

THE TOWN OF  
NORTH KINGSTOWN, RHODE ISLAND

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

FOR THE YEAR ENDED  
JUNE 30, 2004

Prepared By:

Finance Department

**TOWN OF NORTH KINGSTOWN, RHODE ISLAND**

**YEAR ENDED JUNE 30, 2004**

**TABLE OF CONTENTS**

	<u>Exhibit</u>	<u>Page(s)</u>
<b>INTRODUCTORY SECTION:</b>		
Letter of Transmittal .....		i – xxxi
Organization Chart .....		xxxii
List of Town Officials .....		xxxiii
GFOA Certificate of Achievement .....		xxxiv
<b>FINANCIAL SECTION:</b>		
Independent Auditor's Report .....		1 - 2
<b>Basic Financial Statements and Required Supplementary Information:</b>		
Management's Discussion and Analysis .....		3 - 11
<b>Basic Financial Statements:</b>		
<b>Government-wide Financial Statements:</b>		
Statement of Net Assets .....	A-1	12
Statement of Activities .....	A-2	13
<b>Fund Financial Statements:</b>		
<b>Governmental Funds:</b>		
Balance Sheet .....	B-1	14 - 15
Statement of Revenues, Expenditures, and Changes in Fund Balances .....	B-2	16 - 17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds (B-2) to the Statement of Activities (A-2) .....	B-3	18
<b>Proprietary Funds:</b>		
Statement of Net Assets .....	C-1	19
Statement of Revenues, Expenses and Changes in Net Assets .....	C-2	20 - 21
Statement of Cash Flows .....	C-3	22 - 23
<b>Fiduciary Funds:</b>		
Statement of Fiduciary Net Assets .....	D-1	24
Statement of Changes in Fiduciary Net Assets .....	D-2	25
Notes to Financial Statements .....		26 - 57
<b>Required Supplementary Information:</b>		
Schedule of Funding Progress for Pension Plan .....	E-1	58
Budgetary Comparison Schedule for the General Fund .....	E-2	59
Budgetary Comparison Schedule for the School General Fund .....	E-3	60
Budgetary Comparison Schedule for Library Fund .....	E-4	61
Budgetary Comparison Schedule for Debt Service Fund .....	E-5	62
Budgetary Comparison Schedule for Capital Reserve Fund .....	E-6	63
Notes to Required Supplementary Information .....	E-7	64

(CONTINUED)

**TOWN OF NORTH KINGSTOWN, RHODE ISLAND**

**YEAR ENDED JUNE 30, 2004**

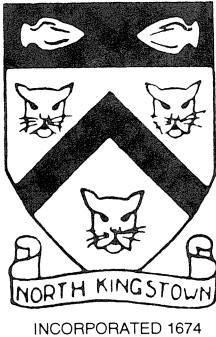
**TABLE OF CONTENTS**

	<u>Exhibit</u>	<u>Page(s)</u>
<b>Other Supplementary Information:</b>		
<b>Non-major Governmental Funds:</b>		
Combining Balance Sheet.....	F-1	65 - 81
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances .....	F-2	82 - 98
<b>Non-Major Enterprise Funds:</b>		
Combining Statement of Net Assets .....	G-1	99
Combining Statement of Revenues, Expenses and Changes in Net Assets.....	G-2	100
Combining Statement of Cash Flows .....	G-3	101
<b>Private Purpose Trusts Funds:</b>		
Combining Statement of Net Assets .....	H-1	102 - 104
Combining Statement of Changes in Net Assets .....	H-2	105 - 107
<b>Agency Funds:</b>		
Statement of Changes in Assets and Liabilities .....	I-1	108 - 109
 <b>STATISTICAL SECTION:</b>	<u>Table</u>	
General Governmental Expenditures by Function .....	1	110 - 111
General Governmental Revenues by Source .....	2	112
Property Tax Levies and Collections.....	3	113
Assessed and Estimated Value of Taxable Property .....	4	114
Property Tax Rates .....	5	115
Water Assessments .....	6	116
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita.	7	117
Computation of Legal Debt Margin .....	8	118
Computation of Overlapping Debt .....	9	119
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Expenditures .....	10	120
Revenue Bond Coverage.....	11	121
Demographic Statistics .....	12	122
Property Value, Construction and Bank Deposits .....	13	123
Principal Taxpayers.....	14	124
Principal Employers .....	15	125
The Revenue by Source .....	16	126
Miscellaneous Statistics .....	17	127 - 130
 <b>SINGLE AUDIT SECTION:</b>		
Schedule of Expenditures of Federal Awards .....		131
Notes to Schedule of Expenditures of Federal Awards.....		132
Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards .....		133 - 134
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.....		135 - 136
Schedule of Findings and Questioned Costs .....		137

(CONCLUDED)

# THE TOWN OF NORTH KINGSTOWN, RHODE ISLAND

INTRODUCTORY SECTION



TOWN OF

## NORTH KINGSTOWN, RHODE ISLAND

80 BOSTON NECK ROAD  
NORTH KINGSTOWN, R.I. 02852-5762  
PHONE: (401) 294-3331  
FAX: (401) 885-7373

November 22, 2004

To the Honorable Members of the  
Town Council  
Town of North Kingstown, Rhode Island

State law requires 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. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the Town of North Kingstown for the fiscal year ended June 30, 2004.

This report consists of management's representations concerning the finances of the Town of North 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 North 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 North Kingstown's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Town of North 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, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Town of North Kingstown's financial statements have been audited by Prescott Chatellier Fontaine & Wilkinson, LLP, 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 North Kingstown for the fiscal year ended June 30, 2004, 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 North Kingstown's financial statements for the fiscal year ended June 30, 2004, 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.

GAAP require 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 MD&A and should be read in conjunction with it. The Town of North Kingstown's MD&A can be found immediately following the report of the independent auditors.

### ***REPORTING ENTITY AND ITS SERVICES***

This report includes all the funds and account groups of the Town and the funds of the North Kingstown School Department.

