
Total current assets	<u>64,375,886</u>	<u>10,112,787</u>	<u>74,488,673</u>
Noncurrent Assets:			
Deposits	388,600		388,600
Net OPEB asset	5,863,998		5,863,998
Net pension asset	665,158		665,158
Capital assets not being depreciated	15,881,179	1,948,865	17,830,044
Capital assets, net of accumulated depreciation	<u>64,513,802</u>	<u>20,175,871</u>	<u>84,689,673</u>
Total noncurrent assets	<u>87,312,737</u>	<u>22,124,736</u>	<u>109,437,473</u>
Total assets	<u>151,688,623</u>	<u>32,237,523</u>	<u>183,926,146</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	329,124		329,124
Changes in assumptions	344,720		344,720
Contributions after the measurement date	<u>5,183,607</u>		<u>5,183,607</u>
Total deferred outflows of resources	<u>5,857,451</u>	<u>-</u>	<u>5,857,451</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	1,850,279	687,584	2,537,863
Accrued liabilities	5,746,021	182,685	5,928,706
Due to federal and state governments	82,840	13,831	96,671
Due to fiduciary trust funds	183		183
Unearned revenue	859,553	251,095	1,110,648
Deposits held in custody of others	155,662		155,662
Current maturities of long-term obligations	<u>3,846,680</u>	<u>270,516</u>	<u>4,117,196</u>
Total current liabilities	<u>12,541,218</u>	<u>1,405,711</u>	<u>13,946,929</u>
Noncurrent liabilities:			
Due in more than one year	<u>65,589,591</u>	<u>1,849,101</u>	<u>67,438,692</u>
Total liabilities	<u>78,130,809</u>	<u>3,254,812</u>	<u>81,385,621</u>
Deferred Inflows of Resources:			
Changes in assumptions	177,685		177,685
Changes in projected investments earnings	<u>8,989,741</u>		<u>8,989,741</u>
Total deferred inflows of resources	<u>9,167,426</u>	<u>-</u>	<u>9,167,426</u>
NET POSITION			
Net investment in capital assets	67,772,956	20,379,758	88,152,714
Restricted for:			
Endowments:			
Expendable	1,968,894		1,968,894
Nonexpendable	15,717,932		15,717,932
Unrestricted	<u>(15,211,943)</u>	<u>8,602,953</u>	<u>(6,608,990)</u>
Total Net Position	<u>\$ 70,247,839</u>	<u>\$ 28,982,711</u>	<u>\$ 99,230,550</u>

The accompanying notes are an integral part of the financial statements

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

Function/Program Activities	Program Revenues				Net Revenue (Expense) and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 4,132,116	\$ 538,276	\$ 342,369	\$	\$ (3,251,471)	\$	\$ (3,251,471)
Public safety	10,223,505	1,358,084	188,372		(8,677,049)		(8,677,049)
Public works	4,621,350	908,990		524,381	(3,187,979)		(3,187,979)
Human service	928,691	123,738	324,340		(480,613)		(480,613)
Public libraries	1,282,647	21,686	300,609		(960,352)		(960,352)
Education	61,776,176	883,368	11,783,952		(49,108,856)		(49,108,856)
Recreation	2,648,392	1,585,138	1,130		(1,062,124)		(1,062,124)
Interest and fiscal charges	819,950				(819,950)		(819,950)
Total governmental activities	<u>86,432,827</u>	<u>5,419,280</u>	<u>12,940,772</u>	<u>524,381</u>	<u>(67,548,394)</u>	<u>-</u>	<u>(67,548,394)</u>
Business-type activities:							
Wastewater	3,223,580	3,494,268				270,688	270,688
Solid waste	477,057	528,250				51,193	51,193
Water	927,477	1,141,522	5,911			219,956	219,956
School cafeteria	939,795	579,529	426,144			65,878	65,878
Total business-type activities	<u>5,567,909</u>	<u>5,743,569</u>	<u>432,055</u>	<u>-</u>	<u>-</u>	<u>607,715</u>	<u>607,715</u>
Total	<u>\$ 92,000,736</u>	<u>\$ 11,162,849</u>	<u>\$ 13,372,827</u>	<u>\$ 524,381</u>	<u>(67,548,394)</u>	<u>607,715</u>	<u>(66,940,679)</u>
General revenues:							
Property taxes					68,534,064		68,534,064
Motor vehicle phase-out taxes					138,803		138,803
Telephone and hotel taxes					140,601		140,601
Grants and contributions not restricted to specific programs					1,959,834		1,959,834
Unrestricted investment earnings					661,351	19,052	680,403
Transfers:					103,697	(103,697)	-
Total general revenues and transfers					<u>71,538,350</u>	<u>(84,645)</u>	<u>71,453,705</u>
Change in net position					3,989,956	523,070	4,513,026
Net Position at Beginning of Year, as Restated					<u>66,257,883</u>	<u>28,459,641</u>	<u>94,717,524</u>
Net Position at End of Year					<u>\$ 70,247,839</u>	<u>\$ 28,982,711</u>	<u>\$ 99,230,550</u>

The accompanying notes are an integral part of the financial statements

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2015

	<u>General</u>	<u>School Trust Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 30,712,504	\$ 664,387	\$ 7,436,818	\$ 38,813,709
Investments		16,674,005	1,408,874	18,082,879
Accounts and other receivable	1,203,780		176,178	1,379,958
Due from federal and state governments	206,937		1,377,150	1,584,087
Due from other funds	1,001,952		9,640,316	10,642,268
Prepaid items	38,193		4,357	42,550
Total Assets	<u>\$ 33,163,366</u>	<u>\$ 17,338,392</u>	<u>\$ 20,043,693</u>	<u>\$ 70,545,451</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 842,545	\$	\$ 1,007,734	\$ 1,850,279
Accrued liabilities	4,788,912		153,979	4,942,891
Due to state and federal governments	82,840			82,840
Due to other funds	11,360,354		821,198	12,181,552
Unearned revenue	232,642		626,911	859,553
Deposits held in custody of others	155,662			155,662
Total liabilities	<u>17,462,955</u>	<u>-</u>	<u>2,609,822</u>	<u>20,072,777</u>
Deferred inflows of resources:				
Unavailable revenue - property taxes	677,912			677,912
Total deferred inflows of resources	<u>677,912</u>	<u>-</u>	<u>-</u>	<u>677,912</u>
Fund balances:				
Nonspendable	38,193	15,717,932	4,357	15,760,482
Restricted		1,620,460	5,558,939	7,179,399
Committed	5,027,519		11,878,960	16,906,479
Unassigned	9,956,787		(8,385)	9,948,402
Total fund balances	<u>15,022,499</u>	<u>17,338,392</u>	<u>17,433,871</u>	<u>49,794,762</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 33,163,366</u>	<u>\$ 17,338,392</u>	<u>\$ 20,043,693</u>	<u>\$ 70,545,451</u>

(Continued on next page)

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2015

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)	\$ 49,794,762
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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	\$ 147,900,762	
Less accumulated depreciation	<u>(67,505,781)</u>	
Net capital assets		80,394,981

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:

Net OPEB asset	5,863,998
Net pension asset	665,158
Property tax receivables greater than 60 days	677,912
Deferred outflows related to changes in assumptions	344,720
Deferred outflows related to contributions after the measurement date	5,183,607

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.	5,638,343
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Long-term liabilities and deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds:

Bonds payable	(12,511,000)
Deferred charges on refunding	329,124
Deferred inflows related to changes in assumptions	(177,685)
Deferred inflows related to changes in projected investments earnings	(8,989,741)
Unamortized bond issue premium	(440,149)
Interest payable on bonds	(41,069)
Compensated absences	(5,192,395)
Net pension liability	(49,749,074)
Claims and judgments	<u>(1,543,653)</u>

Net Position of Governmental Activities (Exhibit I)	<u>\$ 70,247,839</u>
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TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	<u>General</u>	<u>School Trust Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes, interest and lien fees	\$ 68,282,410	\$	\$	\$ 68,282,410
Intergovernmental revenues	10,586,283		2,933,528	13,519,811
Licenses and fees	1,393,332		698,646	2,091,978
Investment income	122,810	420,370	118,171	661,351
Fines and charges	159,843		1,525,488	1,685,331
Departmental	1,153,858			1,153,858
Contributions			57,486	57,486
State on-behalf pension contribution	2,369,227			2,369,227
Other local revenues	532,504		187,531	720,035
Total revenues	<u>84,600,267</u>	<u>420,370</u>	<u>5,520,850</u>	<u>90,541,487</u>
Expenditures:				
Current:				
General government	3,571,502		70,423	3,641,925
Public safety	9,639,003		426,785	10,065,788
Public works	2,735,979		502,474	3,238,453
Human service agency contribution	125,400		803,291	928,691
Public libraries	1,173,594		40	1,173,634
Education	60,025,810		1,808,779	61,834,589
Recreation	1,762,806		809,768	2,572,574
Other	855,532	72,561		928,093
Debt service:				
Principal retirement	2,321,000		50,000	2,371,000
Interest and other charges	614,705		3,688	618,393
Capital outlay			3,011,018	3,011,018
Total expenditures	<u>82,825,331</u>	<u>72,561</u>	<u>7,486,266</u>	<u>90,384,158</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,774,936</u>	<u>347,809</u>	<u>(1,965,416)</u>	<u>157,329</u>
Other Financing Sources (Uses):				
Issuance of refunding bonds	6,935,000			6,935,000
Premium on refunding debt	397,791			397,791
Payment to refunded bond escrow agent	(7,218,900)			(7,218,900)
Transfers in from other funds	1,305,345		4,690,905	5,996,250
Transfers out to other funds	(4,149,406)	(471,410)	(1,271,737)	(5,892,553)
Total other financing sources (uses)	<u>(2,730,170)</u>	<u>(471,410)</u>	<u>3,419,168</u>	<u>217,588</u>
Net Change in Fund Balances	(955,234)	(123,601)	1,453,752	374,917
Fund Balances at Beginning of Year	<u>15,977,733</u>	<u>17,461,993</u>	<u>15,980,119</u>	<u>49,419,845</u>
Fund Balances at End of Year	\$ <u>15,022,499</u>	\$ <u>17,338,392</u>	\$ <u>17,433,871</u>	\$ <u>49,794,762</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, 2015

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)	\$ 374,917
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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	3,632,123
Depreciation expense	(3,723,567)
Loss on disposition of capital assets	(20,532)

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	243,938
Change in Net OPEB asset	3,206,656
Change in Net pension asset	273,765
Change in deferred outflows related to changes in assumptions	344,720
Change in deferred outflows related to contributions after the measurement date	154,201

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.

Issuance of refunding bonds	(6,935,000)
Payment to bond escrow agent	7,218,900
Premium on bonds refunded	(397,791)
Accrued interest	(41,069)
Principal payments	2,371,000

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

Amortization of deferred charges in refunding	(214,339)
Deferred inflows related to changes in assumptions	(177,685)
Deferred inflows related to changes in projected investments earnings	(8,989,741)
Amortization of bond premiums	53,851
Change in long-term compensated absences	(715,562)
Change in net pension liability	9,415,001
Change in claims and judgments	78,348

The net expense of the internal service funds is reported with governmental activities.	<u>(2,162,178)</u>
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Change in Net Position of Governmental Activities (Exhibit II)	<u>\$ 3,989,956</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, 2015

	Business-Type Activities - Enterprise Funds					Governmental Activities
	Major Funds					Internal Service Fund
	Wastewater	Solid Waste	Water	School Cafeteria	Total	
Assets:						
Current assets:						
Cash and cash equivalents	\$ 5,811,122	\$ 1,004,368	\$ 2,049,790	\$ 113,603	\$ 8,978,883	\$ 210,992
Accounts and other receivables, net	788,887	45,647	304,261	6,709	1,145,504	4,216,469
Due from federal and state governments				33,642	33,642	
Due from other funds				135,512	135,512	1,584,343
Total current assets	6,600,009	1,050,015	2,354,051	289,466	10,293,541	6,011,804
Noncurrent assets:						
Deposits					-	388,600
Capital assets not being depreciated	468,666	1,005,003	475,196		1,948,865	
Capital assets, net of accumulated depreciation	14,840,321	1,925,203	3,391,827	18,520	20,175,871	
Total noncurrent assets	15,308,987	2,930,206	3,867,023	18,520	22,124,736	388,600
Total assets	21,908,996	3,980,221	6,221,074	307,986	32,418,277	6,400,404
Liabilities:						
Current liabilities:						
Accounts payable	387,317	26,635	33,250	240,382	687,584	
Accrued liabilities	152,376	3,531	26,778		182,685	762,061
Due to federal and state governments	13,831				13,831	
Due to other funds	109,791	17,126	53,837		180,754	
Unearned revenue	251,095				251,095	
Current portion of compensated absences	64,342	4,464	23,915		92,721	
Current portion of bonds payable	25,000	152,795			177,795	
Total current liabilities	1,003,752	204,551	137,780	240,382	1,586,465	762,061
Noncurrent liabilities:						
Compensated absences	218,776	11,285	51,857		281,918	
Bonds payable after one year	221,000	1,346,183			1,567,183	
Total noncurrent liabilities	439,776	1,357,468	51,857	-	1,849,101	-
Total liabilities	1,443,528	1,562,019	189,637	240,382	3,435,566	762,061
Net Position:						
Net investment in capital assets	15,062,987	1,431,228	3,867,023	18,520	20,379,758	
Restricted		84,459	35,648		120,107	
Unrestricted	5,402,481	902,515	2,128,766	49,084	8,482,846	5,638,343
Total Net Position	\$ 20,465,468	\$ 2,418,202	\$ 6,031,437	\$ 67,604	\$ 28,982,711	\$ 5,638,343

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, 2015

	Business-Type Activities - Enterprise Funds					Governmental
	Major Funds					Activities
	Wastewater	Solid Waste	Water	School Cafeteria	Total	Internal Service Fund
Operating Revenues:						
Charges for services	\$ 3,474,126	\$ 503,552	\$ 1,132,754	\$ 579,529	\$ 5,689,961	\$ 7,057,859
Other	20,142	24,698	8,768		53,608	
Total operating revenues	<u>3,494,268</u>	<u>528,250</u>	<u>1,141,522</u>	<u>579,529</u>	<u>5,743,569</u>	<u>7,057,859</u>
Operating Expenses:						
Wells			208,596		208,596	
Pumping	478,214		12,118		490,332	
Distribution			26,945		26,945	
Treating and sludge	1,606,864				1,606,864	
Transportation and disposal		255,894			255,894	
Other operating	115,254	64,653			179,907	
Administrative and general	309,280	84,900	404,089		798,269	
Depreciation	565,728	44,059	186,426	3,064	799,277	
Repairs and maintenance	102,640		61,644		164,284	
Health care management						9,485,244
School cafeteria operations				936,731	936,731	
Total operating expenses	<u>3,177,980</u>	<u>449,506</u>	<u>899,818</u>	<u>939,795</u>	<u>5,467,099</u>	<u>9,485,244</u>
Operating Income (Loss)	<u>316,288</u>	<u>78,744</u>	<u>241,704</u>	<u>(360,266)</u>	<u>276,470</u>	<u>(2,427,385)</u>
Nonoperating Revenues (Expenses):						
Income on investments	12,602	2,098	4,352		19,052	265,207
Loss on disposal of capital assets	(40,472)		(27,659)		(68,131)	
State and federal grants			5,911	426,144	432,055	
Interest expense	(5,128)	(27,551)			(32,679)	
Total nonoperating revenues (expenses)	<u>(32,998)</u>	<u>(25,453)</u>	<u>(17,396)</u>	<u>426,144</u>	<u>350,297</u>	<u>265,207</u>
Income (Loss) Before Transfers	283,290	53,291	224,308	65,878	626,767	(2,162,178)
Transfers In	4,300			80,003	84,303	
Transfers Out	<u>(114,000)</u>	<u>(19,000)</u>	<u>(55,000)</u>		<u>(188,000)</u>	
Change in Net Position	173,590	34,291	169,308	145,881	523,070	(2,162,178)
Net Position at Beginning of Year	<u>20,291,878</u>	<u>2,383,911</u>	<u>5,862,129</u>	<u>(78,277)</u>	<u>28,459,641</u>	<u>7,800,521</u>
Net Position at End of Year	<u>\$ 20,465,468</u>	<u>\$ 2,418,202</u>	<u>\$ 6,031,437</u>	<u>\$ 67,604</u>	<u>\$ 28,982,711</u>	<u>\$ 5,638,343</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, 2015**

