

**TOWN OF SOUTH KINGSTOWN,
RHODE ISLAND**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2013**



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 20, 2013

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, 2013, 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, 2013, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Town of South Kingstown's financial statements for the fiscal year ended June 30, 2013, 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 2012-2013 fiscal year budget was the sixth 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 60-64 and page 65 respectively as part of the basic financial statements.

FACTORS AFFECTING FINANCIAL CONDITION

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

Local economy. The economy is centered on the University of Rhode Island, which has an enrollment in excess of 16,500 and employs more than 2,350 people. South County Hospital and tourism trade are also key components of the South Kingstown economy. According to the latest employment data available for the 2012 calendar year, as reported by the RI Department of Labor and Training, the Town experienced an increase in private sector employment between 2003 and 2012 amounting to 1,090 new jobs. Total annual employment in the private sector increased from 8,608 to 9,698.

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

For FY 2011-12 the Building Department issued 2,304 permits with a construction value of \$24,888,946; for FY 2012-2013 the total permits issued was 2,793 with a value of \$42,876,457, (an increase of 489 permits or 21.2% and a value increase of \$17,987,511 or 72.27%).

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. Approximately 80% of the units in this development have been constructed and occupied.

Brandywyne, 40 unit age-restricted condominium style development with ten of the units required to be affordable. The project is located off Route 138 westerly of Rose Hill Road. All units have been completed and sold.

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

Glen at Saugatucket, located off North Road in Peace Dale, 13 total single family units, 2 affordable units. Construction is nearly complete. Eleven of the thirteen units have been sold and are occupied.

Construction of a new 7,500 square foot medical (optometry/ophthalmology) building at Hampton Place (Route 1 Special Management District) is underway. Completion is expected in the spring of 2014.

A new bank facility on Main Street in "Old" Wakefield is under construction for Bank RI. The 4,600 square foot, two-story facility will be completed in the Spring of 2014.

Thundermist Health Center, on River Street, has scheduled construction on a new 20,000 square foot facility to replace their existing health services clinic. Ground is expected to be broken in December, with assistance of a \$5 million federal grant.

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

- According to the 2010 Census, the Town's population grew by 2,718 people from 27,921 to 30,639, an increase of 10 percent from 2000 to 2010. Growth in the number of students living in group quarters at the University of Rhode Island accounted for 50% of the increase in population. The increased student population is the result of several new dormitories being constructed on campus over the past decade.
- The median sale price of a single-family home in South Kingstown decreased to \$295,000 in the first half of 2013, compared to same period in 2012 during which a median sale price of \$300,000 was recorded. This represents an increase of \$45,000 compared to figures from 2002, when a median priced house was selling for \$250,000.
- The 2010 U.S. census reports a total of 13,218 housing units in the Town of South Kingstown, of which 78.0 percent (10,316) were occupied, 17.5 percent were seasonal, recreational, or occasional use, and the remainder were vacant. Of the 10,316 occupied housing units, 72.6 percent were owner occupied and 27.4 percent were renter occupied. The average household size of an owner occupied unit was 2.60 persons, while the average household size of a rented unit was 1.99 persons.

FACTORS AFFECTING FINANCIAL CONDITION (Continued)

- The estimated median income of South Kingstown's households during the time period of 2007-2011, was \$74,147 (Source: American Community Survey, 2007-2011).
- 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.
- The size of the resident workforce was 16,455. The number of employed residents totals 14,967. The June 2012 unemployment rate for South Kingstown was reported at 9.1 percent, compared to the statewide average of 10.4 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 2013-2014 fiscal year capital improvement plan projects needs through fiscal year 2019. The plan provides for the needs of the general government and addresses such issues as infrastructure, major equipment replacement, school facilities, public safety, recreation and open space purchases.

This plan estimates total project cost over the six-year period of approximately \$20,379,010. Financing, net of third party funding sources for these projects by debt issuance, approximates \$10,250,000. In addition, \$12,183,000 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 \$32,562,010.

Major projects to be bonded in the plan include: Recreation and open space programs for \$6,707,300; general municipal improvements for \$10,071,710; school improvements for \$2,600,000; and the East Matunuck By-Pass Water Line for \$1,000,000.

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

Risk management. The Town is a member of the Rhode Island Inter-Local Risk Management Pool. The cooperative pool was formed in 1986 to address the insurance needs of Rhode Island municipalities. South Kingstown became a member on July 1, 1988. The pool provides all property, liability and worker's compensation insurance policies for the Town. Property and liability claims are subject to a \$2,500 deductible with the exception of public officials' liability claims, which are subject to a \$5,000 deductible. The pool's self-insured retention levels range from \$10,000 to \$1,000,000 depending on the type of coverage provided. In addition to the self-insurance provided by the pool, there is also reinsurance through third party sources for claims up to \$5,000,000. In addition to the insurance coverage provided, the pool also provides various educational and training seminars to promote safety training and loss control efforts. Additional information on the Town of South Kingstown's risk management activity can be found in Note 15 on pages 57-58 of the notes to the financial statements.

FACTORS AFFECTING FINANCIAL CONDITION (Continued)

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

As of June 30, 2012, the Town of South Kingstown has funded 88.2 percent of the present value of the projected benefits earned by general municipal and non-certified school employees; 79.5 percent of the present value of the projected benefits earned by police employees; and 117.9 percent of the present value of the projected benefits earned by emergency medical personnel.

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

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

The Town of South Kingstown also provides postretirement healthcare benefits for certain retirees and their dependents. As of the end of the current fiscal year, there were 258 retired School Department and Town employees receiving these benefits. The Town has completed an actuarial valuation of the OPEB obligations with a valuation date of July 1, 2011. The Town has established an irrevocable trust fund for the funding of Other Post Employment Benefits and as such the financial statements include an OPEB Trust Fund and the related disclosure requirements and required supplementary information in accordance with GASB Statement 45.

Additional information on the Town of South Kingstown's pension arrangements and post-employment benefits can be found in Note 12 on pages 47-51 and Note 13 on pages 52-56, respectively, in the notes to the financial statements.

COMMITMENTS AND CONTINGENCIES

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

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

The Consent Decree also requires reimbursement of 30% of the State of Rhode Island costs associated with the remediation of this landfill site and ongoing operation and maintenance costs. These costs will also be shared equally between the two Towns. The estimated cost of reimbursing the State, over the 25 years of payments remaining as of June 30, 2013, was \$3,229,296, of which South Kingstown is responsible for \$1,614,645. During the 2013 year the Town paid \$59,830 towards this liability. The balance of the estimated liability of \$1,614,648 has been included in the government-wide financial statements at June 30, 2013.

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

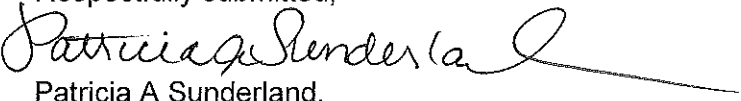
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of South Kingstown for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2012. The Certificate of Achievement 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-three consecutive fiscal years (fiscal years ended June 30, 1990-2012). 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, Kate Minahan, and Frank Xavier. I sincerely appreciate their efforts in assisting me with preparing this comprehensive annual financial report.

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

Respectfully submitted,

Patricia A Sunderland,
Finance Director

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND

TOWN OFFICIALS

JUNE 30, 2013

TOWN COUNCIL

Ella M. Whaley, President

Carol Hagan McEntee, Vice President
Paul Donnelly

Margaret M. Healy
James W. O'Neill

TOWN MANAGER

Stephen A. Alfred

TOWN ATTORNEYS

Michel Ursillo
Andrew Teitz
Nancy Letendre
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
Andrew E. Nota
Jeffrey T. O'Hara
Jon R. Schock
Vincent Vespia, Jr.



Government Finance Officers Association

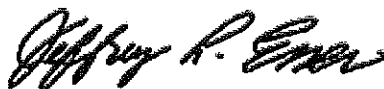
**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Town of South Kingstown
Rhode Island**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012



Executive Director/CEO

TOWN OF SOUTH KINGSTOWN

ELECTORATE

TOWN COUNCIL

LEGAL SERVICES
TOWN BOARDS

TOWN MANAGER

GENERAL
ADMIN.
SERVICES

FINANCE
INSPECTION
AND ZONING
PLANNING
TAX
ASSESSMENT
TOWN CLERK

PUBLIC SERVICES

ENGINEERING
INSPECTIONS AND
SURVEYING
STREETS &
HIGHWAYS
WATER
WASTEWATER
SOLID WASTE

PUBLIC SAFETY

POLICE
EMERGENCY
MEDICAL
SERVICES
ANIMAL CONTROL
HARBOR
MANAGEMENT
RADIO SERVICES

LEISURE &
HEALTH
SERVICES

LIBRARIES
PARKS AND
RECREATION
ADULT DAY
SERVICES
SENIOR
TRANSPORT
SENIOR
CENTER

Financial Section



Accounting | Tax | Business Consulting

Independent Auditors' Report

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

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, 2013, 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, 2013 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 16 and the budgetary comparison information on pages 60 through 65 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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 20, 2013 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 20, 2013

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, 2013. 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 \$146,336,288 (net position). Of this amount, \$42,109,803 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$4,733,963. The major factors in this increase were the positive operating results within the governmental funds and the business-type activity funds.
- As of the close of the current fiscal year, the Town of South Kingstown's governmental funds reported combined ending fund balances of \$46,882,918. Approximately 21.7% of this total amount, \$10,163,704 is available for use at the government's discretion (unassigned fund balance).
- The remaining fund balance of \$36,719,214 includes \$14,164,217 in non-spendable funds, \$10,888,984 in restricted funds and \$11,666,013 in committed funds.
- The Town's total bonded debt declined by \$3,052,600 (13.4%) during the current fiscal year. The key factor in this decline was the retirement of \$3,052,600 in bonds. The Town did issue \$4,263,000 in General Obligation Refunding Bonds during the current fiscal year, with an interest rate of 1.9%, and a Net PV savings of approximately \$404,606, a savings of 10.05%.

Overview of the Financial Statements

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

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

The statement of net 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).

Overview of the Financial Statements (Continued)

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

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

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

Overview of the Financial Statements (Continued)

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. The notes to the financial statements can be found on pages 28-59 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 60-65 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 66-80.

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 exceeded liabilities by \$146,336,288 at the close of the most recent fiscal year.

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND NET POSITION For the Fiscal Years Ended June 30, 2013 and 2012 (in 000s)

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 61,348	\$ 62,482	\$ 8,261	\$ 7,388	\$ 69,609	\$ 69,870
Capital assets, net of accumulated depreciation	84,454	86,425	23,248	23,940	107,702	110,365
Total assets	<u>145,802</u>	<u>148,907</u>	<u>31,509</u>	<u>31,328</u>	<u>177,311</u>	<u>180,235</u>
Current liabilities	7,544	12,182	1,175	1,296	8,719	13,478
Long-term liabilities outstanding	20,111	22,890	2,145	2,265	22,256	25,155
Total liabilities	<u>27,655</u>	<u>35,072</u>	<u>3,320</u>	<u>3,561</u>	<u>30,975</u>	<u>38,633</u>
Net Position:						
Net investment in capital assets	67,089	66,167	21,169	21,552	88,258	87,719
Restricted	15,969	15,886			15,969	15,886
Unrestricted	<u>35,089</u>	<u>31,782</u>	<u>7,020</u>	<u>6,215</u>	<u>42,109</u>	<u>37,997</u>
Total Net Position	<u>\$ 118,147</u>	<u>\$ 113,835</u>	<u>\$ 28,189</u>	<u>\$ 27,767</u>	<u>\$ 146,336</u>	<u>\$ 141,602</u>

By far the largest portion of the Town's net position (60.3%) 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 (10.9% or \$15,968,722) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$42,109,866) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town of South Kingstown, with one exception, is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The Cafeteria Fund, a business-type activity, has an accumulated deficit position of \$75,223, an increase of (\$1,402) over the prior year.

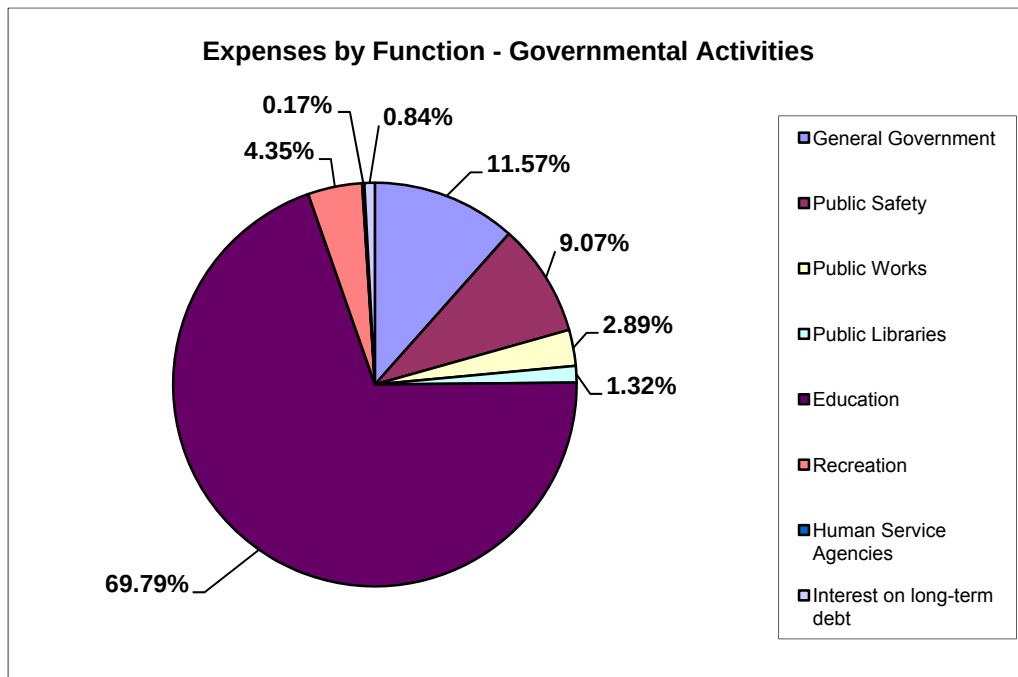
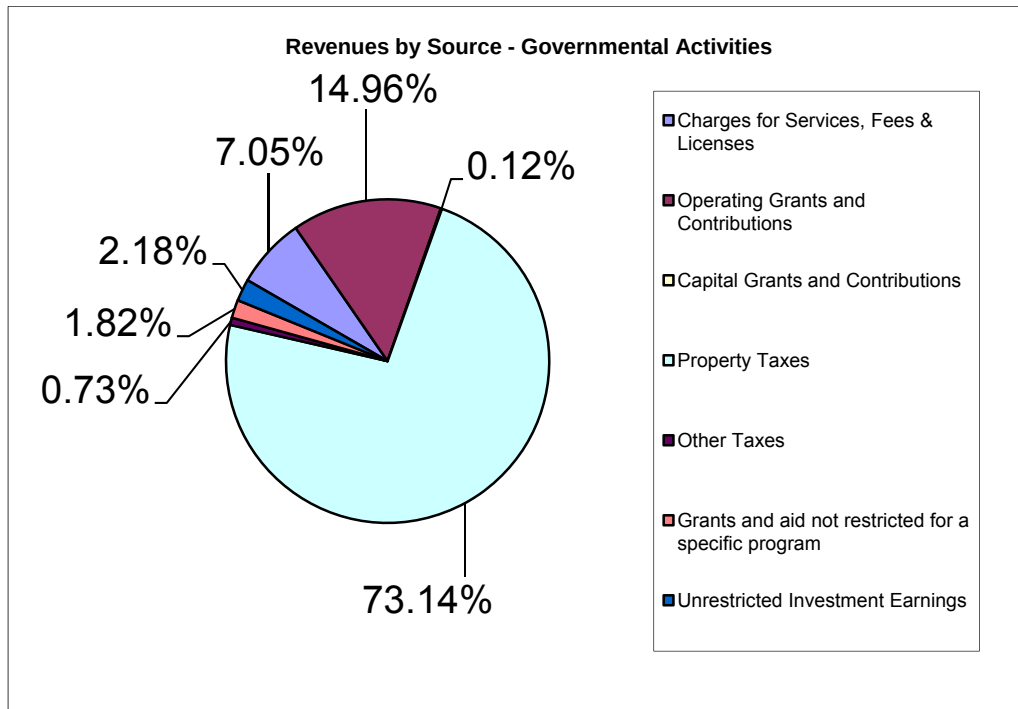
The Town's net position increased by \$4,733,963 during the current fiscal year. Of this amount, governmental activities accounted for \$4,311,691 of the increase while business-type activities accounted for an increase of \$422,272.

Overview of the Financial Statements (Continued)

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND CHANGES IN NET POSITION For the Fiscal Years Ended June 30, 2013 and 2012 (in 000s)

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 6,425	\$ 5,575	\$ 5,404	\$ 5,440	\$ 11,829	\$ 11,015
Operating grants and contributions	13,639	14,374	325	293	13,964	14,667
Capital grants and contributions	108	877		169	108	1,046
General revenues:						
Property taxes	66,659	66,472			66,659	66,472
Motor vehicle phase-out taxes	166	168			166	168
Telephone and hotel taxes	496	464			496	464
Grants not restricted to specific programs	1,663	1,657			1,663	1,657
Unrestricted investment earnings	1,990	481	20	17	2,010	498
Total revenues	<u>91,146</u>	<u>90,068</u>	<u>5,749</u>	<u>5,919</u>	<u>96,895</u>	<u>95,987</u>
Expenses:						
General government	10,085	8,999			10,085	8,999
Public safety	7,908	6,983			7,908	6,983
Public works	2,517	2,867			2,517	2,867
Human service agencies	145	145			145	145
Public libraries	1,156	1,033			1,156	1,033
Education	60,851	62,121			60,851	62,121
Recreation	3,799	2,242			3,799	2,242
Interest on long-term debt	731	917			731	917
Wastewater			2,769	3,025	2,769	3,025
Solid waste			474	523	474	523
Water			768	853	768	853
School Cafeteria			958	984	958	984
Total expenses	<u>87,192</u>	<u>85,307</u>	<u>4,969</u>	<u>5,385</u>	<u>92,161</u>	<u>90,692</u>
Change in net position before transfers	3,954	4,761	780	534	4,734	5,295
Transfers	358	2	(358)	(2)	-	-
Change in net position	<u>4,312</u>	<u>4,763</u>	<u>422</u>	<u>532</u>	<u>4,734</u>	<u>5,295</u>
Net Position at Beginning of Year	<u>113,835</u>	<u>109,072</u>	<u>27,767</u>	<u>27,235</u>	<u>141,602</u>	<u>136,307</u>
Net Position at End of Year	<u>\$ 118,147</u>	<u>\$ 113,835</u>	<u>\$ 28,189</u>	<u>\$ 27,767</u>	<u>\$ 146,336</u>	<u>\$ 141,602</u>

Government-wide Financial Analysis (Continued)



Governmental activities. Governmental activities increased the Town of South Kingstown's net position by \$4,311,691 thereby accounting for 91.1% 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 73.1% of total revenues. Operating grants and contributions and charges for services, fees, and licenses provide approximately 15.0% and 7.1% of total revenues respectively.

Government-wide Financial Analysis (Continued)

- Property tax revenues recorded for the fiscal year 2013 was the same rate as budgeted for in fiscal year 2012, a rate of \$14.51 per thousand dollars of assessed valuation. The growth in the total assessed value of taxable property, excluding motor vehicles, was .17%. Motor vehicle values increased by more than \$11 million over the prior year, from \$170,642,925 to \$182,251,511 and assumes utilizing an exemption value of \$3,000 per vehicle. Motor vehicle values are assessed at a rate of \$18.71 per thousand dollars of assessed value. This rate has been frozen by the State since FY1998. The combination of these three factors resulted in an additional \$290,336 of property taxes being levied. Total assessed value of all taxable property increased by \$19,006,652 from \$4,507,072,946 to \$4,526,079,597.
- Charges for services increased by \$849,444. The increases were attributed to general government, public safety and education functions of which are made up of \$307,119; \$479,989 and \$89,896 respectively. There was a slight decline of \$21,409 in recreation charges. The general government's increase of \$307,119 was mainly attributed to a supplemental claim for reimbursement of \$288,000 for lost wage costs paid to public safety personnel who were injured in the line of duty during the policy year of July 2009 to June 2010. Additionally, \$30,000 in subdivision/inspection fees were recognized. Real estate conveyance and non-business licenses and fees were also up by \$49,148. The recognition of \$320,000 in FEMA reimbursements for Hurricane Sandy and 2013 Blizzard storms are reported within the public safety function increase of \$480,000.
- Operating grants and contributions decreased by \$719,648 from the previous fiscal year. The decline was mainly attributable to the reduction in funding of unrestricted state aid (\$612,259) for the School Department, based on the revised State funding formula for education aid. Other state and federal grant programs accounted for the majority of the decrease in this category such as the state PILOT program, a reduction of \$9,394 and \$51,660 in School Housing aid.
- Investment earnings increased from a gain of \$481,121 in the prior fiscal year to a gain of \$1,990,301 in the fiscal year ended June 30, 2013. The increase of \$1,509,180 was attributable to a significant increase of \$1,217,562 in School Trust Funds investment income. The increase was the result of favorable equity market conditions, which produced significant gains in the fund's portfolio.