The Town of North Kingstown provides a full range of services. These services include public safety, streets, recreation and parks, education, health and welfare, and general administration. In addition, the town operates the Water and Quonset/Davisville Recreation enterprise funds.

### ***ECONOMIC DEVELOPMENT AND OUTLOOK***

Over the past two decades, North Kingstown's economy has emerged as a dominant employment center for the region. Employment has grown in industrial, commercial and office uses.

#### **Industrial Development**

About a third of North Kingstown employment is associated with manufacturing and industry. The majority of new manufacturing employment in the Town has been the result of migration of firms into North Kingstown. Seven major employers account for most of the manufacturing employment: Electric Boat Corporation; Toray Plastics of America; Ocean State Jobbers; SENESCO shipbuilding; Arch Chemicals; NORAD; and Illumination Concepts and Engineering, Inc.

Other significant employers include: 143<sup>rd</sup> Air Wing, Rhode Island Air National Guard; Wal-Mart; Scalabrini Villa; Seafreeze Limited; New England Stone; Maro Display; Dominion Diagnostics; Custom Design, Inc.; John J. Orr & Sons, Inc.; South County Nursing Center; and Home Depot.

#### **Quonset Point/Davisville Port and Commerce Park**

The heart of industrial development in North Kingstown is the Quonset Point/Davisville Industrial Park, which is operated by the Rhode Island Economic Development Corporation (RIEDC). The industrial and commerce park complex contains 3000 acres of land; approximately 675 acres remain available for development. The park is actually composed of a number of smaller parks that are distinguished by their services and types of industry. The overall industrial park area is served by an airport, rail, and deep-water piers and is thus suitable for a wide diversity of manufacturing and port activities. One hundred thirty-eight tenants employing more than 6900 employees currently occupy the industrial park. The complex also includes an 18-hole golf course and marina owned and operated by the Town of North Kingstown.

The industrial complex was once the home of the Davisville Naval Construction Battalion Center and the Quonset Naval Air Station. The Naval Air Station closed in 1972 and the Naval Construction Battalion Center, 900 acres in size, was closed in 1994. The Town and the RIEDC prepared a base reuse plan for the 1994 closure site with the expectation that the majority of the site would be converted to industrial and associated purposes. Most of the 900 acres has now been conveyed to the RIEDC or is a part of an interim master lease for the site. As a part of the Base Closure process, two hundred four acres of land have been conveyed to the Town by the U.S. Department of Interior for recreation and conservation purposes; this land adjoins an additional 75 acres and was included in the development of a master plan for the entire area.

## ***ECONOMIC DEVELOPMENT AND OUTLOOK (Continued)***

### **Quonset Point/Davisville Port and Commerce Park (Continued)**

The Town has been participating in the development of plans for Quonset Point/Davisville in anticipation of the full transfer of the Navy property to the State Economic Development Corporation and the Town. The vision for the industrial complex focuses on the development of a commerce park and port area of nearly 2,200 acres. A bond referendum passed by Rhode Island voters secured \$72.0 million to enhance the existing freight rail system and make infrastructure improvements to Quonset Point/Davisville. Rhode Island voters have approved an additional \$48.0 million bond for further infrastructure and aesthetic improvements to the industrial complex. Construction has begun on the relocation and improvement of Route 403, which will, upon completion, provide a limited access highway link between development at Quonset Point and Davisville and Route 4. The importance of linking the development of Quonset Point/Davisville to community objectives is demonstrated in the recent development of a separate element of the North Kingstown Comprehensive Plan devoted to the industrial complex. The Economic Development Corporation amended its Master Plan for the industrial complex to assure consistency with the Town's Comprehensive Plan. The Town is in the process of incorporating the amended Master Plan into the Town Comprehensive Plan.

Several major facilities have been proposed, have recently expanded or are under construction at Quonset Point/Davisville. Keifer Park, the technology center of Quonset Point Davisville, exemplifies the mixed industrial development that has characterized the growth of the Quonset Point Davisville Industrial Park. In this portion of Quonset Point/ Davisville alone there is extensive activity and construction. Dominion Diagnostics completed the construction of a 23,000 square foot office and medical testing laboratory and is now preparing for the construction of Phase II development. Goldline Controls constructed a 67,206 square foot facility. Seiferts MTM, an electronic manufacturing firm has received approval to construct a manufacturing operation in a new 56,900 square foot facility. Emissive Energy, an emerging leader in the use of LED technology is constructing a 30,000 square foot addition to their Keifer Park facility. Vantage Point Properties has completed a 43,000 square foot industrial building and has another 30,000 square foot building under review by the Town and the RIEDC.

Another area of the Park boasting significant current and anticipated growth is Commerce Park located at the heart of Quonset Point. Here existing park tenants and new arrivals continue to prosper. Among the expanded existing facilities are Ocean State Jobbers with a 104,000 square foot addition to their existing warehouse/ distribution facility raising their total square footage to 978,188 square feet. Ocean State Jobbers has been approved for a 1.0 million square foot corporate headquarters and distribution facility that is anticipated to be completed in the near future. General Dynamics/ Electric Boat, with the recent addition of two new structures, 43,000 square foot materials processing plant and 4,500 square foot paint application facility, continues to grow and remains the largest employer at Quonset Point/Davisville. SENESCO, a shipbuilder continues to grow and can be ranked as one of Quonset Point/Davisville's best success stories to date with a third contract for large barges coming in at a sufficient rate as to drive both additional employment and the expansion of their facility. D.S. Nelson, a manufacturer of custom interior woodwork constructed a four-unit 22,000 square foot structure to house its expansion and act as an incubator for additional industrial growth. Also of note in Commerce Park is the Community College of Rhode Island Training Center, which provides trained employees for businesses in the industrial park and the region.

North Davisville and West Davisville are the final areas of the park slated for industrial development. Here, as elsewhere in the park, existing uses continue to expand and new tenants are ready to move in. NORAD, an automobile importer, continues to expand its activities at the Davisville piers. Meanwhile, as the RIEDC finalizes its development plan for this area of the park, Landmark Building, Delfino Construction and Quonset Trucking (an existing park tenant) have completed new facilities in North Davisville. Also in North Davisville, the new Town Public Works garage has been completed and is now open. North Davisville appears to be a high priority for the RIEDC and further redevelopment is anticipated in this area.