	Business-Type Activities - Enterprise Funds					Governmental
	Major Funds					Activities
	Wastewater	Solid Waste	Water	School Cafeteria	Total	Internal Service Fund
Cash Flows from Operating Activities:						
Receipts from customers and users	\$ 3,213,628	\$ 677,520	\$ 1,017,477	\$ 446,025	\$ 5,354,650	\$ -
Receipts from providing services					-	8,655,468
Receipts from interfund activity	1,361,361		281,710		1,643,071	
Payments to suppliers	(1,266,877)	(338,761)	(511,549)	(888,353)	(3,005,540)	
Payments to employees	(994,469)	(61,791)	(251,003)		(1,307,263)	
Payments for claims					-	(9,327,423)
Net cash provided by (used in) operating activities	<u>2,313,643</u>	<u>276,968</u>	<u>536,635</u>	<u>(442,328)</u>	<u>2,684,918</u>	<u>(671,955)</u>
Cash Flows from Noncapital Financing Activities:						
Transfers in from other funds	4,300			80,003	84,303	
Transfers to other funds	(114,000)	(19,000)	(55,000)		(188,000)	
Nonoperating grants received			5,911	426,144	432,055	
Net cash provided (used in) by noncapital financing activities	<u>(109,700)</u>	<u>(19,000)</u>	<u>(49,089)</u>	<u>506,147</u>	<u>328,358</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:						
Additions to property, plant and equipment	(386,815)		(13,545)	(19,856)	(420,216)	
Principal paid on bonds	(25,000)	(148,917)			(173,917)	
Interest paid on bonds	(5,128)	(27,551)			(32,679)	
Net cash used in capital and related financing activities	<u>(416,943)</u>	<u>(176,468)</u>	<u>(13,545)</u>	<u>(19,856)</u>	<u>(626,812)</u>	<u>-</u>
Cash Flows from Investing Activities:						
Interest on investments	12,602	2,098	4,352		19,052	265,207
Net cash provided by investing activities	<u>12,602</u>	<u>2,098</u>	<u>4,352</u>	<u>-</u>	<u>19,052</u>	<u>265,207</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,799,602	83,598	478,353	43,963	2,405,516	(406,748)
Cash and Cash Equivalents at Beginning of Year	<u>4,011,520</u>	<u>920,770</u>	<u>1,571,437</u>	<u>69,640</u>	<u>6,573,367</u>	<u>617,740</u>
Cash and Cash Equivalents at End of Year	<u>\$ 5,811,122</u>	<u>\$ 1,004,368</u>	<u>\$ 2,049,790</u>	<u>\$ 113,603</u>	<u>\$ 8,978,883</u>	<u>\$ 210,992</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:						
Operating income (loss)	\$ 316,288	\$ 78,744	\$ 241,704	\$ (360,266)	\$ 276,470	\$ (2,427,385)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	565,728	44,059	186,426	3,064	799,277	
Loss on disposal of capital asset					-	
Change in assets and liabilities:					-	
(Increase) decrease in accounts receivable	(255,640)	(5,522)	(124,045)	4,902	(380,305)	(262,341)
(Increase) decrease in due from other governments				(4,129)	(4,129)	
(Increase) decrease in due from other funds		154,792		(134,277)	20,515	1,859,950
Increase (decrease) in accounts payable and accrued items	326,692	1,927	(55,884)	48,378	321,113	
Increase (decrease) in due to other governments	(359)				(359)	
Increase (decrease) in due to other funds	1,361,361		281,710		1,643,071	
Increase (decrease) in deferred revenue	(25,000)				(25,000)	
Increase (decrease) in compensated absences	24,573	2,968	6,724		34,265	
Increase (decrease) in claims payable					-	157,821
Total adjustments	<u>1,997,355</u>	<u>198,224</u>	<u>294,931</u>	<u>(82,062)</u>	<u>2,408,448</u>	<u>1,755,430</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 2,313,643</u>	<u>\$ 276,968</u>	<u>\$ 536,635</u>	<u>\$ (442,328)</u>	<u>\$ 2,684,918</u>	<u>\$ (671,955)</u>

The accompanying notes are an integral part of the financial statements

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2015

	Cemetery Care Private - Purpose Trust Funds	OPEB Trust Funds	Agency Funds
Assets:			
Cash and cash equivalents	\$ 155,756	\$ 1,587,739	\$ 433,286
Investments, at fair value:			
Common stocks		2,409,376	
Corporate bonds		1,757,870	
Mutual funds		3,985,114	
Certificate of deposits			8,016
Due from other funds	183		
Total assets	<u>155,939</u>	<u>9,740,099</u>	<u>441,302</u>
Liabilities:			
Accounts payable and accrued expenses	200	25,576	
Deposits held in custody for others			441,302
Total liabilities	<u>200</u>	<u>25,576</u>	<u>\$ 441,302</u>
Net Position:			
Held in Trust and Other Purposes	\$ <u>155,739</u>	\$ <u>9,714,523</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, 2015

	Cemetery Care Private - Purpose Trust Funds	OPEB Trust Funds
Additions:		
Charges for services	\$ 2,250	\$
Employer contributions		4,150,000
Investment income	397	301,400
Total additions	<u>2,647</u>	<u>4,451,400</u>
Deductions:		
Operating expenses in accordance with agreement	<u>7,238</u>	<u>51,213</u>
Change in Net Position	(4,591)	4,400,187
Net Position at Beginning of Year	<u>160,330</u>	<u>5,314,336</u>
Net Position at End of Year	<u>\$ 155,739</u>	<u>\$ 9,714,523</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.

C. Basis of Presentation - Government-Wide Financial Statements

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

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

D. Basis of Presentation - Fund Financial Statements

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

The Town reports the following major governmental funds:

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

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

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

The Town reports the following major proprietary funds:

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

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

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

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

Additionally, the Town reports the following fund types:

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

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

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

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

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

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

E. Measurement Focus and Basis of Accounting

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

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

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

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

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

F. Assets, Liabilities and Equity

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).

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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 are recorded at their estimated fair value at the date of donation.

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

<u>Assets</u>	<u>Years</u>
Land Improvements	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 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 results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension 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).

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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 a deferred inflow of resources related to pensions in the government-wide financial statements. A deferred inflow of resources related to pension results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension 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.”

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.

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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.

Property Taxes

Property taxes attach as an enforceable lien on real property. Real and personal property taxes are based on values assessed as of each December 31 (lien date) and are levied as of July 1st. The Town completed a statistical revaluation of real property and tangible personal property as of December 31, 2012. The latest assessed values were effective for the property tax levy beginning with fiscal year 2013-2014.

Taxes are due in equal quarterly installments on August 1, November 1, February 1 and May 1 following the levy date. The taxpayer may elect to pay the taxes in full by September 1, annually. Taxes due and unpaid after the respective due dates are subject to interest at a rate of 12% per annum calculated on the unpaid portion of the total tax. Property taxes levied are recorded as receivables in the fiscal year of the levy.

During the year ended June 30, 2015, the Town received \$138,803 from the State of Rhode Island as payment in accordance with legislation regarding the phase-out of motor vehicle tax. Motor vehicle values are assessed at a rate of \$18.71 per thousand dollars of assessed value. This rate has been frozen by the State since FY1998. In addition to freezing the tax rate, the State instituted a program to phase-out the taxation of motor vehicles over a ten-year period, by replacing the loss of motor vehicle tax income with State revenue. This program was restructured in FY 2010-2011 whereby State

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

reimbursement was limited to a maximum of \$500 per vehicle. As a result of this action, State reimbursement under this program was reduced from \$1.87 million in FY 2009-2010 to \$168,739 in FY 2010-2011. In FY 2014-2015, 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.

Compensated Absences

Vacation and Sick Leave

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

Accounting Estimates

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

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

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.

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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

The following funds had fund equity deficits at June 30, 2015:

Special Revenue funds:	
Asset Forfeiture	\$ 1,590
Statewide Planning Grant	6,795

The Asset Forfeiture and Stateside Planning Grant fund deficits will be funded by transfers from other funds.

C. Excess of Expenditures over Appropriations

For the year ended June 30, 2015, expenditures exceeded appropriations for the recreation category by \$8,914 and for the public libraries category by \$3,766.

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

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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 of \$42,598,240 was insured or collateralized.

B. Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and purchased within 90 days of maturity. As of June 30, 2015, the cash equivalent amounted to \$1,597,954. The cash equivalents consisted of certificate of deposits, subject to coverage by federal depository insurance and collateralization and money market mutual funds held at banking institution and were not rated.

4. INVESTMENTS

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

Investment Type	Credit Rating	Fair Value	Investment Maturities (Years)		
			Less Than 1	1 - 10	More Than 10
Interest-bearing investments:					
Corporate bonds	A1	\$ 330,033	\$	\$ 330,033	\$
Corporate bonds	A2	202,004		202,004	
Corporate bonds	A3	181,148		181,148	
Corporate bonds	Aaa	87,196		59,322	27,874
Corporate bonds	Aa1	133,211		50,927	82,284
Corporate bonds	Aa2	309,661		257,891	51,770
Corporate bonds	Aa3	48,758		48,758	
Corporate bonds	Baa1	126,225	70,708	25,983	29,534
Corporate bonds	Baa2	77,805		77,805	
Corporate bonds	Baa3				
Corporate bonds	N/A	6,162,931	232,119	5,907,961	22,851
Certificates of deposit	*	8,016	8,016		
Total		7,666,988	\$ 310,843	\$ 7,141,832	\$ 214,313
Other investments:					
Common stock		14,539,442			
Real Estate - Public REITs		14,415			
Mutual Funds		3,985,114			
Hedge Funds		29,664			
Tangible Assets		7,632			
Total Investments		\$ 26,243,255			

* Subject to coverage by federal depository insurance and collateralization.

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Interest Rate Risk

Approximately 29% of the Town's investments are in long-term foreign and corporate bonds, government bonds and asset-backed securities that have interest rates that are fixed for long periods and are subject to more variability in their fair value as a result of future changes in interest rates. The remaining approximately 71% of the investments are held in common stock, mutual funds, public real estate investment trusts, hedge funds, and other tangible assets. These investments do not specify an interest rate; rather, the rate of return is dependent on operating results and economic conditions.

Credit Risk

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

Concentration of Credit Risk

At June 30, 2015, the Town had a diversified portfolio and was not deemed to be concentrated in any one investment category. Although approximately 71% of the investments were held in common stock, public real estate investment trusts, mutual funds, hedge funds, and other tangible assets, 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 80% of the Town's investments are maintained. The remaining investments of the Town are not covered by a specific investment policy but follow the same principles of the policy adopted for the School Trust Fund.

Custodial Credit Risk

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

5. RECEIVABLES

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

	<u>General</u>	<u>Wastewater</u>	<u>Solid Waste</u>	<u>Water</u>	<u>School Cafeteria</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:							
Accounts	\$ 191,517	\$ 742,401	\$ 45,647	\$ 305,261	\$ 6,709	\$ 4,392,647	\$ 5,684,182
Property taxes	1,343,345						1,343,345
Tax liens	298,003						298,003
Other governments	206,937						
Special assessments		63,986					63,986
Gross receivables	<u>2,039,802</u>	<u>806,387</u>	<u>45,647</u>	<u>305,261</u>	<u>6,709</u>	<u>4,392,647</u>	<u>7,389,516</u>
Less allowance for uncollectibles	<u>(629,085)</u>	<u>(17,500)</u>		<u>(1,000)</u>			<u>(647,585)</u>
Net Total Receivables	<u>\$ 1,410,717</u>	<u>\$ 788,887</u>	<u>\$ 45,647</u>	<u>\$ 304,261</u>	<u>\$ 6,709</u>	<u>\$ 4,392,647</u>	<u>\$ 6,741,931</u>

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
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6. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

A. Interfund Receivables and Payables

The composition of interfund balances as of June 30, 2015 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
School Cafeteria	General Fund	\$ 135,512
Internal Service Fund	General Fund	1,584,343
Fiduciary Funds	General Fund	183
Nonmajor governmental funds	General Fund	9,640,316
General Fund	Wastewater Fund	109,791
General Fund	Solid Waste Fund	17,126
General Fund	Water Fund	53,837
General Fund	Nonmajor governmental funds	<u>821,198</u>
Total		<u>\$ 12,362,306</u>

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

B. Interfund Transfers

The composition of interfund transfers for the year ended June 30, 2015 is as follows:

	<u>Transfers In</u>				<u>Total Transfers Out</u>
	<u>General Fund</u>	<u>Wastewater Fund</u>	<u>Cafeteria</u>	<u>Nonmajor Governmental and Other Funds</u>	
Transfers out:					
General Fund	\$	\$ 4,300	\$ 80,003	\$ 4,065,103	\$ 4,149,406
School Trust Fund	33,608			437,802	471,410
Wastewater Fund				114,000	114,000
Solid Waste Fund				19,000	19,000
Water Fund				55,000	55,000
Nonmajor Governmental Funds	<u>1,271,737</u>				<u>1,271,737</u>
Total Transfers In	<u>\$ 1,305,345</u>	<u>\$ 4,300</u>	<u>\$ 80,003</u>	<u>\$ 4,690,905</u>	<u>\$ 6,080,553</u>

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

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

7. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2015 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	255,066	1,828,254		2,083,320
Total capital assets not being depreciated	<u>14,052,925</u>	<u>1,828,254</u>	<u>-</u>	<u>15,881,179</u>
Capital assets being depreciated:				
Land improvements	9,642,830	15,675		9,658,505
Buildings	31,602,937			31,602,937
Building improvements	39,227,367	1,082,644		40,310,011
Equipment	4,785,136	246,070	19,035	5,012,171
Vehicles	5,501,512	452,440	319,724	5,634,228
Infrastructure	39,794,691			39,794,691
Intangibles		7,040		7,040
Total capital assets being depreciated	<u>130,554,473</u>	<u>1,803,869</u>	<u>338,759</u>	<u>132,019,583</u>
Less accumulated depreciation for:				
Land improvements	2,895,920	52,868		2,948,788
Buildings	15,336,089	602,090		15,938,179
Building improvements	19,411,371	1,155,940		20,567,311
Equipment	2,596,495	319,285	11,995	2,903,785
Vehicles	3,337,131	471,064	306,232	3,501,963
Infrastructure	20,523,435	1,120,912		21,644,347
Intangibles		1,408		1,408
Total accumulated depreciation	<u>64,100,441</u>	<u>3,723,567</u>	<u>318,227</u>	<u>67,505,781</u>
Total capital assets being depreciated, net	<u>66,454,032</u>	<u>(1,919,698)</u>	<u>20,532</u>	<u>64,513,802</u>
Governmental Activities Capital Assets, Net	<u>\$ 80,506,957</u>	<u>\$ (91,444)</u>	<u>\$ 20,532</u>	<u>\$ 80,394,981</u>

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

Governmental activities:	
General government	\$ 528,494
Public safety	440,986
Public works	1,303,649
Public libraries	98,887
Education	1,076,216
Recreation	275,335
Total	<u>\$ 3,723,567</u>

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

	<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	92,033	270,302		362,335
Total capital assets not being depreciated	<u>1,678,563</u>	<u>270,302</u>	<u>-</u>	<u>1,948,865</u>
Capital assets being depreciated:				
Land improvements	2,682,148			2,682,148
Buildings	10,507,763			10,507,763
Building improvements	2,698,981			2,698,981
Equipment	7,253,822	82,050	1,255,905	6,079,967
Vehicles	532,098	67,860	34,945	565,013
Infrastructure	19,692,171			19,692,171
Total capital assets being depreciated	<u>43,366,983</u>	<u>149,910</u>	<u>1,290,850</u>	<u>42,226,043</u>
Less accumulated depreciation for:				
Land improvements	660,722	49,661		710,383
Buildings	7,061,586	190,187		7,251,773
Building improvements	1,091,926	86,913		1,178,839
Equipment	4,838,524	207,576	1,187,774	3,858,326
Vehicles	440,650	20,861	34,945	426,566
Infrastructure	8,380,206	244,079		8,624,285
Total accumulated depreciation	<u>22,473,614</u>	<u>799,277</u>	<u>1,222,719</u>	<u>22,050,172</u>
Total capital assets being depreciated, net	<u>20,893,369</u>	<u>(649,367)</u>	<u>68,131</u>	<u>20,175,871</u>
Business-Type Activities Capital Assets, Net	\$ <u>22,571,932</u>	\$ <u>(379,065)</u>	\$ <u>68,131</u>	\$ <u>22,124,736</u>

Depreciation was charged to the following business-type activities:

Business-type activities:	
Wastewater	\$ 565,728
Solid Waste	44,059
Water	186,426
Cafeteria	<u>3,064</u>
Total	\$ <u>799,277</u>

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

8. FUND BALANCE

The components of fund balance for the governmental funds at June 30, 2015 are as follows:

	<u>General Fund</u>	<u>School Trust Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Fund balances:				
Nonspendable for:				
Prepays	\$ 38,193	\$	\$ 4,357	\$ 42,550
Endowment for recreation and education purposes		15,717,932		15,717,932
Restricted for:				
Recreational and educational		1,620,460	2,640,619	4,261,079
Maintenance of historical records			138,344	138,344
Libraries operations			1,639,455	1,639,455
Recycling program			55,896	55,896
Miscellaneous donations fund			2,695	2,695
Open space acquisition			668,511	668,511
Human services			413,419	413,419
Committed to:				
General government - encumbrances	6,133			6,133
Police department- encumbrances	77,446			77,446
Public works - encumbrances	48,305			48,305
Human Services - encumbrances	24,000			24,000
Libraries - encumbrances	1,288			1,288
Municipal planning	72,935			72,935
To balance future budgets - Town	675,000			675,000
Superfund site cleanup	1,000,000			1,000,000
To balance future budgets - schools	400,000			400,000
Education encumbrances	4,402			4,402
Education computer system encumbrance	6,000			6,000
Education	2,712,010			2,712,010
Affordable housing			10,000	10,000
Animal shelter renovations			194,756	194,756
Elderly services			182,787	182,787
Public safety support			965,916	965,916
Operation of Peacedale Office Building			292,534	292,534
Property revaluation			277,986	277,986
Maintenance of South Road School			429,553	429,553
Municipal planning services grant			2,219	2,219
Capital equipment acquisitions			833,726	833,726
Data processing improvements			402,457	402,457
Library improvements			218,073	218,073
Public safety building improvement			432,500	432,500
Public service office building improvements			450,049	450,049
Infrastructure improvements			1,439,071	1,439,071
Recreation facility improvement			94,366	94,366
School improvement			243,275	243,275
Senior Services Center Construction			30,891	30,891
Wastewater Construction			5,221,307	5,221,307
Town hall improvements			157,494	157,494
Unassigned	9,956,787		(8,385)	9,948,402
Total Fund Balances	\$ 15,022,499	\$ 17,338,392	\$ 17,433,871	\$ 49,794,762

Major encumbrances are reported in the committed fund balance of the General Fund of \$167,534, restricted fund balance for School Trust Fund of \$4,042, and committed and restricted fund balance fund balance of Nonmajor Governmental Funds of \$11,878,960 and \$5,558,939, respectively.

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
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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, 2015. The lease has an option for an additional five-year term at the expiration of the initial term, which ends in fiscal year 2016. Future minimum lease payments for these lease for fiscal year 2016 totals \$7,800.