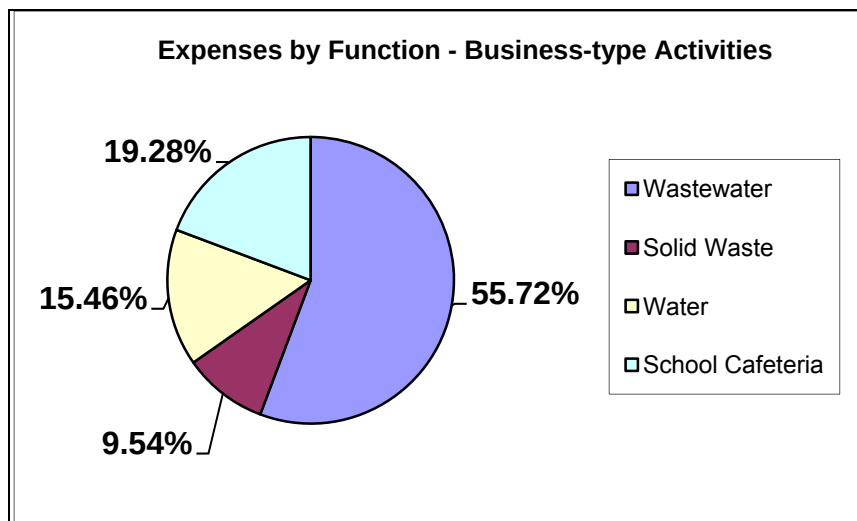
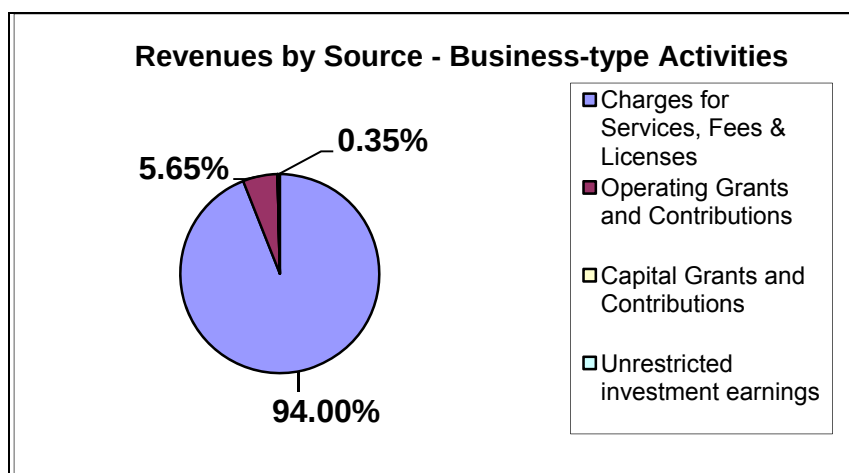
Education expenses account for approximately 69.8% of the total expenses within the governmental funds of the Town of South Kingstown. Public safety and general government expenses account for approximately 9.1% and 11.6% respectively of the total expenses for the 2013 fiscal year. Major expense factors included:

- Governmental activities expenses increased by \$1,884,549 from \$85,307,105 to \$87,191,654. The overall increase was attributed to contractual obligations in full-time salaries, longevity service years, as well as applicable FICA and retirement obligations. All labor contracts for the town employees had a 2% cost of living increase.
- Overall expenses related to the general governmental category increased by \$1,085,569 based on several variances within the different programs, namely Property Revaluation Reserve Fund an increase of \$325,000 for the purchase of new tax collection assessment software as well as the Energy Efficiency and Conservation Grant expenditure increase of approximately \$200,000. Additionally, our Community Development Block Grant program expenditures increased by \$77,864. Other miscellaneous grant expenditures increased as well.
- Interest on long term debt declined by \$185,774 based on a declining debt schedule.

Government-wide Financial Analysis (Continued)

- A decrease of \$1,270,605 for education related expenditures. There were several other variances, both positive and negative, which accounted for the additional decline. These variances were attributable to the decreases in salaries, FICA, certified defined benefit and teacher's retirement, medical and dental expenditures as well as decreases in legal, professional, contracted services and building maintenance repairs and improvements. These decreases were offset by increases in worker's compensation, tuition to private schools and out of district expenses.
- The following accounts saw increases in the amount of overall expenses. The Recreation program had the largest increase in expenditures of \$1,556,737. The Public Safety program had the second largest increase in expenditures of \$926,018 in the General Fund.

Business-type activities. Net position in business-type activities increased by \$422,272 resulting in a 1.5% increase in business-type net position.



Government-wide Financial Analysis (Continued)

Charges for services for business-type activities accounted for 94% of the total revenue sources. The balance of revenues for business-type activities was from operating grants and contributions (5.65%), and investment earnings (.35%).

Wastewater treatment expenses account for approximately 55.7% 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 19.3%, 15.5% and 9.5% respectively of the total business-type activities expenditures for the 2013 fiscal year.

Charges for services for business-type activities decreased slightly from \$5,440,238 to \$5,403,516. The wastewater fund had a slight increase of \$3,358. Several variances to prior year fees resulted in the decrease such as Narragansett's cost share increase while University of Rhode Island's cost share decreased as well as Diane Drive Customer Debt Principal and Delinquent Payment Penalty increased. Charges for services for the water fund increased by \$27,007 specifically in water sales, while the solid waste fund experienced a decrease of \$20,425 in these program revenues. Solid waste fees decline based mainly on a reduction of \$23,000 in residential sticker fees, \$6,600 of metered tonnage and \$5,111 of RIRRC Recycling Revenue Reimbursement all of which were offset by an increase of \$15,000 for rental income. Several other minor variances contributed to the remaining decrease. Charges for services for the cafeteria fund declined by \$46,662. Operating grants and contributions increased by \$31,977 in the cafeteria fund. Unrestricted investment earnings increased from \$16,940 to \$20,351 for all business-type activities.

Expenses in the wastewater fund decreased by \$256,051 due to a reduction in costs for chemicals (\$14,000), utilities (\$45,000), sludge disposal fees (\$68,084), maintenance related expenditures and administrative and general operating costs (\$142,718). These decreases were offset by an increase in depreciation (\$13,751). The \$82,434 decrease in water fund expenses was due to several minor variances in spending patterns specifically in administration and general expenses.

The \$48,179 decrease in expenses for the solid waste fund was directly attributable to a decrease in general administration and superfund-landfill expenditures. Costs to operate the cafeteria fund declined by \$26,126 or 2.7%, 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 \$46,882,918. Of this amount, \$10,163,704 is available for spending at the government's discretion (unassigned) within the Town. The remaining fund balance of \$36,719,214 includes \$1,535,000 committed to help finance the 2013-2014 fiscal year budgets and \$1,000,000 committed to help pay for Superfund remediation costs. The remaining amount of \$34,184,214 consists of non-spendable fund balance of \$14,164,217, restricted fund balance of \$10,888,984 and committed fund balance of \$9,131,013.

Financial Analysis of the Government's Funds (Continued)

The General Fund is the chief operating fund of the Town of South Kingstown and for the second 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 \$12,279,218 which represents an increase of \$288,055. 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 13.7% of the 2014 FY Adopted General Fund Expenditure Budget, while total fund balance represents 16.5% of that same amount.

The fund balance of the Town of South Kingstown's General Fund, excluding the School Fund, increased by \$288,055 as compared to the June 30, 2012 fund balance. This increase is the result positive operating results in the General Fund. Key factors in this increase are as follows:

- The Town committed \$1,000,000 of fund balance to help finance the 2012-2013 General Fund budget. The planned drawdown of fund balance was \$200,000 less than the prior year use of fund balance.
- The difference between the GAAP basis of accounting and the budgetary basis of accounting is the result of recognizing the fund balance commitment of \$1,000,000, as a revenue under the budgetary basis but not the GAAP basis. In addition, accounting for encumbrances resulted in a decrease of \$258,252 in budgetary basis expenditures being more than the GAAP basis.
- A budgetary basis operating surplus in the General Fund of \$1,555,855. Expenditures under budget contributed \$299,544 to the surplus, while revenues finished the fiscal year with a \$1,518,683 surplus. Other financing sources (uses) over budget increased the surplus by \$741,628.
- Conservative spending patterns allowed the Town to achieve savings of \$299,544 on the expenditure side. Favorable expenditure variances of significance included savings in general government accounts (\$136,161), public safety (\$134,722), public works (\$39,238), , recreation (\$30,491), libraries (\$15,394) and other minor savings.
- Positive budget variances in the revenue accounts such as property taxes (\$403,897), state aid revenues (\$135,564) licenses and fees (\$290,040), departmental revenues (\$9,900), and miscellaneous revenues (\$687,853) all contributed to the budgetary surplus. Offsetting these positive variances was a shortfall in investment income (\$8,571), due to declining interest rates earned on the Town's short term investments.

The school fund has a total fund balance of \$3,185,994 of which \$195,892 is committed to liquidate contracts and purchase orders of the prior period, \$350,000 is committed to the computer system, \$9,313 is recognized as non-spendable for prepaid expenditures and \$535,000 is committed to help finance the 2013-2014 fiscal year budget. The remaining balance of \$2,095,789 is available to help finance future years' school budgets.

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

Unrestricted net position in the water fund at the end of the fiscal year amounted to \$1,619,379 an increase of \$134,350. Unrestricted net position in the wastewater fund increased by \$705,988 to a total of \$4,355,636. The school cafeteria operations maintains a deficit position of \$75,223, an accumulated decrease of \$1,402 over the prior year, while the solid waste fund finished the year with unrestricted net position of \$1,125,425 which was a decline in value of \$35,191.

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 2012-2013 fiscal year with a \$1,555,855 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, 2013 amounts to \$107,702,279 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, infrastructure, and construction in progress. The 2013 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 2013 fiscal year. The total decline in the Town of South Kingstown's investment in capital assets for the current fiscal year was 2.5% (a 2.3% decrease for governmental activities and a 3% decline for business-type activities).

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

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 13,848	\$ 13,719	\$ 1,587	\$ 1,587	\$ 15,435	\$ 15,306
Construction in progress	205	300	17	208	222	508
Land improvements	8,081	7,911	2,073	2,128	10,154	10,039
Buildings	17,010	17,629	3,644	3,848	20,654	21,477
Building improvements	20,980	22,033	1,658	1,743	22,638	23,776
Equipment	3,491	3,541	2,626	2,581	6,117	6,122
Vehicles	2,198	2,031	117	76	2,315	2,107
Infrastructure	18,641	19,261	11,526	11,769	30,167	31,030
Total	<u>\$ 84,454</u>	<u>\$ 86,425</u>	<u>\$ 23,248</u>	<u>\$ 23,940</u>	<u>\$ 107,702</u>	<u>\$ 110,365</u>

Additional information on the Town of South Kingstown's capital assets can be found in note 8 on pages 41-42 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 \$19,735,013, entirely backed by the full faith and credit of the Town. Bonds authorized but unissued totaled an additional \$12,715,000.

State statutes limit the amount of general obligation bonded debt a town can issue to 3% of net assessed property values. However, all bonds approved through State enabling legislation and voter referendums are exempt from the limit. At June 30, 2013, the Town had a debt limit of \$135,782,388. Of the Town's \$19,735,013 in debt outstanding, \$4,299,513 is subject to the Town's legal debt limit. A balance of \$131,482,875 exists within the legal limit for additional bonds to be issued.

Capital Asset and Debt Administration (Continued)

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

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
General Obligation Bonds \$	<u>17,647</u>	<u>\$ 20,390</u>	<u>\$ 2,088</u>	<u>\$ 2,399</u>	<u>\$ 19,735</u>	<u>\$ 22,789</u>

The Town's total bonded debt declined by the amount of principal payments made of \$2,743,000 (13.5%) during the 2013 fiscal year. The Town did issue \$4,263,000 of General Obligation Refunding Bonds during the fiscal year.

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

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

Additional information on the Town of South Kingstown's long-term debt can be found in note 11 on pages 44-46 of this report.

Economic Factors and Next Year's Budgets and Rates

- The final budget for 2014 was adopted in the amount of \$74,195,340 which represents an increase of \$858,928 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 with.
- Property tax revenues for the fiscal year 2014 reflect an increase in the Town's tax levy of 1.05% or \$682,335 greater than the previous fiscal year. The property tax rate increased slightly from \$14.50 to \$15.47 per thousand dollars of assessed value. Total taxable property decreased by \$228,738,004 from \$4,526,079,597 to \$4,297,341,593.
- Based on a declining debt service schedule debt service costs were reduced by \$367,164. The pay-as-you-go portion of the 2013-14 FY Capital Budget declined by \$22,000.

Economic Factors and Next Year's Budgets and Rates (Continued)

During the current fiscal year, the fund balance in the General Fund increased to \$12,279,218. The Town of South Kingstown has committed \$1,000,000 of this amount for spending in the 2014 fiscal year budget and \$1,000,000 to pay for future Superfund debt service costs, \$99,351 is committed for future municipal planning projects and \$3,496 is committed for outstanding purchase orders at June 30, 2013. The Town also has an unassigned fund balance of \$10,163,758 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, 2013

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 37,573,582	\$ 7,581,211	\$ 45,154,793
Investments	16,276,979		16,276,979
Receivables, net of allowance for uncollectibles	4,428,117	719,517	5,147,634
Due from federal and state governments	927,316	29,053	956,369
Due from fiduciary trust funds	2,020		2,020
Internal balances	67,900	(67,900)	-
Prepays	25,977		25,977
Net OPEB asset	1,422,928		1,422,928
Total current assets	60,724,819	8,261,881	68,986,700
Noncurrent Assets:			
Deposits	388,600		388,600
Deferred charges - bond issuance cost	234,663		234,663
Capital assets not being depreciated	14,052,925	1,603,785	15,656,710
Capital assets, net of accumulated depreciation	70,401,194	21,644,375	92,045,569
Total noncurrent assets	85,077,382	23,248,160	108,325,542
Total assets	145,802,201	31,510,041	177,312,242
LIABILITIES			
Current Liabilities:			
Accounts payable	1,161,401	465,714	1,627,115
Accrued liabilities	1,872,796	96,417	1,969,213
Due to federal and state governments	44,467	104,152	148,619
Unearned revenue	613,057	299,542	912,599
Deposits held in custody of others	177,486		177,486
Current maturities of long-term obligations	3,674,987	210,185	3,885,172
Total current liabilities	7,544,194	1,176,010	8,720,204
Noncurrent liabilities:			
Due in more than one year	20,111,178	2,144,572	22,255,750
Total liabilities	27,655,372	3,320,582	30,975,954
NET POSITION			
Net investment in capital assets	67,088,741	21,169,022	88,257,763
Restricted for:			
Endowments:			
Expendable	1,830,482		1,830,482
Nonexpendable	14,138,240		14,138,240
Unrestricted	35,089,366	7,020,437	42,109,803
Total Net Position	\$ 118,146,829	\$ 28,189,459	\$ 146,336,288

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, 2013

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	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental activities:							
General government	\$ 10,084,503	\$ 3,447,815	\$ 915,619	\$	\$ (5,721,069)	\$	\$ (5,721,069)
Public safety	7,908,547	1,169,260			(6,739,287)		(6,739,287)
Public works	2,516,935				(2,516,935)		(2,516,935)
Human service	145,400			6,750	(138,650)		(138,650)
Public libraries	1,156,007	24,283	205,802	9,950	(915,972)		(915,972)
Education	60,850,621	824,591	12,497,170	91,025	(47,437,835)		(47,437,835)
Recreation	3,799,008	958,750	20,665		(2,819,593)		(2,819,593)
Interest and fiscal charges	730,633				(730,633)		(730,633)
Total governmental activities	<u>87,191,654</u>	<u>6,424,699</u>	<u>13,639,256</u>	<u>107,725</u>	<u>(67,019,974)</u>	<u>-</u>	<u>(67,019,974)</u>
Business-type activities:							
Wastewater	2,768,557	3,251,827				483,270	483,270
Solid waste	474,459	544,766				70,307	70,307
Water	768,278	973,530	2,102			207,354	207,354
School cafeteria	957,920	633,393	323,125			(1,402)	(1,402)
Total business-type activities	<u>4,969,214</u>	<u>5,403,516</u>	<u>325,227</u>	<u>-</u>	<u>-</u>	<u>759,529</u>	<u>759,529</u>
Total Primary Government	<u>\$ 92,160,868</u>	<u>\$ 11,828,215</u>	<u>\$ 13,964,483</u>	<u>\$ 107,725</u>	<u>(67,019,974)</u>	<u>759,529</u>	<u>(66,260,445)</u>
General revenues:							
Property taxes					66,659,301		66,659,301
Motor vehicle phase-out taxes					165,446		165,446
Telephone and hotel taxes					495,631		495,631
Grants and contributions not restricted to specific programs					1,663,378		1,663,378
Unrestricted investment earnings					1,990,301	20,351	2,010,652
Transfers:					357,608	(357,608)	-
Total general revenues and transfers					<u>71,331,665</u>	<u>(337,257)</u>	<u>70,994,408</u>
Change in net position					4,311,691	422,272	4,733,963
Net Position at Beginning of Year					<u>113,835,138</u>	<u>27,767,187</u>	<u>141,602,325</u>
Net Position at End of Year					<u>\$ 118,146,829</u>	<u>\$ 28,189,459</u>	<u>\$ 146,336,288</u>

The accompanying notes are an integral part of the financial statements

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2013

	<u>General</u>	<u>School Trust Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 25,228,519	\$ 610,904	\$ 7,226,305	\$ 33,065,728
Investments		15,063,719	1,213,260	16,276,979
Accounts and other receivable	1,437,696	43,309	118,740	1,599,745
Due from federal and state governments	341,535		585,781	927,316
Due from other funds	323,183		7,458,565	7,781,748
Prepaid items	<u>21,926</u>	<u></u>	<u>4,051</u>	<u>25,977</u>
Total Assets	<u>\$ 27,352,859</u>	<u>\$ 15,717,932</u>	<u>\$ 16,606,702</u>	<u>\$ 59,677,493</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 914,440	\$	\$ 241,022	\$ 1,155,462
Retainage payable			5,939	5,939
Accrued liabilities	1,226,097		32,963	1,259,060
Due to state and federal governments	44,147		320	44,467
Due to other funds	8,668,330		208,722	8,877,052
Deferred revenue	857,147		417,962	1,275,109
Deposits held in custody of others	<u>177,486</u>	<u></u>	<u></u>	<u>177,486</u>
Total liabilities	<u>11,887,647</u>	<u>-</u>	<u>906,928</u>	<u>12,794,575</u>
Fund balances:				
Nonspendable	21,926	14,138,240	4,051	14,164,217
Restricted		1,579,692	9,309,292	10,888,984
Committed	5,279,528		6,386,485	11,666,013
Unassigned	<u>10,163,758</u>	<u></u>	<u>(54)</u>	<u>10,163,704</u>
Total fund balances	<u>15,465,212</u>	<u>15,717,932</u>	<u>15,699,774</u>	<u>46,882,918</u>
Total Liabilities and Fund Balances	<u>\$ 27,352,859</u>	<u>\$ 15,717,932</u>	<u>\$ 16,606,702</u>	<u>\$ 59,677,493</u>

(Continued on next page)

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND

BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)

JUNE 30, 2013

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)	\$ 46,882,918
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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	\$ 150,485,058	
Less accumulated depreciation	(66,030,939)	
Net capital assets		84,454,119

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

Deferred bond issuance costs	234,663
Net OPEB asset	1,422,928
Property tax receivables greater than 60 days	662,578

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.