## ***ECONOMIC DEVELOPMENT AND OUTLOOK (Continued)***

### **Quonset Point/Davisville Port and Commerce Park (Continued)**

In West Davisville, three existing businesses have completed expansion plans: All-American Meats and Seafoods has added 25,400 square feet to their existing 28,000 square foot facility; Trussco, a truss assembly company will be adding a 5,238 square foot addition; and BB and S has constructed a small addition to their current facility to incorporate new operational processes. Maro Display acquired two 200,000 square foot former Navy buildings and has renovated them for reuse for warehousing and assembly purposes and also to provide space for a number of smaller industrial operations; a number of new tenants are settled into the renovated buildings. Seafresh USA, a seafood packaging and distribution operation, completed construction of a 20,000 square foot facility. Further development within West Davisville is anticipated with the completion of the relocation of Route 403 as a limited access highway with access ramps at West Davisville.

### **Other Industrial Development**

Industrial activity is located in other parts of the community, particularly in the mill village of Lafayette and adjacent to the rail lines that cross through North Kingstown. These areas include Dry Bridge Road and Old Baptist Road. Atlantic Tree Service has located its operation on Dry Bridge Road and established a Tree Farm. Two applications pending propose small unit flexible space units to provide further growth capacity for the Town's industrial base and start-up space for local small businesses.

The Town also participates in several regional economic development initiatives. The Town along with other Rhode Island communities is a member of a regional economic development corporation focused on enhancing manufacturing activities in the region. The Corporation has a targeted manufacturer outreach program designed to assess business needs for management and workforce support and training and to assist the business community with meeting those needs. The corporation provides small grants for equipment and training. The success of the regional corporation is reflected in the recent addition of new member communities and the positive feedback from the local business community.

More recently as a component of the economic development strategy of the Washington County Regional Planning Council, of which North Kingstown is a member, the Town completed an Economic Development Plan for the Town. The recommendations of the plan report include designating some areas for office uses and developing zoning ordinances to implement the strategies. The Plan also addressed protecting the community character through zoning regulations that address pedestrian scale and design.

### **Commercial Development**

Post Road (U.S. 1) and Route 2/102 are the primary areas where the larger-scale commercial and shopping plaza uses have located. Many of the commercial establishments now located on Post Road were developed in response to the Navy base at Quonset Point and associated growth during the 1960's. Post Road development suffered following the closure of the Navy base during the 1970's and early 1980's. Since then, growth has begun anew with the addition of Wickford Commons and Hunt River Commons and the redevelopment of sites originally constructed in the 1950's and 1960's.

Redevelopment is expected to continue. With a diminishing amount of commercially zoned land, it is anticipated that development will continue to focus on redevelopment of sites along Post Road. The gateway to the Quonset Davisville Industrial Park is located along Post Road and the Economic Development Corporation expects to issue a Request for Proposals for a large parcel adjacent to Post Road. The RFP is intended to elicit interest from a master developer for the development of the gateway area. Anticipated uses might include a hotel; retail that supports the industrial complex; and office uses.

## ***ECONOMIC DEVELOPMENT AND OUTLOOK (Continued)***

### **Commercial Development (Continued)**

Prime examples of redevelopment or expansion along Post Road are the U.S. Post Office's rehabilitation of a former supermarket; the construction of a Washington Trust Bank; Brooks Drugs demolishing a former car dealer facility to make way for a modern drug and convenience store; Bess Eaton Donuts rehabilitating a former bank; and Kingstown Plaza, first constructed in 1961, investing \$500,000 in a clock tower, new signage and façade improvements. Cingular Wireless has completed the development of a 5,000 square foot retail location on a long vacant lot; a new 7-11/ Citgo convenience store and gas station on a previously undeveloped lot has been constructed; and a former health and fitness facility acquired by the YMCA has received extensive renovations. The YMCA has also undertaken additional site improvements that will enhance the site through additional parking and enhanced landscaping. Three auto rental agencies have already located on Post Road; and Tire Pro, an automotive services facility, has just opened a 7560 square foot establishment. Getty Petroleum demolished a former service station and completed construction of a gas station/convenience store; Koch Eye Associates renovated a former restaurant into medical office space; and a new Dunkin Donuts has been added to the Kingstown Square plaza. Additionally, Tarbox Motors completed substantial renovations of their facilities. Further south in the US 1 corridor Dave's Marketplace has just received approval for an 11,000 square foot expansion of an existing market that will include façade, landscaping, and septic system upgrades.

The importance of Post Road to the economic base of the Town is best reflected by the inclusion of a separate element within the Town Comprehensive Plan for the Post Road Corridor. This element addresses issues such as improving traffic conditions, updating design features of the commercial area, and the introduction of landscaping, pedestrian and bicycle enhancements. As development or redevelopment is occurring, the Planning Commission and Planning Department work to achieve these goals. The Town is also working with the Rhode Island Department of Transportation to insure that their projects work toward Town objectives. The Town is in the process of developing a Corridor Plan for Post Road. The planning effort includes looking at ways to improve the aesthetics of the Post Road in North Kingstown as well as exploring the potential for areas along Post Road to become growth centers.

In addition to the commercial development along Post Road, there is considerable activity in each of the Town's villages. Seven villages are recognized for their historic prominence in the National Register of Historic Places. Most notable is the seaport of Wickford, a popular tourist attraction with many well-preserved historic buildings from the eighteenth and nineteenth century. The Town completed the first phase of plans for Wickford, which included significant improvements to the roads and right of way amenities without sacrificing the historic character of the village. This improvement process began with improvements to Library Park, a waterfront park linking the Brown Street commercial heart of the village with the waterfront and continued with the Brown Street reconstruction project; these improvements were funded by the Town, a grant from the Rhode Island Department of Environmental Management, and a grant from the Rhode Island Department of Transportation. The next phase will involve improvements to the infrastructure of Main Street, the heart of the local historic district.