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, 2015 are as follows:

Description	Date of Issue	Date of Maturity	Interest Rate (%)	Amount of Original Issue	Balance Outstanding June 30, 2015
Governmental activities:					
General obligation bonds:					
Advance refunding	06/15/03	11/15/15	2.0% - 3.1%	\$ 6,560,000	\$ 300,000
Advance refunding	06/15/06	06/15/26	4.0% - 5.0%	5,000,000	250,000
School/Open Space/Public Improvement	06/15/07	06/15/27	4.0% - 5.5%	2,200,000	220,000
School Improvement Series 2009 A	11/12/09	11/01/29	2.55% - 5.00%	1,200,000	900,000
School Improvement Refunding Series 2009 B	11/12/09	06/15/19	2.25% - 4.5%	2,010,000	715,000
Advance refunding	11/13/12	06/15/24	1.90%	4,263,000	3,191,000
Advance refunding	04/08/15	06/15/27	2.0% - 4.0%	6,935,000	6,935,000
Total governmental activities				<u>28,168,000</u>	<u>12,511,000</u>
Business Type Activities:					
General obligation and revenue bonds:					
Wastewater fund - GO bond	11/13/02	09/01/23	1.38%	500,000	246,000
Solid waste fund - GO bond	09/03/02	09/01/22	1.14%	2,000,000	933,978
Solid waste fund - GO bond	11/22/05	09/01/25	1.34%	950,000	565,000
Total business-type activities				<u>3,450,000</u>	<u>1,744,978</u>
Total Outstanding				<u>\$ 31,618,000</u>	<u>\$ 14,255,978</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 accounting for in these funds.

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
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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 \$14,255,978 total bonds payable (including bonds payable for the wastewater and solid-waste enterprise funds), approximately \$4,745,677 is subject to its legal debt limits. The \$4,745,677 outstanding does not exceed the Town's legal debt limit of \$129,835,531 which is 3% of the assessed value (\$4,327,851,035) of taxable property of the Town as of December 31, 2013. The total long-term debt bond obligations of the Town (\$14,255,978) represent approximately 0.33% of the assessed value of the taxable property of the Town at June 30, 2015 (assessment date December 31, 2013).

C. Authorized But Unissued Bond Authority

The Town has remaining authorized but unissued bond authority totaling \$17,715,000. The unissued bond authority is allocated as follows: \$3,400,000 for land acquisition; \$3,000,000 for wastewater treatment plant improvements; \$340,000 for school fields; \$5,125,000 for school capital improvements; \$300,000 for town hall improvements; \$400,000 for capital transportation improvements; \$1,000,000 for Neighborhood Guild; and \$4,150,000 for community gymnasium. The Town anticipates issuance of these bonds over the next several years.

D. Changes in Long-Term Liabilities

Changes in the government's long-term liabilities for the year ended June 30, 2015 are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds payable:					
General obligation bonds	\$ 14,967,000	\$ 6,935,000	\$ 9,391,000	\$ 12,511,000	\$ 2,044,000
Issuance premium on bonds	96,209	397,791	53,851	440,149	
Total bonds payable	15,063,209	7,332,791	9,444,851	12,951,149	2,044,000
Compensated absences	4,476,833	2,253,668	1,538,106	5,192,395	1,724,332
Net pension liability	59,164,075		9,415,001	49,749,074	
Claims and judgments	1,622,001		78,348	1,543,653	78,348
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 80,326,118</u>	<u>\$ 9,586,459</u>	<u>\$ 20,476,306</u>	<u>\$ 69,436,271</u>	<u>\$ 3,846,680</u>
Business-Type Activities:					
Bonds payable:					
General obligation bonds	\$ 1,918,895	\$	\$ 173,917	\$ 1,744,978	\$ 177,795
Compensated absences	340,374	34,265		374,639	92,721
Total Business-Type Activities					
Long-Term Liabilities	<u>\$ 2,259,269</u>	<u>\$ 34,265</u>	<u>\$ 173,917</u>	<u>\$ 2,119,617</u>	<u>\$ 270,516</u>

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

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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
2016	\$ 2,044,000	\$ 333,933	\$ 177,795	\$ 32,679
2017	1,710,000	257,434	181,753	29,645
2018	1,682,000	218,203	185,793	26,525
2019	1,547,000	181,563	190,919	23,320
2020	1,399,000	130,750	195,132	16,621
2021-2025	3,389,000	401,361	754,586	33,324
2026-2030	<u>740,000</u>	<u>45,900</u>	<u>59,000</u>	<u>589</u>
Total	\$ <u>12,511,000</u>	\$ <u>1,569,144</u>	\$ <u>1,744,978</u>	\$ <u>162,703</u>

11. DEFINED BENEFIT PENSION PLANS

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

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 - For general employees prior to June 30, 2012 the plan provided retirement benefits equal to 2% of a member's final average salary multiplied by the number of years of total service up to a maximum of 75%. Such benefits are available to members at least age 58 with 10 years of service or after 30 years of service at any age. Benefits accrued at June 30, 2012 are protected under the Rhode Island Retirement Security Act until it is exceeded by the member's full years of service credit, including service after June 30, 2012, multiplied by the average of five consecutive years of compensation. Effective July 1, 2012 the retirement age will mirror the Social Security Normal Retirement Age not to exceed age 67. Members will receive a benefit accrual of 1.0% per year based on the five-year average compensation.

Joint and survivor options are available as well as the Service Retirement Allowance (SRA) Plus option that provides for the payment of a larger benefit before the attainment of age sixty-two (62) and a reduced amount thereafter. The reduced amount is equal to the benefit before age sixty-two (62), including cost-of-living increases, minus the member's estimated social security benefit payable at age sixty-two (62).

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Prior to June 30, 2012 police and fire personnel may retire at age 55 if they have 10 years of service or after 25 years of service at any age. An option may be elected to provide a 20 year service pension with a benefit equal to 2.5% for each year of service up to a maximum of 75% for police and fire personnel. Benefits are based on the average of the highest three consecutive years' earnings, exclusive of overtime.

The new retirement age will be 55 years old with 25 years of total service or for members with five years of service but less than 25 years of service the new retirement age will mirror the Social Security Normal Retirement Age not to exceed 67. Police officers or firefighters, that are at least 45 years old, have 10 or more years of contributing service and are eligible to retire prior to age 52 under the law in effect on June 30, 2012, may retire at age 52.

As of June 30, 2012 members will continue to have a frozen benefit accrual of 2.0% per year for a standard 25 year with any age and out plan; 2.5% for a standard 20 year with any age and out plan. Effective July 1, 2012 the optional 20 and 25 year with retirement at any age plans have been eliminated. The benefit accrual for all plans will be 2.0% per year based on the five-year average compensation, exclusive of overtime. Police and fire employees may retire with a reduced pension benefit if they have 20 years of service and are within five years of their retirement eligibility. The actuarially reduced benefit will be calculated based on how close the member is to the eligibility date that is prescribed in the Rhode Island Retirement Security Act.

The plan also provides survivor's benefits; and certain lump sum death benefits.

Plan members are vested after five years of service.

An optional cost-of-living provision may be elected for police and fire personnel and general employees. The Cost of Living Adjustment (COLA) has been suspended for any unit whose funding level is less than 80%. The COLA provision can be reviewed in a five-year interval. When the funding level of a plan exceeds 80% funded eligible retirees may receive a COLA annually effective on their date of retirement plus one month.

The COLA will be calculated as the five (5) year smoothed investment rate of return less 5.50%, with a 0.00% floor and a 4.00% cap. For police and fire units, COLA will be delayed until the later of age 55 or three years after retirement. For general employee units, COLA will be delayed until the later of the Social Security Normal Retirement Age or three years after retirement. The COLA will be applied to the first \$25,000 of benefits indexed annually.

The plan also provides nonservice-connected disability benefits after 5 years of service; service-connected disability pensions with no minimum service requirement.

Employees covered by benefit terms.

At the June 30, 2013 valuation date, the following employees were covered by the benefit terms:

Retirees and Beneficiaries	Municipal	Police	EMS
Inactive, Nonretired Members	291	55	8
Active Members	322	49	16
Total	613	104	24

Contributions - The amount of employee and employer contributions have been established under Rhode Island General Law Chapter 45-21. General employees are required to contribute 2% of their salaries. Public safety employees are required to contribute 8% of their salaries. The Town of South Kingstown 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 South Kingstown, Rhode Island contributed \$1,800,061 in the year ended June 30, 2015 which was 11.4% of annual covered payroll.

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Net Pension Liability (Asset) - The total pension liability was determined by actuarial valuations performed as of June 30, 2013 and rolled forward to June 30, 2014, 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, 2014 measurement date (June 30, 2013 valuation rolled forward to June 30, 2014)	
Actuarial Cost Method	Entry Age Normal - the Individual Entry Age Actuarial Cost methodology is used.
Amortization Method	Level Percent of Payroll – Closed
Equivalent Single Remaining Amortization Period	21 years at June 30, 2014
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	COLA is equal to the average five-year fund asset performance (percent) greater than 5.5% up to a maximum of 4% - the COLA is to be applied to the first \$25,000 of benefits, indexed over time. COLA is delayed until the latter of Social Security eligibility age or 3 years after retirement except for MERS Police and Fire for which the COLA is delayed until the later of age 55 or 3 years after retirement. A 2% COLA is assumed after January 1, 2014.

The actuarial assumptions used in the June 30, 2013 valuation rolled forward to June 30, 2014 and the calculation of the total pension liability at June 30, 2014 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 forward-looking medium-term (10 year) capital market return assumptions developed by eight investment consulting firms. The June 30, 2014 expected arithmetic returns over the medium term by asset class as developed by the State Investment Commission's investment consultant, which are generally consistent with the averages utilized by the actuary, are summarized in the following table:

Asset Class	Target allocation	Medium-term expected real rate of return
Global Equity	38%	6.05%
Private Equity	7%	9.05%
Equity Hedge funds	8%	4.75%
Absolute return hedge	7%	2.95%
Real Return	14%	3.85%
Real Estate	8%	4.45%
Core Fixed	15%	0.25%
Cash	3%	-0.50%
	<u>100%</u>	

These return assumptions are then weighted by the target asset allocation percentage, factoring in correlation effects, to develop the overall medium-term expected rate of return best-estimate on an arithmetic basis. To arrive at the long-term expected return estimate, the actuary adjusts the medium-term number to reflect the longer 30-year time frame required for actuarial calculations. This process produces the actuarial expected return, which is based on a 30-year horizon, and can differ from the medium-term, 10-year-horizon return expectations.

Discount rate - The discount rate used to measure the total pension liability of the plans was 7.5 percent. 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 June 30, 2014	\$ 52,829,436	\$ 45,794,003	\$ 7,035,433
Changes for the Year			
Service cost	1,187,868		1,187,868
Interest on the total pension liability	3,904,997		3,904,997
Changes in assumptions	431,607		431,607
Employer contributions		1,298,368	(1,298,368)
Employee contributions		247,508	(247,508)
Net investment income		6,851,087	(6,851,087)
Benefit payments, including employee refunds	(2,713,486)	(2,713,486)	-
Administrative expense		(42,901)	42,901
Other changes		4,317	(4,317)
Net changes	2,810,986	5,644,893	(2,833,907)
Balances as of June 30, 2015	\$ 55,640,422	\$ 51,438,896	\$ 4,201,526

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Municipal Employee's Retirement System - Police

	Increase (Decrease)		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balances as of June 30, 2014	\$ 26,901,814	\$ 19,996,526	\$ 6,905,288
Changes for the Year			
Service cost	550,738		550,738
Interest on the total pension liability	1,977,138		1,977,138
Changes in assumptions	(164,150)		(164,150)
Employer contributions		468,675	(468,675)
Employee contributions		257,164	(257,164)
Net investment income		2,930,811	(2,930,811)
Benefit payments, including employee refunds	(1,630,699)	(1,630,699)	-
Administrative expense		(18,353)	18,353
Other changes		801	(801)
Net changes	<u>733,027</u>	<u>2,008,399</u>	<u>(1,275,372)</u>
Balances as of June 30, 2015	\$ <u>27,634,841</u>	\$ <u>22,004,925</u>	\$ <u>5,629,916</u>

Municipal Employee's Retirement System - EMS

	Increase (Decrease)		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability (Asset)</u>
Balances as of June 30, 2014	\$ 2,700,901	\$ 3,092,294	\$ (391,393)
Changes for the Year			
Service cost	135,144		135,144
Interest on the total pension liability	204,900		204,900
Changes in assumptions	(41,805)		(41,805)
Employer contributions		33,018	(33,018)
Employee contributions		63,498	(63,498)
Net investment income		478,328	(478,328)
Benefit payments, including employee refunds	(72,944)	(72,944)	-
Administrative expense		(2,995)	2,995
Other changes		155	(155)
Net changes	<u>225,295</u>	<u>499,060</u>	<u>(273,765)</u>
Balances as of June 30, 2015	\$ <u>2,926,196</u>	\$ <u>3,591,354</u>	\$ <u>(665,158)</u>

Sensitivity of the Net Pension Liability 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 percent, 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.

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	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
General Employees	\$ 10,047,092	\$ 4,201,526	\$ (1,644,040)
Police	8,562,586	5,629,916	2,697,247
EMS	(364,971)	(665,158)	(965,345)

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

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

For the year ended June 30, 2015 the employer recognized pension expense of \$1,388,429. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Municipal	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 344,720	\$
Net difference between projected and actual earnings on pension plan investments		2,769,415
Town Contributions subsequent to measurement date	837,526	
Total	\$ 1,182,246	\$ 2,769,415
	Police	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$	\$ 143,299
Net difference between projected and actual earnings on pension plan investments		1,172,530
Town Contributions subsequent to measurement date	712,921	
Total	\$ 712,921	\$ 1,315,829

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	EMS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$	\$ 34,386
Net difference between projected and actual earnings on pension plan investments		196,502
Town Contributions subsequent to measurement date	49,050	
Total	\$ 49,050	\$ 230,888

Total of the Town contributions subsequent to measurement date of \$1,599,497 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, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	Net Deferred Inflows of Resources
2016	\$ 975,995
2017	975,995
2018	975,995
2019	978,822
2020	25,561
Thereafter	39,044
Total	\$ 3,971,412

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

Plan Description

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

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>.

Benefit provisions

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

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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 covering state employees and teachers reach a funded status of 80%. Until the plans reach an 80% funded status, interim cost of living adjustments are provided at five-year intervals.

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 2015, full-time teachers, principals, school nurses and certain other school officials were required to contribute 3.75% 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 9.19 and 13.41 % of annual covered payroll for the fiscal year ended June 30, 2015 for the state and School, respectively. The School contributed \$3,584,110, \$3,229,345 and \$3,173,397 for the fiscal years ended June 30, 2015, 2014 and 2013, respectively, equal to 100% of the required contributions for each year.

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

At June 30, 2015, the School reported a liability of \$39,917,632 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	\$ 39,917,633
State's proportionate share of the net pension liability associated with the School	<u>27,373,360</u>
Total net pension liability	<u>\$ 67,290,993</u>

The net pension liability was measured as of June 30, 2014, 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, 2013 rolled forward to June 30, 2014. 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, 2014 the School's proportion was 1.64000108%.

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Subsequent to June 30, 2014 (the measurement date), 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.

The amended benefit provisions in the newly enacted legislation and settlement agreement have not been reflected in the determination of the net pension liability at June 30, 2014 (the measurement date). These amended benefit provisions are summarized below:

- Employees with more than 20 years of service at July 1, 2012 will increase their employee contribution rate from 3.75% to 11% and participate solely in the defined benefit plan going forward - service credit accruals will increase from 1% to 2% per year.
- Employees with more than 10 but less than 20 years of service at July 1, 2012 will receive an increased employer contribution to the defined contribution plan.
- Retirees as of June 30, 2015 will receive two \$500 stipends; the interim cost of living increases will occur at 4 year rather 5 year intervals.
- Minor adjustments were made to the actuarial reduction for employees choosing to retire early.

These amendments are not considered to have a material effect on the net pension liability had they been retroactively applied to the calculation of the total pension liability at June 30, 2013 rolled forward to June 30, 2014. An actuarial analysis of the pension settlement provisions enacted by the General Assembly and approved by the Court indicated that the funded ratio at June 30, 2014 for teachers (determined on a funding basis) decreased from 59.6% to 58.2%.

For the year ended June 30, 2015 the School recognized gross pension expense of \$4,677,805 and revenue of \$1,902,888 for support provided by the State. At June 30, 2015 the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred outflows of resources:	
Contributions subsequent to the measurement date	\$ <u>3,584,110</u>
Deferred inflows of resources:	
Change of assumptions	\$ 1,413,959
Net difference between projected and actual earning on pension plan investments	<u>3,437,335</u>
Total	\$ <u>4,851,294</u>

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\$3,584,110 reported as deferred outflows of resources related to pensions resulting from the School contributions in fiscal year 2015 subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30:</u>	<u>Net Deferred Inflows of Resources</u>
2016	\$ 1,059,526
2017	1,059,526
2018	1,059,526
2019	1,059,529
2020	200,192
Thereafter	<u>412,995</u>
Total	<u>\$ 4,851,294</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 6.50%
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, 2013 valuation rolled forward to June 30, 2014 and the calculation of the total pension liability at June 30, 2014 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 forward-looking medium-term (10 year) capital market return assumptions developed by eight investment consulting firms. The June 30, 2014 expected arithmetic returns over the medium term by asset class as developed by the State Investment Commission's investment consultant, which are generally consistent with the averages utilized by the actuary, are summarized in the following table:

Asset Class	Target allocation	Medium-term expected real rate of return
Global Equity	38%	6.05%
Private Equity	7%	9.05%
Equity Hedge funds	8%	4.75%
Absolute return hedge	7%	2.95%
Real Return	14%	3.85%
Real Estate	8%	4.45%
Core Fixed	15%	0.25%
Cash	3%	-0.50%
	<u>100%</u>	

These return assumptions are then weighted by the target asset allocation percentage, factoring in correlation effects, to develop the overall medium-term expected rate of return best-estimate on an arithmetic basis. To arrive at the long-term expected return estimate, the actuary adjusts the medium-term number to reflect the longer 30-year time frame required for actuarial calculations. This process produces the actuarial expected return, which is based on a 30-year horizon, and can differ from the medium-term, 10-year-horizon return expectations.