8,275,788

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

Bonds payable	(17,647,000)
Deferred charges on refunding	410,272
Unamortized bond issue premium	(128,650)
Compensated absences	(4,822,017)
Claims and judgments	(1,598,770)

Net Position of Governmental Activities (Exhibit I)	\$ <u>118,146,829</u>
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The accompanying notes are an integral part of the financial statements

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND

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

FOR THE YEAR ENDED JUNE 30, 2013

	General	School Trust Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes, interest and lien fees	\$ 66,626,623	\$	\$	\$ 66,626,623
Intergovernmental revenues	11,010,249		2,799,131	13,809,380
Licenses and fees	1,463,429		658,653	2,122,082
Investment income	91,429	1,663,637	158,677	1,913,743
Fines and charges	219,109		1,488,263	1,707,372
Departmental	924,693			924,693
Contributions			142,327	142,327
State on-behalf pension contribution	2,119,728			2,119,728
Other local revenues	1,647,670		22,883	1,670,553
Total revenues	<u>84,102,930</u>	<u>1,663,637</u>	<u>5,269,934</u>	<u>91,036,501</u>
Expenditures:				
Current:				
General government	2,660,861			2,660,861
Public safety	6,672,979			6,672,979
Public works	2,398,155			2,398,155
Human service agency contribution	145,400			145,400
Public libraries	914,695			914,695
Education	59,710,625		1,813,883	61,524,508
Recreation	1,335,333		700,213	2,035,546
Other	5,441,719	56,631	2,052,113	7,550,463
Debt service:				
Principal retirement	2,931,000		50,000	2,981,000
Interest and other charges	710,023		7,188	717,211
Capital outlay	18,790		1,823,918	1,842,708
Total expenditures	<u>82,939,580</u>	<u>56,631</u>	<u>6,447,315</u>	<u>89,443,526</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,163,350</u>	<u>1,607,006</u>	<u>(1,177,381)</u>	<u>1,592,975</u>
Other Financing Sources (Uses):				
Issuance of refunding bonds	4,263,000			4,263,000
Payment to refunded bond escrow agent	(4,207,856)			(4,207,856)
Transfers in from other funds	1,436,407		2,471,241	3,907,648
Transfers out to other funds	(2,268,698)	(463,904)	(1,147,438)	(3,880,040)
Total other financing sources (uses)	<u>(777,147)</u>	<u>(463,904)</u>	<u>1,323,803</u>	<u>82,752</u>
Net Change in Fund Balances	386,203	1,143,102	146,422	1,675,727
Fund Balances at Beginning of Year	<u>15,079,009</u>	<u>14,574,830</u>	<u>15,553,352</u>	<u>45,207,191</u>
Fund Balances at End of Year	<u>\$ 15,465,212</u>	<u>\$ 15,717,932</u>	<u>\$ 15,699,774</u>	<u>\$ 46,882,918</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, 2013

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

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

Net change in fund balances - total governmental funds (Exhibit IV)	\$ 1,675,727
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Governmental funds report capital outlays as expenditures. However, in the statement of
activities the cost of those assets is allocated over their estimated useful lives and
reported as depreciation expense.

Capital outlay	2,195,505
Depreciation expense	(3,982,181)
Loss on disposition of capital assets	(184,623)

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	32,678
Change in Net OPEB asset	1,025,100

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 issuance costs, premiums,
discounts and similar items when debt is first issued, whereas these amounts are deferred
and amortized in the statement of activities. This amount is the net effect of these
differences in the treatment of long-term debt and related items.

Issuance of refunding bonds	(4,263,000)
Payment to bond escrow agent	4,207,856
Bond costs	(35,154)
Deferred bonds issue cost	55,000
Principal payments	2,981,000

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	(65,709)
Amortization of bond premiums	32,441
Change in long-term compensated absences	(68,521)
Change in claims and judgments	83,453

The net expense of the internal service funds is reported with governmental activities.	<u>622,119</u>
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Change in Net Position of Governmental Activities (Exhibit II)	<u>\$ 4,311,691</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, 2013

	Business-Type Activities - Enterprise Funds					Governmental Activities
	Major Funds					
	Wastewater	Solid Waste	Water	School Cafeteria	Total	Internal Service Fund
Assets:						
Current assets:						
Cash and cash equivalents	\$ 4,702,503	\$ 1,174,052	\$ 1,595,318	\$ 109,338	\$ 7,581,211	\$ 4,507,854
Accounts and other receivables, net	483,125	45,041	180,742	10,609	719,517	2,828,372
Due from federal and state governments				29,053	29,053	
Due from other funds		44,541			44,541	1,165,224
Total current assets	<u>5,185,628</u>	<u>1,263,634</u>	<u>1,776,060</u>	<u>149,000</u>	<u>8,374,322</u>	<u>8,501,450</u>
Noncurrent assets:						
Deposits					-	388,600
Capital assets not being depreciated	176,651	1,005,003	422,131		1,603,785	
Capital assets, net of accumulated depreciation	<u>15,900,352</u>	<u>2,022,818</u>	<u>3,716,425</u>	<u>4,780</u>	<u>21,644,375</u>	
Total noncurrent assets	<u>16,077,003</u>	<u>3,027,821</u>	<u>4,138,556</u>	<u>4,780</u>	<u>23,248,160</u>	<u>388,600</u>
Total assets	<u>21,262,631</u>	<u>4,291,455</u>	<u>5,914,616</u>	<u>153,780</u>	<u>31,622,482</u>	<u>8,890,050</u>
Liabilities:						
Current liabilities:						
Accounts payable	82,737	126,358	27,616	229,003	465,714	
Accrued liabilities	96,417				96,417	613,736
Due to federal and state governments	104,152				104,152	
Due to other funds	44,853		67,588		112,441	
Deferred revenue	299,542				299,542	526
Current portion of compensated absences	18,227	3,307	19,533		41,067	
Current portion of bonds payable	<u>24,000</u>	<u>145,118</u>			<u>169,118</u>	
Total current liabilities	<u>669,928</u>	<u>274,783</u>	<u>114,737</u>	<u>229,003</u>	<u>1,288,451</u>	<u>614,262</u>
Noncurrent liabilities:						
Compensated absences	184,064	8,544	41,944		234,552	
Bonds payable after one year	271,000	1,647,895			1,918,895	
Deferred bond issuance costs, net		(8,875)			(8,875)	
Total noncurrent liabilities	<u>455,064</u>	<u>1,647,564</u>	<u>41,944</u>	<u>-</u>	<u>2,144,572</u>	<u>-</u>
Total liabilities	<u>1,124,992</u>	<u>1,922,347</u>	<u>156,681</u>	<u>229,003</u>	<u>3,433,023</u>	<u>614,262</u>
Net Position:						
Net investment in capital assets	15,782,003	1,243,683	4,138,556	4,780	21,169,022	
Unrestricted	<u>4,355,636</u>	<u>1,125,425</u>	<u>1,619,379</u>	<u>(80,003)</u>	<u>7,020,437</u>	<u>8,275,788</u>
Total Net Position	<u>\$ 20,137,639</u>	<u>\$ 2,369,108</u>	<u>\$ 5,757,935</u>	<u>\$ (75,223)</u>	<u>\$ 28,189,459</u>	<u>\$ 8,275,788</u>

The accompanying notes are an integral part of the financial statements

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND

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

FOR THE YEAR ENDED JUNE 30, 2013

	Business-Type Activities - Enterprise Funds					Governmental Activities
	Major Funds					Internal Service Fund
	Wastewater	Solid Waste	Water	School Cafeteria	Total	
Operating Revenues:						
Charges for services	\$ 3,207,199	\$ 541,054	\$ 962,261	\$ 633,393	\$ 5,343,907	\$ 11,594,697
Other	44,628	3,712	11,269		59,609	
Total operating revenues	<u>3,251,827</u>	<u>544,766</u>	<u>973,530</u>	<u>633,393</u>	<u>5,403,516</u>	<u>11,594,697</u>
Operating Expenses:						
Wells			175,420		175,420	
Pumping	333,517		9,623		343,140	
Distribution			42,832		42,832	
Treating and sludge	1,214,672				1,214,672	
Transportation and disposal		267,979			267,979	
Other operating	93,000	61,443	7,630		162,073	
Administrative and general	506,761	48,806	345,216		900,783	
Depreciation	597,059	63,058	185,189	1,402	846,708	
Repairs and maintenance	14,462		770		15,232	
Health care management						11,378,201
School cafeteria operations				956,518	956,518	
Total operating expenses	<u>2,759,471</u>	<u>441,286</u>	<u>766,680</u>	<u>957,920</u>	<u>4,925,357</u>	<u>11,378,201</u>
Operating Income (Loss)	<u>492,356</u>	<u>103,480</u>	<u>206,850</u>	<u>(324,527)</u>	<u>478,159</u>	<u>216,496</u>
Nonoperating Revenues (Expenses):						
Income on investments	13,610	3,002	3,739		20,351	75,623
Loss on disposal of capital assets	(1,501)		(317)		(1,818)	
State and federal grants			2,102	323,125	325,227	
Amortization of deferred bond issuance costs	(1,401)	(710)			(2,111)	
Interest expense	(6,184)	(32,463)	(1,281)		(39,928)	
Total nonoperating revenues (expenses)	<u>4,524</u>	<u>(30,171)</u>	<u>4,243</u>	<u>323,125</u>	<u>301,721</u>	<u>75,623</u>
Income (Loss) Before Transfers	496,880	73,309	211,093	(1,402)	779,880	292,119
Transfers In	9,200				9,200	330,000
Transfers Out	<u>(228,936)</u>	<u>(30,873)</u>	<u>(106,999)</u>		<u>(366,808)</u>	
Change in Net Position	277,144	42,436	104,094	(1,402)	422,272	622,119
Net Position at Beginning of Year	<u>19,860,495</u>	<u>2,326,672</u>	<u>5,653,841</u>	<u>(73,821)</u>	<u>27,767,187</u>	<u>7,653,669</u>
Net Position at End of Year	<u>\$ 20,137,639</u>	<u>\$ 2,369,108</u>	<u>\$ 5,757,935</u>	<u>\$ (75,223)</u>	<u>\$ 28,189,459</u>	<u>\$ 8,275,788</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, 2013

	Business-Type Activities - Enterprise Funds					Governmental Activities
	Major Funds					
	Wastewater	Solid Waste	Water	School Cafeteria	Total	Internal Service Fund
Cash Flows from Operating Activities:						
Receipts from customers and users	\$ 3,251,505	\$ 549,263	\$ 962,236	\$ 629,012	\$ 5,392,016	\$
Receipts from providing services					-	11,622,577
Payments to suppliers	(1,394,843)	(305,421)	(227,773)	(868,806)	(2,796,843)	
Payments to employees	(718,563)	(40,880)	(314,481)		(1,073,924)	
Payments for claims					-	(11,305,753)
Net cash provided by (used in) operating activities	<u>1,138,099</u>	<u>202,962</u>	<u>419,982</u>	<u>(239,794)</u>	<u>1,521,249</u>	<u>316,824</u>
Cash Flows from Noncapital Financing Activities:						
Transfers in from other funds	9,200				9,200	330,000
Transfers to other funds	(228,936)	(30,873)	(106,999)		(366,808)	
Nonoperating grants received	-		2,102	323,125	325,227	
Net cash provided (used in) by noncapital financing activities	<u>(219,736)</u>	<u>(30,873)</u>	<u>(104,897)</u>	<u>323,125</u>	<u>(32,381)</u>	<u>330,000</u>
Cash Flows from Capital and Related Financing Activities:						
Additions to property, plant and equipment	(85,913)		(71,250)		(157,163)	
Principal paid on bonds	(85,205)	(141,394)	(84,000)		(310,599)	
Interest paid on bonds	(6,184)	(32,463)	(1,281)		(39,928)	
Net cash used in capital and related financing activities	<u>(177,302)</u>	<u>(173,857)</u>	<u>(156,531)</u>	<u>-</u>	<u>(507,690)</u>	<u>-</u>
Cash Flows from Investing Activities:						
Interest on investments	13,610	3,002	3,739	-	20,351	75,623
Net cash provided by investing activities	<u>13,610</u>	<u>3,002</u>	<u>3,739</u>	<u>-</u>	<u>20,351</u>	<u>75,623</u>
Net Increase in Cash and Cash Equivalents	754,671	1,234	162,293	83,331	1,001,529	722,447
Cash and Cash Equivalents at Beginning of Year	<u>3,947,832</u>	<u>1,172,818</u>	<u>1,433,025</u>	<u>26,007</u>	<u>6,579,682</u>	<u>3,785,407</u>
Cash and Cash Equivalents at End of Year	<u>\$ 4,702,503</u>	<u>\$ 1,174,052</u>	<u>\$ 1,595,318</u>	<u>\$ 109,338</u>	<u>\$ 7,581,211</u>	<u>\$ 4,507,854</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:						
Operating income (loss)	\$ 492,356	\$ 103,480	\$ 206,850	\$ (324,527)	\$ 478,159	\$ 216,496
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	597,059	63,058	185,189	1,402	846,708	
Change in assets and liabilities:						
(Increase) decrease in accounts receivable	165,996	(5,272)	(11,294)	5,693	155,123	(779,615)
(Increase) decrease in due from other governments				(10,074)	(10,074)	
(Increase) decrease in due from other funds		9,769			9,769	806,969
Increase (decrease) in accounts payable and accrued items	75,839	31,232	(1,986)	87,712	192,797	
Increase (decrease) in due to other governments	24,565				24,565	
Increase (decrease) in due to other funds	(60,698)		34,124		(26,574)	
Increase (decrease) in deferred revenue	(166,318)				(166,318)	526
Increase (decrease) in compensated absences	9,300	695	7,099		17,094	
Increase (decrease) in claims payable					-	72,448
Total adjustments	<u>645,743</u>	<u>99,482</u>	<u>213,132</u>	<u>84,733</u>	<u>1,043,090</u>	<u>100,328</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ 1,138,099</u>	<u>\$ 202,962</u>	<u>\$ 419,982</u>	<u>\$ (239,794)</u>	<u>\$ 1,521,249</u>	<u>\$ 316,824</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, 2013

	Cemetery Care Private - Purpose Trust Funds	OPEB Trust Funds	Agency Funds
Assets:			
Cash and cash equivalents	\$ 168,949	1,084,941	\$ 384,017
Investments, at fair value:			
Common stocks		1,009,697	
Corporate bonds		1,710,758	
Certificate of deposits			8,344
Accrued income		6,818	
Total assets	<u>168,949</u>	<u>3,812,214</u>	<u>392,361</u>
Liabilities:			
Accounts payable and accrued expenses	1,234		
Due to other funds	2,020		
Deposits held in custody for others			392,361
Total liabilities	<u>3,254</u>	<u>-</u>	<u>392,361</u>
Net Position:			
Held in Trust and Other Purposes	<u>\$ 165,695</u>	<u>3,812,214</u>	<u>\$ -</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, 2013

	Cemetery Care Private - Purpose Trust Funds	OPEB Trust Funds
Additions:		
Charges for services	\$ 2,450	\$
Employer contributions		1,466,000
Investment income	460	227,463
Total additions	<u>2,910</u>	<u>1,693,463</u>
Deductions:		
Operating expenses in accordance with agreement	<u>8,938</u>	<u>19,970</u>
Change in Net Position	(6,028)	1,673,493
Net Position at Beginning of Year	<u>171,723</u>	<u>2,138,721</u>
Net Position at End of Year	<u>\$ 165,695</u>	<u>\$ 3,812,214</u>

The accompanying notes are an integral part of the financial statements

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND

NOTES TO 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.

The Town reports the following major proprietary funds:

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

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

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

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

Additionally, the Town reports the following fund types:

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

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

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

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

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

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

E. Measurement Focus and Basis of Accounting

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

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

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

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

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

F. Assets, Liabilities and Equity

1. Cash and Cash Equivalents

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

2. Investments

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

3. Inventories and Prepaid Items

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

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

4. Capital Assets

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

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

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

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

5. Equity

Equity in the government-wide financial statements is defined as “net 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.

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

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

6. Fund Balance Policies

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

G. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. Property Taxes

Property taxes attach as an enforceable lien on real property. Real and personal property taxes are based on values assessed as of each December 31 (lien date) and are levied as of July 1st. The Town completed a statistical revaluation of real property and tangible personal property as of December 31, 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, 2013, the Town received \$165,446 from the State of Rhode Island as payment in accordance with legislation regarding the phase-out of motor vehicle tax. Motor vehicle values are assessed at a rate of \$18.71 per thousand dollars of assessed value. This rate has been frozen by the State since FY1998. In addition to freezing the tax rate, the State instituted a program to phase-out the taxation of motor vehicles over a ten-year period, by replacing the loss of motor vehicle tax income with State revenue. This program was restructured in FY 2010-2011 whereby State reimbursement was limited to a maximum of \$500 per vehicle. As a result of this action, State reimbursement under this program was reduced from \$1.87 million in FY 2009-2010 to \$168,739 in FY 2010-2011. In FY 2012-2013, the Town used a \$3,000 per vehicle value in determining the Motor Vehicle Tax Levy.

3. Compensated Absences

Vacation and Sick Leave

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

4. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the wastewater fund, solid waste fund, water fund, school cafeteria fund and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

5. 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.

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, 2013:

Special Revenue funds:		
Reducing Marijuana Grant	\$	54
Enterprise funds:		
School Cafeteria		75,223

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

3. CASH DEPOSITS WITH FINANCIAL INSTITUTIONS

A. Deposits

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

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

As of June 30, 2013, the Town's entire bank balance of \$45,583,646 was covered by either FDIC insurance or collateral held in Town's name.

B. Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and purchased within 90 days of maturity. As of June 30, 2013, the cash equivalent amounted to \$654,664. The cash equivalents consisted of certificate of deposits, subject to coverage by federal depository insurance and collateralization and money market mutual funds held at banking institution and were not rated.

4. INVESTMENTS

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

Investment Type	Credit Rating	Fair Value	Investment Maturities (Years)		
			Less Than 1	1 - 10	More Than 10
Interest-bearing investments:					
Federal Home Loan Mortgage Association	Aaa	\$ 109,747	\$	\$ 18,408	\$ 91,339
Federal National Mortgage Association	Aaa	329,277		133,265	196,012
U.S. Treasury Bonds	Aaa	503,156		105,996	397,160
Corporate bonds	A1	316,207	71,846	242,574	1,787
Corporate bonds	A2	439,663	41,436	398,227	
Corporate bonds	A3	620,868	25,034	493,478	102,356
Corporate bonds	A4	57,266			57,266
Corporate bonds	Aaa	412,414		62,673	349,741
Corporate bonds	Aa1	136,280		74,253	62,027
Corporate bonds	Aa2	226,058		203,027	23,031
Corporate bonds	Aa3	177,815	20,348		157,467
Corporate bonds	Baa1	433,471	20,171	388,238	25,062
Corporate bonds	Baa2	672,501	101,842	541,445	29,214
Corporate bonds	Baa3	98,081		98,081	
Corporate bonds	N/A	1,532,369	596,834	912,116	23,419
Certificates of deposit	*	8,344	8,344		
Total		6,073,517	\$ 885,855	\$ 3,671,781	\$ 1,515,881
Other investments:					
Common stock		11,791,852			
Real Estate - Public REITs		722,316			
Mutual Funds		384,121			
Hedge Funds		20,829			
Tangible Assets		13,143			
Total Investments		\$ 19,005,778			

* Subject to coverage by federal depository insurance and collateralization.

Interest Rate Risk - Approximately 32% 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 68% 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, 2013, the Town had a diversified portfolio and was not deemed to be concentrated in any one investment category. Although approximately 68% 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>School Trust Fund</u>	<u>Wastewater</u>	<u>Solid Waste</u>	<u>Water</u>	<u>School Cafeteria</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:								
Accounts	\$ 409,532	\$	\$ 430,470	\$ 45,041	\$ 181,742	\$ 10,609	\$ 2,947,112	\$ 4,024,506
Property taxes	1,334,361							1,334,361
Tax liens	263,943							263,943
Special assessments			70,155					70,155
Interest		43,309						43,309
Gross receivables	<u>2,007,836</u>	<u>43,309</u>	<u>500,625</u>	<u>45,041</u>	<u>181,742</u>	<u>10,609</u>	<u>2,947,112</u>	<u>5,736,274</u>
Less allowance for uncollectibles	<u>(570,140)</u>		<u>(17,500)</u>		<u>(1,000)</u>			<u>(588,640)</u>
Net Total Receivables	<u>\$ 1,437,696</u>	<u>\$ 43,309</u>	<u>\$ 483,125</u>	<u>\$ 45,041</u>	<u>\$ 180,742</u>	<u>\$ 10,609</u>	<u>\$ 2,947,112</u>	<u>\$ 5,147,634</u>

6. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

A. Interfund Receivables and Payables

The composition of interfund balances as of June 30, 2013 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Wastewater Fund	\$ 44,853
	Water Fund	67,588
	Nonmajor governmental funds	208,722
	Cemetery Care	<u>2,020</u>
		323,183
Solid Waste Fund	General Fund	44,541
Internal Service Fund	General Fund	1,165,224
Nonmajor governmental funds	General Fund	<u>7,458,565</u>
Total		<u>\$ 8,991,513</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, 2013 is as follows:

	<u>Transfers In</u>			<u>Total Transfers Out</u>
	<u>General Fund</u>	<u>Wastewater Fund</u>	<u>Nonmajor Governmental and Other Funds</u>	
Transfers out:				
General Fund	\$	\$ 9,200	\$ 2,259,498	\$ 2,268,698
School Trust Fund	20,303		443,601	463,904
Wastewater Fund	228,936			228,936
Solid Waste Fund	19,330		11,543	30,873
Water Fund	20,400		86,599	106,999
Nonmajor Governmental Funds	<u>1,147,438</u>			<u>1,147,438</u>
Total Transfers In	<u>\$ 1,436,407</u>	<u>\$ 9,200</u>	<u>\$ 2,801,241</u>	<u>\$ 4,246,848</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.