In Wickford village, redevelopment activity is underway in the business district. Brook's Drugs acquired a former pharmacy and completed extensive renovations designed to make the building design more in keeping with the historic quality of the area. Centreville Bank constructed a new branch facility on a former location of a U.S. Post Office. The building was designed in coordination with the Town's Historic District Commission to ensure the new building's compatibility with the village. Another project just underway is the redevelopment of a property at the gateway to the village center; the design for the redeveloped building takes into account the protection of historic structure as well as the village character. Renovations are now complete on a former diner and office building both recently acquired by the same local businessman.

## ***ECONOMIC DEVELOPMENT AND OUTLOOK (Continued)***

### **Commercial Development (Continued)**

Wickford village is such an integral component of the Town's economic vitality and cultural center that the Town prepared a Wickford Village Plan (1998). A committee has been established by the Town Council to assist in the implementation of the Plan. The Town has been awarded \$575,000 in transportation enhancement monies for sidewalk and streetscape improvements and \$125,000 to design a bicycle connection between the village of Wickford and the Quonset Davisville Port and Commerce Park. Zoning designed to protect the character of Wickford village has been adopted.

Post Road has a long history as a commercial center. Richard Smith's Castle located near Wickford village is a recognized historic dwelling in Rhode Island. Richard Smith was the first English settler in Narragansett County and opened his trading post at Cocomscussoc in 1637. With local, state, and federal assistance, the property was refurbished over a three-year period and received historic preservation awards from the State of Rhode Island and the National Trust for Historic Preservation. Smith's Castle, along with the Gilbert Stuart Birthplace; Casey Farm, the Quonset Air Museum together with passive recreation sites such as the John H. Chafee Preserve at Rome Point form vital components of North Kingstown's stock of tourism attractions. Helping to better serve visitors to the Town is the recently expanded Hamilton Village Inn and new restaurants such as Bay Leaves and Seven Moons both of which redeveloped existing sites.

The Town expects that the commercial sector will continue to grow, particularly in response to development at Quonset Point/Davisville. Wickford Junction, a commercial project of nearly 300,000 square feet, includes a proposed commuter rail station near the village of Lafayette; Staples added a 25,000 square foot building in the complex and plans for the final phases of the commercial development are under review. A 120,000 square foot Home Depot is now open on a site in the same vicinity. Shaw's Markets has received approval for a shopping complex across from Home Depot. BankRI constructed a branch facility nearby. Dave's Marketplace opened his second North Kingstown market in a former supermarket building in Wickford. Additional small retail development is also located along Boston Neck Road, particularly in the villages of Hamilton and Saunderstown.

### **Office Development**

The Meadows, an office park located at the intersection of Routes 2, 4, and 102, is a 27-acre office park that opened in 1988; growth in the office market led to the construction of two additional buildings to the complex. The Wickford Professional Building on Phillips Street is another 40,000 square foot office complex.

The Lafayette Mill is now a satellite office for the State Department of Children, Youth, and Families. The state office uses comprise more than 13,000 square feet. Approval has been granted and construction commenced on a two building office complex at the intersection of Scrabbletown Road and Ten Rod Road. The site lies across from the Meadows Office Park and between the Wickford Junction commercial complex and the new Home Depot. Along the Post Road Corridor the redevelopment of two sites for office uses, including a long underutilized 30,000 square foot building has occurred. This complex represents the type of sustainable development that complements the Town's character and is called for in the Comprehensive Plan. Office development called for in the Executive Park area of the Quonset Point Davisville Industrial Park are expected to have a positive impact on the Town's stock of professional office space in the future.

## ***ECONOMIC DEVELOPMENT AND OUTLOOK (Continued)***

### ***BUSINESS TAX EXEMPTIONS AND ECONOMIC DEVELOPMENT TAX INCENTIVE***

The Town Council adopted an ordinance in April of 1997, which allows a phase-in over a period of six years of the assessment on property located at the Quonset Point Davisville Port and Commerce Park. The phase-in applies to any new buildings, new structures, or new additions to existing buildings used essentially for offices, manufacturing or commercial enterprises. The phase-in is intended to help any commercial concern that is willing to locate at the Quonset Point Davisville Industrial Park as a new business to Rhode Island or for any existing business who is expanding their facilities. This incentive program has played an important role in encouraging new businesses to locate their facilities at the Quonset Point Davisville Industrial Park.

## ***MUNICIPAL PLANNING AND DEVELOPMENT***

### **Planning**

The North Kingstown Planning Commission was established in 1948. A full-time professional Planning Department assists this and other boards in the growth management of the town. The Town of North Kingstown adopted a Comprehensive Plan in 1992 that was prepared by a citizens advisory committee under the review of the Planning Commission; the Comprehensive Plan received approval from the State Department of Administration in 1995. The State-required Five-Year Update to the North Kingstown Comprehensive Plan was approved by the State Department of Administration in June 2002. The Commission provides recommendations to the Town Council for its implementation.

### **Zoning and Subdivision Regulation**

In May 1998, the town completed the zoning that implements the comprehensive community plan. The ordinance expanded the number of zones in North Kingstown and now includes a five-acre residential zone intended to direct growth into Town villages. The zoning ordinance also provides for business, industrial, public and open space zones. Certain types of uses within these districts are restricted by soils limitations and groundwater protection overlay regulation. Subdivision regulations first adopted by North Kingstown in 1946 have been amended a number of times, more recently to implement the comprehensive plan and respond to new State Enabling legislation.

### **Growth Management**

In support of the North Kingstown Comprehensive Plan, the North Kingstown Town Council has focused on implementing the Plan through a set of growth management strategies. The Planning Department meets with the Town Council annually to discuss the activities of the Department and discuss those planned for the succeeding fiscal year. As a component of the Town budget process, Town departments are asked to document how proposed activities meet the vision of the Town and the Comprehensive Plan.