Discount rate - the discount rate used to measure the total pension liability was 7.5 percent. 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.

Sensitivity of the net pension liability (asset) to changes in the discount rate - the following presents the net pension liability (asset) calculated using the discount rate of 7.5 percent as well as what the 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 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Teachers	\$ 49,991,902	\$ 39,917,633	\$ 29,636,649

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 plans, as described above and below, also participate in a defined contribution plan of the Employees' Retirement System as 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 1% of annual covered salary. 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.

As previously indicated in the disclosure of recently-enacted pension legislation, the employer contribution for certain qualifying employees will increase slightly beginning in fiscal 2016.

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). Active plan members must contribute 5% of his/her compensation and the town is required to contribute 1%. The plan members and town contributed \$1,321,923 and \$267,296, respectively, during the fiscal year ended June 30, 2015.

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). Active non-police and fire members must contribute 5% of his/her compensation and the town is required to contribute 1%. The plan members and town contributed \$361,937 and \$72,388, respectively, during the fiscal year ended June 30, 2015.

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) OBLIGATIONS

The Town of South Kingstown OPEB Trust (the Trust)

Plan Description

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

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

Summary of Significant Accounting Policies

Basis of Accounting

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

Administrative costs of the plan are paid by the Town.

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

The Trust is administered by the Town.

At July 1, 2013, plan membership consisted of the following:

	<u>Participants</u>
Active employees	756
Retirees	111
Spouses of retirees	<u>73</u>
Total	<u><u>940</u></u>

Funding Policy

Town Employees hired before July 1, 2006

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

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

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

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
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Town Employees hired after July 1, 2006

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

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

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

Police Employees

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

EMS Employees

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

Public Works Employees hired before July 1, 2005

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

Public Works Employees hired after July 1, 2005

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

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

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

School Employees

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

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

Eligibility

General Employees

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

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Police and EMS

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

Teachers and Administrators

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

Annual OPEB Cost and Net OPEB Obligations

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

		Retiree Trust
Annual required contribution (ARC)	\$	1,665,055
Interest on net OPEB obligation		(199,301)
Adjustment to annual required contribution		186,807
Annual OPEB cost		1,652,561
Contributions made		4,859,217
Increase in net OPEB asset		3,206,656
Net OPEB asset, beginning of year		2,657,342
Net OPEB Asset, End of Year	\$	5,863,998

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

For the year ended June 30, 2015, plan members contributed \$94,010 of premium payments. The Town is required to contribute the balance of the current premium cost and may contribute an additional amount as determined by the Town in order to prefund benefits.

During the year ended June 30, 2015, expenditures of \$1,102,239 were recognized for post-retirement benefits. Of this amount, \$5,394 was paid for life insurance premiums, and \$1,096,845 was paid for health and dental insurance premiums.

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost (AOC)</u>	<u>Actual Contribution</u>	<u>Percentage of AOC Contributed</u>	<u>Net OPEB Asset</u>
6/30/2013	\$ 1,871,604	\$ 2,896,704	\$ 154.77 %	\$ 1,422,928
6/30/2014	1,713,640	2,948,054	172.03	2,657,342
6/30/2015	1,652,561	4,859,217	294.04	5,863,998

Funding Status and Funding Progress

The funded status of the plan as of July 1, 2013, the most recent actuarial valuation date, is as follows:

<u>Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
7/1/2007	\$ -	\$ 15,988,000	\$ (15,988,000)	- %	\$ 40,978,967	(0.39) %
7/1/2008	-	16,484,000	(16,484,000)	-	42,961,106	(0.38)
7/1/2009	-	18,700,000	(18,700,000)	-	41,868,678	(0.45)
7/1/2011	1,650,000	19,260,000	(17,610,000)	8.57	43,016,000	(0.41)
7/1/2013	3,811,845	18,517,664	(14,705,819)	20.58	42,546,253	(0.35)

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

Actuarial Methods and Assumptions

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

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

The ARC for the plan was determined as part of the July 1, 2013 actuarial valuation using the following methods and assumptions:

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Percentage Open
Remaining Amortization Period	25 Years
Investment Rate of Return	7.50%
Projected Salary Increases	3.25%
Healthcare Cost Trend Rate	4.4% - 5.8%
Inflation	3.00%

13. 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, 2015, there are \$300,000 in loans issued and an available (nonrestoring) line-of-credit balance of \$0-.

In June 2005, the Town Council authorized and entered into a second agreement with Rhode Island Clean Water Finance Agency to finance the Town's Community Septic System Loan Program. The loan agreement provides the Town with an additional \$1,000,000 nonrestoring line of credit that will be funded in three increments of \$300,000 and a final increment of \$100,000. Each increment will be funded only upon the complete drawdown of all prior increments. The proceeds of the loan shall be used by the Town towards the operation of the community Septic System Loan Program. The terms of the loan program are consistent with the terms described in the above-noted paragraph except that the new agreement has a 2% (versus 4%) interest rate to property owners. As of June 30, 2015, there are \$119,170 in loans issued and an available line-of-credit balance of \$102,712.

In August 2010, the Board of Directors of the Rhode Island Clean Water Finance Agency, pursuant to policies and procedures adopted in accordance with Title VI of the Federal Clean Water Act and Chapter 12.2 of the Rhode Island General Laws, notified the Town that it has been approved for an additional \$1,000,000 of funding for the Community Septic System Loan Program. The loan total will be funded in three increments of \$300,000 and a final increment of \$100,000. As of June 30, 2015, there is \$87,992 in loans issued and, as such, the available line-of-credit balance is \$314,720.

14. RISK MANAGEMENT

A. Rhode Island Inter-Local Risk Management Trust

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

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

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

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

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

B. Internal Service Fund

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

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

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

For the 2014-2015 fiscal year, the Town was under a cost plus basis plan. As of July 1, 2008, the Town switched to a Blue Cross cost plus program provided through the West Bay Community Health Collaborative.

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
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All funds of the Town participate in the program and make payments to the Health Care Management Fund (an internal service fund) based on recommendations made by the Plan Administrator. Billings from the Health Care Management Fund to their Town and School Department Funds for fiscal year 2015 were \$7,057,859. At June 30, 2015, the Town has estimated a liability for claims incurred but not reported (IBNR) based on actual claims paid subsequent to year end but related to claims incurred prior to June 30, 2015. 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>
2014-15	\$ 604,240	\$ 9,485,244	\$ 9,327,423	\$ 762,061
2013-14	613,736	12,569,067	12,578,563	604,240

15. CONTINGENCIES

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

The Town has been notified by the Environmental Protection Agency (EPA) that two former landfills have been placed on the Superfund list. The Rose Hill Regional Landfill was previously operated by the towns of South Kingstown and Narragansett, Rhode Island. A "Record of Decision" (ROD) was issued in December 1999, which delineates EPA's approved remediation strategy for the site. Consent Decree negotiations with EPA began in November 2000 and were completed in January 2003. The towns have paid \$4,125,000 to settle all past and future federal liabilities associated with the Rose Hill site. South Kingstown's \$2,000,000 payment to the Federal Government was funded with a 20-year general obligation bond sold in September 2002 at an interest rate of 1.648%. Repayment of the debt service associated with this bond will be provided from funds held in reserve within the Solid Waste Fund and from property taxes. The Town of South Kingstown also paid \$504,932 for state natural resource damages and \$62,500 for its share of federal natural resource damages. The Consent Decree also requires reimbursement of 30% of the State of Rhode Island costs associated with the remediation of this landfill site and ongoing operation and maintenance costs. This cost of \$3,941,566 will also be shared equally between the two towns. The remaining balance of the Town of South Kingstown's share of the estimated cost of reimbursing the State is \$1,543,653 at June 30, 2015. Accordingly, this amount has been reported as a liability in the government-wide financial statements. This balance will be paid off during fiscal year ending 2037.

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

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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.

16. PRIOR PERIOD ADJUSTMENT AND RESTATEMENT

The following restatements were recorded to the beginning of net position of the governmental activities as a result of implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* - an amendment of GASB Statement No. 27, and GASB Statement No. 71, *Pension Contributions Made Subsequent to the Measurement Date* - an amendment of GASB Statement No. 68:

Net position at June 30, 2014, as previously reported	\$ 120,001,159
Adjustments:	
Record deferred outflows for contributions made after the measurement date per GASB No. 71	5,029,406
Record net pension asset per GASB No. 68	391,393
Record net pension liability per GASB No. 68	<u>(59,164,075)</u>
Net Position at July 1, 2014, as Restated	<u>\$ 66,257,883</u>

**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, 2015

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues:				
Property tax revenues	\$ 67,765,746	\$ 67,765,746	\$ 68,282,410	\$ 516,664
Intergovernmental revenues	10,332,059	10,332,059	10,586,283	254,224
Licenses, fees, tuition and rent	1,581,998	1,581,998	1,552,454	(29,544)
Other local revenues	1,657,996	1,687,996	1,809,893	121,897
Use of fund balance	1,225,000	1,225,000	1,225,000	-
Total revenues	<u>82,562,799</u>	<u>82,592,799</u>	<u>83,456,040</u>	<u>863,241</u>
Expenditures:				
Current:				
General government	3,771,926	3,682,926	3,567,713	115,213
Public safety	10,103,557	9,968,557	9,719,702	248,855
Public works	2,899,241	2,814,241	2,764,282	49,959
Human service agency contribution	149,400	149,400	149,400	-
Recreation	1,752,909	1,752,909	1,756,974	(4,065)
Public libraries	1,171,116	1,171,116	1,174,882	(3,766)
Education	58,602,473	58,632,473	57,485,448	1,147,025
Pension and other employee benefits	914,000	911,400	855,531	55,869
Debt service	2,822,564	2,822,564	2,821,815	749
Total expenditures	<u>82,187,186</u>	<u>81,905,586</u>	<u>80,295,747</u>	<u>1,609,839</u>
Excess of Revenues over Expenditures	<u>375,613</u>	<u>687,213</u>	<u>3,160,293</u>	<u>2,473,080</u>
Other Financing Uses:				
Transfers in	1,292,858	1,292,858	1,119,013	(173,845)
Transfers out	(1,668,471)	(1,980,071)	(1,980,071)	-
Total Other Financing Uses	<u>(375,613)</u>	<u>(687,213)</u>	<u>(861,058)</u>	<u>(173,845)</u>
Excess of Revenues and Other Sources	\$ <u>-</u>	\$ <u>-</u>	2,299,235	\$ <u>2,299,235</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	(1,225,000)
Transfers to other funds appropriated from reserves	(1,000,000)
Use of fund balance transfers	(983,003)
Planning development expenditures not budgeted	(2,500)
Change in encumbrances	(43,966)
Issuance of refunding bonds	6,935,000
Premium on refunding debt	397,791
Refunding bond costs not budgeted	(113,891)
Payment to refunded bond escrow agent	<u>(7,218,900)</u>

Total Net Change in Fund Balance - GAAP basis \$ (955,234)

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 FISCAL YEAR

	2015
A. Total pension liability	
Service Cost	\$ 1,187,868
Interest on the Total Pension Liability	3,904,997
Changes of assumptions	431,607
Benefit payments, including refunds of employee contributions	<u>(2,713,486)</u>
Net change in total pension liability	2,810,986
Total pension liability – beginning	52,829,436
Total pension liability – ending (a)	<u><u>\$ 55,640,422</u></u>
B. Plan fiduciary net position	
Contributions – employer	\$ 1,298,368
Contributions – employee	247,508
Net investment income	6,851,087
Benefit payments, including refunds of employee contributions	(2,713,486)
Pension Plan Administrative Expense	(42,901)
Other	4,317
Net change in plan fiduciary net position	<u>5,644,893</u>
Plan fiduciary net position – beginning	45,794,003
Plan fiduciary net position – ending (b)	<u><u>\$ 51,438,896</u></u>
C. Net pension liability - ending (a) - (b)	4,201,526
D. Plan fiduciary net position as a percentage of the total pension liability	92.45%
E. Covered employee payroll	\$ 11,878,682
F. Net pension liability as a percentage of covered payroll	35.37%

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 FISCAL YEAR

	2015
A. Total pension liability	
Service Cost	\$ 550,738
Interest on the Total Pension Liability	1,977,138
Changes of assumptions	(164,150)
Benefit payments, including refunds of employee contributions	(1,630,699)
Net change in total pension liability	733,027
Total pension liability – beginning	26,901,814
Total pension liability – ending (a)	\$ 27,634,841
B. Plan fiduciary net position	
Contributions – employer	\$ 468,675
Contributions – employee	257,164
Net investment income	2,930,811
Benefit payments, including refunds of employee contributions	(1,630,699)
Pension Plan Administrative Expense	(18,353)
Other	801
Net change in plan fiduciary net position	2,008,399
Plan fiduciary net position – beginning	19,996,526
Plan fiduciary net position – ending (b)	\$ 22,004,925
C. Net pension liability - ending (a) - (b)	5,629,916
D. Plan fiduciary net position as a percentage of the total pension liability	79.63%
E. Covered employee payroll	\$ 3,120,331
F. Net pension liability as a percentage of covered payroll	180.43%

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 - EMS
LAST FISCAL YEAR

	2015
A. Total pension liability	
Service Cost	\$ 135,144
Interest on the Total Pension Liability	204,900
Changes of assumptions	(41,805)
Benefit payments, including refunds of employee contributions	(72,944)
Net change in total pension liability	225,295
Total pension liability – beginning	2,700,901
Total pension liability – ending (a)	\$ 2,926,196
B. Plan fiduciary net position	
Contributions – employer	\$ 33,018
Contributions – employee	63,498
Net investment income	478,328
Benefit payments, including refunds of employee contributions	(72,944)
Pension Plan Administrative Expense	(2,995)
Other	155
Net change in plan fiduciary net position	499,060
Plan fiduciary net position – beginning	3,092,294
Plan fiduciary net position – ending (b)	\$ 3,591,354
C. Net pension liability (asset) - ending (a) - (b)	(665,158)
D. Plan fiduciary net position as a percentage of the total pension liability	122.73%
E. Covered employee payroll	\$ 790,777
F. Net pension asset as a percentage of covered payroll	84.11%

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

	2015
Actuarially determined contribution	\$ 1,298,368
Contributions in relation to the actuarially determined contribution	1,298,368
Contribution deficiency (excess)	\$ <u>-</u>
Covered-employee payroll	\$ 11,878,682
Contributions as a percentage of covered-employee payroll	10.93%

Notes:

1.) Employers participating in the Municipal Employee's Retirement System are required by RI General Laws, Section 45-21-42, to contribute an actuarially determined contribution rate each year.

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

Notes to Schedule

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, open
Remaining amortization period	21 years
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	Varies depending on Years of Service and Age
	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.
Mortality	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.

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

	2015
Actuarially determined contribution	\$ 468,675
Contributions in relation to the actuarially determined contribution	468,675
Contribution deficiency (excess)	\$ -
Covered-employee payroll	\$ 3,120,331
Contributions as a percentage of covered-employee payroll	15.02%

Notes:

1.) Employers participating in the Municipal Employee's Retirement System are required by RI General Laws, Section 45-21-42, to contribute an actuarially determined contribution rate each year.

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

Notes to Schedule

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, open
Remaining amortization period	21 years
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	Varies depending on Years of Service and Age
	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.
Mortality	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.

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
SCHEDULE OF TOWN CONTRIBUTIONS
MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM AGENT PLAN - EMS
LAST FISCAL YEAR

	2015
Actuarially determined contribution	\$ 33,018
Contributions in relation to the actuarially determined contribution	33,018
Contribution deficiency (excess)	\$ -
Covered-employee payroll	\$ 790,777
Contributions as a percentage of covered-employee payroll	4.18%

Notes:

1.) Employers participating in the Municipal Employee's Retirement System are required by RI General Laws, Section 45-21-42, to contribute an actuarially determined contribution rate each year.

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

Notes to Schedule

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, open
Remaining amortization period	21 years
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	Varies depending on Years of Service and Age
	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.
Mortality	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.