7. DEFERRED REVENUES

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

	<u>Unavailable</u>	<u>Unearned</u>
General Fund:		
Delinquent property taxes receivable	\$ 662,578	\$
Property taxes collected in advance		
Miscellaneous advance collections		192,779
Miscellaneous grants		1,790
Special Revenue Funds:		
Miscellaneous grants		<u>417,962</u>
Total Deferred Revenue for Governmental Funds	\$ <u>662,578</u>	\$ <u>612,531</u>

8. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 13,719,374	\$ 128,485	\$	\$ 13,847,859
Construction in progress	<u>300,021</u>	<u>2,034,457</u>	<u>2,129,412</u>	<u>205,066</u>
Total capital assets not being depreciated	<u>14,019,395</u>	<u>2,162,942</u>	<u>2,129,412</u>	<u>14,052,925</u>
Capital assets being depreciated:				
Land improvements	9,417,576	225,254		9,642,830
Buildings	31,602,937			31,602,937
Building improvements	39,089,656	62,572		39,152,228
Equipment	12,704,756	751,871	283,578	13,173,049
Vehicles	5,044,308	691,361	466,387	5,269,282
Infrastructure	<u>37,160,890</u>	<u>430,917</u>		<u>37,591,807</u>
Total capital assets being depreciated	<u>135,020,123</u>	<u>2,161,975</u>	<u>749,965</u>	<u>136,432,133</u>
Less accumulated depreciation for:				
Land improvements	1,506,935	54,925		1,561,860
Buildings	13,974,159	619,100		14,593,259
Building improvements	17,056,556	1,115,236		18,171,792
Equipment	9,163,396	740,430	221,752	9,682,074
Vehicles	3,013,312	401,700	343,590	3,071,422
Infrastructure	<u>17,899,742</u>	<u>1,050,790</u>		<u>18,950,532</u>
Total accumulated depreciation	<u>62,614,100</u>	<u>3,982,181</u>	<u>565,342</u>	<u>66,030,939</u>
Total capital assets being depreciated, net	<u>72,406,023</u>	<u>(1,820,206)</u>	<u>184,623</u>	<u>70,401,194</u>
Governmental Activities Capital Assets, Net	\$ <u>86,425,418</u>	\$ <u>342,736</u>	\$ <u>2,314,035</u>	\$ <u>84,454,119</u>

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

Governmental activities:	
General government	\$ 223,781
Public safety	416,806
Public works	1,247,977
Public libraries	116,719
Education	1,755,618
Recreation	<u>221,280</u>
Total	<u>\$ 3,982,181</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 1,586,529	\$	\$	\$ 1,586,529
Construction in progress	<u>208,313</u>		<u>191,057</u>	<u>17,256</u>
Total capital assets not being depreciated	<u>1,794,842</u>	<u>-</u>	<u>191,057</u>	<u>1,603,785</u>
Capital assets being depreciated:				
Land improvements	2,682,148			2,682,148
Buildings	10,507,763			10,507,763
Building improvements	2,663,881			2,663,881
Equipment	7,033,001	284,227	28,186	7,289,042
Vehicles	468,102	63,992		532,094
Infrastructure	<u>19,662,898</u>			<u>19,662,898</u>
Total capital assets being depreciated	<u>43,017,793</u>	<u>348,219</u>	<u>28,186</u>	<u>43,337,826</u>
Less accumulated depreciation for:				
Land improvements	554,624	54,179		608,803
Buildings	6,659,507	204,657		6,864,164
Building improvements	921,025	85,158		1,006,183
Equipment	4,451,698	237,565	26,368	4,662,895
Vehicles	392,381	22,535		414,916
Infrastructure	<u>7,893,876</u>	<u>242,614</u>		<u>8,136,490</u>
Total accumulated depreciation	<u>20,873,111</u>	<u>846,708</u>	<u>26,368</u>	<u>21,693,451</u>
Total capital assets being depreciated, net	<u>22,144,682</u>	<u>(498,489)</u>	<u>1,818</u>	<u>21,644,375</u>
Business-Type Activities Capital Assets, Net	<u>\$ 23,939,524</u>	<u>\$ (498,489)</u>	<u>\$ 192,875</u>	<u>\$ 23,248,160</u>

Depreciation was charged to the following business-type activities:

Business-type activities:	
Wastewater	\$ 597,059
Solid Waste	63,058
Water	185,189
Cafeteria	<u>1,402</u>
Total	<u>\$ 846,708</u>

9. FUND BALANCE

The components of fund balance for the governmental funds at June 30, 2013 are as follows:

	General Fund	School Trust Fund	Nonmajor Governmental Funds	Total
Fund balances:				
Nonspendable for:				
Prepays	\$ 21,926	\$	\$ 4,051	\$ 25,977
Endowment for recreation and education purposes		14,138,240		14,138,240
Restricted for:				
Recreational and educational		1,579,692	1,764,456	3,344,148
Maintenance of historical records			121,837	121,837
Libraries operations			1,453,562	1,453,562
Recycling program			55,859	55,859
Open space acquisition			416,649	416,649
Wastewater facility improvements			5,073,093	5,073,093
Human services			423,836	423,836
Committed to:				
General government - encumbrances	3,496			3,496
Municipal planning	99,351			99,351
To balance future budgets - Town	1,000,000			1,000,000
Superfund site cleanup	1,000,000			1,000,000
To balance future budgets - schools	535,000			535,000
Education encumbrance	195,892			195,892
Education computer system	350,000			350,000
Education	2,095,789			2,095,789
Affordable housing			10,000	10,000
Animal shelter renovations			170,902	170,902
Elderly services			252,147	252,147
Public safety support			819,220	819,220
Operation of Peacedale Office Building			275,723	275,723
Property revaluation			308,006	308,006
Maintenance of South Road School			410,182	410,182
Capital equipment acquisitions			496,428	496,428
Data processing improvements			207,883	207,883
Library improvements			138,371	138,371
Public safety building improvement			205,786	205,786
Public service office building improvements			276,763	276,763
Infrastructure improvements			2,333,939	2,333,939
Recreation facility improvement			268,126	268,126
Senior Services Center Construction			6,750	6,750
Town hall improvements			206,259	206,259
Unassigned	10,163,758		(54)	10,163,704
Total Fund Balances	\$ 15,465,212	\$ 15,717,932	\$ 15,699,774	\$ 46,882,918

10. 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, 2013. The lease has an option for an additional five-year term at the expiration of the initial term, which ends in 2015. Future minimum lease payments for these leases are as follows:

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

11. 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, 2013 are as follows:

Description	Date of Issue	Date of Maturity	Interest Rate (%)	Amount of Original Issue	Balance Outstanding June 30, 2013
Governmental activities:					
General obligation bonds:					
Advance refunding	10/01/02	06/01/14	2.5% - 5.0%	\$ 6,740,000	\$ 365,000
Advance refunding	06/15/03	11/15/15	2.0% - 3.1%	6,560,000	920,000
School/Open Space/Public Improvement	06/15/04	06/15/24	3.5% - 5.0%	2,875,000	145,000
School improvements	06/15/04	06/15/25	3.25% - 5.5%	1,000,000	600,000
Advance refunding	06/15/05	06/15/20	3.25% - 5.5%	9,440,000	4,710,000
Advance refunding	06/15/06	06/15/26	4.0% - 5.0%	5,000,000	3,250,000
School/Open Space/Public Improvement	06/15/07	06/15/27	4.0% - 5.5%	2,200,000	1,540,000
School Improvement Series 2009 A	11/12/09	11/01/29	2.55% - 5.00%	1,200,000	1,020,000
School Improvement Refunding Series 2009 B	11/12/09	06/15/19	2.25% - 4.5%	2,010,000	1,150,000
Advance refunding	11/13/12	06/15/24	1.90%	4,263,000	3,947,000
Total governmental activities				<u>41,288,000</u>	<u>17,647,000</u>
Business Type Activities:					
General obligation and revenue bonds:					
Wastewater fund - GO bond	11/13/02	09/01/23	1.38%	500,000	295,000
Solid waste fund - GO bond	09/03/02	09/01/22	1.14%	2,000,000	1,137,013
Solid waste fund - GO bond	11/22/05	09/01/25	1.34%	950,000	656,000
Total business-type activities				<u>3,450,000</u>	<u>2,088,013</u>
Total Outstanding				<u>\$ 44,738,000</u>	<u>\$ 19,735,013</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.

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

B. Advance and Current Refundings and Defeased Debt

The Town issued \$4,263,000 in general obligation refunding bank loan with an average interest rate of 1.9%. The proceeds were used to current refund \$1,900,000 outstanding general obligation bonds Series 2002 and advance refund \$2,125,000 of outstanding general obligation bonds Series 2003A and 2004, which had interest rates ranging from 3.125% to 4.900%. The net proceeds of \$4,207,856 (including a \$55,144 in underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. The Series 2003A and 2004 general obligation bonds are considered defeased and the liability for those bonds has been removed from the statement of net position. The Town advance refunded the Series 2003A and Series 2004 of general obligation bonds to reduce its total debt service payments over eleven years by \$426,991 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$404,606.

The trust account assets and the liability for the defeased bonds are not included in the Town's financial statements. At June 30, 2013, \$1,425,000 of defeased bonds remain outstanding and the escrow balance is \$1,485,810.

C. Legal Debt Margin

Of the Town's \$19,735,013 total bonds payable (including bonds payable for the wastewater and solid-waste enterprise funds), approximately \$4,299,513 is subject to its legal debt limits. The \$4,299,513 outstanding does not exceed the Town's legal debt limit of \$135,782,388 which is 3% of the assessed value (\$4,526,079,597) of taxable property of the Town as of December 31, 2011. The total long-term debt bond obligations of the Town (\$19,735,013) represent approximately 0.44% of the assessed value of the taxable property of the Town at June 30, 2013 (assessment date December 31, 2011).

D. Authorized But Unissued Bond Authority

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

E. Changes in Long-Term Liabilities

Changes in the government's long-term liabilities for the year ended June 30, 2013 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	\$ 20,390,000	\$ 4,263,000	\$ 7,006,000	\$ 17,647,000	\$ 2,680,000
Plus deferred amounts:					
Deferred charges on refunding	(293,125)	(182,856)	(65,709)	(410,272)	
Issuance premium on bonds	161,091		32,441	128,650	
Total bonds payable	20,257,966	4,080,144	6,972,732	17,365,378	2,680,000
Compensated absences	4,753,496	949,375	880,854	4,822,017	929,176
Claims and judgments	1,682,223		83,453	1,598,770	65,811
Total Governmental Activities Long-Term Liabilities	<u>\$ 26,693,685</u>	<u>\$ 5,029,519</u>	<u>\$ 7,937,039</u>	<u>\$ 23,786,165</u>	<u>\$ 3,674,987</u>
Business-Type Activities:					
Bonds payable:					
General obligation bonds	\$ 2,398,613	\$	\$ 310,600	\$ 2,088,013	\$ 169,118
Plus deferred amounts:					
Deferred charges bond issuance	(10,986)		(2,111)	(8,875)	
Total bonds payable	2,387,627	-	308,489	2,079,138	169,118
Compensated absences	258,525	87,794	70,700	275,619	41,067
Total Governmental Activities Long-Term Liabilities	<u>\$ 2,646,152</u>	<u>\$ 87,794</u>	<u>\$ 379,189</u>	<u>\$ 2,354,757</u>	<u>\$ 210,185</u>

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

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 2,680,000	\$ 592,911	\$ 169,118	\$ 35,615
2015	2,371,000	502,951	173,917	32,679
2016	2,014,000	428,882	177,795	29,645
2017	1,670,000	361,659	181,753	26,525
2018	1,647,000	306,729	185,793	23,320
2019-2023	5,412,000	832,080	1,001,637	65,129
2024-2028	1,733,000	181,617	198,000	5,423
2029-2033	120,000	5,400		
Total	<u>\$ 17,647,000</u>	<u>\$ 3,212,229</u>	<u>\$ 2,088,013</u>	<u>\$ 218,336</u>

12. DEFINED BENEFIT PENSION PLANS

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

Plan Description - All full-time town, noncertified school department general employees, police and emergency medical technicians participate in MERS, an agent multiple-employer defined benefit plan administered by the Employees' Retirement System of Rhode Island (the System). The plan provides retirement, death and disability benefits and an optional cost of living adjustment (COLA) as outlined in Chapter 45-21 (and Chapter 45-21.2 if police and fire) of the Rhode Island General Laws (RIGL). The benefits may be amended by the Rhode Island General Assembly.

Retirement eligibility and plan benefits for each employee groups participating in MERS are as follows:

General - Service credits accrued at June 30, 2012 are protected under the Rhode Island Retirement Security Act. Beginning July 1, 2012, members receive a benefit accrual of 1.0% per year. Effective July 1, 2012 the retirement age mirrors the Social Security Normal Retirement Age not to exceed age 67. Benefits are based on the five-year average compensation multiplied by the accumulated service credit percentage. Joint and survivor retirement benefit options are available.

Police and EMT - Effective July 1, 2012 the benefit accrual for all plans is 2.0% per year based on the five-year average compensation, exclusive of overtime. Retirement age is 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 who were at least 45 years old, had 10 or more years of contributing service and were eligible to retire prior to age 52 under the law in effect on June 30, 2012, may retire at age 52. 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 is calculated based on how close the member is to the eligibility date that is prescribed in the Rhode Island Retirement Security Act. Joint and survivor retirement benefit options are available.

Cost of Living Adjustments – Pursuant to the Rhode Island Retirement Security Act, 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%, 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. COLA will be delayed until the later of age 55 or three years after retirement. The COLA will be applied to the first \$25,000 of benefits indexed annually.

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

Funding Policy - The funding policy is outlined in RIGL sections 45-21-41, 45-21-42, and 45-21-52 (which can be amended by the Rhode Island General Assembly). Active non-police and fire members must contribute 2% of his/her compensation. Active police and fire members must contribute 8% of his/her compensation. The Town is required to contribute at an actuarially determined rate expressed as a percentage of total compensation paid to the active membership. The rate for fiscal year 2013 was 10.41% for general employees, 14.79% for Police and 2.74% for EMT.

Annual Pension Cost - The town's annual pension cost of \$1,161,908 for MERS was equal to the town's required and actual contributions.

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Actual Contribution</u>	<u>Percentage Of APC Contributed</u>	<u>Net Pension Obligation</u>
General Employees Plan:				
6/30/2013	\$ 710,122	\$ 710,122	100 %	\$ -
6/30/2012	1,029,936	1,029,936	100	-
6/30/2011	732,200	732,200	100	-
Police Plan:				
6/30/2013	\$ 430,576	\$ 430,576	100 %	\$ -
6/30/2012	444,719	444,719	100	-
6/30/2011	347,700	347,700	100	-
EMT Plan:				
6/30/2013	\$ 21,210	\$ 21,210	100 %	\$ -
6/30/2012	36,781	36,781	100	-
6/30/2011	25,600	25,600	100	-

The required contribution for fiscal 2013 was determined as part of the actuarial valuation performed as of June 30, 2010. The most recent valuation of the plans within the system was performed as of June 30, 2012. The actuarial methods and assumptions used in those valuations are summarized in the following table.

**Summary of Actuarial Assumptions Used in the MERS
June 30, 2010 and June 30, 2012 Valuations**

Actuarial Cost Method	Individual Entry Age Actuarial Cost
Amortization Method	Level Percent of Payroll - Closed
Equivalent Single Remaining	25 years as of June 30, 2010
Amortization Period	23 years as of June 30, 2012
Asset Valuation Method	5 Year Smoothed Market
Actuarial Assumptions:	
Investment Rate of Return	7.50%
Projected Salary Increases	<u>General Employees</u>
	4.00% to 8.00%
	<u>Police & Fire Employees</u>
	4.25% to 14.25%
Inflation	2.75%

Cost of Living Adjustments are 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 later of Social Security eligibility age or 3 years after retirement. For MERS Police and Fire, COLA is delayed until the later of age 55 or 3 years after retirement. A 2% COLA is assumed after July 1, 2012.

Funded Status and Funding Progress

The schedule of funding progress 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 Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
<i>General municipal employees pension plan</i>						
6/30/2008	\$ 42,087,185	\$ 42,973,921	\$ (886,736)	97.9%	\$ 11,911,417	-7.4%
6/30/2009	43,192,087	47,009,273	(3,817,186)	91.9%	11,974,048	-31.9%
6/30/2010	43,514,017	56,931,248	(13,417,231)	76.4%	11,816,781	-113.5%
6/30/2011	43,670,582	49,220,820	(5,550,238)	88.7%	11,710,184	-47.4%
6/30/2012	45,016,206	51,041,274	(6,025,068)	88.2%	11,883,378	-50.7%

Municipal police pension plan

6/30/2008	\$ 21,285,185	\$ 21,490,986	\$ (205,801)	99.0%	\$ 2,780,711	-7.4%
6/30/2009	21,236,264	22,560,153	(1,323,889)	94.1%	2,734,277	-48.4%
6/30/2010	20,539,351	27,031,306	(6,491,955)	76.0%	2,750,448	-236.0%
6/30/2011	20,300,855	23,349,756	(3,048,901)	86.9%	2,889,318	-105.5%
6/30/2012	20,524,828	25,813,485	(5,288,657)	79.5%	2,742,094	-192.9%

EMT pension plan

6/30/2008	\$ 2,153,528	\$ 1,235,410	\$ 918,118	174.3%	\$ 656,978	139.7%
6/30/2009	2,241,231	1,404,279	836,952	159.6%	707,353	118.3%
6/30/2010	2,456,506	2,247,141	209,365	109.3%	742,205	28.2%
6/30/2011	2,769,964	2,298,368	471,596	120.5%	767,645	61.4%
6/30/2012	2,957,953	2,507,988	449,965	117.9%	778,204	57.8%

Changes affecting the June 30, 2012 actuarial valuation:

The assumptions for the Municipal Employees' Retirement System are consistent with the 2011 valuation, with the exception of certain assumption changes that resulted from the enactment of the Rhode Island Retirement Security Act of 2011. The marriage assumption was modified to reflect the expected percentage of members that will be eligible for survivor benefits upon their death, the incidence of disability was lowered to incorporate a continued trend of significantly fewer incidents of disability than anticipated by the current assumption, and the missing data assumption was updated to incorporate an assumption for missing beneficiary data.

The method used to determine the actuarial value of assets is the five-year smoothed market method. A small adjustment was made to the method used to smooth investment gains and losses to allow gains and losses to offset each other immediately. This modification will reduce future volatility in the actuarial value of assets while ensuring that the actuarial value always trends directly towards the market value of assets.

Changes affecting the June 30, 2011 actuarial valuation:

The retirement rates were modified to be consistent with the retirement eligibility changes instituted by the Rhode Island Retirement Security Act of 2011. Members that were assumed to retire prior to the Act, but before the earliest allowable age under the Act, are assumed to retire once eligible.

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.

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

Plan Description - Employees participating in the defined benefit plan(s), as described above, 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 and the Employees' Retirement System of Rhode Island (the System). Employees may choose among various investment options available to plan participants.

Employee contributions are immediately vested while employer contributions are vested after three years of contributory service. Contributions required under the plan by both the employee and employer are established by the General Laws, which are subject to amendment by the General Assembly.