Over the past few years many of the growth management objectives have been achieved. These activities included the adoption of zoning ordinance amendments; subdivision and land development regulation amendments; the acquisition of farmland development rights; the preparation of cost of community services reports and the adoption of wastewater management and revised groundwater protection ordinances. The Town Council also adopted a Water Service Area, which helped recognize the limits of growth in the community.

## ***MUNICIPAL PLANNING AND DEVELOPMENT (Continued)***

### **Growth Management (Continued)**

One component of the Growth Management Program and the Action Plan is the acquisition of farmland development rights. The community electorate expressed their support for this activity in a June 1998 referendum where \$4.0 million was approved for continued acquisitions. The proceeds of the bond authorization, along with federal and state grants and in-kind charitable donations, has allowed for the permanent open space preservation of nearly 1,200 acres of land. An additional \$4.0 million bond referendum was approved by the voters in November 2000; funds remaining in the 2000 Bond authorization are targeted for additional development rights acquisitions. In addition, the North Kingstown Town Council established an Open Space Fund that is supported by the dedication of a portion of the real estate transfer tax to the fund.

## ***MUNICIPAL SERVICES***

### **Planning Department**

The North Kingstown Department of Planning and Development is responsible for providing technical services to boards and commissions, the Town Manager, and the Town Council. The Planning Department reviews and prepares staff reports for commercial, industrial, and subdivision development. The Department serves as staff to advisory committees, as appropriate. For example the Department staffed the Wickford Village Plan Advisory Committee and prepared the plan report. The Department works with the Planning Commission in implementing the North Kingstown Comprehensive Plan. The Planning Department assists the Town Manager and Finance Department in the preparation of the Capital Improvement Plan.

In 1992, the Town adopted a comprehensive plan prepared by the Planning Department, Planning Commission and a 52 member Citizens Advisory Committee. This plan addressed issues related to land use, housing, natural resource protection, economic development and the provision of community services and facilities. A special component of the plan was one element devoted entirely to economic development and, where appropriate, revitalization of the commercial district along Post Road. The plan also included a detailed implementation program that serves as a guide to accomplishing the programs, policies and regulatory recommendations of the plan. The plan was approved by the State of Rhode Island in 1995. A Five-Year Update of the Comprehensive Plan was prepared and completed in June 2001; adopted by the Planning Commission in June 2001 and by the Town Council at their July 9, 2001 meeting; and approved by the State Department of Administration in June 2002. The Five-Year Update includes the results of surveys conducted by the Town of the residents and businesses and a visioning process that included 50 members of the community. The visioning process led to the inclusion of an additional special element in the Comprehensive Plan devoted solely to the future development of Quonset Point/Davisville.

The Planning Department prepares the Town's annual application for the State Community Development Block Grant program. The Department is and has been involved in Town environmental, economic development, and transportation programs. As an example, the Planning Department worked with the Conservation Commission in the development of a proposed wetland restoration program. In conjunction with the Groundwater Committee, the Planning Department prepared the Groundwater Protection Plan for the Town's aquifer areas. This plan was adopted by the Town Council and incorporated into the town's Comprehensive Plan by the Planning Commission. The delineation of the Annaquabucket Aquifer wellhead, one of three aquifers the town uses for its public water supply, was chosen by the Rhode Island Department of Environmental Management to serve as a demonstration project for a program funded by the United States Environmental Protection Agency. This study became a joint effort of Rhode Island Department of Environmental Management, U.S. Environmental Protection Agency, and the Town. The study provided the basis for a zoning amendment to further protect the Town's drinking water supply.

## ***MUNICIPAL SERVICES (Continued)***

### **Planning Department (Continued)**

The Planning Department is responsible for chairing the Town Technical Review Committee and coordinating the review of all subdivision, commercial, and industrial plans among Committee members. The Technical Review Committee also reviews proposed state highway projects and reports its recommendations to the Town Manager, Town Council or other Town boards as appropriate.

### **Assessor**

The Tax Assessor's Office maintains records pertaining to real property (taxable and exempt), motor vehicles, tangible business property, and exemptions. This information is used to generate the town's annual tax roll. The Tax Assessor's Office assists taxpayers with the filing of exemption applications, tangible business property returns, farm forest and open space applications, and tax appeal applications. Currently the Tax Assessor's Office is assisting taxpayers with appeal applications based on the December 31, 2003 revaluation. The office answers inquiries on real property including ownership information, sales information, assessments, land and building size, and construction details. All information pertaining to real property is maintained on the town's computer assisted mass appraisal system which is available to the public on computers in the assessor's office and on the Vision Appraisal website.

### **Senior Services**

The Department of Senior Services serves as a "community focal point" for the following senior programs and services: nutrition (Seabreeze Dining and Meals on Wheels), transportation programs, social and recreational activities, health promotion and screenings, social services and case management, advisory groups, volunteer services, educational programming and information and referral services.

The unduplicated number of individuals who utilized services in all divisions in 2003-2004 is 1,907. Programming at the senior center is divided into health wellness and general programming. Over the past year 1,562 individuals participated in programs at the Senior Center.

Transportation services made 9,178 calls, assisting 133 seniors. Medical transport to community locations increased 19%. Transportation to adult day care and out of town medical appointments is currently provided by state transportation services. Volunteer organizations such as FISH and Seniors Helping Others assist with out of town medical needs when volunteers are available.

A total of 23,163 meals were served through the federal meals program. Meals on site at the Sea Breeze Dining room served 11,567 meals over last year to a total of 325 individuals served. Meals on Wheels served 126 homebound seniors with 11,596 meals.

Social Services (Outreach) assisted 504 persons. Services offered through this division include caregiver's support, volunteer visiting, Meals on Wheels, Medicare counseling, prescription drug benefits, as well as information and referral and case management services.