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

	2015
Town's proportion of the net pension liability	1.64%
Town's proportionate share of the net pension liability	\$ 39,917,633
State's proportionate share of the net pension liability associated with the school district	27,373,360
Total	\$ <u>67,290,993</u>
Town's covered employee payroll	\$ 1,599,497
Town's proportionate share of the net pension liability as a percentage of its covered employee payroll	24.96%
Plan fiduciary net position as a percentage of the total pension liability	61.40%

Notes:

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

2.) 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
EMPLOYEES' RETIREMENT SYSTEM - TEACHERS
LAST FISCAL YEAR

	2015
Actuarially determined contribution	\$ 1,599,497
Contributions in relation to the actuarially determined contribution	1,599,497
Contribution deficiency (excess)	\$ <u>-</u>
Covered-employee payroll	\$ 1,599,497
Contributions as a percentage of covered- employee payroll	100%

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.*

2.) *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, 2015

	General Fund	School Unrestricted Fund	Eliminations	Total General Fund
ASSETS				
Cash and cash equivalents	\$ 30,711,481	\$ 1,023	\$	\$ 30,712,504
Accounts and other receivable, net	1,158,755	45,025		1,203,780
Due from federal and state governments	155,603	51,334		206,937
Due from other funds	319,557	7,306,592	(6,624,197)	1,001,952
Prepaid items	15,614	22,579		38,193
Total Assets	<u>\$ 32,361,010</u>	<u>\$ 7,426,553</u>	<u>\$ (6,624,197)</u>	<u>\$ 33,163,366</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 344,631	\$ 497,914	\$	\$ 842,545
Accrued liabilities	1,247,509	3,541,403		4,788,912
Due to state and federal governments	82,840			82,840
Due to other funds	17,782,080	202,471	(6,624,197)	11,360,354
Unearned revenue	192,868	39,774		232,642
Deposits held in custody of others	155,662			155,662
Total liabilities	<u>19,805,590</u>	<u>4,281,562</u>	<u>(6,624,197)</u>	<u>17,462,955</u>
Deferred inflows of resources:				
Unavailable revenue - property taxes	677,912			677,912
Total deferred inflows of resources	<u>677,912</u>	<u>-</u>	<u>-</u>	<u>677,912</u>
Fund balances:				
Nonspendable	15,614	22,579		38,193
Committed	1,905,107	3,122,412		5,027,519
Unassigned	9,956,787			9,956,787
Total fund balances	<u>11,877,508</u>	<u>3,144,991</u>	<u>-</u>	<u>15,022,499</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 32,361,010</u>	<u>\$ 7,426,553</u>	<u>\$ (6,624,197)</u>	<u>\$ 33,163,366</u>

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

	General Fund	School Unrestricted Fund	Eliminations	Total General Fund
Revenues:				
Property taxes, interest and lien fees	\$ 68,282,410	\$	\$	\$ 68,282,410
Intergovernmental revenues	2,658,305	7,927,978		10,586,283
Licenses and fees	1,393,332			1,393,332
Investment income	122,212	598		122,810
Fines and charges for services	721	159,122		159,843
Departmental	1,153,858			1,153,858
State on behalf pension contribution		2,369,227		2,369,227
Other local revenues		532,504		532,504
Total revenues	<u>73,610,838</u>	<u>10,989,429</u>	<u>-</u>	<u>84,600,267</u>
Expenditures:				
Current:				
General government	3,571,502			3,571,502
Public safety	9,639,003			9,639,003
Public works	2,735,979			2,735,979
Human service agency contribution	125,400			125,400
Public libraries	1,173,594			1,173,594
Education		60,025,810		60,025,810
Recreation	1,762,806			1,762,806
Other	855,532			855,532
Debt service:				
Principal retirement	2,321,000			2,321,000
Interest and other charges	614,705			614,705
Total expenditures	<u>22,799,521</u>	<u>60,025,810</u>	<u>-</u>	<u>82,825,331</u>
Excess (Deficiency) of Revenues over Expenditures	<u>50,811,317</u>	<u>(49,036,381)</u>	<u>-</u>	<u>1,774,936</u>
Other Financing Sources (Uses):				
Issuance of refunding bonds	6,935,000			6,935,000
Premium on refunding debt	397,791			397,791
Payment to refunded bond escrow agent	(7,218,900)			(7,218,900)
Transfers in from other funds	1,284,843	49,634,572	(49,614,070)	1,305,345
Transfers out to other funds	(52,594,141)	(1,169,335)	49,614,070	(4,149,406)
Total other financing sources (uses)	<u>(51,195,407)</u>	<u>48,465,237</u>	<u>-</u>	<u>(2,730,170)</u>
Net Change in Fund Balances	(384,090)	(571,144)	-	(955,234)
Fund Balances at Beginning of Year	<u>12,261,598</u>	<u>3,716,135</u>	<u>-</u>	<u>15,977,733</u>
Fund Balances at End of Year	<u>\$ 11,877,508</u>	<u>\$ 3,144,991</u>	<u>\$ -</u>	<u>\$ 15,022,499</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, 2015

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues and Use of Fund Balance:				
Property taxes:				
Current taxes	\$ 66,600,977	\$ 66,600,977	\$ 67,042,736	\$ 441,759
Prior taxes	575,000	575,000	633,148	58,148
Total taxes current and prior	67,175,977	67,175,977	67,675,884	499,907
Pilot - Federal Aid	7,500	7,500	7,898	398
Interest on taxes	338,500	338,500	352,261	13,761
Payment in lieu of taxes	243,769	243,769	246,367	2,598
Total property taxes	67,765,746	67,765,746	68,282,410	516,664
State aid - Town:				
General state aid	298,390	298,390	330,558	32,168
Telephone tax	381,247	381,247	412,970	31,723
Meals and beverage tax	675,000	675,000	757,146	82,146
Chapter 26 - school housing	678,161	678,161	678,882	721
State library general aid	185,419	185,419	185,419	-
State library endowment aid	13,926	13,926	13,926	-
State motor vehicle phase-out	146,786	146,786	138,803	(7,983)
Hotel tax	135,000	135,000	140,601	5,601
Total state aid - Town	2,513,929	2,513,929	2,658,305	144,376
Licenses, fees and rents:				
Business licensed and fees	460,814	460,814	478,446	17,632
Nonbusiness licenses and fees	424,461	424,461	378,442	(46,019)
Real Estate conveyance fees	79,450	79,450	129,444	49,994
Rental of Town properties	407,000	407,000	407,000	-
Total licenses, fees and rents	1,371,725	1,371,725	1,393,332	21,607
Investment income - short term	80,000	80,000	122,212	42,212
Revenues and Use of Fund Balance:				
Departmental revenues:				
Police department revenue	190,150	190,150	270,391	80,241
Park rental revenue	22,525	22,525	28,175	5,650
Town beach parking	124,395	124,395	138,871	14,476
Boat and mooring	30,000	30,000	33,909	3,909
Animal control fees	2,200	2,200	1,425	(775)
Libraries	25,000	25,000	21,686	(3,314)
Dog/cat licenses and fines	4,000	4,000	5,897	1,897
Recreation department	222,461	222,461	227,962	5,501
Recreation self-support program	139,600	139,600	157,712	18,112
Planning department	150	150	180	30
Communications department revenue	3,000	3,000	1,064	(1,936)
Copy charges	28,000	28,000	24,799	(3,201)
Recreation department - Outside sponsors	15,500	15,500	10,626	(4,874)
Stepping stone - creative	66,365	66,365	52,542	(13,823)
Stepping stone - self supported	2,700	2,700	2,654	(46)
Geographic information systems program	450	450	518	68
Narragansett - Dog Pound	70,500	70,500	70,500	-
Miscellaneous - Town	91,000	91,000	105,668	14,668
Total departmental revenues	1,037,996	1,037,996	1,154,579	116,583
Use of fund balance	825,000	825,000	825,000	-
Total revenues and use of fund balance	73,594,396	73,594,396	74,435,838	841,442

(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, 2015

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Expenditures:				
General government:				
Town council	\$ 15,084	\$ 15,084	\$ 14,963	\$ 121
Financial town meeting	10,072	9,672		9,672
Legal staff	174,460	174,460	176,654	(2,194)
Probate judge	7,536	7,536	7,000	536
Town clerk	406,309	405,870	403,289	2,581
Public information	14,180	14,180	10,885	3,295
Canvassing authority	116,531	117,370	112,379	4,991
Town manager's office	449,175	434,175	403,928	30,247
Personnel administration	111,441	111,441	98,324	13,117
Town hall operations	182,269	182,269	172,709	9,560
Finance department	679,765	679,765	671,696	8,069
Tax assessor's office	377,902	377,902	374,536	3,366
Data processing division	321,100	272,100	270,741	1,359
Geographic information systems	119,704	119,704	118,689	1,015
Planning department	379,872	364,872	347,527	17,345
Conservation commission	850	850	839	11
Zoning/building inspection	358,961	348,961	336,840	12,121
Miscellaneous boards and agencies	46,715	46,715	46,714	1
Total general government	3,771,926	3,682,926	3,567,713	115,213
Public safety:				
Police department	7,925,621	7,825,621	7,660,219	165,402
Animal control - RD/shelter	311,454	311,454	277,092	34,362
Radio/communication	249,569	224,569	206,360	18,209
Harbor patrol	34,390	34,390	32,805	1,585
Emergency medical services	1,582,523	1,572,523	1,543,226	29,297
Total public safety	10,103,557	9,968,557	9,719,702	248,855
Public works:				
Public works administration	371,355	371,355	359,601	11,754
Streets and highway	2,303,706	2,218,706	2,190,363	28,343
Tree warden/ Street lighting	224,180	224,180	214,318	9,862
Total public works	2,899,241	2,814,241	2,764,282	49,959
Expenditures:				
Human service agency contributions:				
South Shore Mental Health	15,000	15,000	15,000	-
Hospice of Washington County	1,500	1,500	1,500	-
Visiting Nurses Association	24,000	24,000	24,000	-
Thundermist Health Center	24,000	24,000	24,000	-
Phoenix Marathon House	12,000	12,000	12,000	-
Jonnycake Center	22,000	22,000	22,000	-
Cane Day Care Center	9,000	9,000	9,000	-
South County Community Action	24,000	24,000	24,000	-
Welcome House of South County	8,000	8,000	8,000	-
Domestic Violence Resource Center	5,000	5,000	5,000	-
Washington County Coalition for Children	400	400	400	-
Education Exchange	3,500	3,500	3,500	-
Easter Seals	1,000	1,000	1,000	-
Total human service agency contributions	149,400	149,400	149,400	-

(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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Recreation:				
Recreation department	\$ 1,752,909	\$ 1,752,909	\$ 1,756,974	\$ (4,065)
Public libraries	1,171,116	1,171,116	1,174,882	(3,766)
Miscellaneous:				
Unemployment insurance	20,000	20,000	9,781	10,219
Insurance	254,000	254,000	269,131	(15,131)
Contingency	100,000	100,000	100,000	-
Miscellaneous expense	65,000	62,400	2,000	60,400
Contribution to Town retirement	350,000	350,000	350,000	-
Workers' compensation	125,000	125,000	124,619	381
Total miscellaneous	914,000	911,400	855,531	55,869
Debt service	2,822,564	2,822,564	2,821,815	749
Total expenditures	23,584,713	23,273,113	22,810,299	462,814
Excess of Revenues over Expenditures	50,009,683	50,321,283	51,625,539	1,304,256
Other Financing Sources (Uses):				
Transfers in:				
From Special Revenue Funds	1,272,858	1,272,858	1,284,843	11,985
Transfers out:				
Wastewater Fund	(4,300)	(4,300)	(4,300)	-
Elderly services	(378,171)	(378,171)	(378,171)	-
Tax Transfer to School	(49,614,070)	(49,614,070)	(49,614,070)	-
Transfers to Other Funds		(311,600)	(311,600)	-
To Capital Project Funds	(1,286,000)	(1,286,000)	(1,286,000)	-
Total other financing sources (uses)	(50,009,683)	(50,321,283)	(50,309,298)	11,985
Excess of Revenues, Other Sources and Uses of Fund Balance over Expenditures and Other Financing Uses	\$ -	\$ -	1,316,241	\$ 1,316,241
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			(825,000)	
Transfers to other funds appropriated from reserves			(1,000,000)	
Planning development expenditures not budgeted			(2,500)	
Change in encumbrances			127,169	
Issuance of refunding bonds			6,935,000	
Premium on refunding debt			397,791	
Refunding bond costs not budgeted			(113,891)	
Payment to refunded bond escrow agent			(7,218,900)	
Total Net Change in Fund Balance - GAAP basis			\$ (384,090)	

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, 2015

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues and Designated Fund Balance:				
State aid	\$ 7,818,130	\$ 7,818,130	\$ 7,927,978	\$ 109,848
Tuition	210,273	210,273	159,122	(51,151)
Investment Income			598	598
Miscellaneous	540,000	570,000	532,504	(37,496)
Total revenues	<u>8,568,403</u>	<u>8,598,403</u>	<u>8,620,202</u>	<u>21,799</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>8,968,403</u>	<u>8,998,403</u>	<u>9,020,202</u>	<u>21,799</u>
Expenditures:				
Salaries	33,187,751	33,049,691	32,774,895	274,796
Employee benefits	13,505,134	13,505,134	13,140,754	364,380
Purchased services	9,202,050	9,193,451	8,687,720	505,731
Supplies and materials	2,707,538	2,884,197	2,882,079	2,118
Total expenditures	<u>58,602,473</u>	<u>58,632,473</u>	<u>57,485,448</u>	<u>1,147,025</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(49,634,070)</u>	<u>(49,634,070)</u>	<u>(48,465,246)</u>	<u>1,168,824</u>
Other Financing Sources:				
Transfers in:				
Town of South Kingstown General Fund	49,614,070	49,614,070	49,614,070	-
Trust Fund Income	20,000	20,000	20,502	502
Transfers out:				
Transfers to Other Funds			(186,332)	(186,332)
Total other financing sources	<u>49,634,070</u>	<u>49,634,070</u>	<u>49,448,240</u>	<u>(185,830)</u>
Excess of Revenues, Other Sources and Uses of Fund Balance over Expenditures and Other Financing Uses	<u>\$ -</u>	<u>\$ -</u>	<u>982,994</u>	<u>\$ 982,994</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)	
Transfers to school improvement funds			(903,000)	
Transfers to school cafeteria fund			(80,003)	
Change in encumbrances			<u>(171,135)</u>	
Total Net Change in Fund Balance - GAAP basis			<u>\$ (571,144)</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	Municipal Planning Services Reserve Fund
Alcohol Grant	Reducing Marijuana Grant
Animal Shelter Benefit	Seat Belt Enforcement Grants
Asset Forfeiture Fund	Statewide Planning Grant
Governor's Justice Commission Grants	South Road School Reserve Fund
Historical and Vital Recording Fees	Substance Abuse
Miscellaneous Donations Fund	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.

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 Center Fund - This fund is used to account for various restoration projects to the Town's recreation center.

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.

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, 2015

EXHIBIT B-1

	Special Revenue Funds										
	Affordable Housing	Alcohol Grant	Animal Shelter Benefit	Asset Forfeiture	Community Development Block Grant	Elderly Services	EMS Billing Services	Governor's Justice Commission Grants	Historical and Vital Records	Narragansett Library	Neighborhood Guild
ASSETS											
Cash and cash equivalents	\$	\$	\$	740	\$	151,835	\$ 965,647	\$	\$	21,200	\$ 116,066
Investments										63,726	
Accounts and other receivables			2,902	12,318	443,566	50,150		2,441		10,531	100,218
Due from federal and state governments						33,009					
Due from other funds	10,000	13	209,593	52,386			3,254		141,333		210
Prepays											4,357
Total Assets	\$ 10,000	\$ 13	\$ 212,495	\$ 65,444	\$ 443,566	\$ 234,994	\$ 968,901	\$ 2,441	\$ 141,333	\$ 95,457	\$ 220,851
LIABILITIES AND FUND BALANCES											
Liabilities:											
Accounts payable	\$	\$	243	\$	23,018	7,638	2,985	600	2,989	\$	7,800
Accrued liabilities			17,496			26,744					17,015
Due to other funds					72,510	17,825		600		11,477	
Unearned revenue		13		67,034	348,038			1,241			60,009
Total liabilities	-	13	17,739	67,034	443,566	52,207	2,985	2,441	2,989	11,477	84,824
Fund Balances:											
Nonspendable											4,357
Restricted									138,344	83,980	131,670
Committed	10,000		194,756			182,787	965,916				
Unassigned				(1,590)							
Total fund balances	10,000	-	194,756	(1,590)	-	182,787	965,916	-	138,344	83,980	136,027
Total Liabilities and Fund Balances	\$ 10,000	\$ 13	\$ 212,495	\$ 65,444	\$ 443,566	\$ 234,994	\$ 968,901	\$ 2,441	\$ 141,333	\$ 95,457	\$ 220,851

(Continued on next page)

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

EXHIBIT B-1

	Special Revenue Funds									
	Peace Dale Office Building	Property Revaluation Reserve	RI Resource Recovery Grant	Seat Belt Enforcement Grant	South Road School Reserve	Substance Abuse	Tobacco Compliance Investigation Project	Reducing Marijuana Grant	Statewide Planning Grant	Nancy Brown Memorial Fund
ASSETS										
Cash and cash equivalents	\$ 318,021	\$	\$	\$	\$	\$	\$	\$	\$	\$ 3,134
Investments										
Accounts and other receivables	2,754									
Due from federal and state governments				52,372		1,892	39	49,298	11,801	
Due from other funds		295,510	55,896		429,553					
Prepays										
Total Assets	<u>\$ 320,775</u>	<u>\$ 295,510</u>	<u>\$ 55,896</u>	<u>\$ 52,372</u>	<u>\$ 429,553</u>	<u>\$ 1,892</u>	<u>\$ 39</u>	<u>\$ 49,298</u>	<u>\$ 11,801</u>	<u>\$ 3,134</u>
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$ 12,716	\$ 17,524	\$	\$	\$	\$ 750	\$	\$ 1,413	\$	\$
Accrued liabilities	5,810			2,448						3,134
Due to other funds	5,715			2,697		1,142	39	20,004	6,795	
Unearned revenue	4,000			47,227				27,881	11,801	
Total liabilities	<u>28,241</u>	<u>17,524</u>	<u>-</u>	<u>52,372</u>	<u>-</u>	<u>1,892</u>	<u>39</u>	<u>49,298</u>	<u>18,596</u>	<u>3,134</u>
Fund Balances:										
Nonspendable										
Restricted			55,896							
Committed	292,534	277,986			429,553					
Unassigned									(6,795)	
Total fund balances	<u>292,534</u>	<u>277,986</u>	<u>55,896</u>	<u>-</u>	<u>429,553</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,795)</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 320,775</u>	<u>\$ 295,510</u>	<u>\$ 55,896</u>	<u>\$ 52,372</u>	<u>\$ 429,553</u>	<u>\$ 1,892</u>	<u>\$ 39</u>	<u>\$ 49,298</u>	<u>\$ 11,801</u>	<u>\$ 3,134</u>

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TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