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

Teachers that Contribute to Social Security:

Plan Funding Policy - The funding policy is outlined in RIGL chapter 36-10.3 (which can be amended by the Rhode Island General Assembly). Active plan members must contribute 5% of his/her compensation and the town is required to contribute 1%. The plan members and town contributed \$1,615,217 and 323,082, respectively, during the fiscal year ended June 30, 2013.

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 \$341,018 and \$68,217, respectively, during the fiscal year ended June 30, 2013.

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.

C. Municipal 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 ERS, a cost-sharing multiple employer defined benefit plan administered by the Employees' Retirement System of Rhode Island (the System). The plan provides retirement, death and disability benefits (as well as annual cost of living allowances if certain conditions have been met) as outlined in Chapters 36-10 and 16-16 of the Rhode Island General Laws (RIGL). The benefits may be amended by the Rhode Island General Assembly.

Funding Policy - The funding policy is outlined in RIGL sections 16-16-22 and 36-10-2 (which can be amended by the Rhode Island General Assembly). Active plan members must contribute 3.75% of his/her compensation. The town and the State are collectively required to contribute at an actuarially determined rate expressed as a percentage of total compensation paid to the active membership. The employer contribution is split and paid 40% by the State and 60% by the school district with the exception of teachers who work in federally funded programs where 100% is paid by the school district and reimbursed by the federal government. For fiscal 2013, the total employer rate 19.29% (7.88% State share and 11.41% local share). The State share of the employer contribution rate includes the total cost of prior contribution deferrals which was .28% for fiscal 2013.

The town contributed \$3,173,397, \$3,653,857 and \$3,041,747 during the fiscal years 2013, 2012 and 2011, respectively, equal to 100% of the actuarially required contributions for those respective years. For financial reporting purposes, the State's share of contributions are reflected as on behalf-payments and are included as both revenue and expenditures in the accompanying financial statements.

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.

13. OTHER POSTEMPLOYMENT BENEFIT (OPEB) OBLIGATIONS

The Town of South Kingstown OPEB Trust (the Trust)

Plan Description

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

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

Summary of Significant Accounting Policies

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

Administrative costs of the plan are paid by the Town.

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

The Trust is administered by the Town.

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

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

Funding Policy

Town Employees hired before July 1, 2006 -

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

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

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

Town Employees hired after July 1, 2006 -

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

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

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

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

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

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

Public Works Employees hired after July 1, 2005 -

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

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

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

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

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

Eligibility

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

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

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

Annual OPEB Cost and Net OPEB Obligations

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

		Retiree Trust
Annual required contribution (ARC)	\$	1,878,000
Interest on net OPEB obligation		(31,826)
Adjustment to annual required contribution		<u>25,430</u>
Annual OPEB cost		1,871,604
Contributions made		<u>2,896,704</u>
Increase in net OPEB asset		1,025,100
Net OPEB asset, beginning of year		<u>397,828</u>
Net OPEB Asset, End of Year	\$	<u><u>1,422,928</u></u>

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

For the year ended June 30, 2013, plan members contributed \$70,166 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, 2013, expenditures of \$1,438,109 were recognized for post-retirement benefits. Of this amount, \$7,404 was paid for life insurance premiums, and \$1,430,705 was paid for health and dental insurance premiums.

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.

Fiscal Year Ending		Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed		Net OPEB Asset
6/30/2011	\$	1,921,919	\$ 2,202,000	114.57	%	\$ 284,081
6/30/2012		1,872,284	1,986,031	106.08		397,828
6/30/2013		1,871,604	2,896,704	154.77		1,422,928

Funding Status and Funding Progress

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

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

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

Actuarial Methods and Assumptions

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

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

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Percentage Open
Remaining Amortization Period	25 Years
Investment Rate of Return	8.00%
Projected Salary Increases	4.25%
Healthcare Cost Trend Rate	4.4% - 5.8%

14. SIGNIFICANT COMMITMENTS

Community Septic System Loan Program

On August 30, 2002, the Town entered into an agreement with the Rhode Island Clean Water Finance Agency to finance the Town's Community Septic System Loan Program. The loan agreement provides the Town with a \$300,000 nonrestoring line of credit. The proceeds of the loan shall be used by the Town for the establishment of an operation of a Community Septic System Loan Program. The Program provides for the Town to make loans to property owners of the Town for the repair or replacement of failed or failing septic systems. The individual loans to be made to property owners shall be underwritten by the Town with the assistance of the Rhode Island Housing Mortgage Finance Corporation (RIHMFMC). RIHMFMC, 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, 2013, 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, 2013, there are \$1,000,000 in loans issued and an available line-of-credit balance of \$-0- on the final increment of \$100,000.

In August 2010, the Board of Directors of the Rhode Island Clean Water Finance Agency, pursuant to policies and procedures adopted in accordance with Title VI of the Federal Clean Water Act and Chapter 12.2 of the Rhode Island General Laws, notified the Town that it has been approved for an additional \$1,000,000 of funding for the Community Septic System Loan Program. The loan total will be funded in three increments of \$300,000 and a final increment of \$100,000. As of June 30, 2013, there are \$55,900 in loans issued and, as such, the available line-of-credit balance is \$921,882.

15. RISK MANAGEMENT

A. Rhode Island Inter-Local Risk Management Trust

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

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

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

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

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

B. Internal Service 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 2012-2013 fiscal year, the Town was under a cost plus basis plan. As of July 1, 2008, the Town switched to a Blue Cross cost plus program provided through the West Bay Community Health Collaborative.

All funds of the Town participate in the program and make payments to the Health Care Management Fund (an internal service fund) based on recommendations made by the Plan Administrator. Billings from the Health Care Management Fund to their Town and School Department Funds for fiscal year 2013 were \$9,816,248. At June 30, 2013, 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, 2013. Changes in the balance of claims liabilities during the past two years are as follows:

Fiscal Year		Accrued Liability Beginning of Fiscal Year		Current Year Claims and Changes in Estimates		Accrued Liability Claim Payments		Accrued Liability End of Fiscal Year
2012-13	\$	541,288	\$	11,305,753	\$	11,233,305	\$	613,736
2011-12		508,700		10,068,437		10,035,849		541,288

16. CONTINGENCIES

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

The Town has been notified by the Environmental Protection Agency (EPA) that two former landfills have been placed on the Superfund list. The Rose Hill Regional Landfill was previously operated by the towns of South Kingstown and Narragansett, Rhode Island. A "Record of Decision" (ROD) was issued in December 1999, which delineates EPA's approved remediation strategy for the site. Consent Decree negotiations with EPA began in November 2000 and were completed in January 2003. The towns have paid \$4,125,000 to settle all past and future federal liabilities associated with the Rose Hill site. South Kingstown's \$2,000,000 payment to the Federal Government was funded with a 20-year general obligation bond sold in September 2002 at an interest rate of 1.648%. Repayment of the debt service associated with this bond will be provided from funds held in reserve within the Solid Waste Fund and from property taxes. The Town 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 \$1,598,770 at June 30, 2013. Accordingly, this amount has been reported as a liability in the government-wide financial statements. This balance will be paid off during fiscal year ending 2037.

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

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

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

Required Supplementary Information

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND

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

FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues and Use of Fund Balance:				
Property taxes:				
Current taxes	\$ 65,148,020	\$ 65,148,020	\$ 65,487,485	\$ 339,465
Prior taxes	525,000	525,000	558,301	33,301
Total taxes current and prior	65,673,020	65,673,020	66,045,786	372,766
Pilot - Federal Aid	15,000	15,000	7,541	(7,459)
Interest on taxes	300,000	300,000	341,759	41,759
Payment in lieu of taxes	234,706	234,706	231,537	(3,169)
Total property taxes	66,222,726	66,222,726	66,626,623	403,897
State aid - Town:				
General state aid	151,272	151,272	151,238	(34)
Telephone tax	344,852	344,852	368,741	23,889
Meals and beverage tax	560,000	560,000	656,770	96,770
Chapter 26 - school housing	847,604	847,604	855,370	7,766
State library construction	9,208	9,208	9,209	1
State library general aid	190,000	190,000	184,004	(5,996)
State library endowment aid	6,594	6,594	12,589	5,995
State motor vehicle phase-out	172,163	172,163	165,446	(6,717)
Hotel tax	113,000	113,000	126,890	13,890
Total state aid - Town	2,394,693	2,394,693	2,530,257	135,564
Licenses, fees and rents:				
Business licensed and fees	378,500	378,500	535,886	157,386
Nonbusiness licenses and fees	335,000	335,000	411,424	76,424
Real Estate conveyance fees	66,073	66,073	85,334	19,261
Rental of Town properties	393,816	393,816	430,785	36,969
Total licenses, fees and rents	1,173,389	1,173,389	1,463,429	290,040
Investment income - short term	100,000	100,000	91,429	(8,571)

(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, 2013

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues and Use of Fund Balance:				
Departmental revenues:				
Police department revenue	203,700	203,700	190,500	(13,200)
Park rental revenue	20,000	20,000	24,424	4,424
Town beach parking	106,000	106,000	118,913	12,913
Boat and mooring	26,000	26,000	28,952	2,952
Animal control fees	3,000	3,000	2,230	(770)
Libraries	18,195	18,195	24,283	6,088
Dog/cat licenses and fines	4,000	4,000	6,125	2,125
Recreation department	208,800	208,800	223,688	14,888
Recreation self-support program	143,000	143,000	116,330	(26,670)
Planning department	200	200	121	(79)
Wastewater department	37,000	37,000	37,000	-
Water department	20,400	20,400	20,400	-
Solid waste program	15,200	15,200	15,200	-
Fire alarm	2,000	2,000	3,882	1,882
Interfund computer	27,200	27,200	28,110	910
Guild	5,350	5,350	5,350	-
Peace Dale office	2,900	2,900	2,900	-
Recreation department - Outside sponsors	20,000	20,000	19,129	(871)
Stepping stone - creative	62,592	62,592	68,487	5,895
Stepping stone - self supported	3,000	3,000	2,475	(525)
Geographic information systems program	500	500	438	(62)
Narragansett - Dog Pound	66,606	66,606	66,606	-
Senior Service Adult Day Care billing fee	5,700	5,700	5,700	-
Total departmental revenues	1,001,343	1,001,343	1,011,243	9,900
Miscellaneous revenues:				
School crossing guards	84,000	84,000	78,000	(6,000)
Payroll and accounting	7,200	7,200	8,180	980
School field maintenance reimbursement	64,270	64,270	64,270	-
Energy savings	48,165	48,165	48,165	-
Heat detector	3,700	3,700	3,700	-
Miscellaneous - Town	120,000	120,000	807,680	687,680
Copy charges	27,000	27,000	32,193	5,193
Total miscellaneous	354,335	354,335	1,042,188	687,853
Use of fund balance	1,000,000	1,000,000	1,000,000	-
Total revenues and use of fund balance	72,246,486	72,246,486	73,765,169	1,518,683

(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, 2013

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Expenditures:				
General government:				
Town council	\$ 13,350	\$ 13,350	\$ 13,252	\$ 98
Financial town meeting	10,096	10,096	7	10,089
Legal staff	167,934	167,934	161,334	6,600
Probate judge	4,000	4,000	4,000	-
Town clerk	264,284	264,284	262,690	1,594
Public information	14,180	14,180	12,580	1,600
Canvassing authority	77,985	77,985	70,514	7,471
Town manager's office	332,489	332,489	332,702	(213)
Personnel administration	80,695	80,695	74,322	6,373
League of cities and towns	11,115	11,115	11,115	-
Town hall operations	160,144	160,144	169,037	(8,893)
Finance department	482,552	482,552	480,114	2,438
Tax assessor's office	257,789	257,789	256,665	1,124
Assessment board of review	600	600	160	440
Data processing division	251,268	251,268	179,778	71,490
Geographic information systems	88,883	88,883	87,381	1,502
Post year audit	24,250	24,250	30,580	(6,330)
Planning board	4,680	4,680	2,880	1,800
Planning department	281,374	281,374	265,664	15,710
Zoning board of review	12,000	12,000	7,571	4,429
Zoning/building inspection	229,397	229,397	210,558	18,839
Miscellaneous boards and agencies	18,350	18,350	18,350	-
Total general government	2,787,415	2,787,415	2,651,254	136,161
Public safety:				
Police department	5,312,799	5,312,799	5,192,372	120,427
Animal control - RD/shelter	226,162	226,162	224,625	1,537
Radio/communication	182,587	182,587	181,257	1,330
Harbor patrol	29,945	29,945	27,648	2,297
Fire company donation	3,600	3,600	3,600	-
Emergency medical services	1,166,665	1,166,665	1,157,534	9,131
Total public safety	6,921,758	6,921,758	6,787,036	134,722
Public works:				
Public works administration	262,430	262,430	257,911	4,519
Streets and highway	1,796,411	1,796,411	1,680,913	115,498
Tree warden/ Street lighting	163,302	163,302	244,081	(80,779)
Total public works	2,222,143	2,222,143	2,182,905	39,238

(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, 2013

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Expenditures:				
Human service agency contributions:				
South Shore Mental Health	\$ 15,000	\$ 15,000	\$ 15,000	\$ -
Hospice of Washington County	1,500	1,500	1,500	-
Visiting Nurses Association	24,000	24,000	24,000	-
Thundermist Health Center	24,000	24,000	24,000	-
Phoenix Marathon House	12,000	12,000	12,000	-
Jonnycake Center	22,000	22,000	22,000	-
Cane Day Care Center	9,000	9,000	9,000	-
South County Community Action	24,000	24,000	24,000	-
Welcome House of South County	6,000	6,000	6,000	-
Domestic Violence Resource Center	5,000	5,000	5,000	-
Washington County Coalition for Children	400	400	400	-
Education Exchange	2,500	2,500	2,500	-
Total human service agency contributions	145,400	145,400	145,400	-
Recreation:				
Recreation department	1,358,824	1,358,824	1,328,333	30,491
Celebrations	7,000	7,000	7,000	-
Total recreation	1,365,824	1,365,824	1,335,333	30,491
Public libraries	930,089	930,089	914,695	15,394
Capital improvements/projects	19,000	19,000	18,790	210
Miscellaneous:				
Insurance	220,000	220,000	210,566	9,434
Unemployment insurance	35,000	35,000	7,822	27,178
Life insurance	12,000	12,000	9,766	2,234
Contingency	65,000	65,000	63,854	1,146
FICA	824,500	824,500	784,957	39,543
Contribution to Town retirement	1,112,260	1,112,260	1,085,642	26,618
Health insurance	3,043,929	3,043,929	3,043,929	-
Workers' compensation	125,000	125,000	108,033	16,967
Total miscellaneous	5,437,689	5,437,689	5,314,569	123,120
Debt service	3,591,237	3,591,237	3,585,879	5,358
Total expenditures	23,420,555	23,420,555	22,935,861	484,694
Excess of Revenues over Expenditures	48,825,931	48,825,931	50,829,308	2,003,377

(Continued on next page)

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND

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

FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget - Positive (Negative)
Other Financing Sources (Uses):				
Transfers in:				
From Capital Project Funds	\$ 416,654	\$ 416,654	\$ 416,654	\$ -
From Special Revenue Funds	657,272	657,272	710,462	53,190
From Permanent Trust Funds	16,000	16,000	17,288	1,288
Transfers out:				
Wastewater Fund	(9,200)	(9,200)	(9,200)	-
Elderly services	(351,498)	(351,498)	(351,498)	-
Tax Transfer to School	(48,364,159)	(48,364,159)	(48,364,159)	-
Transfers to Other Funds			(502,000)	502,000
To Capital Project Funds	(1,191,000)	(1,191,000)	(1,191,000)	-
Total other financing sources (uses)	<u>(48,825,931)</u>	<u>(48,825,931)</u>	<u>(49,273,453)</u>	<u>556,478</u>
Excess of Revenues, Other Sources and Uses of Fund Balance over Expenditures and Other Financing Uses	\$ <u>-</u>	\$ <u>-</u>	1,555,855	\$ <u>2,559,855</u>
Budgetary excess of revenues over expenditures is different than GAAP net change in fund balance because of the following reconciling items:				
Use of fund balance is not a GAAP revenue			(1,000,000)	
Planning Development Expenditures not budgeted			(9,548)	
Change in encumbrances			(258,252)	
Issuance of refunding bonds			4,263,000	
Refunding bond costs not budgeted			(55,144)	
Payment to refunded bond escrow agent			<u>(4,207,856)</u>	
Total Net Change in Fund Balance - GAAP basis			\$ <u>288,055</u>	

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND

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

FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues and Designated Fund Balance:				
State aid	\$ 8,513,652	\$ 8,513,652	\$ 8,479,992	\$ (33,660)
Tuition	170,559	170,559	219,109	48,550
Miscellaneous	647,000	647,000	566,217	(80,783)
Total revenues	9,331,211	9,331,211	9,265,318	(65,893)
Use of fund balance	535,030	535,030	535,030	-
Total Revenues and Use of Fund Balance	9,866,241	9,866,241	9,800,348	(65,893)
Expenditures:				
Salaries	34,255,966	34,253,966	33,806,292	447,674
Employee benefits	13,526,623	13,476,623	13,341,378	135,245
Purchased services	8,342,413	8,208,070	8,182,608	25,462
Supplies and materials	1,621,204	1,654,120	1,544,703	109,417
Capital outlay	504,194	657,621	641,504	16,117
Total expenditures	58,250,400	58,250,400	57,516,485	733,915
Excess (Deficiency) of Revenues over Expenditures	(48,384,159)	(48,384,159)	(47,716,137)	668,022
Other Financing Sources:				
Transfers in:				
Town of South Kingstown General Fund	48,364,159	48,364,159	48,364,159	-
Trust Fund Income	20,000	20,000	20,303	303
Total other financing sources	48,384,159	48,384,159	48,384,462	303
Excess of Revenues, Other Sources and Uses of Fund Balance over Expenditures and Other Financing Uses	\$ -	\$ -	668,325	\$ 668,325
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			(535,030)	
Indirect cost not budgeted			35,940	
Summer school revenue not budgeted			3,325	
Change in encumbrances			(74,412)	
Total Net Change in Fund Balance - GAAP basis			\$ 98,148	

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, 2013

	<u>General Fund</u>	<u>School Unrestricted Fund</u>	<u>Eliminations</u>	<u>Total General Fund</u>
ASSETS				
Cash and cash equivalents	\$ 25,227,795	\$ 724	\$	\$ 25,228,519
Accounts and other receivable, net	1,169,870	267,826		1,437,696
Due from federal and state governments	233,738	107,797		341,535
Due from other funds	217,458	3,792,726	(3,687,001)	323,183
Prepaid items	12,613	9,313		21,926
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	\$ <u>26,861,474</u>	\$ <u>4,178,386</u>	\$ <u>(3,687,001)</u>	\$ <u>27,352,859</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 378,525	\$ 535,915	\$	\$ 914,440
Accrued liabilities	771,410	454,687		1,226,097
Due to state and federal governments	44,147			44,147
Due to other funds	12,355,331		(3,687,001)	8,668,330
Deferred revenue	855,357	1,790		857,147
Deposits held in custody of others	177,486			177,486
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>14,582,256</u>	<u>992,392</u>	<u>(3,687,001)</u>	<u>11,887,647</u>
Fund balances:				
Nonspendable	12,613	9,313		21,926
Committed	2,102,847	3,176,681		5,279,528
Unassigned	10,163,758			10,163,758
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>12,279,218</u>	<u>3,185,994</u>	<u>-</u>	<u>15,465,212</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	\$ <u>26,861,474</u>	\$ <u>4,178,386</u>	\$ <u>(3,687,001)</u>	\$ <u>27,352,859</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, 2013