## **MUNICIPAL SERVICES (Continued)**

### **Police Department**

The police department is staffed by fifty-one (51) sworn personnel – the Chief of Police and fifty (50) officers of various ranks. Support staff includes three full time dispatchers, three part time dispatchers (weekends), three secretaries, two full time records clerks, one part time clerk, two custodians and one mechanic. Animal Control and Harbormaster staffs include: one Animal Warden, two Assistant Animal Wardens, a full-time Harbormaster and two part-time Assistant Harbormasters. The Police Department operates from its headquarters building located at 8166 Post Road, the Animal Control Division from the Animal Pound located on Hamilton Allenton Road, and the Harbormaster from police headquarters and the patrol boat berth at the Town Dock located at the end of Main Street. The Department uses and maintains a fleet of twenty-one vehicles that log in excess of 500,000 patrol miles each year. Vehicle configuration consists of marked vehicles equipped with moving radar units, as well as unmarked vehicles including several undercover vehicles used for surveillance. There are two vans for use by the Animal Wardens, one van dedicated to crime scene analysis and a patrol boat for use by the Harbormaster. There is also a Ford Expedition four wheel drive SUV which is useful in winter with the 4WD capability but primarily used by the commercial enforcement unit.

The department strives to ensure that police services are delivered in an effective and efficient manner - providing a quality of life for all residents and visitors that is free from the threat or fear of crime impacting their lives. The Department's goal is to accomplish this mission by employing contemporary methods and techniques, while remaining ever vigilant of the need to operate with the utmost regard for customer service. The department handles on average 21,000 calls for service a year.

### **Public Works**

The Administrative Division of public works is made up of the Department Director, Facilities Project Manager and Secretary. This division is responsible for the overall operation of the department including policy and personnel decisions, purchasing, budgeting, research, supervision, record keeping, resident inquiries, and general overall department operations. In addition, the Facilities Project Manager is responsible for the preparation, implementation and completion of major School and Town capital projects. The Director and Facilities Project Manager offer staff support to the Asset Management Commission.

The Highway Division is responsible for maintaining and improving the Town's infrastructure (roads, dams, drainage, bridges), responding to resident's inquiries, street sweeping, snow plowing, heavy pick-up, tree trimming and brush cutting, catch basin cleaning, sign making, and other responsibilities which involve heavy and light equipment. This division is comprised of 17 employees.

The Town Engineer heads the Engineering Division. The major responsibilities of this division are subdivision review, highway and drainage improvement design, resident responses, plat map updates, ACAD and GIS computer mapping, subdivision inspections, bid specification preparation and project management, deed and title research, and staff support to the Department Director. Other Division responsibilities include working with consulting engineers on the design of collector and secondary roads, updating the Highway Pavement Management Program, preparation of bid specifications for road resurfacing, aerial photos and bridge inspections. This division manages the Town's curbside recycling program. The Town Engineer provides staff support to the Planning Commission, and oversees, with the help of two Engineering Inspectors, construction of all new subdivisions and associated public improvements.

## **MUNICIPAL SERVICES (Continued)**

### **Public Works (Continued)**

The Transfer Station Division is responsible for the day-to-day operations of the Town's solid waste transfer station and the town's curbside recycling program. Approximately half of the residents of North Kingstown use this facility. The transfer station will accept household garbage in plastic bags, metals, brush, demolition material, appliances, empty propane tanks, waste oil, batteries, tires, mixed paper, recyclable containers, leaf and yard waste. A yearly fee schedule is established by Ordinance.

The Facilities and Grounds Division is responsible for the maintenance and improvements to all Town buildings, grounds, athletic facilities and parks. The employees of this division are utilized in snow plowing operations during the winter. This Division is also involved with Town festivals and tournaments. Additional responsibilities include custodial coverage for the Town Hall, Town Hall Annex, Beechwood House and the Community Center. This division is comprised of 5 employees assigned to maintaining facilities and grounds and 3 employees, 1 full-time and 2 part-time, assigned to custodial coverage.

### **Water Department**

The Department of Water Supply provides domestic water service and fire protection to the majority of residents and businesses in North Kingstown. Currently there are 9,137 active accounts. In addition, North Kingstown also provides water to the Town of Narragansett and has served as an emergency source of supply to the Town of Jamestown. Narragansett meters and bills for water under their own rate structure. North Kingstown Water owns and operates 10 gravel packed wells ranging in capacity from 180 to 2000 gallons per minute. The wells are located throughout three aquifers, the Hunt, Annaquaticket and Pettaquamscutt, which underlie the Town. North Kingstown wells produce just over one billion gallons of water per year. The average demand is just over three million gallons per day, with a peak summer demand of up to eight million gallons per day. The distribution system consists of 170 miles of water pipe, 994 fire hydrants, four standpipes, and one storage reservoir.

### **Library**

The North Kingstown Free Library is the symbolic center of the community. It is a permanent physical space that acts as a meeting place for the exchange of information and ideas, as a gateway to resources and services which are available to assist the citizens in living and enriching their daily lives, as a repository of the Town's collective culture and history, and as an embodiment of the democratic ideals that have shaped society: freedom, equality, and plurality." These words, taken from the library's first long range plan written in 1986, clearly describe the Library's mission to meet the changing and enduring cultural, educational, informational, recreational and research needs of users. Governed by a seven-member Board of Trustees appointed by the Town Council, the library is open 62 hours each week, Monday through Saturday and on Sunday afternoons during part of the school year. The Library Director, assisted by three administrative librarians, carries out the policies established by the Board of Trustees and is responsible for the entire program of library service to the community. A staff of two full-time librarians, six full-time paraprofessionals, five part-time paraprofessionals, one part-time clerical employee, two part-time custodians, up to five part-time seasonal Sunday staff members and up to six high school students work together to provide the high quality public service for which the North Kingstown Free Library has a statewide reputation. The collections of the North Kingstown Free Library number over 121,000 items including books, audiobooks, videos, music, computer software, magazines and newspapers, as well as a vast array of materials pertaining to local history and culture. As a member of the Cooperating Libraries Automated Network (CLAN), the statewide public library system, North Kingstown Free Library patrons have access to over four million items in 48 public library systems throughout Rhode Island. North Kingstown cardholders can also search 17 online databases, they can request material from other CLAN libraries, check their library record, and renew books at the library or from their homes via the Internet. Throughout the year, with funds granted from the Friends of the North Kingstown Free Library and other sources, the library conducts many free public programs and events for all age groups on a variety of subjects.