EXHIBIT B-1

	Special Revenue Funds				Capital Project Funds					
	Municipal Planning Services Reserve Fund	School Restricted Fund	Miscellaneous Donations Fund	Total Special Revenue Funds	Capital Equipment and Replacement	Technology Improvement	Fair Share Development	Library Building Construction	Open Space Reserve	Public Safety Improvement
ASSETS										
Cash and cash equivalents	\$	\$	\$	\$ 1,576,643	\$	\$	\$	\$ 217,180	\$	\$
Investments				63,726						
Accounts and other receivables		12,525		176,178						
Due from federal and state governments		739,367		1,349,005						
Due from other funds	2,219	66,959	2,695	1,269,621	834,082	503,429	1,760,241	893	668,511	436,461
Prepays				4,357						
Total Assets	<u>\$ 2,219</u>	<u>\$ 818,851</u>	<u>\$ 2,695</u>	<u>\$ 4,439,530</u>	<u>\$ 834,082</u>	<u>\$ 503,429</u>	<u>\$ 1,760,241</u>	<u>\$ 218,073</u>	<u>\$ 668,511</u>	<u>\$ 436,461</u>
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$	\$ 23,603	\$	\$ 101,279	\$ 356	\$ 100,972	\$	\$	\$	\$ 3,961
Accrued liabilities		81,332		153,979						
Due to other funds		682,394		821,198						
Unearned revenue		31,522		598,766						
Total liabilities	<u>-</u>	<u>818,851</u>	<u>-</u>	<u>1,675,222</u>	<u>356</u>	<u>100,972</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,961</u>
Fund Balances:										
Nonspendable				4,357						
Restricted			2,695	412,585			1,760,241		668,511	
Committed	2,219			2,355,751	833,726	402,457		218,073		432,500
Unassigned				(8,385)						
Total fund balances	<u>2,219</u>	<u>-</u>	<u>2,695</u>	<u>2,764,308</u>	<u>833,726</u>	<u>402,457</u>	<u>1,760,241</u>	<u>218,073</u>	<u>668,511</u>	<u>432,500</u>
Total Liabilities and Fund Balances	<u>\$ 2,219</u>	<u>\$ 818,851</u>	<u>\$ 2,695</u>	<u>\$ 4,439,530</u>	<u>\$ 834,082</u>	<u>\$ 503,429</u>	<u>\$ 1,760,241</u>	<u>\$ 218,073</u>	<u>\$ 668,511</u>	<u>\$ 436,461</u>

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TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

EXHIBIT B-1

	Capital Project Funds									
	Public Services Office Building Improvement	Public Works Improvement	Recreation Minor Improvement	Recreation Major Projects	School Improvement	Senior Services Improvement	Town Hall Improvement	Wastewater Construction	Recreation Center	Total Capital Project Funds
ASSETS										
Cash and cash equivalents	\$	\$	\$	\$	\$	\$	\$	\$ 5,020,589	\$	\$ 5,237,769
Investments										-
Accounts and other receivables										-
Due from federal and state governments			28,145							28,145
Due from other funds	468,349	2,042,870	39,115	67,335	280,241	30,891	157,494	200,718	875,557	8,366,187
Prepays										-
Total Assets	<u>\$ 468,349</u>	<u>\$ 2,042,870</u>	<u>\$ 67,260</u>	<u>\$ 67,335</u>	<u>\$ 280,241</u>	<u>\$ 30,891</u>	<u>\$ 157,494</u>	<u>\$ 5,221,307</u>	<u>\$ 875,557</u>	<u>\$ 13,632,101</u>
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$ 18,300	\$ 603,799	\$ 12,084	\$	\$ 36,966	\$	\$	\$	\$ 126,849	\$ 903,287
Accrued liabilities										-
Due to other funds										-
Unearned revenue			28,145							28,145
Total liabilities	<u>18,300</u>	<u>603,799</u>	<u>40,229</u>	<u>-</u>	<u>36,966</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>126,849</u>	<u>931,432</u>
Fund Balances:										
Nonspendable										-
Restricted									748,708	3,177,460
Committed	450,049	1,439,071	27,031	67,335	243,275	30,891	157,494	5,221,307		9,523,209
Unassigned										-
Total fund balances	<u>450,049</u>	<u>1,439,071</u>	<u>27,031</u>	<u>67,335</u>	<u>243,275</u>	<u>30,891</u>	<u>157,494</u>	<u>5,221,307</u>	<u>748,708</u>	<u>12,700,669</u>
Total Liabilities and Fund Balances	<u>\$ 468,349</u>	<u>\$ 2,042,870</u>	<u>\$ 67,260</u>	<u>\$ 67,335</u>	<u>\$ 280,241</u>	<u>\$ 30,891</u>	<u>\$ 157,494</u>	<u>\$ 5,221,307</u>	<u>\$ 875,557</u>	<u>\$ 13,632,101</u>

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TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

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	Total
ASSETS							
Cash and cash equivalents	\$ 201,061	\$ 3,092	\$ 219,172	\$ 194,164	\$ 4,917	\$ 622,406	\$ 7,436,818
Investments	253,003	238,505			853,640	1,345,148	1,408,874
Accounts and other receivables						-	176,178
Due from federal and state governments						-	1,377,150
Due from other funds	4,349		85	74		4,508	9,640,316
Prepays						-	4,357
Total Assets	<u>\$ 458,413</u>	<u>\$ 241,597</u>	<u>\$ 219,257</u>	<u>\$ 194,238</u>	<u>\$ 858,557</u>	<u>1,972,062</u>	<u>\$ 20,043,693</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$	\$ 3,092	\$ 76	\$	\$	\$ 3,168	\$ 1,007,734
Accrued liabilities						-	153,979
Due to other funds						-	821,198
Unearned revenue						-	626,911
Total liabilities	<u>-</u>	<u>3,092</u>	<u>76</u>	<u>-</u>	<u>-</u>	<u>3,168</u>	<u>2,609,822</u>
Fund Balances:							
Nonspendable						-	4,357
Restricted	458,413	238,505	219,181	194,238	858,557	1,968,894	5,558,939
Committed						-	11,878,960
Unassigned						-	(8,385)
Total fund balances	<u>458,413</u>	<u>238,505</u>	<u>219,181</u>	<u>194,238</u>	<u>858,557</u>	<u>1,968,894</u>	<u>17,433,871</u>
Total Liabilities and Fund Balances	<u>\$ 458,413</u>	<u>\$ 241,597</u>	<u>\$ 219,257</u>	<u>\$ 194,238</u>	<u>\$ 858,557</u>	<u>\$ 1,972,062</u>	<u>\$ 20,043,693</u>

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

EXHIBIT B-2

	Special Revenue Funds										
	Affordable Housing	Alcohol Grant	Animal Shelter Benefit Fund	Asset Forfeiture Fund	Community Development Block Grant	Elderly Services	EMS Billing Services Fund	Governor's Justice Commission Grants	Historical and Vital Recording Fees	Narragansett Library	Neighborhood Guild
Revenues:											
Intergovernmental revenues	\$	\$	\$	\$ 7,244	\$ 492,826	\$ 325,283	\$	\$ 21,228	\$	\$	\$
Licenses and fees			14,302						35,288		
Fines and charges						72,228	934,386				368,838
Investment income (loss)						236	1,609			30,385	169
Contributions			4,685							47,104	
Other revenue			14,736	12,848							
Total revenues	-	-	33,723	20,092	492,826	397,747	935,995	21,228	35,288	77,489	369,007
Expenditures:											
Education											
Recreation											725,306
Other expenditures			36,029	20,092	492,826	803,291	181,526	21,228	26,782	40	
Debt service:											
Principal retirement											50,000
Interest and other charges											3,688
Capital outlay											
Total expenditures	-	-	36,029	20,092	492,826	803,291	181,526	21,228	26,782	40	778,994
Excess (Deficiency) of Revenues over Expenditures	-	-	(2,306)	-	-	(405,544)	754,469	-	8,506	77,449	(409,987)
Other Financing Sources (Uses):											
Transfers in						380,771				3,092	433,450
Transfers out						(23,875)	(723,500)			(50,230)	(5,450)
Total other financing sources (uses)	-	-	-	-	-	356,896	(723,500)	-	-	(47,138)	428,000
Net Change in Fund Balances	-	-	(2,306)	-	-	(48,648)	30,969	-	8,506	30,311	18,013
Fund Balances at Beginning of Year	10,000	-	197,062	(1,590)	-	231,435	934,947	-	129,838	53,669	118,014
Fund Balances at End of Year	\$ 10,000	\$ -	\$ 194,756	\$ (1,590)	\$ -	\$ 182,787	\$ 965,916	\$ -	\$ 138,344	\$ 83,980	\$ 136,027

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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, 2015

EXHIBIT B-2

	Special Revenue Funds										
	Peace Dale Office Building	Property Revaluation Reserve Fund	RI Resource Recovery Grant	Seat Belt Enforcement Grant	South Road School Reserve Fund	Substance Abuse	Tobacco Compliance Investigation Project	Reducing Marijuana Grant	Energy Efficiency and Conservation Grant	Statewide Planning Grant	Nancy Brown Memorial Fund
Revenues:											
Intergovernmental revenues	\$	\$	\$	\$	49,507	\$	25,138	\$	87,354	\$	\$
Licenses and fees											
Fines and charges	94,988				20,000						
Investment income (loss)	746										
Contributions											
Other revenue		5,939	17			5,450					
Total revenues	95,734	5,939	17	49,507	20,000	30,588	460	87,354	-	-	-
Expenditures:											
Education											
Recreation											
Other expenditures	81,805	35,959		49,507		30,588	460	87,355		6,795	
Debt service:											
Principal retirement											
Interest and other charges											
Capital outlay											
Total expenditures	81,805	35,959	-	49,507	-	30,588	460	87,355	-	6,795	-
Excess (Deficiency) of Revenues over Expenditures	13,929	(30,020)	17	-	20,000	-	-	(1)	-	(6,795)	-
Other Financing Sources (Uses):											
Transfers in											
Transfers out	(21,000)				(10,161)						
Total other financing sources (uses)	(21,000)	-	-	-	(10,161)	-	-	-	-	-	-
Net Change in Fund Balances	(7,071)	(30,020)	17	-	9,839	-	-	(1)	-	(6,795)	-
Fund Balances at Beginning of Year	299,605	308,006	55,879	-	419,714	-	-	1	-	-	-
Fund Balances at End of Year	\$ 292,534	\$ 277,986	\$ 55,896	\$ -	\$ 429,553	\$ -	\$ -	\$ -	\$ -	\$ (6,795)	\$ -

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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, 2015

EXHIBIT B-2

	Special Revenue Funds				Capital Projects Funds					
	Municipal Planning Services Reserve Fund	School Restricted Fund	Miscellaneous Donations Fund	Total Special Revenue Funds	Capital Equipment and Replacement	Technology Improvement	Fair Share Development	Library Building Construction	Open Space Reserve	Public Safety Improvement
Revenues:										
Intergovernmental revenues	\$	\$ 1,834,617	\$	\$ 2,843,657	\$ 35,711	\$	\$ 208,417	\$ 54,160	\$ 440,639	\$
Licenses and fees				49,590						
Fines and charges				1,490,440						
Investment income (loss)				33,145				414		
Contributions			4,567	56,356						
Other revenue	5,072	118,469		162,531				25,000		
Total revenues	5,072	1,953,086	4,567	4,635,719	35,711	-	208,417	79,574	440,639	-
Expenditures:										
Education		1,808,779		1,808,779						
Recreation				725,306						
Other expenditures	2,853		1,872	1,879,008						
Debt service:				-						
Principal retirement				50,000						
Interest and other charges				3,688						
Capital outlay		144,307		144,307	368,340	310,761		8,248		10,703
Total expenditures	2,853	1,953,086	1,872	4,611,088	368,340	310,761	-	8,248	-	10,703
Excess (Deficiency) of Revenues over Expenditures	2,219	-	2,695	24,631	(332,629)	(310,761)	208,417	71,326	440,639	(10,703)
Other Financing Sources (Uses):										
Transfers in				817,313	621,000	273,000				140,000
Transfers out				(834,216)			(184,540)		(225,000)	
Total other financing sources (uses)	-	-	-	(16,903)	621,000	273,000	(184,540)	-	(225,000)	140,000
Net Change in Fund Balances	2,219	-	2,695	7,728	288,371	(37,761)	23,877	71,326	215,639	129,297
Fund Balances at Beginning of Year	-	-	-	2,756,580	545,355	440,218	1,736,364	146,747	452,872	303,203
Fund Balances at End of Year	\$ 2,219	\$ -	\$ 2,695	\$ 2,764,308	\$ 833,726	\$ 402,457	\$ 1,760,241	\$ 218,073	\$ 668,511	\$ 432,500

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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, 2015

EXHIBIT B-2

	Capital Project Funds									
	Public Services Office Building Improvement	Public Works Improvement	Recreation Minor Improvement	Recreation Improvement	School Improvement	Senior Services Center Construction	Town Hall Improvement	Wastewater Construction	Recreation Center	Total Capital Project Funds
Revenues:										
Intergovernmental revenues	\$	\$	\$	\$	\$	\$	\$	\$	\$	89,871
Licenses and fees										649,056
Fines and charges								35,048		35,048
Investment income (loss)								14,082		14,496
Contributions						1,130				1,130
Other revenue										25,000
Total revenues	-	-	-	-	-	1,130	-	49,130	-	814,601
Expenditures:										
Education										-
Recreation										-
Other expenditures									600	600
Debt service:										-
Principal retirement										-
Interest and other charges										-
Capital outlay	98,337	779,183	341,273		684,725	14,449			250,692	2,866,711
Total expenditures	98,337	779,183	341,273	-	684,725	14,449	-	-	251,292	2,867,311
Excess (Deficiency) of Revenues over Expenditures	(98,337)	(779,183)	(341,273)	-	(684,725)	(13,319)	-	49,130	(251,292)	(2,052,710)
Other Financing Sources (Uses):										
Transfers in	148,500	640,000	100,000	10,000	903,000	30,000	5,000		1,000,000	3,870,500
Transfers out										(409,540)
Total other financing sources (uses)	148,500	640,000	100,000	10,000	903,000	30,000	5,000	-	1,000,000	3,460,960
Net Change in Fund Balances	50,163	(139,183)	(241,273)	10,000	218,275	16,681	5,000	49,130	748,708	1,408,250
Fund Balances at Beginning of Year	399,886	1,578,254	268,304	57,335	25,000	14,210	152,494	5,172,177	-	11,292,419
Fund Balances at End of Year	\$ 450,049	\$ 1,439,071	\$ 27,031	\$ 67,335	\$ 243,275	\$ 30,891	\$ 157,494	\$ 5,221,307	\$ 748,708	\$ 12,700,669

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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, 2015

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	\$	\$	\$	\$	\$	-	\$	2,933,528
Licenses and fees						-		698,646
Fines and charges						-		1,525,488
Investment income (loss)	(4,673)	28,380	550	486	45,787	70,530		118,171
Contributions						-		57,486
Other revenue						-		187,531
Total revenues	(4,673)	28,380	550	486	45,787	70,530	-	5,520,850
Expenditures:								
Education						-		1,808,779
Recreation						-		725,306
Other expenditures			1,557	500	5,810	7,867		1,887,475
Debt service:								
Principal retirement						-		50,000
Interest and other charges						-		3,688
Capital outlay						-		3,011,018
Total expenditures	-	-	1,557	500	5,810	7,867	-	7,486,266
Excess (Deficiency) of Revenues over Expenditures	(4,673)	28,380	(1,007)	(14)	39,977	62,663	-	(1,965,416)
Other Financing Sources (Uses):								
Transfers in						-	3,092	4,690,905
Transfers out		(3,092)			(21,797)	(24,889)	(3,092)	(1,271,737)
Total other financing sources (uses)	-	(3,092)	-	-	(21,797)	(24,889)	-	3,419,168
Net Change in Fund Balances	(4,673)	25,288	(1,007)	(14)	18,180	37,774	-	1,453,752
Fund Balances at Beginning of Year	463,086	213,217	220,188	194,252	840,377	1,931,120	-	15,980,119
Fund Balances at End of Year	\$ 458,413	\$ 238,505	\$ 219,181	\$ 194,238	\$ 858,557	\$ 1,968,894	\$ -	\$ 17,433,871

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, 2015

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2015</u>
Unclaimed Estates				
Assets:				
Cash	\$ <u>125,055</u>	\$ <u>4,709</u>	\$ <u></u>	\$ <u>129,764</u>
Liabilities:				
Deposits held in custody for others	\$ <u>125,055</u>	\$ <u>4,709</u>	\$ <u></u>	\$ <u>129,764</u>
Student Activities Fund				
Assets:				
Cash	\$ 272,678	\$ 517,012	\$ 486,168	\$ 303,522
Investments	<u>8,016</u>	<u></u>	<u></u>	<u>8,016</u>
Total Assets	\$ <u>280,694</u>	\$ <u>517,012</u>	\$ <u>486,168</u>	\$ <u>311,538</u>
Liabilities:				
Deposits held in custody for others	\$ <u>280,694</u>	\$ <u>517,012</u>	\$ <u>486,168</u>	\$ <u>311,538</u>
Total All Agency Funds				
Assets:				
Cash	\$ 397,733	\$ 521,721	\$ 486,168	\$ 433,286
Investments	<u>8,016</u>	<u></u>	<u></u>	<u>8,016</u>
Total Assets	\$ <u>405,749</u>	\$ <u>521,721</u>	\$ <u>486,168</u>	\$ <u>441,302</u>
Liabilities:				
Deposits held in custody for others	\$ <u>405,749</u>	\$ <u>521,721</u>	\$ <u>486,168</u>	\$ <u>441,302</u>

Other Schedules

**TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
SCHEDULE OF PROPERTY TAXES RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2015**