	General Fund	School Unrestricted Fund	Eliminations	Total General Fund
Revenues:				
Property taxes, interest and lien fees	\$ 66,626,623	\$	\$	\$ 66,626,623
Intergovernmental revenues	2,530,257	8,479,992		11,010,249
Licenses and fees	1,463,429			1,463,429
Investment income	91,429			91,429
Fines and charges for services		219,109		219,109
Departmental	924,693			924,693
State on behalf pension contribution		2,119,728		2,119,728
Other local revenues	1,042,188	605,482		1,647,670
Total revenues	<u>72,678,619</u>	<u>11,424,311</u>	<u>-</u>	<u>84,102,930</u>
Expenditures:				
Current:				
General government	2,660,861			2,660,861
Public safety	6,672,979			6,672,979
Public works	2,398,155			2,398,155
Human service agency contribution	145,400			145,400
Public libraries	914,695			914,695
Education		59,710,625		59,710,625
Recreation	1,335,333			1,335,333
Other	5,441,719			5,441,719
Debt service:				
Principal retirement	2,931,000			2,931,000
Interest and other charges	710,023			710,023
Capital outlay	18,790			18,790
Total expenditures	<u>23,228,955</u>	<u>59,710,625</u>	<u>-</u>	<u>82,939,580</u>
Excess (Deficiency) of Revenues over Expenditures	<u>49,449,664</u>	<u>(48,286,314)</u>	<u>-</u>	<u>1,163,350</u>
Other Financing Sources (Uses):				
Issuance of refunding bonds	4,263,000			4,263,000
Payment to refunded bond escrow agent	(4,207,856)			(4,207,856)
Transfers in from other funds	1,416,104	48,384,462	(48,364,159)	1,436,407
Transfers out to other funds	(50,632,857)		48,364,159	(2,268,698)
Total other financing sources (uses)	<u>(49,161,609)</u>	<u>48,384,462</u>	<u>-</u>	<u>(777,147)</u>
Net Change in Fund Balances	288,055	98,148	-	386,203
Fund Balances at Beginning of Year	<u>11,991,163</u>	<u>3,087,846</u>	<u>-</u>	<u>15,079,009</u>
Fund Balances at End of Year	<u>\$ 12,279,218</u>	<u>\$ 3,185,994</u>	<u>\$ -</u>	<u>\$ 15,465,212</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	Reducing Marijuana Grant
Alcohol Grant	Seat Belt Enforcement Grants
Asset Forfeiture Fund	Statewide Planning Grant
Animal Shelter Benefit	South Road School Reserve Fund
Energy Efficiency and Conservation Grant	Substance Abuse
Governor's Justice Commission Grants	Tobacco Compliance Investigation Project
Historical and Vital Recording Fees	

SCHOOL FUNDS

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

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

CAPITAL PROJECTS FUNDS

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

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

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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PERMANENT FUNDS

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

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

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

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

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

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

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

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2013

	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 Association
ASSETS										
Cash and cash equivalents	\$	\$	\$	\$ 186	\$	\$ 268,797	\$ 827,917	\$	\$	\$ 21,264
Investments										26,651
Accounts and other receivables						20,404				
Due from federal and state governments		656		14,054	209,213	20,252		3,384		
Due from other funds	10,000		187,884	14,935					125,002	
Prepays										
Total Assets	<u>\$ 10,000</u>	<u>\$ 656</u>	<u>\$ 187,884</u>	<u>\$ 29,175</u>	<u>\$ 209,213</u>	<u>\$ 309,453</u>	<u>\$ 827,917</u>	<u>\$ 3,384</u>	<u>\$ 125,002</u>	<u>\$ 47,915</u>
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$	\$	\$ 345	\$	\$ 11,000	\$ 11,070	\$ 3,834	\$ 600	\$ 3,165	\$
Retainage payable										
Accrued liabilities			16,317							
Due to federal and state governments			320							
Due to other funds		656			17,195	44,380	4,863	2,400		999
Deferred revenue				29,175	181,018	1,856		384		
Total liabilities	<u>-</u>	<u>656</u>	<u>16,982</u>	<u>29,175</u>	<u>209,213</u>	<u>57,306</u>	<u>8,697</u>	<u>3,384</u>	<u>3,165</u>	<u>999</u>
Fund Balances:										
Nonspendable										
Restricted									121,837	46,916
Committed	10,000		170,902			252,147	819,220			
Unassigned										
Total fund balances	<u>10,000</u>	<u>-</u>	<u>170,902</u>	<u>-</u>	<u>-</u>	<u>252,147</u>	<u>819,220</u>	<u>-</u>	<u>121,837</u>	<u>46,916</u>
Total Liabilities and Fund Balances	<u>\$ 10,000</u>	<u>\$ 656</u>	<u>\$ 187,884</u>	<u>\$ 29,175</u>	<u>\$ 209,213</u>	<u>\$ 309,453</u>	<u>\$ 827,917</u>	<u>\$ 3,384</u>	<u>\$ 125,002</u>	<u>\$ 47,915</u>

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TOWN OF SOUTH KINGSTOWN, RHODE ISLAND

COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2013

	Special Revenue Funds										
	Neighborhood Guild	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
ASSETS											
Cash and cash equivalents	\$ 68,946	\$ 285,533	\$	\$	\$	\$	\$	\$	\$	\$	\$
Investments											
Accounts and other receivables	96,419	1,917			40,633		2,554	1,336	47,816	55,400	30,934
Due from federal and state governments											
Due from other funds	6,767		313,945	55,859		410,182	3,526				
Prepays	4,051										
Total Assets	\$ 176,183	\$ 287,450	\$ 313,945	\$ 55,859	\$ 40,633	\$ 410,182	\$ 6,080	\$ 1,336	\$ 47,816	\$ 55,400	\$ 30,934
LIABILITIES AND FUND BALANCES											
Liabilities:											
Accounts payable	\$ 10,335	\$ 3,186	\$	\$	\$	\$	772	120	\$	44,894	\$
Retainage payable			5,939								
Accrued liabilities	1,369	4,404			329						
Due to federal and state governments											
Due to other funds		606			6,979			1,216	6,623		12,523
Deferred revenue	49,921	3,531			33,325		5,308		41,247	10,506	18,411
Total liabilities	61,625	11,727	5,939	-	40,633	-	6,080	1,336	47,870	55,400	30,934
Fund Balances:											
Nonspendable	4,051										
Restricted	110,507			55,859							
Committed		275,723	308,006			410,182					
Unassigned									(54)		
Total fund balances	114,558	275,723	308,006	55,859	-	410,182	-	-	(54)	-	-
Total Liabilities and Fund Balances	\$ 176,183	\$ 287,450	\$ 313,945	\$ 55,859	\$ 40,633	\$ 410,182	\$ 6,080	\$ 1,336	\$ 47,816	\$ 55,400	\$ 30,934

(Continued on next page)

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND

COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2013

	Special Revenue Funds			Capital Projects Funds							
	Nancy Brown Memorial Fund	School Restricted Fund	Total Special Revenue Funds	Bridge Improvement	Capital Equipment and Replacement	Data Processing Improvement	Downtown Intermodal Enhancement Project	Impact Fee Reserve	Library Building Construction	Open Space Reserve	Police Building Construction
ASSETS											
Cash and cash equivalents	\$	\$	\$ 1,472,643	\$	\$	\$	\$	\$	\$ 31,205	\$	\$
Investments			26,651								
Accounts and other receivables			118,740								
Due from federal and state governments		127,214	553,446								
Due from other funds			1,128,100		529,555	289,701		1,653,949	107,166	416,649	237,783
Prepays			4,051								
Total Assets	\$ -	\$ 127,214	\$ 3,303,631	\$ -	\$ 529,555	\$ 289,701	\$ -	\$ 1,653,949	\$ 138,371	\$ 416,649	\$ 237,783
LIABILITIES AND FUND BALANCES											
Liabilities:											
Accounts payable	\$	\$	\$ 89,321	\$	\$ 33,127	\$ 81,818	\$	\$	\$	\$	\$ 31,997
Retainage payable			5,939								
Accrued liabilities		10,544	32,963								
Due to federal and state governments			320								
Due to other funds		105,725	204,165								
Deferred revenue		10,945	385,627								
Total liabilities	-	127,214	718,335	-	33,127	81,818	-	-	-	-	31,997
Fund Balances:											
Nonspendable			4,051								
Restricted			335,119					1,653,949		416,649	
Committed			2,246,180		496,428	207,883			138,371		205,786
Unassigned			(54)								
Total fund balances	-	-	2,585,296	-	496,428	207,883	-	1,653,949	138,371	416,649	205,786
Total Liabilities and Fund Balances	\$ -	\$ 127,214	\$ 3,303,631	\$ -	\$ 529,555	\$ 289,701	\$ -	\$ 1,653,949	\$ 138,371	\$ 416,649	\$ 237,783

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TOWN OF SOUTH KINGSTOWN, RHODE ISLAND

COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2013

	Capital Project Funds								Total Capital Project Funds
	Public Services Office Building Improvement	Public Works Improvement	Recreation Development and Restoration	Recreation Improvement	School Improvement	Senior Services Center Construction	Town Hall Improvement	Wastewater Construction	
ASSETS									
Cash and cash equivalents	\$	\$	\$	\$	\$	\$	\$	\$ 5,077,293	\$ 5,108,498
Investments									-
Accounts and other receivables									-
Due from federal and state governments			32,335						32,335
Due from other funds	276,763	2,337,764	220,791	47,335		6,750	206,259		6,330,465
Prepays									-
Total Assets	<u>\$ 276,763</u>	<u>\$ 2,337,764</u>	<u>\$ 253,126</u>	<u>\$ 47,335</u>	<u>\$ -</u>	<u>\$ 6,750</u>	<u>\$ 206,259</u>	<u>\$ 5,077,293</u>	<u>\$ 11,471,298</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$	\$ 3,825	\$	\$	\$	\$	\$	\$	\$ 150,767
Retainage payable									-
Accrued liabilities									-
Due to federal and state governments									-
Due to other funds								4,200	4,200
Deferred revenue			32,335						32,335
Total liabilities	<u>-</u>	<u>3,825</u>	<u>32,335</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,200</u>	<u>187,302</u>
Fund Balances:									
Nonspendable									-
Restricted								5,073,093	7,143,691
Committed	276,763	2,333,939	220,791	47,335		6,750	206,259		4,140,305
Unassigned									-
Total fund balances	<u>276,763</u>	<u>2,333,939</u>	<u>220,791</u>	<u>47,335</u>	<u>-</u>	<u>6,750</u>	<u>206,259</u>	<u>5,073,093</u>	<u>11,283,996</u>
Total Liabilities and Fund Balances	<u>\$ 276,763</u>	<u>\$ 2,337,764</u>	<u>\$ 253,126</u>	<u>\$ 47,335</u>	<u>\$ -</u>	<u>\$ 6,750</u>	<u>\$ 206,259</u>	<u>\$ 5,077,293</u>	<u>\$ 11,471,298</u>

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TOWN OF SOUTH KINGSTOWN, RHODE ISLAND

COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2013

	Permanent Funds								
	Hazard Memorial Trust	Irving Knowles Trust	Gertrude S. Parket Trust	Oliver Watson Home	Walter W. Watson Trust	Kingston Free Library Trust	Total Permanent Funds	Eliminations	Total
ASSETS									
Cash and cash equivalents	\$ 199,794	\$ 126	\$	\$ 225,969	\$ 198,277	\$ 20,998	\$ 645,164	\$	\$ 7,226,305
Investments	245,460	180,783				760,366	1,186,609		1,213,260
Accounts and other receivables							-		118,740
Due from federal and state governments							-		585,781
Due from other funds							-		7,458,565
Prepays							-		4,051
Total Assets	<u>\$ 445,254</u>	<u>\$ 180,909</u>	<u>\$ -</u>	<u>\$ 225,969</u>	<u>\$ 198,277</u>	<u>\$ 781,364</u>	<u>1,831,773</u>	<u>\$ -</u>	<u>\$ 16,606,702</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable	\$	\$ 881	\$	\$ 53	\$	\$	\$ 934	\$	\$ 241,022
Retainage payable							-		5,939
Accrued liabilities							-		32,963
Due to federal and state governments							-		320
Due to other funds		0		107	250		357		208,722
Deferred revenue							-		417,962
Total liabilities	<u>-</u>	<u>881</u>	<u>-</u>	<u>160</u>	<u>250</u>	<u>-</u>	<u>1,291</u>	<u>-</u>	<u>906,928</u>
Fund Balances:									
Nonspendable							-		4,051
Restricted	445,254	180,028		225,809	198,027	781,364	1,830,482		9,309,292
Committed							-		6,386,485
Unassigned							-		(54)
Total fund balances	<u>445,254</u>	<u>180,028</u>	<u>-</u>	<u>225,809</u>	<u>198,027</u>	<u>781,364</u>	<u>1,830,482</u>	<u>-</u>	<u>15,699,774</u>
Total Liabilities and Fund Balances	<u>\$ 445,254</u>	<u>\$ 180,909</u>	<u>\$ -</u>	<u>\$ 225,969</u>	<u>\$ 198,277</u>	<u>\$ 781,364</u>	<u>\$ 1,831,773</u>	<u>\$ -</u>	<u>\$ 16,606,702</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, 2013

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 Association	Neighborhood Guild
Revenues:											
Intergovernmental revenues	\$	\$ 2,713	\$ 20,180	\$ 2,757	\$ 170,641	\$ 309,660	\$	\$ 11,695	\$ 44,566	\$	\$
Licenses and fees						91,978	809,121				356,352
Fines and charges						613	1,126			9,257	102
Investment income (loss)										40,282	
Contributions			4,270								
Other revenue			14,962	3,725							
Total revenues	<u>-</u>	<u>2,713</u>	<u>39,412</u>	<u>6,482</u>	<u>170,641</u>	<u>402,251</u>	<u>810,247</u>	<u>11,695</u>	<u>44,566</u>	<u>49,539</u>	<u>356,454</u>
Expenditures:											
Education											700,213
Recreation											
Other expenditures		2,713	3,301	6,482	170,641	749,041	224,764	11,695	26,442	19	
Debt service:											
Principal retirement											50,000
Interest and other charges											7,188
Capital outlay											
Total expenditures	<u>-</u>	<u>2,713</u>	<u>3,301</u>	<u>6,482</u>	<u>170,641</u>	<u>749,041</u>	<u>224,764</u>	<u>11,695</u>	<u>26,442</u>	<u>19</u>	<u>757,401</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>-</u>	<u>36,111</u>	<u>-</u>	<u>-</u>	<u>(346,790)</u>	<u>585,483</u>	<u>-</u>	<u>18,124</u>	<u>49,520</u>	<u>(400,947)</u>
Other Financing Sources (Uses):											
Transfers in						351,498				935	426,312
Transfers out			-			(34,958)	(500,000)			(41,198)	(18,677)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>316,540</u>	<u>(500,000)</u>	<u>-</u>	<u>-</u>	<u>(40,263)</u>	<u>407,635</u>
Net Change in Fund Balances	-	-	36,111	-	-	(30,250)	85,483	-	18,124	9,257	6,688
Fund Balances at Beginning of Year	<u>10,000</u>	<u>-</u>	<u>134,791</u>	<u>-</u>	<u>-</u>	<u>282,397</u>	<u>733,737</u>	<u>-</u>	<u>103,713</u>	<u>37,659</u>	<u>107,870</u>
Fund Balances at End of Year	<u>\$ 10,000</u>	<u>\$ -</u>	<u>\$ 170,902</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 252,147</u>	<u>\$ 819,220</u>	<u>\$ -</u>	<u>\$ 121,837</u>	<u>\$ 46,916</u>	<u>\$ 114,558</u>

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

FOR THE YEAR ENDED JUNE 30, 2013

	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	\$	\$	\$	\$ 57,990	\$	\$ 25,067	\$ 2,202	\$ 57,109	\$ 217,453	\$ 13,779	\$
Licenses and fees											
Fines and charges	93,412				75,000						
Investment income (loss)	844										
Contributions											
Other revenue			196			4,000					
Total revenues	<u>94,256</u>	<u>-</u>	<u>196</u>	<u>57,990</u>	<u>75,000</u>	<u>29,067</u>	<u>2,202</u>	<u>57,109</u>	<u>217,453</u>	<u>13,779</u>	<u>-</u>
Expenditures:											
Education											
Recreation											
Other expenditures	65,388	384,550	4,000	57,990		29,067	2,202	57,163	217,453	13,779	3,129
Debt service:											
Principal retirement											
Interest and other charges											
Capital outlay											
Total expenditures	<u>65,388</u>	<u>384,550</u>	<u>4,000</u>	<u>57,990</u>	<u>-</u>	<u>29,067</u>	<u>2,202</u>	<u>57,163</u>	<u>217,453</u>	<u>13,779</u>	<u>3,129</u>
Excess (Deficiency) of Revenues over Expenditures	<u>28,868</u>	<u>(384,550)</u>	<u>(3,804)</u>	<u>-</u>	<u>75,000</u>	<u>-</u>	<u>-</u>	<u>(54)</u>	<u>-</u>	<u>-</u>	<u>(3,129)</u>
Other Financing Sources (Uses):											
Transfers in											
Transfers out	<u>(7,484)</u>				<u>(10,667)</u>						
Total other financing sources (uses)	<u>(7,484)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,667)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	21,384	(384,550)	(3,804)	-	64,333	-	-	(54)	-	-	(3,129)
Fund Balances at Beginning of Year	<u>254,339</u>	<u>692,556</u>	<u>59,663</u>	<u>-</u>	<u>345,849</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,129</u>
Fund Balances at End of Year	<u>\$ 275,723</u>	<u>\$ 308,006</u>	<u>\$ 55,859</u>	<u>\$ -</u>	<u>\$ 410,182</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (54)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued on next page)

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND

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

FOR THE YEAR ENDED JUNE 30, 2013

	Special Revenue Funds		Capital Projects Funds							
	School Restricted Fund	Total Special Revenue Funds	Bridge Improvement	Capital Equipment and Replacement	Data Processing Improvement	Downtown Intermodal Enhancement Project	Impact Fee Reserve	Library Building Construction	Open Space Reserve	Police Building Construction
Revenues:										
Intergovernmental revenues	\$ 1,897,450	\$ 2,768,516	\$	\$	\$	\$	\$	\$ 9,950	\$	\$
Licenses and fees		64,746					303,321		290,586	
Fines and charges		1,425,863								
Investment income (loss)		11,942						109		
Contributions		44,552								
Other revenue		22,883								
Total revenues	<u>1,897,450</u>	<u>4,338,502</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>303,321</u>	<u>10,059</u>	<u>290,586</u>	<u>-</u>
Expenditures:										
Education	1,813,883	1,813,883								
Recreation		700,213								
Other expenditures		2,029,819								
Debt service:										
Principal retirement		50,000								
Interest and other charges		7,188								
Capital outlay	83,567	83,567		553,270	245,872			100,253	19,500	45,965
Total expenditures	<u>1,897,450</u>	<u>4,684,670</u>	<u>-</u>	<u>553,270</u>	<u>245,872</u>	<u>-</u>	<u>-</u>	<u>100,253</u>	<u>19,500</u>	<u>45,965</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>(346,168)</u>	<u>-</u>	<u>(553,270)</u>	<u>(245,872)</u>	<u>-</u>	<u>303,321</u>	<u>(90,194)</u>	<u>271,086</u>	<u>(45,965)</u>
Other Financing Sources (Uses):										
Transfers in		778,745		340,000	82,000			25,000		70,000
Transfers out		(612,984)	(67,820)			(26,429)	(191,654)		(225,000)	
Total other financing sources (uses)	<u>-</u>	<u>165,761</u>	<u>(67,820)</u>	<u>340,000</u>	<u>82,000</u>	<u>(26,429)</u>	<u>(191,654)</u>	<u>25,000</u>	<u>(225,000)</u>	<u>70,000</u>
Net Change in Fund Balances	-	(180,407)	(67,820)	(213,270)	(163,872)	(26,429)	111,667	(65,194)	46,086	24,035
Fund Balances at Beginning of Year	-	2,765,703	67,820	709,698	371,755	26,429	1,542,282	203,565	370,563	181,751
Fund Balances at End of Year	<u>\$ -</u>	<u>\$ 2,585,296</u>	<u>\$ -</u>	<u>\$ 496,428</u>	<u>\$ 207,883</u>	<u>\$ -</u>	<u>\$ 1,653,949</u>	<u>\$ 138,371</u>	<u>\$ 416,649</u>	<u>\$ 205,786</u>

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TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Capital Project Funds								
	Public Services Office Building Improvement	Public Works Improvement	Recreation Development and Restoration	Recreation Improvement	School Improvement	Senior Services Center Construction	Town Hall Improvement	Wastewater Construction	Total Capital Project Funds
Revenues:									
Intergovernmental revenues	\$	\$	20,665	\$	\$	\$	\$	\$	30,615
Licenses and fees									593,907
Fines and charges								62,400	62,400
Investment income (loss)								17,935	18,044
Contributions					91,025	6,750			97,775
Other revenue									-
Total revenues	-	-	20,665	-	91,025	6,750	-	80,335	802,741
Expenditures:									
Education									-
Recreation									-
Other expenditures									-
Debt service:									
Principal retirement									-
Interest and other charges									-
Capital outlay	4,323	556,259	119,201		91,025	4,683			1,740,351
Total expenditures	4,323	556,259	119,201	-	91,025	4,683	-	-	1,740,351
Excess (Deficiency) of Revenues over Expenditures	(4,323)	(556,259)	(98,536)	-	-	2,067	-	80,335	(937,610)
Other Financing Sources (Uses):									
Transfers in	225,000	817,249	91,000			20,247	22,000		1,692,496
Transfers out									(510,903)
Total other financing sources (uses)	225,000	817,249	91,000	-	-	20,247	22,000	-	1,181,593
Net Change in Fund Balances	220,677	260,990	(7,536)	-	-	22,314	22,000	80,335	243,983
Fund Balances at Beginning of Year	56,086	2,072,949	228,327	47,335	-	(15,564)	184,259	4,992,758	11,040,013
Fund Balances at End of Year	\$ 276,763	\$ 2,333,939	\$ 220,791	\$ 47,335	\$ -	\$ 6,750	\$ 206,259	\$ 5,073,093	\$ 11,283,996