## **MUNICIPAL SERVICES (Continued)**

### **North Kingstown School Department**

The North Kingstown School Department is a state-mandated agency of the town, governed by a school committee that is elected to four-year terms every two years. The school department serves over 4600 students in ten schools – one high school, two middle schools, and seven elementary schools. 388 professionally certified personnel supported by over 259 non-certified staff provide these services. The mission of the North Kingstown School Department is, "Since education plays a vital role in the present and future success of all students, every school must provide for the maximum intellectual, social, aesthetic, moral, vocational, and physical development of each student towards challenging the student to achieve excellence". This mission is supported by twenty belief statements about student capabilities, conditions that enhance learning and student learning results. The district and each school develop yearly improvement plans to maximize student achievement in conjunction with these beliefs.

### **Information Services Department**

The Information Services (IS) Department, under the Finance Department, consists of two (2) full time employees (IT Manager and GIS Manager) and one (1) part time intern. This department provides services to all departments in the Town Hall, Annex, Senior Center, Public Works, Police and Fire buildings as well as the School Administration Offices. These services include PC and peripheral installation, repair and maintenance, networking infrastructure development, database administration and development, installation and maintenance of Internet Protocol (IP) Telephony systems and assistance and upgrading of all software applications. The IS Department is responsible for maintaining the Town's networking infrastructure which consists of four (4) fiber optic connected sites (Annex Building, central Public Safety offices, North Kingstown Free Library and the North Kingstown School Administration offices), six (6) frame relay connections (North Kingstown Municipal Golf Course, two (2) remote Fire stations, Wilson Park Facility, Water Pump Station and North Kingstown Transfer Station) and two (2) Point-to-Point (PTP) connections for the DPW facility and the North Kingstown Senior Center. This department also has the responsibility of maintaining the Town's web site. The Geographic Information System (GIS) is also the responsibility of the IS department.

### **Leisure Activities Department**

The Department oversees the administration, personnel, budgeting, policy implementation and supervision of the Quonset/Davisville Enterprise Fund. The Fund is supported by the operation of the Municipal Golf Course and the Allen Harbor Marina. Both facilities were acquired from the Navy through the Department of the Interior Federal Land Disposal Program for the purpose of providing recreational opportunities for the Town. The Golf Course Originally built as a 9-hole course in the 1940's and expanded to 18 holes in the 1960's is a classic layout and is one of the most popular in the state with over 40,000 rounds played there each year. The Marina consists of a public boat ramp and 146 slips and moorings. The department also serves as the liaison for the North Kingstown Arts Council. The Town has acquired Calf Pasture Point, an additional 215 acres of property surrounding Allen Harbor from the Department of Interior that will be developed into a passive recreation area.

## ***MUNICIPAL SERVICES (Continued)***

### **Fire Department**

The Fire Department has 3 manned Fire Stations, which provide Fire Suppression, Fire Prevention and Emergency Medical Service to 44 sq. miles of the Town and 12sq. miles at the Quonset Point/Davisville Industrial Park. The Department has 75 full time employees including the Chief, Fire Marshal, The Department Mechanic, Assistant Mechanic and the Department Secretary. The full time members staff 4 Engine Companies, 2 ALS Rescue Companies, and cross man 2 Brush Trucks, a Ladder Truck, Special Hazards Vehicle, a Decontamination Trailer and for the first time in many years a Fire Boat. Their responsibilities include fire suppression, hazardous material response, confined space rescue, rope rescue, State wide decontamination response, marine fire suppression and rescue and Emergency Medical Services including Advanced and Basic Life Support service and transport. The Fire Marshal's office offers various programs to educate and serve the public. Some of the programs include residential and commercial plan review, smoke detector and carbon monoxide detector inspection, senior citizen fire safety, juvenile firesetter program and baby sitter fire safety. The Department Mechanics are responsible for the maintenance and repair of the Departments 25 vehicles. The Department also maintains a municipal fire alarm system for the Town and the Industrial Park. The Department responded to 3,608 requests for emergency services in the past year.

## ***MUNICIPAL INITIATIVES FOR THE YEAR***

### **Planning Department**

North Kingstown received \$134,000 in Community Development Block Grant funds for use in the 2003-2004 fiscal year. These funds supported a variety of activities including housing rehabilitation; and continued work on implementing the Davisville neighborhood revitalization plan. The grant award included \$84,000 dedicated to the Town's revitalization effort in the Davisville neighborhood; these funds will be used for housing rehabilitation; programs in the neighborhood school; assistance for a Town recreation program in the Davisville neighborhood; and infrastructure improvements for a mobile home park. The neighborhood revitalization funds represent year three of a three-year commitment by the State CDBG program for activities in the Davisville neighborhood. The Planning Department has been working with a partnership that includes Rhode Island Housing, the Community Development Consortium, the Town Child Opportunity Zone, and Crossroads first in working with the neighborhood to develop a Revitalization Plan and now to implement that plan. The targeted assistance from the first three years begins that process. Very quickly following the completion of the plan, a neighborhood organization was created that now serves as a link between the neighborhood and the Planning Department and other town agencies. The neighborhood group, the Concerned Citizens of Davisville (CCOD), has successfully applied for and has been awarded several grants that will be used to implement the plans for the neighborhood network. The Town and the neighborhood have also received a grant from Rhode Island Housing's Funders Collaborative to assist in the master planning for Yorktown Park. In addition to the funds set aside for the Davisville neighborhood, the Town received CDBG funds to support housing rehabilitation town wide; to purchase playground equipment at and improve a transitional housing childcare center; and to provide for operational support for a soup kitchen that serves the region.