Year	Mill Rate	Property Taxes Receivable July 1, 2014	Current Year Assessment	Transfers Addendums (Net)	Abatements and Adjustments	Amount to be Collected	Collections Net of Refunds	Property Taxes Receivable June 30, 2015
2014	15.482	\$	\$ 67,607,641	\$ 114,775	\$ 23,555	\$ 67,698,861	\$ 66,738,224	\$ 960,637
2013	15.470	940,714		441	90	941,065	812,668	128,397
2012	14.501	112,216			41	112,175	57,422	54,753
2011	14.510	61,688				61,688	15,186	46,502
2010	14.190	73,646				73,646	11,974	61,672
2009	12.090	18,785				18,785	935	17,850
2008	11.970	19,871				19,871	618	19,253
2007	11.510	18,963				18,963	219	18,744
2006	13.650	15,012				15,012	275	14,737
2005	13.130	21,021				21,021	221	20,800
2004	12.580	18,830			18,734	96	96	-
2003	19.910	23,354			23,353	-		-
2002	19.020	21,522			21,522	-		-
Subtotal		1,345,622	\$ <u>67,607,641</u>	\$ <u>115,216</u>	\$ <u>87,295</u>	\$ <u>68,981,183</u>	\$ <u>67,637,838</u>	1,343,345
Less: estimated allowance for uncollectable accounts		<u>320,710</u>						<u>331,082</u>
Net property taxes receivable		\$ <u>1,024,912</u>						\$ <u>1,012,263</u>

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
SCHEDULE OF PROPERTY TAXES RECEIVABLE (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015

Schedule of Net Assessed Property Value by Category			Reconciliation of Current Year Property Tax Revenue	
Assessed December 31, 2013				
<u>Description of Property</u>	<u>Valuations</u>	<u>Levy</u>		
Real property	\$ 4,095,876,600	\$ 63,412,362	Current year collections	\$ 67,637,838
Motor vehicle	256,950,396	4,807,542	Revenue received 60 days subsequent to fiscal year ending June 30, 2015	<u>333,517</u>
Tangible property	106,473,897	1,648,429	Subtotal	67,971,355
Wholesale and retail inventory				
Total	4,459,300,893	69,868,333	Prior year revenue received in current year (2014 60 day rule)	<u>(295,471)</u>
Exemptions and adjustments	<u>131,449,858</u>	<u>2,260,692</u>	Current Year Property Tax Revenue	\$ <u><u>67,675,884</u></u>
Net Assessed Value	\$ <u><u>4,327,851,035</u></u>	\$ <u><u>67,607,641</u></u>		

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									
	2015	Restated 2014	2013	2012	2011	2010	2009	2008	Restated 2007	2006
Governmental activities:										
Net investment in capital assets	\$ 67,772,956	\$ 65,788,311	\$ 67,088,741	\$ 66,167,452	\$ 64,187,374	\$ 59,514,637	\$ 58,268,229	\$ 55,954,948	\$ 53,793,454	\$ 57,027,194
Restricted	17,686,826	17,649,052	15,968,722	15,885,876	15,927,670	14,457,291	13,627,269	15,981,878	17,131,006	15,430,240
Unrestricted	(15,211,943)	(17,179,480)	35,089,366	31,781,810	28,956,645	28,760,016	25,159,357	23,644,356	22,077,926	19,337,021
Total governmental activities net position	<u>70,247,839</u>	<u>120,001,159</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>	<u>93,002,386</u>	<u>91,794,455</u>
Business-type activities:										
Net investment in capital assets	20,379,758	20,653,037	21,169,022	21,551,897	21,529,486	21,683,245	21,953,466	22,481,289	21,425,967	21,673,567
Unrestricted	8,602,953	7,806,604	7,020,437	6,215,290	5,705,043	5,107,329	4,699,813	4,065,992	3,732,628	3,630,933
Total business-type activities net position	<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>	<u>25,158,595</u>	<u>25,304,500</u>
Primary government:										
Net investment in capital assets	88,152,714	86,441,348	88,257,763	87,719,349	85,716,860	81,197,882	80,221,695	78,436,237	75,219,421	78,700,761
Restricted	17,686,826	17,649,052	15,968,722	15,885,876	15,927,670	14,457,291	13,627,269	15,981,878	17,131,006	15,430,240
Unrestricted	(6,608,990)	44,370,400	42,109,803	37,997,100	34,661,688	33,867,345	29,859,170	27,710,348	25,810,554	22,967,954
Total Primary Government Net Position	<u>\$ 99,230,550</u>	<u>\$ 148,460,800</u>	<u>\$ 146,336,288</u>	<u>\$ 136,306,218</u>	<u>\$ 129,522,518</u>	<u>\$ 123,708,134</u>	<u>\$ 122,128,463</u>	<u>\$ 118,160,981</u>	<u>\$ 117,098,955</u>	<u>\$ 91,322,425</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,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Expenses										
Governmental activities:										
General government	\$ 4,132,116	\$ 4,841,301	\$ 10,084,503	\$ 8,998,934	\$ 8,762,355	\$ 9,181,646	\$ 8,773,435	\$ 8,806,804	\$ 8,559,664	\$ 7,794,143
Public safety	10,223,505	10,045,222	7,077,376	6,982,529	6,842,338	6,586,666	6,809,682	6,784,029	6,701,924	6,163,017
Public works	4,621,350	4,299,775	3,648,193	2,867,358	3,267,543	3,123,570	3,381,225	2,905,202	3,221,185	2,726,315
Human service agency contributions	928,691	923,218	145,400	145,400	145,400	166,750	188,927	183,987	178,356	183,015
Public libraries	1,282,647	1,231,188	1,051,446	1,033,043	1,049,444	1,015,013	1,039,152	1,039,669	988,273	953,482
Education	61,776,176	61,622,756	62,189,433	62,121,226	62,708,323	62,584,202	63,199,438	62,853,934	60,131,860	55,630,802
Recreation	2,648,392	2,723,576	2,264,670	2,242,208	2,274,394	2,238,241	2,301,367	2,322,764	2,319,532	2,281,584
Interest on long-term debt	819,950	860,844	730,633	916,407	1,067,569	1,236,605	1,369,147	1,520,722	1,560,963	1,499,745
Total governmental activities	<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>	<u>83,661,757</u>	<u>77,232,103</u>
Business-type activities:										
Wastewater	3,223,580	2,829,421	2,768,557	3,024,608	2,941,505	3,084,902	3,152,653	3,144,544	2,972,625	2,792,376
Solid Waste	477,057	457,313	474,459	522,638	511,132	471,896	477,435	945,596	948,464	893,562
Water	927,477	845,888	768,278	852,845	831,549	805,924	784,999	835,913	713,784	679,376
School Cafeteria	939,795	973,067	957,920	984,046	1,022,540	956,998	992,566	1,041,418	1,095,906	1,056,629
Total business-type activities	<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>	<u>5,730,779</u>	<u>5,421,943</u>
Total Primary Government Expense	<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>	<u>\$ 89,392,536</u>	<u>\$ 82,654,046</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 538,276	\$ 3,188,727	\$ 3,447,815	\$ 3,140,696	\$ 3,568,036	\$ 3,544,928	\$ 3,170,376	\$ 3,617,841	\$ 3,794,768	\$ 4,534,120
Public safety	1,358,084	348,997	1,169,260	689,271	920,046	878,852	888,425	989,173	1,001,582	806,200
Human service	908,990	139,704	-	150						
Public works	123,738	-	324,340	5,500	114,780	77,269	65,465	62,935	61,100	59,500
Public libraries	21,686	24,491	24,283	24,784	27,877	28,448	30,186	28,348	28,478	28,106
Education	883,368	791,124	824,591	734,695	758,360	915,874	988,731	1,003,973	1,141,449	1,203,376
Recreation	1,585,138	1,015,206	958,750	980,159	921,171	863,176	821,301	800,684	820,278	885,410
Operating grants and contributions	12,940,772	13,186,891	13,639,256	14,373,951	14,624,647	14,597,929	14,971,735	16,321,642	16,188,793	15,030,606
Capital grants and contributions	524,381	92,439	107,725	877,125	1,002,922	678,310	105,831	272,145	292,834	4,186,452
Total governmental activities program revenues	<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>	<u>23,329,282</u>	<u>26,733,770</u>
Business-type activities:										
Charges for services:										
Wastewater	3,494,268	3,049,347	3,251,827	3,248,469	3,055,955	3,093,623	3,080,743	3,065,229	2,660,233	2,474,993
Solid Waste	528,250	492,264	544,766	565,191	483,873	425,240	478,540	789,355	950,248	956,613
Water	1,141,522	1,010,389	973,530	946,523	954,815	922,164	940,327	866,797	749,067	814,374
School Cafeteria	579,529	601,848	633,393	680,055	728,897	679,823	721,789	760,830	787,352	795,794
Operating grants and contributions	432,055	368,165	325,227	293,285	321,307	274,624	265,866	504,696	234,927	202,997
Capital grants and contributions				168,650	154,650			307,075		404,100
Total business-type activities	<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>	<u>5,381,827</u>	<u>5,648,871</u>
Total Primary Government Program Revenues	<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>	<u>\$ 28,711,109</u>	<u>\$ 32,382,641</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,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Net (Expense)/Revenue										
Governmental activities	\$ (67,548,394)	\$ (67,760,301)	\$ (64,480,774)	\$ (64,179,527)	\$ (64,547,907)	\$ (66,020,323)	\$ (63,320,370)	\$ (60,332,475)	\$ (50,498,333)	\$ (51,459,635)
Business-type activities	607,715	416,324	759,529	392,771	75,754	79,612	326,511	(348,952)	226,928	(261,573)
Total Primary Government Net Expense	\$ (66,940,679)	\$ (67,343,977)	\$ (63,721,245)	\$ (63,786,756)	\$ (64,472,153)	\$ (65,940,711)	\$ (62,993,859)	\$ (60,681,427)	\$ (50,271,405)	\$ (51,721,208)
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Property taxes	\$ 68,534,064	\$ 66,953,388	\$ 66,659,301	\$ 66,472,251	\$ 65,797,804	\$ 64,729,407	\$ 63,974,336	\$ 60,903,094	\$ 58,032,552	\$ 54,828,438
Motor vehicle phase-out taxes	138,803	170,945	165,446	167,774	168,739	1,876,190	2,178,075	2,167,848	2,165,338	1,828,726
Telephone and hotel taxes	140,601	509,604	495,631	463,552	414,890	372,981	357,171	339,967	337,594	389,466
Grants and aid not restricted for a specific program	1,959,834	1,837,885	1,663,378	1,657,207	1,413,742	1,440,551	1,737,177	2,295,069	2,396,341	2,400,435
Unrestricted investment earnings	661,351	2,568,515	1,990,301	481,121	2,733,097	1,822,022	(834,736)	1,073,334	4,000,792	2,084,407
Miscellaneous										7,385
Transfers	103,697	163,057	357,608	2,318	(9,000)	(16,155)	81,973	(880,146)	25,197	1,087,993
Total governmental activities	71,538,350	72,203,394	71,331,665	69,244,223	70,519,272	70,224,996	67,493,996	65,899,166	66,957,814	62,626,850
Business-type activities:										
Unrestricted investment earnings	19,052	16,915	20,351	16,940	42,184	45,386	108,359	182,029	228,244	155,843
Transfers	(103,697)	(163,057)	(357,608)	(2,318)	9,000	16,155	(81,973)	880,146	(25,197)	(1,087,993)
Total business type activities	(84,645)	(146,142)	(337,257)	14,622	51,184	61,541	26,386	1,062,175	203,047	(932,150)
Total primary government	\$ 71,453,705	\$ 72,057,252	\$ 70,994,408	\$ 69,258,845	\$ 70,570,456	\$ 70,286,537	\$ 67,520,382	\$ 66,961,341	\$ 67,160,861	\$ 61,694,700
Change in Net Position										
Governmental activities	\$ 3,989,956	\$ 4,443,093	\$ 3,571,364	\$ 4,763,449	\$ 6,339,745	\$ 5,677,089	\$ 1,473,673	\$ 2,578,796	\$ 6,625,339	\$ 12,128,517
Business-type activities	523,070	270,182	79,067	774,151	443,955	137,295	105,998	1,388,686	(145,905)	(705,222)
Total primary government	\$ 4,513,026	\$ 4,713,275	\$ 3,650,431	\$ 5,537,600	\$ 6,783,700	\$ 5,814,384	\$ 1,579,671	\$ 3,967,482	\$ 6,479,434	\$ 11,423,295

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,									
	2015	2014	2013	2012 **	2011 *	2010	2009	2008	2007	2006
General Fund:										
Reserved	\$ 38,193	\$ 63,678	\$ 21,926	\$ 30,361	\$ 2,579	\$ 22,133	\$ 45,788	\$ 211,673	\$ 55,127	\$ 286,935
Unreserved	14,984,306	15,914,055	15,443,286	15,048,648	11,661,554	11,485,482	11,535,780	12,151,623	12,145,834	10,875,912
Total General Fund	<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>	<u>\$ 12,200,961</u>	<u>\$ 11,162,847</u>
All Other Governmental Funds:										
Reserved	\$ 22,901,688	\$ 27,111,926	\$ 25,031,275	\$ 23,540,103	\$ 23,737,218	\$ 15,179,653	\$ 12,524,961	\$ 15,431,321	\$ 16,419,082	\$ 16,183,103
Unreserved, reported in:										
Special revenue funds	2,345,147	2,399,180	2,246,126	2,453,669	5,318,787	7,708,064	6,132,249	5,025,971	3,957,611	2,974,177
Capital project funds	9,525,428	3,931,006	4,140,305	4,134,410	3,376,356	9,576,489	9,966,576	9,022,455	8,629,412	6,481,448
Permanent funds						1,415,680	1,447,322	1,390,717	1,390,975	1,363,510
Total All Other Governmental Funds	<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>	<u>\$ 30,397,080</u>	<u>\$ 27,002,238</u>

Notes:

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

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

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

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

	For the Fiscal Year Ended June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues:										
Property Taxes and Interest	\$ 68,282,410	\$ 67,434,952	\$ 66,626,623	\$ 66,517,515	\$ 65,767,357	\$ 64,686,811	\$ 63,897,316	\$ 60,825,348	\$ 57,995,337	\$ 54,798,227
Intergovernmental revenues	13,519,811	13,313,778	13,809,380	15,000,408	14,625,902	16,477,182	16,796,121	18,853,974	19,128,068	22,294,882
Licenses, Fees and Rents	2,091,978	1,936,129	2,122,082	1,850,827	2,037,196	2,024,285	1,789,384	2,235,837	2,350,971	3,171,720
Interest on Investments	661,351	2,562,349	1,913,743	463,169	2,716,487	1,808,819	(853,653)	1,059,327	3,978,764	2,076,026
Fines and Charges	1,685,331	1,720,729	1,707,372	1,514,469	1,178,269	1,135,127	1,114,872	1,163,767	1,229,691	1,135,148
Department Revenue	1,153,858	1,131,332	924,693	1,255,012	1,064,987	1,002,911	1,028,183	1,146,290	1,115,818	1,047,988
Other Revenue	777,521	765,504	1,812,880	1,015,744	1,591,105	1,670,698	1,507,728	1,450,458	1,679,028	1,712,282
State On-behalf Pension	2,369,227	2,185,581	2,119,728	2,478,404	2,098,130	2,008,361	2,439,868	2,406,682	2,091,234	1,393,981
Total revenues	<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>	<u>89,568,911</u>	<u>87,630,254</u>
Expenditures:										
Current:										
General Government	3,571,502	3,632,029	2,660,861	2,549,948	2,578,103	2,486,301	2,732,722	2,643,256	2,562,378	2,392,210
Public Safety	9,639,003	9,281,517	6,672,979	6,743,188	6,563,358	6,036,189	6,383,435	6,343,310	6,105,953	5,894,514
Public Services	2,735,979	2,491,439	2,398,155	1,644,637	2,081,960	1,951,422	2,219,582	1,794,767	2,140,379	1,789,493
Public Health Contributions	125,400	147,400	145,400	145,400	145,400	166,750	188,927	183,987	178,356	183,015
Recreation	2,572,574	2,358,758	2,035,546	2,029,877	2,043,091	1,995,969	2,032,015	2,044,667	2,056,094	2,023,334
Public Libraries	1,173,634	1,134,945	914,695	943,655	928,496	918,449	936,811	909,506	873,701	840,886
Educational	61,834,589	60,988,629	61,524,508	61,576,314	61,820,390	61,519,957	61,776,284	60,874,616	58,544,022	53,788,014
Capital Improvements	3,011,018	2,906,979	1,842,708	2,229,942	4,319,515	2,091,968	1,445,008	1,833,299	3,418,724	11,582,846
Miscellaneous	928,093	2,361,875	7,550,463	6,965,814	6,382,023	6,386,655	6,786,000	6,739,952	6,269,940	5,838,673
Debt Service: (2)										
Principal	2,371,000	2,680,000	2,981,000	3,260,000	3,435,000	3,523,093	3,590,000	3,715,000	3,705,000	3,690,000
Interest	618,393	592,913	717,211	898,394	1,020,227	1,270,377	1,292,092	1,443,667	1,506,605	1,422,690
Total expenditures	<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>	<u>87,361,152</u>	<u>89,445,675</u>
Excess of revenues over (under) expenditures	<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>	<u>2,207,759</u>	<u>(1,815,421)</u>
Other Financing Sources (Uses):										
Proceeds from borrowing						1,283,916			2,200,000	5,000,000
Issuance of refunding bonds	6,935,000		4,263,000							
Payment to refunding debt escrow	(7,218,900)		(4,207,856)							
Transfers in	5,996,250	4,571,217	3,907,648	3,513,401	52,192,383	52,425,977	52,080,623	49,870,629	47,029,050	44,856,027
Transfers out	(5,892,553)	(4,508,160)	(3,880,040)	(3,511,083)	(52,201,383)	(52,442,132)	(51,998,650)	(49,850,566)	(47,003,853)	(43,768,034)
Total other financing sources (uses)	<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>	<u>2,225,197</u>	<u>6,087,993</u>
Net Change in Fund Balances	<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>	<u>\$ 4,432,956</u>	<u>\$ 4,272,572</u>
Debt Service as a Percentage of Noncapital Expenditures (1)	<u>3.52%</u>	<u>3.80%</u>	<u>4.24%</u>	<u>4.81%</u>	<u>5.18%</u>	<u>5.61%</u>	<u>5.63%</u>	<u>6.05%</u>	<u>6.29%</u>	<u>6.57%</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		
2015	3,528,766,791	493,273,045	73,836,764	106,473,897	0	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	0	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	0	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	0	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	0	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	0	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	0	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
2007	4,078,647,297	365,358,470	36,285,300	235,818,415	15,560,824	115,287,225	653,769,240	4,193,188,291	13.75
2006	4,022,973,124	357,510,070	35,424,900	192,851,221	13,543,398	123,721,946	622,976,079	4,123,048,580	13.27

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 2014.