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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, 2013

Permanent Funds

	Hazard Memorial Trust	Irving Knowles Trust	Gertrude S. Parket Trust	Oliver Watson Home	Walter W. Watson Trust	Kingston Free Library Trust	Total Permanent Funds	Eliminations	Total
Revenues:									
Intergovernmental revenues	\$	\$	\$	\$	\$	\$	-	\$	\$ 2,799,131
Licenses and fees							-		658,653
Fines and charges							-		1,488,263
Investment income (loss)	9,887	65,070		600	537	52,597	128,691		158,677
Contributions							-		142,327
Other revenue							-		22,883
Total revenues	<u>9,887</u>	<u>65,070</u>	<u>-</u>	<u>600</u>	<u>537</u>	<u>52,597</u>	<u>128,691</u>	<u>-</u>	<u>5,269,934</u>
Expenditures:									
Education							-		1,813,883
Recreation							-		700,213
Other expenditures	3,994		10,337	623	850	6,490	22,294		2,052,113
Debt service:							-		
Principal retirement							-		50,000
Interest and other charges							-		7,188
Capital outlay							-		1,823,918
Total expenditures	<u>3,994</u>	<u>-</u>	<u>10,337</u>	<u>623</u>	<u>850</u>	<u>6,490</u>	<u>22,294</u>	<u>-</u>	<u>6,447,315</u>
Excess (Deficiency) of Revenues over Expenditures	<u>5,893</u>	<u>65,070</u>	<u>(10,337)</u>	<u>(23)</u>	<u>(313)</u>	<u>46,107</u>	<u>106,397</u>	<u>-</u>	<u>(1,177,381)</u>
Other Financing Sources (Uses):									
Transfers in							-		2,471,241
Transfers out		(935)		(1,009)		(21,607)	(23,551)		(1,147,438)
Total other financing sources (uses)	<u>-</u>	<u>(935)</u>	<u>-</u>	<u>(1,009)</u>	<u>-</u>	<u>(21,607)</u>	<u>(23,551)</u>	<u>-</u>	<u>1,323,803</u>
Net Change in Fund Balances	5,893	64,135	(10,337)	(1,032)	(313)	24,500	82,846	-	146,422
Fund Balances at Beginning of Year	<u>439,361</u>	<u>115,893</u>	<u>10,337</u>	<u>226,841</u>	<u>198,340</u>	<u>756,864</u>	<u>1,747,636</u>	<u>-</u>	<u>15,553,352</u>
Fund Balances at End of Year	<u>\$ 445,254</u>	<u>\$ 180,028</u>	<u>\$ -</u>	<u>\$ 225,809</u>	<u>\$ 198,027</u>	<u>\$ 781,364</u>	<u>1,830,482</u>	<u>\$ -</u>	<u>\$ 15,699,774</u>

Agency Funds

AGENCY FUNDS

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

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

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

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FOR THE YEAR ENDED JUNE 30, 2013

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2013</u>
Unclaimed Estates				
Assets:				
Cash	\$ <u>43,848</u>	\$ <u>106,512</u>	\$ <u>25,318</u>	\$ <u>125,042</u>
Liabilities:				
Deposits held in custody for others	\$ <u>43,848</u>	\$ <u>106,512</u>	\$ <u>25,318</u>	\$ <u>125,042</u>
Student Activities Fund				
Assets:				
Cash	\$ 252,783	\$ 444,849	\$ 438,657	\$ 258,975
Investments	<u>8,344</u>	<u> </u>	<u> </u>	<u>8,344</u>
Total Assets	\$ <u>261,127</u>	\$ <u>444,849</u>	\$ <u>438,657</u>	\$ <u>267,319</u>
Liabilities:				
Deposits held in custody for others	\$ <u>261,127</u>	\$ <u>444,849</u>	\$ <u>438,657</u>	\$ <u>267,319</u>
Total All Agency Funds				
Assets:				
Cash	\$ 296,631	\$ 551,361	\$ 463,975	\$ 384,017
Investments	<u>8,344</u>	<u> </u>	<u> </u>	<u>8,344</u>
Total Assets	\$ <u>304,975</u>	\$ <u>551,361</u>	\$ <u>463,975</u>	\$ <u>392,361</u>
Liabilities:				
Deposits held in custody for others	\$ <u>304,975</u>	\$ <u>551,361</u>	\$ <u>463,975</u>	\$ <u>392,361</u>

Other Schedules

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND

SCHEDULE OF PROPERTY TAXES RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2013

Year	Mill Rate	Property Taxes Receivable July 1, 2012	Current Year Assessment	Transfers Addendums (Net)	Abatements and Adjustments	Amount to be Collected	Collections Net of Refunds	Property Taxes Receivable June 30, 2013
2012	14.501	\$	\$ 66,399,782	\$ 99,701	\$ 364,042	\$ 66,135,441	\$ 65,138,575	\$ 996,866
2011	14.510	969,248			1,821	967,427	868,824	98,603
2010	14.190	108,889			379	108,510	29,281	79,229
2009	12.090	23,426			86	23,340	3,680	19,660
2008	11.970	21,657			43	21,614	1,125	20,489
2007	11.510	20,206				20,206	1,233	18,973
2006	13.650	15,606				15,606	517	15,089
2005	13.130	21,557				21,557	337	21,220
2004	12.580	19,045				19,045		19,045
2003	19.910	23,634				23,634		23,634
2002	19.020	21,620				21,620	67	21,553
Subtotal		\$ 1,244,888	\$ 66,399,782	\$ 99,701	\$ 366,371	\$ 67,378,000	\$ 66,043,639	1,334,361
Less: estimated allowance for uncollectable accounts		251,549						306,197
Net property taxes receivable		\$ 993,339						\$ 1,028,164

(Continued on next page)

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND

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

Schedule of Net Assessed Property Value by Category			Reconciliation of Current Year Property Tax Revenue	
Assessed December 31, 2011				
<u>Description of Property</u>	<u>Valuations</u>	<u>Levy</u>		
Real property	\$ 4,150,727,192	\$ 60,189,695	Current year collections	\$ 66,043,639
Motor vehicle	183,173,665	3,427,179	Revenue received 60 days subsequent to	
Tangible property	202,728,309	2,939,763	fiscal year ending June 30, 2013	365,586
Wholesale and retail inventory			Subtotal	66,409,225
Total	4,536,629,166	66,556,637	Prior year revenue received in current year	
Exemptions and adjustments	10,549,569	156,855	(2012 60 day rule)	(363,439)
Net Assessed Value	\$ 4,526,079,597	\$ 66,399,782	Current Year Property Tax Revenue	\$ 66,045,786

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										
	2013	2012	2011	2010	2009	2008	Restated 2007	2006	2005	2004
Governmental activities:										
Net investment in capital assets	\$ 67,088,741	\$ 66,167,452	\$ 64,187,374	\$ 59,514,637	\$ 58,268,229	\$ 55,954,948	\$ 53,793,454	\$ 57,027,194	\$ 37,770,093	\$ 35,095,122
Restricted	15,968,722	15,885,876	15,927,670	14,457,291	13,627,269	15,981,878	17,131,006	15,430,240	15,107,822	14,820,823
Unrestricted	35,089,366	31,781,810	28,956,645	28,760,016	25,159,357	23,644,356	22,077,926	19,337,021	14,219,435	11,658,131
Total governmental activities net position	<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>	<u>67,097,350</u>	<u>61,574,076</u>
Business-type activities:										
Net investment in capital assets	21,169,022	21,551,897	21,529,486	21,683,245	21,953,466	22,481,289	21,425,967	21,673,567	20,470,817	20,150,773
Unrestricted	7,020,437	6,215,290	5,705,043	5,107,329	4,699,813	4,065,992	3,732,628	3,630,933	3,754,258	4,270,116
Total business-type activities net position	<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>	<u>24,225,075</u>	<u>24,420,889</u>
Primary government:										
Net investment in capital assets	88,257,763	87,719,349	85,716,860	81,197,882	80,221,695	78,436,237	75,219,421	78,700,761	58,240,910	55,245,895
Restricted	15,968,722	15,885,876	15,927,670	14,457,291	13,627,269	15,981,878	17,131,006	15,430,240	15,107,822	14,820,823
Unrestricted	42,109,803	37,997,100	34,661,688	33,867,345	29,859,170	27,710,348	25,810,554	22,967,954	17,973,693	15,928,247
Total Primary Government Net Position	<u>\$ 146,336,288</u>	<u>\$ 141,602,325</u>	<u>\$ 136,306,218</u>	<u>\$ 129,522,518</u>	<u>\$ 123,708,134</u>	<u>\$ 122,128,463</u>	<u>\$ 118,160,981</u>	<u>\$ 117,098,955</u>	<u>\$ 91,322,425</u>	<u>\$ 85,994,965</u>

TABLE 2

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,									
		2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Expenses											
Governmental activities:											
General government	\$	10,084,503	\$ 8,998,934	\$ 8,762,355	\$ 9,181,646	\$ 8,773,435	\$ 8,806,804	\$ 8,559,664	\$ 7,794,143	\$ 7,164,843	\$ 6,478,353
Public safety		7,908,547	6,982,529	6,842,338	6,586,666	6,809,682	6,784,029	6,701,924	6,163,017	5,975,342	5,812,407
Public works		2,516,935	2,867,358	3,267,543	3,123,570	3,381,225	2,905,202	3,221,185	2,726,315	2,437,890	1,989,518
Human service agency contributions		145,400	145,400	145,400	166,750	188,927	183,987	178,356	183,015	197,073	193,082
Public libraries		1,156,007	1,033,043	1,049,444	1,015,013	1,039,152	1,039,669	988,273	953,482	916,825	885,097
Education		60,850,621	62,121,226	62,708,323	62,584,202	63,199,438	62,853,934	60,131,860	55,630,802	52,654,614	51,922,916
Recreation		3,799,008	2,242,208	2,274,394	2,238,241	2,301,367	2,322,764	2,319,532	2,281,584	2,138,627	2,108,450
Interest on long-term debt		730,633	916,407	1,067,569	1,236,605	1,369,147	1,520,722	1,560,963	1,499,745	1,658,708	1,746,861
Total governmental activities		<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>	<u>73,143,922</u>	<u>71,136,684</u>
Business-type activities:											
Wastewater		2,768,557	3,024,608	2,941,505	3,084,902	3,152,653	3,144,544	2,972,625	2,792,376	2,747,416	2,682,339
Solid Waste		474,459	522,638	511,132	471,896	477,435	945,596	948,464	893,562	891,292	965,564
Water		768,278	852,845	831,549	805,924	784,999	835,913	713,784	679,376	658,923	665,256
School Cafeteria		957,920	984,046	1,022,540	956,998	992,566	1,041,418	1,095,906	1,056,629	970,996	1,004,783
Total business-type activities		<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>	<u>5,268,627</u>	<u>5,317,942</u>
∞ Total Primary Government Expense	\$	<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>	<u>78,412,549</u>	<u>76,454,626</u>
Program Revenues											
Governmental activities:											
Charges for services:											
General government	\$	3,447,815	\$ 3,140,696	\$ 3,568,036	\$ 3,544,928	\$ 3,170,376	\$ 3,617,841	\$ 3,794,768	\$ 4,534,120	\$ 3,734,779	\$ 3,741,721
Public safety		1,169,260	689,271	920,046	878,852	888,425	989,173	1,001,582	806,200	784,245	783,362
Human service			150								
Public works			5,500	114,780	77,269	65,465	62,935	61,100	59,500	58,050	56,300
Public libraries		24,283	24,784	27,877	28,448	30,186	28,348	28,478	28,106	29,117	48,856
Education		824,591	734,695	758,360	915,874	988,731	1,003,973	1,141,449	1,203,376	1,010,984	1,218,151
Recreation		958,750	980,159	921,171	863,176	821,301	800,684	820,278	885,410	847,241	818,419
Operating grants and contributions		13,639,256	14,373,951	14,624,647	14,597,929	14,971,735	16,321,642	16,188,793	15,030,606	14,490,072	14,260,623
Capital grants and contributions		107,725	877,125	1,002,922	678,310	105,831	272,145	292,834	4,186,452	729,799	882,697
Total governmental activities program revenues		<u>20,171,680</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>	<u>21,684,287</u>	<u>21,810,129</u>
Business-type activities:											
Charges for services:											
Wastewater		3,251,827	3,248,469	3,055,955	3,093,623	3,080,743	3,065,229	2,660,233	2,474,993	2,354,188	2,279,726
Solid Waste		544,766	565,191	483,873	425,240	478,540	789,355	950,248	956,613	928,736	991,645
Water		973,530	946,523	954,815	922,164	940,327	866,797	749,067	814,374	765,853	721,987
School Cafeteria		633,393	680,055	728,897	679,823	721,789	760,830	787,352	795,794	747,852	802,956
Operating grants and contributions		325,227	293,285	321,307	274,624	265,866	504,696	234,927	202,997	210,425	221,205
Capital grants and contributions			168,650	154,650			307,075		404,100		
Total business-type activities		<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>	<u>5,007,054</u>	<u>5,017,519</u>
Total Primary Government Program Revenues	\$	<u>25,900,423</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>	<u>26,691,341</u>	<u>26,827,648</u>

(Continued on next page)

TABLE 2

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,									
		2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Net (Expense)/Revenue											
Governmental activities		\$ (67,019,974)	\$ (64,480,774)	\$ (64,179,527)	\$ (64,547,907)	\$ (66,020,323)	\$ (63,320,370)	\$ (60,332,475)	\$ (50,498,333)	\$ (51,459,635)	\$ (49,326,555)
Business-type activities		759,529	518,036	392,771	75,754	79,612	326,511	(348,952)	226,928	(261,573)	(300,423)
Total Primary Government Net Expense		<u>\$ (66,260,445)</u>	<u>\$ (63,962,738)</u>	<u>\$ (63,786,756)</u>	<u>\$ (64,472,153)</u>	<u>\$ (65,940,711)</u>	<u>\$ (62,993,859)</u>	<u>\$ (60,681,427)</u>	<u>\$ (50,271,405)</u>	<u>\$ (51,721,208)</u>	<u>\$ (49,626,978)</u>
General Revenues and Other Changes in Net Assets											
Governmental activities:											
Property taxes		\$ 66,659,301	\$ 66,472,251	\$ 65,797,804	\$ 64,729,407	\$ 63,974,336	\$ 60,903,094	\$ 58,032,552	\$ 54,828,438	\$ 51,441,569	\$ 50,181,817
Motor vehicle phase-out taxes		165,446	167,774	168,739	1,876,190	2,178,075	2,167,848	2,165,338	1,828,726	1,578,608	1,578,608
Telephone and hotel taxes		495,631	463,552	414,890	372,981	357,171	339,967	337,594	389,466	425,192	472,963
Grants and aid not restricted for a specific program		1,663,378	1,657,207	1,413,742	1,440,551	1,737,177	2,295,069	2,396,341	2,400,435	2,131,825	2,030,561
Unrestricted investment earnings		1,990,301	481,121	2,733,097	1,822,022	(834,736)	1,073,334	4,000,792	2,084,407	1,373,108	1,439,078
Miscellaneous									7,385		79,826
Transfers		357,608	2,318	(9,000)	(16,155)	81,973	(880,146)	25,197	1,087,993	32,607	9,040
Total governmental activities		<u>71,331,665</u>	<u>69,244,223</u>	<u>70,519,272</u>	<u>70,224,996</u>	<u>67,493,996</u>	<u>65,899,166</u>	<u>66,957,814</u>	<u>62,626,850</u>	<u>56,982,909</u>	<u>55,791,893</u>
B	Business-type activities:										
	Unrestricted investment earnings	20,351	16,940	42,184	45,386	108,359	182,029	228,244	155,843	98,366	69,906
	Transfers	(357,608)	(2,318)	9,000	16,155	(81,973)	880,146	(25,197)	(1,087,993)	(32,607)	(9,040)
	Total business type activities	<u>(337,257)</u>	<u>14,622</u>	<u>51,184</u>	<u>61,541</u>	<u>26,386</u>	<u>1,062,175</u>	<u>203,047</u>	<u>(932,150)</u>	<u>65,759</u>	<u>60,866</u>
Total primary government		<u>\$ 70,994,408</u>	<u>\$ 69,258,845</u>	<u>\$ 70,570,456</u>	<u>\$ 70,286,537</u>	<u>\$ 67,520,382</u>	<u>\$ 66,961,341</u>	<u>\$ 67,160,861</u>	<u>\$ 61,694,700</u>	<u>\$ 57,048,668</u>	<u>\$ 55,852,759</u>
Change in Net Position											
Governmental activities		\$ 4,311,691	\$ 4,763,449	\$ 6,339,745	\$ 5,677,089	\$ 1,473,673	\$ 2,578,796	\$ 6,625,339	\$ 12,128,517	\$ 5,523,274	\$ 6,465,338
Business-type activities		422,272	532,658	443,955	137,295	105,998	1,388,686	(145,905)	(705,222)	(195,814)	(239,557)
Total primary government		<u>\$ 4,733,963</u>	<u>\$ 5,296,107</u>	<u>\$ 6,783,700</u>	<u>\$ 5,814,384</u>	<u>\$ 1,579,671</u>	<u>\$ 3,967,482</u>	<u>\$ 6,479,434</u>	<u>\$ 11,423,295</u>	<u>\$ 5,327,460</u>	<u>\$ 6,225,781</u>

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND

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

	Fiscal Year Ended June 30,									
	2013	2012 **	2011 *	2010	2009	2008	2007	2006	2005	2004
General Fund:										
Reserved	\$ 21,926	\$ 30,361	\$ 2,579	\$ 22,133	\$ 45,788	\$ 211,673	\$ 55,127	\$ 286,935	\$ 366,988	\$ 258,879
Unreserved	15,443,286	15,048,648	11,661,554	11,485,482	11,535,780	12,151,623	12,145,834	10,875,912	9,587,047	8,641,616
Total General Fund	<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>	<u>\$ 9,954,035</u>	<u>\$ 8,900,495</u>
All Other Governmental Funds:										
Reserved	\$ 25,031,275	\$ 23,540,103	\$ 23,737,218	\$ 15,179,653	\$ 12,524,961	\$ 15,431,321	\$ 16,419,082	\$ 16,183,103	\$ 15,131,361	\$ 15,536,672
Unreserved, reported in:										
Special revenue funds	2,246,126	2,453,669	5,318,787	7,708,064	6,132,249	5,025,971	3,957,611	2,974,177	2,257,829	2,106,195
Capital project funds	4,140,305	4,134,410	3,376,356	9,576,489	9,966,576	9,022,455	8,629,412	6,481,448	5,207,698	4,238,921
Permanent funds				1,415,680	1,447,322	1,390,717	1,390,975	1,363,510	1,341,590	1,377,532
Total All Other Governmental Funds	<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>	<u>\$ 23,938,478</u>	<u>\$ 23,259,320</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.