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, 2009 for the 2010-2011 fiscal year. Property is assessed at actual value; therefore, the assessed values are equal to actual value. Tax rates are per \$1,000 of assessed value.

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

Total Direct Rate represents the weighted average of all individual direct rates applied by the Town. Prior to 2000, all property was taxed at the same rate. At that time, the motor vehicles tax rate was frozen at \$18.71. For fiscal year 2014, the property tax rate, exclusive of motor vehicles, was \$15.47

(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, 2015

Note: Exclude Exempt Property

Category	Assessed Value	Assessed Value	Direct Rate Per \$1000	Total Tax Levy
Real Estate	\$ 4,095,876,600			
Less Exemptions	61,825,012			
Net Real Estate		\$ 4,034,051,588	\$ 15.4820	\$ 62,455,187
Tangible/Personal		106,473,897	15.4820	1,648,429
Inventory		0		0
Motor Vehicle	256,950,396			
Less Exemptions	69,624,846			
Net Motor Vehicle		187,325,550	18.71	3,504,861
		<u>\$ 4,327,851,035</u>		<u>\$ 67,608,477</u>
	Total Assessed Value:	\$ 4,327,851,035		
	Divided by Total Levy:	67,608,477		
	(Times 1000)	<u>\$ 15.62</u>	Weighted Avg/Total Direct Rate	

TABLE 6

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

	2015			2006		
	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percent of Total City Taxable Assessed Value
Grandville At The Commons LP	\$ 33,467,700	1	0.77%	\$ 16,386,600	2	0.40%
Schneider Electric (formerly APC)	28,538,974	2	0.66%	43,621,483	1	1.06%
Narragansett Electric	21,695,900	3	0.50%	16,264,789	3	0.39%
SHP III South Kingstown LLC	16,329,100	4	0.38%			
HCP HB2 South Bay Manor LLC	13,696,500	5	0.32%	14,895,574	4	0.36%
Wakefield Mall Associates	12,524,800	6	0.29%	11,460,600	8	0.28%
Jerry Brown Farm Association	12,313,800	7	0.28%	12,070,700	6	
SCC Investments II, LLC	11,107,600	8	0.26%			
United Water of RI	7,880,000	9	0.18%			
Indian Run Village RIH LLC	6,952,600	10	0.16%			
APC America Inc				13,117,200	5	0.32%
Green Tree Realty				11,862,400	7	0.29%
Grandville At The Commons				107,088,700	9	2.60%
Hallkeen CDT Kingston LTD Part				7,482,700	10	0.18%
Total	<u>\$ 164,506,974</u>		<u>3.99%</u>	<u>\$ 254,250,746</u>		<u>5.87%</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 8/30/15	% of Net Levy
2014-15	\$ 15.48	\$67,607,641	\$114,775	\$23,555	\$67,698,861	\$961,902	1.42%	\$656,664	0.9700%
2013-14	15.47	67,082,117	175,914	348,216	65,885,154	940,714	1.43%	104,029	0.16%
2012-13	14.50	66,399,782	99,701	372,420	65,199,289	647,955	0.99%	53,484	0.08%
2011-12	14.51	66,120,832	124,683	360,361	64,231,377	618,926	0.96%	45,441	0.07%
2010-11	14.19	65,499,433	109,275	409,419	65,199,289	702,456	1.08%	59,677	0.09%
2009-10	12.09	64,504,174	122,736	395,533	64,231,377	647,960	1.01%	17,458	0.03%
2008-09	11.97	63,726,992	103,533	441,796	63,388,729	616,114	0.97%	19,253	0.03%
2007-08	11.51	60,692,561	115,434	528,939	60,279,056	529,770	0.88%	18,745	0.03%
2006-07	13.65	57,665,644	254,220	393,867	57,525,997	400,959	0.70%	14,738	0.03%
2005-06	13.13	54,722,908	138,292	487,838	54,373,362	358,734	0.66%	20,799	0.04%

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.

TABLE 8

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

General Bonded Debt					
Fiscal Year June 30,	General Obligation Bonds	Taxable Assessed Value	Percent of Taxable Assessed Value	(2010 is actual) U.S. Census Estimated Population	Per Capita
2015	\$ 12,511,000	\$ 4,327,851,035	0.29%	30,750	\$ 407
2014	14,967,000	4,297,341,593	0.35%	30,615	489
2013	17,647,000	4,526,079,597	0.39%	30,363	581
2012	20,390,000	4,507,072,945	0.45%	30,378	671
2011	23,650,000	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
2007	36,710,000	4,193,188,291	0.88%	29,238	1,256
2006	38,215,000	4,123,048,580	0.93%	29,374	1,301

Business-Type Activities							
Fiscal Year June 30,	Wastewater	Solid Waste	Water	Total Primary Government	Total Personal Income	Percent of Personal Income *	Per Capita
	Bonds	Bonds	Bonds				
2015	\$ 246,000	\$ 1,498,979	\$ -	\$ 14,255,979	Not Available	Not Available	\$ 464
2014	271,000	1,647,896	-	16,885,896	Not Available	Not Available	552
2013	295,000	1,793,014	84,000	19,819,014	1,088,665,365	1.82%	653
2012	380,205	1,934,409	166,000	22,870,614	1,033,064,646	2.21%	753
2011	463,465	2,072,154	246,000	26,431,619	1,304,884,371	2.03%	863
2010	543,843	2,207,323	324,000	29,836,166	1,423,242,828	2.10%	974
2009	622,398	2,338,985	400,000	32,366,383	1,342,386,100	2.41%	1,109
2008	699,189	2,467,208		36,161,397	1,355,928,540	2.67%	1,239
2007	773,271	2,593,058		40,076,329	1,299,132,054	3.08%	1,371
2006	845,699	2,715,600		41,776,299	1,238,760,328	3.37%	1,422

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.

TABLE 9

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(rate per \$1,000 of assessed value)

Fiscal Year Ended June 30	Total Direct Tax Rate	Overlapping Rates		
		Union Fire District	Indian Lake Fire District	Kingston Fire District
2015	\$ 15.62	\$ 0.82	\$ 1.38	\$ 0.96
2014	15.61	0.79	1.13	0.92
2013	14.67	0.71	0.95	0.87
2012	14.67	0.62	1.02	0.82
2011	14.41	0.52	0.80	0.81
2010	12.21	0.44	0.70	0.65
2009	12.13	0.46	0.70	0.61
2008	11.64	0.40	0.73	0.58
2007	13.75	0.54	1.13	0.67
2006	13.27	0.45	1.05	0.62

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.

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

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

TABLE 10

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

	Fiscal Year ended June 30									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Total assessed value	\$ 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	\$ 4,193,188,291	\$ 4,123,048,580
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>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>	<u>125,795,649</u>	<u>123,691,457</u>
Total net debt applicable to the limit	4,745,677	5,443,192	4,299,513	4,747,717	5,338,372	5,911,770	6,564,785	7,240,508	8,013,858	7,755,901
Legal debt margin	<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>	<u>\$ 117,781,791</u>	<u>\$ 115,935,556</u>
Total net debt applicable to the limit as a percentage of debt limit	<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>	<u>6.37%</u>	<u>6.27%</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)
2015	30,750	Not Available	Not Available	3,275	6.9%
2014	30,615	Not Available	Not Available	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%
2007	29,238	44,433	1,299,132	3,803	4.4%
2006	29,374	42,172	1,238,760	3,875	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

2015 (1)				2006 (1)			
Employment Sector	Employees	Rank	Percentage of Total Town Employment	Employment Sector	Employees	Rank	Percentage of Total Town Employment
Government	3,798	1	27.3%	Government	3,697	1	27.3%
Health Care & Social Assistance	2,839	2	20.4%	Health Care & Social Assistance	2,244	2	16.7%
Accommodation & Food Services	1,453	3	10.5%	Retail Trade	1,534	3	11.4%
Retail Trade	1,273	4	9.2%	Accommodation & Food Services	1,249	4	9.3%
Other Services (except Public Administration)	737	5	5.3%	Manufacturing	956	5	7.1%
Wholesale Trade	719	6	5.2%	Other Services (except Public Administration)	775	6	5.8%
Manufacturing	579	7	4.2%	Wholesale Trade	733	7	5.5%
Professional & Technical Services	357	8	2.6%	Construction	435	8	3.2%
Construction	327	9	2.4%	Professional & Technical Services	368	9	2.7%
Administrative Support & Waste Management	325	10	2.3%	Finance & Insurance	283	10	2.1%
Total	<u>12,407</u>		<u>89.3%</u>	Total	<u>12,274</u>		<u>91.1%</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,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General Government:	33	33	33	33	33	33	36	38	38	37
Public Safety:										
Police - Officers	52	51	51	51	51	53	54	54	54	54
Police - Civilians	22	22	22	22	22	22	22	22	22	22
Emer. Medical Services	17	17	17	17	17	17	17	17	17	17
Communications	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</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>	<u>96</u>	<u>96</u>
Public Works:										
Streets & Highways	18	17	17	17	17	18	19	19	19	20
Administration	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</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>	<u>23</u>	<u>24</u>
Parks & Recreation	11	11	11	11	11	11	12	12	12	11
Libraries	10	10	10	11	11	12	12	11	12	12
TOTAL GENERAL FUND	169	167	167	168	168	172	179	180	181	180
Water	3	4	4	4	4	4	4	4	4	4
Wastewater	14	17	17	17	18	18	18	18	18	19
Neighborhood Guild	5	5	5	5	5	5	5	5	5	5
Senior Services	7	7	7	7	8	8	8	9	9	9
Other	1	1	1	1	1	1	1	1	1	1
Public education:										
Certified	316	323	341	345	347	348	367	373	381	371
Non-certified	153	158	174	172	180	195	203	208	207	195
Administrative	<u>24</u>	<u>24</u>	<u>24</u>	<u>20</u>	<u>21</u>	<u>21</u>	<u>22</u>	<u>21</u>	<u>21</u>	<u>21</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>	<u>608</u>	<u>587</u>
Total	<u>692</u>	<u>706</u>	<u>740</u>	<u>739</u>	<u>752</u>	<u>772</u>	<u>807</u>	<u>819</u>	<u>827</u>	<u>805</u>

TABLE 14

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

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Function/Program										
Police:										
Physical arrests	530	645	626	682	661	718	714 (3)	667	738	856
Traffic violations	1,751	2,696	2,764	3,718	2,354	3,147	4,650 (3)	8,197	7,621	6,755
Parking violations	1,152	1,257	742	987	1,032	1,239	1,145 (3)	1,046	715	716
Emergency Medical Services:										
Number of calls answered	2,750	2,852	2,807	2,652	2,707	2,703	2,637	2,584	2,487	2,531
Animal Control:										
Number of complaints	1,188	1,357	1,260	1,457	1,332	1,324	1,334	1,408	1,447	1,288
Number of impoundments	201	318	383	382	390	418	401	601	588	614
Communications:										
Fire alarm activations	202	227	262	222	241	254	227	240	261	186
Streets & Highways:										
Street Sweeping (miles)	151	151	151	151	150	150	150	150	150	150
Road regrading (miles)	45	45	45	45	45	45	45	45	45	45
Street plowing/deicing (OT hours)	2,814	1,568	1,965	344	2,394	1,666	2,500	1,836	931	2,314
Culture & Recreation:										
Programs/Classes (enroll/attend)	30,349	30,550	28,745	32,978	35,652	33,345	35,716 (2)	46,528	60,707	66,846
Libraries:										
Volumes in Collection	69,301	70,599	68,916	68,634	69,223	68,721	66,769	67,700	66,865	66,469
Volumes borrowed	257,137	267,491	262,456	278,828	287,607	301,834	313,716	302,654	306,722	295,807
Reference requests filled	26,158	29,025	28,136	27,949	26,362	26,865	28,221	29,088	28,052	29,139
Water:										
New connections (net)	10	12	4	0	16	9	35	60	0	15
Average daily consumption (1) (thousands of gallons)	250	324	315	313	325	317	364	376	313	340
Wastewater:										
Average daily sewage treatment (thousands of gallons)	2,368	2,589	2,520	2,700	2,517	3,052	2,733	2,473	2,967	2,985
Senior Services:										
Adult Day Care services (client days)	3,034	2,961	3,554	3,321	3,783	4,109	2,304	3,210	3,834	4,017
Senior transportation (trips)	7,042	6,246	7,730	7,645	6,244	7,631	9,269	6,706	8,293	9,124
Congregate meals served	9,375	9,648	11,149	11,977	11,422	11,512	12,765	13,587	15,379	15,136

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

	Fiscal Year 2015	Fiscal Year 2014	Fiscal Year 2013	Fiscal Year 2012	Fiscal Year 2011	Fiscal Year 2010	Fiscal Year 2009	Fiscal Year 2008	Fiscal Year 2007	Fiscal Year 2006
<u>Function/Program</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)	151	151	151	149	149	149	148	148	147	147
Culture and recreation:										
Park acreage	453	453	453	453	453	453	440	440	440	440
Tennis courts	25	25	25	25	25	25	25	25	25	25
Community centers	1	1	1	1	1	1	1	1	1	1
Libraries	3	3	3	3	3	3	3	3	3	3
Water:										
Water mains (miles)	49	49	49	49	49	49	49	49	48	48
Fire hydrants	252	252	252	253	253	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	53	53	53	53	53	53
Storm drains (miles)	53	53	53	53	53	53	53	47	47	46
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, 2015, which was audited in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States, and under the guidelines of the Single Audit Act of 1984 as amended by the Single Audit Act Amendments of 1996 and the United States Office of Management and Budget's Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Expenditures
United States Department of Agriculture		
<i>Passed Through the State of Rhode Island Department of Education:</i>		
Child Nutrition Cluster:		
National School Lunch Program	10.555	\$ <u>426,144</u>
United States Department of Education		
<i>Passed Through the State of Rhode Island Department of Education:</i>		
Title I, Part A I Cluster:		
Title I Grants to Local Educational Agencies	84.010	368,771
Title II	84.367A	175,465
Special Education Cluster:		
Special Education - Grants to States (IDEA, Part B)	84.027	\$ 922,607
Special Education - Preschool Grants (IDEA Preschool)	84.173	<u>23,028</u>
		945,635
Title III Consortium	84.365	3,950
Race to the Top:		
Race to the Top - Educator Effectiveness	84.395A	3,133
Race to the Top - Instructor Improvement Set Aside	84.395A	1,615
Race to the Top - Standards & Curriculum	84.395A	<u>7,751</u>
		12,499
Project AWARE	93.243	<u>28,537</u>
Total United States Department of Education		<u>1,534,857</u>
United States Department of Health and Human Services		
<i>Passed Through the State of Rhode Island Department of Health:</i>		
Block Grants for Community Mental Health - Reducing Marijuana Grant	93.959	112,493
Tobacco Compliance Investigation Grant	93.959	<u>460</u>
Total United States Department of Health and Human Services		<u>112,953</u>
United States Department of Homeland Security		
<i>Passed Through the Rhode Island Emergency Management Agency:</i>		
Emergency Management Performance Grants	97.042	<u>45,335</u>

(Continued on next page)

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2015

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	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>		
CDBG-State-Administered Small Cities Program Cluster:		
Community Development Block Grant/Small Cities Program - 2010	14.228	\$ 18,500
Community Development Block Grant/Small Cities Program - 2011	14.228	27,932
Community Development Block Grant/Small Cities Program - 2012	14.228	21,225
Community Development Block Grant/Small Cities Program - 2013	14.228	251,919
Community Development Block Grant/Small Cities Program - 2014	14.228	<u>173,250</u>
		\$ 492,826
Hurricane Sandy Community Development Block Grant Disaster Recovery	14.269	<u>289,691</u>
Total United States Department of Housing and Urban Development		<u>782,517</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	21,228
US Department of Justice, DEA	16.001	40,360
SOLEMN - U.S. Marshalls Grant	16.203	<u>6,462</u>
Total United States Department of Justice		<u>68,050</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	29,615
Highway Safety Cluster:		
Seat-Belt Enforcement	20.604	<u>49,507</u>
Total United States Department of Transportation		<u>79,122</u>
Total Federal Awards Expended		\$ <u><u>3,048,978</u></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, 2015

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Town of South Kingstown, Rhode Island, under programs of the federal government for the year ended June 30, 2015. The information in the Schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Because the Schedule presents only a selected portion of the operations of the Town of South Kingstown, Rhode Island, it is not intended to, and does not, present the financial position, changes in fund balance, changes in net 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 OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. NONCASH AWARDS

Donated commodities in the amount of \$40,944 are included in the Department of Agriculture's National School Lunch Program, CFDA #10.555. The amount represents the market value of commodities received.



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

To the 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, 2015, and the related notes to the financial statements, which collectively comprise the Town of South Kingstown, Rhode Island's basic financial statements, and have issued our report thereon dated December 28, 2015.

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 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 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 28, 2015



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Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with OMB Circular A-133

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 Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Town of South Kingstown, Rhode Island's major federal programs for the year ended June 30, 2015. 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 the requirements of laws, regulations, contracts and grants 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of South Kingstown, Rhode Island's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion 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, 2015.

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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of South Kingstown, Rhode Island's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 28, 2015

**TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015**

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 Section 510(a) of Circular A-133? _____ yes X no

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
84.027/84.173	Special Education Cluster
14.228	Community Development Block Grant/Small Cities Program Cluster

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

Auditee qualified as low-risk auditee? X yes _____ no

II. FINANCIAL STATEMENT FINDINGS

No matters were reported.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.