TABLE 4

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,									
		2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Revenues:											
Property Taxes and Interest	\$	66,626,623	\$ 66,517,515	\$ 65,767,357	\$ 64,686,811	\$ 63,897,316	\$ 60,825,348	\$ 57,995,337	\$ 54,798,227	\$ 51,575,179	50,233,102
Intergovernmental revenues		13,809,380	15,000,408	14,625,902	16,477,182	16,796,121	18,853,974	19,128,068	22,294,882	17,736,296	17,862,153
Licenses, Fees and Rents		2,122,082	1,850,827	2,037,196	2,024,285	1,789,384	2,235,837	2,350,971	3,171,720	2,783,009	2,880,916
Interest on Investments		1,913,743	463,169	2,716,487	1,808,819	(853,653)	1,059,327	3,978,764	2,076,026	1,359,435	1,425,040
Fines and Charges		1,707,372	1,514,469	1,178,269	1,135,127	1,114,872	1,163,767	1,229,691	1,135,148	930,264	877,648
Department Revenue		924,693	1,255,012	1,064,987	1,002,911	1,028,183	1,146,290	1,115,818	1,047,988	1,084,946	1,066,283
Other Revenue		1,812,880	1,015,744	1,591,105	1,670,698	1,507,728	1,430,458	1,679,028	1,712,282	1,594,264	1,808,323
State On-behalf Pension		2,119,728	2,478,404	2,098,130	2,008,361	2,439,868	2,406,682	2,091,234	1,393,981	1,420,597	1,273,501
Total revenues		91,036,501	90,095,548	91,079,433	90,814,194	87,719,819	89,141,683	89,568,911	87,630,254	78,483,990	77,426,966
Expenditures:											
Current:											
General Government		2,660,861	2,549,948	2,578,103	2,486,301	2,732,722	2,643,256	2,562,378	2,392,210	2,402,451	2,334,443
Public Safety		6,672,979	6,743,188	6,563,358	6,036,189	6,383,435	6,343,310	6,105,953	5,894,514	5,562,270	5,562,051
Public Services		2,398,155	1,644,637	2,081,960	1,951,422	2,219,582	1,794,767	2,140,379	1,789,493	2,110,290	1,707,808
Public Health Contributions		145,400	145,400	145,400	166,750	188,927	183,987	178,356	183,015	197,073	193,082
Recreation		2,035,546	2,029,877	2,043,091	1,995,969	2,032,015	2,044,667	2,056,094	2,023,334	1,900,685	1,878,405
Public Libraries		914,695	943,655	928,496	918,449	936,811	909,506	873,701	840,886	835,864	771,119
Educational		61,524,508	61,576,314	61,820,390	61,519,957	61,776,284	60,874,616	58,544,022	53,788,014	49,817,652	49,194,399
Capital Improvements		1,842,708	2,229,942	4,319,515	2,091,968	1,445,008	1,833,299	3,418,724	11,582,846	3,322,808	5,254,478
Miscellaneous		7,550,463	6,965,814	6,382,023	6,386,655	6,786,000	6,739,952	6,269,940	5,838,673	6,527,815	6,093,843
Debt Service: (2)											
Principal		2,981,000	3,260,000	3,435,000	3,523,093	3,590,000	3,715,000	3,705,000	3,690,000	3,485,000	3,430,000
Interest		717,211	898,394	1,020,227	1,270,377	1,292,092	1,443,667	1,506,605	1,422,690	1,813,748	1,730,728
Total expenditures		89,443,526	88,987,169	91,317,563	88,347,130	89,382,876	88,526,027	87,361,152	89,445,675	77,975,656	78,150,356
Excess of revenues over (under) expenditures		1,592,975	1,108,379	(238,130)	2,467,064	(1,663,057)	615,656	2,207,759	(1,815,421)	508,334	(723,390)
Other Financing Sources (Uses):											
Proceeds from borrowing					1,283,916			2,200,000	5,000,000	1,191,757	2,875,000
Issuance of refunding bonds		4,263,000									
Payment to refunding debt escrow		(4,207,856)									
Transfers in		3,907,648	3,513,401	52,192,383	52,425,977	52,080,623	49,870,629	47,029,050	44,856,027	40,612,725	39,548,069
Transfers out		(3,880,040)	(3,511,083)	(52,201,383)	(52,442,132)	(51,998,650)	(49,850,566)	(47,003,853)	(43,768,034)	(40,580,118)	(39,539,029)
Total other financing sources (uses)		82,752	2,318	(9,000)	1,267,761	81,973	20,063	2,225,197	6,087,993	1,224,364	2,884,040
Net Change in Fund Balances	\$	1,675,727	\$ 1,110,697	\$ (247,130)	\$ 3,734,825	\$ (1,581,084)	\$ 635,719	\$ 4,432,956	\$ 4,272,572	\$ 1,732,698	2,160,650
Debt Service as a Percentage of Noncapital Expenditures (1)		4.24%	4.81%	5.18%	5.61%	5.63%	6.05%	6.29%	6.57%	7.10%	7.08%

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		
2013	\$ 4,434,004,364	\$ 476,108,659	\$ 41,715,054	\$ 202,728,309	-	182,251,511	\$ 810,728,300	\$ 4,526,079,597	\$ 14.50
2012	4,438,109,285	440,496,805	40,110,400	232,546,219	-	170,642,925	814,832,689	4,507,072,945	14.67
2011	4,423,285,263	440,530,005	40,110,400	236,046,336	-	220,747,096	813,898,457	4,546,820,643	14.41
2010	5,229,586,265	494,226,005	46,754,260	257,930,859	-	99,835,185	846,367,997	5,281,964,577	12.21
2009	5,185,491,136	492,945,505	46,824,460	239,650,476	-	122,641,096	832,047,183	5,255,505,490	12.13
2008	5,247,334,996	490,690,205	47,206,400	259,438,540	17,486,558	113,969,417	960,427,396	5,215,698,720	11.64
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
2005	4,340,743,030			180,488,307	13,501,930	105,413,915	620,197,948	4,019,949,234	12.72
2004	2,753,468,527			160,135,695	13,543,983	106,447,929	530,605,296	2,502,990,838	19.80

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 2013.

The Town had a full revaluation of real property as of December 31, 2003, effective for the 2004-05 fiscal year. The full revaluation is required by state law every 9 years. Statistical updates are required every 3 years.

A statistical update of real property was completed as of December 31, 2009 for the 2010-2011 fiscal year. Property is assessed at actual value; therefore, the assessed values are equal to actual value.

Tax rates are per \$1,000 of assessed value.

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

Total Direct Rate represents the weighted average of all individual direct rates applied by the Town. Prior to 2000, all property was taxed at the same rate. At that time, the motor vehicles tax rate was frozen at \$18.71. For fiscal year 2013, the property tax rate, exclusive of motor vehicles, was \$14.501

(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, 2013

Note: Exclude Exempt Property

Category	Assessed Value	Assessed Value	Direct Rate Per \$1000	Total Tax Levy
Real Estate	\$ 4,150,727,192			
Less Exemptions	9,627,415			
Net Real Estate		\$ 4,141,099,777	\$ 14.5010	\$ 60,050,088
Tangible/Personal		202,728,309	14.5010	2,939,763
Inventory		0		0
Motor Vehicle	183,173,665			
Less Exemptions	922,154			
Net Motor Vehicle		182,251,511	18.71	3,409,926
		<u>\$ 4,526,079,597</u>		<u>\$ 66,399,777</u>
Total Assessed Value:		\$ 4,526,079,597		
Divided by Total Levy:		66,399,777		
(Times 1000)		<u>\$ 14.67</u>	Weighted Avg/Total Direct Rate	

TABLE 6

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND

PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO

2013				2004			
Taxable Assessed Value		Rank	Percent of Total City Taxable Assessed Value	Taxable Assessed Value		Rank	Percent of Total City Taxable Assessed Value
American Power Conversion	\$ 48,739,403	1	1.08%	\$ 45,779,654		1	1.83%
Grandville At The Commons LP	34,714,600	2	0.77%				
Narragansett Electric	23,598,315	3	0.52%	11,297,034		2	0.45%
SHP III South Kingstown LLC	16,856,450	4	0.37%				
HCP HB2 South Bay Manor LLC	14,017,600	5	0.31%	5,296,368		6	0.21%
Jerry Brown Farm Association	13,634,300	6	0.30%	5,066,000		7	0.20%
SCC Investments II, LLC	13,124,800	7	0.29%				
Wakefield Mall Associates	12,823,700	8	0.28%	9,304,600		3	0.37%
SCC Investments, LLC	9,944,900	9	0.22%				
Hallkeen CDT Kingston LTD Part	9,920,900	10	0.22%	5,509,720		5	0.22%
United Water Company				5,830,095		4	0.23%
Coxcom, Inc				5,055,025		8	0.20%
Peace Dale United Housing				4,991,120		9	0.20%
AKG Inc				4,904,940		10	0.20%
Total	\$ 197,374,968		7.89%	\$ 103,034,556			2.28%

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 8/30/13	% of Net Levy
2012-13	\$14.50	\$66,399,782	\$99,701	\$372,420	\$66,127,063	\$647,955	0.98%	\$647,955	0.98%
2011-12	14.51	66,120,832	124,683	360,361	65,885,154	618,926	0.94%	98,602	0.15%
2010-11	14.19	65,499,433	109,275	409,419	65,199,289	702,456	1.08%	79,229	0.12%
2009-10	12.09	64,504,174	122,736	395,533	64,231,377	647,960	1.01%	19,660	0.03%
2008-09	11.97	63,726,992	103,533	441,796	63,388,729	616,114	0.97%	20,489	0.03%
2007-08	11.51	60,692,561	115,434	528,939	60,279,056	529,770	0.88%	18,973	0.03%
2006-07	13.65	57,665,644	254,220	393,867	57,525,997	400,959	0.70%	15,090	0.03%
2005-06	13.13	54,722,908	138,292	487,838	54,373,362	358,734	0.66%	21,219	0.04%
2004-05	12.58	51,148,277	225,887	402,320	50,971,844	318,634	0.63%	19,045	0.04%
2003-04	19.91	49,568,970	236,967	255,014	49,550,923	412,527	0.83%	23,634	0.05%

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	
2013	\$ 17,647,000	\$ 4,526,079,597	0.39%	30,639		\$ 576	
2012	20,390,000	4,507,072,945	0.45%	30,639		665	
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	
2005	36,905,000	4,019,949,234	0.92%	29,235		1,262	
2004	40,599,011	2,502,990,838	1.62%	29,246		1,388	
Business-Type Activities							
Fiscal Year June 30,	Wastewater Bonds	Solid Waste Bonds	Water Bonds	Total Primary Government	Total Personal Income	Percent of Personal Income *	Per Capita
2013	\$ 295,000	\$ 1,793,014	\$ -	\$ 19,735,014	Not Available	Not Available	\$ 644
2012	380,205	1,934,409	84,000	22,788,614	Not Available	Not Available	744
2011	463,465	2,072,154	166,000	26,351,619	1,304,884,371	2.02%	860
2010	543,843	2,207,323	246,000	30,082,166	1,423,242,828	2.11%	982
2009	622,398	2,338,985	324,000	32,690,383	1,342,386,100	2.44%	1,120
2008	699,189	2,467,208	400,000	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
2005	916,525	1,845,898		39,667,423	1,187,788,815	3.34%	1,357
2004	985,800			41,584,811	1,143,781,814	3.64%	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.

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
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
2005	12.72	0.41	1.35	0.62
2004	19.80	0.61	1.35	1.00

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

	2013	2012	2011	Fiscal Year ended June 30		2008	2007	2006	2005	2004
				2010	2009					
Total assessed value	\$ 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	\$ 4,019,949,234	\$ 2,502,990,838
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	135,782,388	135,212,188	136,404,619	158,458,937	157,665,165	156,470,962	125,795,649	123,691,457	120,598,477	75,089,725
Total net debt applicable to the limit	4,299,513	4,747,717	5,338,372	5,911,770	6,564,785	7,240,508	8,013,858	7,755,901	6,686,300	7,319,813
Legal debt margin	\$ 131,482,875	\$ 130,464,471	\$ 131,066,247	\$ 152,547,167	\$ 151,100,380	\$ 149,230,454	\$ 117,781,791	\$ 115,935,556	\$ 113,912,177	\$ 67,769,912
Total net debt applicable to the limit as a percentage of debt limit	3.17%	3.51%	3.91%	3.73%	4.16%	4.63%	6.37%	6.27%	5.54%	9.75%

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)
2013	30,639	Not Available	Not Available	3,357	9.1%
2012	30,639	Not Available	Not Available	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%
2005	29,235	40,629	1,187,789	4,056	4.3%
2004	29,246	39,109	1,143,782	4,190	4.5%

(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

2013(1)				2004 (1)			
Employment Sector	Employees	Rank	Percentage of Total Town Employment	Employment Sector	Employees	Rank	Percentage of Total Town Employment
Government	3,838	1	28.6%	Government	3,580	1	26.6%
Health Care & Social Assistance	2,609	2	19.4%	Health Care & Social Assistance	1,958	2	14.6%
Accommodation & Food Services	1,394	3	10.4%	Retail Trade	1,364	3	10.2%
Retail Trade	1,287	4	9.6%	Accommodation & Food Services	1,056	4	7.9%
Wholesale Trade	783	5	5.8%	Manufacturing	822	5	6.1%
Other Services (except Public Administration)	722	6	5.4%	Other Services (except Public Administration)	742	6	5.5%
Manufacturing	583	7	4.3%	Wholesale Trade	634	7	4.7%
Construction	305	8	2.3%	Construction	383	8	2.9%
Finance & Insurance	289	9	2.2%	Professional & Technical Services	346	9	2.6%
Administrative Support & Waste Management	278	10	2.1%	Finance & Insurance	234	10	1.7%
Total	<u>12,088</u>		<u>90.0%</u>	Total	<u>11,119</u>		<u>82.7%</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,									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Government:	33	33	33	33	36	38	38	37	37	37
Public Safety:										
Police - Officers	51	51	51	53	54	54	54	54	56	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	2	2	2	2	3	3	3	3	3	1
	<u>92</u>	<u>92</u>	<u>92</u>	<u>94</u>	<u>96</u>	<u>96</u>	<u>96</u>	<u>96</u>	<u>97</u>	<u>94</u>
Public Works:										
Streets & Highways	17	17	17	18	19	19	19	20	20	20
Administration	4	4	4	4	4	4	4	4	4	4
	<u>21</u>	<u>21</u>	<u>21</u>	<u>22</u>	<u>23</u>	<u>23</u>	<u>23</u>	<u>24</u>	<u>24</u>	<u>24</u>
Parks & Recreation	11	11	11	11	12	12	12	11	11	10
Libraries	10	11	11	12	12	11	12	12	12	12
TOTAL GENERAL FUND	167	168	168	172	179	180	181	180	181	177
Water	4	4	4	4	4	4	4	4	4	4
Wastewater	17	17	18	18	18	18	18	19	19	19
Neighborhood Guild	5	5	5	5	5	5	5	5	5	6
Senior Services	7	7	8	8	8	9	9	9	9	9
Other	1	1	1	1	1	1	1	1	1	1
Public education:										
Certified	341	345	347	348	367	373	381	371	379	383
Non-certified	174	172	180	195	203	208	207	195	205	212
Administrative	24	20	21	21	22	21	21	21	22	23
	<u>539</u>	<u>537</u>	<u>549</u>	<u>564</u>	<u>592</u>	<u>601</u>	<u>608</u>	<u>587</u>	<u>606</u>	<u>618</u>
Total	<u>740</u>	<u>739</u>	<u>752</u>	<u>772</u>	<u>807</u>	<u>819</u>	<u>827</u>	<u>805</u>	<u>825</u>	<u>834</u>

TABLE 14

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND

OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Function/Program										
Police:										
Physical arrests	626	682	661	718	714 (3)	667	738	856	1,179	1,258
Traffic violations	2,764	3,718	2,354	3,147	4,650 (3)	8,197	7,621	6,755	6,814	9,739
Parking violations	742	987	1,032	1,239	1,145 (3)	1,046	715	716	1,263	1,140
Emergency Medical Services:										
Number of calls answered	2,807	2,652	2,707	2,703	2,637	2,584	2,487	2,531	2,191	2,221
Animal Control:										
Number of complaints	1,260	1,457	1,332	1,324	1,334	1,408	1,447	1,288	1,386	1,403
Number of impoundments	383	382	390	418	401	601	588	614	673	755
Communications:										
Fire alarm activations	262	222	241	254	227	240	261	186	193	204 *
Streets & Highways:										
Street Sweeping (miles)	151	151	150	150	150	150	150	150	150	150
Road regrading (miles)	45	45	45	45	45	45	45	45	45	45
Street plowing/deicing (OT hours)	1,965	344	2,394	1,666	2,500	1,836	931	2,314	4,574	2,657
Culture & Recreation:										
Programs/Classes (enroll/attend)	28,745	32,978	35,652	33,345	35,716 (2)	46,528	60,707	66,846	61,584	64,222
Libraries:										
Volumes in Collection	68,916	68,634	69,223	68,721	66,769	67,700	66,865	66,469	65,542	68,550
Volumes borrowed	262,456	278,828	287,607	301,834	313,716	302,654	306,722	295,807	306,506	316,232
Reference requests filled	28,136	27,949	26,362	26,865	28,221	29,088	28,052	29,139	28,840	30,502
Water:										
New connections (net)	4	0	16	9	35	60	0	15	11	15
Average daily consumption (1) (thousands of gallons)	315	313	325	317	364	376	313	340	400	340
Wastewater:										
Average daily sewage treatment (thousands of gallons)	2,520	2,700	2,517	3,052	2,733	2,473	2,967	2,985	2,992	2,715
Senior Services:										
Adult Day Care services (client days)	3,554	3,321	3,783	4,109	2,304	3,210	3,834	4,017	3,573	4,125
Senior transportation (trips)	7,730	7,645	6,244	7,631	9,269	6,706	8,293	9,124	8,935	8,953
Congregate meals served	11,149	11,977	11,422	11,512	12,765	13,587	15,379	15,136	14,645	15,011

Sources: Various Town departments

Notes:

Indicators are not available for the general government function.

* First year for each this statistic is available.

(1) Consumption is calculated from billed usage

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

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

TABLE 15

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

Function/Program	Fiscal Year 2013	Fiscal Year 2012	Fiscal Year 2011	Fiscal Year 2010	Fiscal Year 2009	Fiscal Year 2008	Fiscal Year 2007	Fiscal Year 2006	Fiscal Year 2005	Fiscal Year 2004
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	16	16	16	16	16	16	16	16	16	15
Public works:										
Streets (miles)	151	149	149	149	148	148	147	147	145	145
Culture and recreation:										
Park acreage	453	453	453	453	440	440	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	48	48	48	45
Fire hydrants	252	253	253	253	253	253	253	253	253	253
Storage capacity (thousands of gallons-treated)	800	800	800	800	800	800	800	800	800	800
Wastewater:										
Sanitary sewers (miles)	54	54	53	53	53	53	53	53	53	53
Storm drains (miles)	53	53	53	53	53	47	47	46	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.

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND

FEDERAL SINGLE AUDIT SECTION

JUNE 30, 2013

This section contains information regarding federal grant activity for the year ended June 30, 2013 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, 2013

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>323,125</u>
United States Department of Education		
<i>Passed Through the State of Rhode Island Department of Education:</i>		
Title I, Part A Cluster		
Title I Grants to Local Educational Agencies	84.010	365,473
Special Education Cluster:		
Special Education - Grants to States (IDEA, Part B)	84.027	\$ 1,052,365
Special Education - Preschool Grants (IDEA Preschool)	84.173	<u>23,839</u>
		1,076,204
Title III Consortium	84.365	4,872
Improving Teacher Quality State Grants	84.367	187,271
Race to the Top Fund, Recovery Act	84.395	<u>238,523</u>
Total United States Department of Education		<u>1,872,343</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	57,136
Underage Drinking and Alcohol Grant	93.XXX	2,713
Tobacco Compliance Investigation Grant	93.XXX	<u>2,202</u>
Total United States Department of Health and Human Services		<u>62,051</u>

(Continued on next page)

TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013

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	14.219	\$ <u>170,641</u>
United States Department of Justice		
<i>Passed Through the State of Rhode Island Governor's Justice Commission:</i>		
Governor Justice Commission Grant	16.XXX	<u>11,695</u>
United States Department of Transportation		
<i>Passed Through the State of Rhode Island Department of Transportation:</i>		
Highway Safety Cluster: Seat-Belt Enforcement	20.604	<u>57,990</u>
United States Department of Energy		
<i>Passed Through the State of Rhode Island Office of Energy Resources:</i>		
Energy Efficiency and Conservation Block Grant Program	81.128	<u>217,453</u>
United States Department of Homeland Security		
<i>Passed Through the Rhode Island Emergency Management Agency:</i>		
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	<u>405,216</u>
Total Federal Awards Expended		<u><u>\$ 3,120,514</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, 2013

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Town of South Kingstown, Rhode Island, under programs of the federal government for the year ended June 30, 2013. 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 - NONCASH AWARDS

Donated commodities in the amount of \$15,203 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, 2013, 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 20, 2013.

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 20, 2013



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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, 2013. 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, 2013.

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 20, 2013

**TOWN OF SOUTH KINGSTOWN, RHODE ISLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013**

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with 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
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)

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.