## ***MUNICIPAL INITIATIVES FOR THE YEAR (Continued)***

### **Planning Department (Continued)**

The Planning Department works to strengthen the Town's relationship with the Rhode Island Economic Development Corporation (RIEDC). The Planning Department, along with the Town Manager, meets regularly with the staff of the RIEDC to address issues of mutual concern and to coordinate activities. The Planning Department attends meetings with prospective businesses and coordinates the review of development projects with other Town departments through the Town Technical Review Committee. A separate joint Technical Review Committee composed of staff from the Town and staff from the RIEDC meets monthly to discuss pending projects. Over the past year, the Planning Department has worked with the RIEDC staff and their consultants to amend the Quonset Master Plan to insure its consistency with the North Kingstown Comprehensive Plan.

The Planning Department served as staff to the citizens advisory committee that developed the Wickford Village Plan and is now working to implement the Plan. The Plan set out ideas and a vision for future infrastructure programs and design guidelines to enhance and protect the historic village character; the work of the committee was supported by a grant from the National Trust for Historic Preservation. A number of programs proposed in the village plan have been completed: a walkway along the harbor; improvements to Library Park; and additional transient dockage were part of a successful grant application to the Rhode Island Department of Environmental Management. Sidewalk and streetscape improvements are now complete. The Planning Department prepared successful applications to the Rhode Island Department of Transportation (RIDOT) Enhancement Program for funding for the sidewalk and streetscape improvements. Another grant from the RIDOT supported a conceptual design study for a bicycle connection between the village of Wickford and the Quonset Point Davisville Industrial Park; that study has been ongoing this year and included meetings with the public both residents and businesses within the proposed corridor.

During the past year the Planning Department worked with the Planning Commission on the preparation of a corridor plan for Post Road, which is a primary commercial area in North Kingstown. Accomplishing such a study is a specific recommendation of the North Kingstown Comprehensive Plan and it is providing an opportunity to examine the potential of using village center development techniques.

The Planning Department has been working with the Town Water Department and the University of Rhode Island Cooperative Extension on a program called Healthy Landscapes. The intent of the program is to educate landowners and promote landscape practices that minimize impacts to the environment as well as promote water conservation. The Planning Department with the assistance of a consultant prepared a Scenic Highways nomination for Route 4 and US 1, which the Town Council approved for submittal to the State Scenic Highways Board.

The Planning Department prepared an impact fee study that resulted in the adoption of impact fees by the town. Each year the Planning Department works with the Finance Department to update those fees to reflect current conditions. An application to the U.S. Department of Interior for a 200-acre site at the former Davisville Naval Base has been approved and the property has been conveyed to the Town; the site will be used for recreation, conservation, and public access to the water. The Cost of Community services prepared by the Planning Department is used to assess the impact of different land uses on the tax base and is a component of the Town's Growth Management Program.

## ***MUNICIPAL INITIATIVES FOR THE YEAR (Continued)***

### **Planning Department (Continued)**

The Planning Department completed an update of its Hazard Mitigation Plan for the Town in cooperation with other Town departments, the public, and the North Kingstown Chamber of Commerce; the update responds to changes in Emergency Management regulations regarding Hazard Mitigation Plans. The Planning Department also serves as the Town's Coordinator for the Federal Emergency Management Agency's Community Rating Service (CRS). The Town's CRS rating allows businesses and residents to take advantage of a five percent saving in the cost of flood insurance. In addition, in response to requirements for Homeland Security, the Planning Department worked with the Town Police and Fire Departments to update the Town Emergency Management Plan and prepare a separate chapter dedicated to responding to Weapons of Mass Destruction.

The Planning Department has been working with the Town Leisure Services Department to complete the design for the trail system at Calf Pasture Point. Calf Pasture Point is a 189-acre parcel that the Town acquired from the Department of Interior following the closure of the Davisville Naval Construction Battalion Center. Also, the Planning Department was able to secure a grant from the RIDEM to support the development of an inline skating facility at McGinn Park.

Protecting open space and farmland are among the goals and objectives of the North Kingstown Comprehensive Plan. To implement this vision, the Planning Department has been working with the Planning Commission, the Town Manager, and the Town Council to achieve the protection of important land in North Kingstown. A key approach to this task has been leveraging grants, tax incentives, and other techniques to minimize the cost to the Town. Over the past eight years over 1200 acres of land have been preserved through joint ventures with property owners and state and federal environmental agencies. The protection of 550 acres of farmland and 136 acres of forested land through the purchase of development rights and the acquisition by the Town of 36 acres for a future well site was accomplished. These farmland purchases were accomplished using grants and Town bond funds; grants from the Rhode Island Agriculture Preservation Commission and the U.S. Department of Agriculture to assist in the acquisition. During the past year, the Planning Department worked with the Planning Commission on the development of Conservation Development regulations, which will enhance the Town's ability to protect environmentally sensitive land.

In addition to other supporting Town policies, the Town's cost of community services studies documented the advantage to the Town to keeping land open. Working with the Rhode Island Department of Environmental Management, the North Kingstown Land Conservancy and Narragansett Electric, the Town was able to secure the protection of 230 acres of land along Narragansett Bay; the land protection opens access to the water for the public, provides protection for wildlife, and provides a viewing opportunity for the public of sea mammals. During the past year, the Town secured the preservation of an additional 80 acres of forested land.

The Planning Department participates in several regional-planning efforts. Washington Trust Bank has been a leader in encouraging a regional approach to planning in Washington County. The Planning Department attends meetings of the planners from the nine communities in southern Rhode Island. A Sustainability Grant from the US Environmental Protection Agency and funds from the Rhode Island Department of Environmental Management and the University of Rhode Island supported a program for the development of alternative land use regulations to manage growth, prevent urban sprawl, protect sensitive natural resources and promote balanced economic development; the nine Washington County communities are participating in the program. Additionally, the Planning Department participated with elected officials from the nine communities in the development of a regional vision for Washington County and a county greenway system and the preparation of a regional economic development initiative.

## ***MUNICIPAL INITIATIVES FOR THE YEAR (Continued)***

### **Planning Department (Continued)**

Affordable housing has been an important focus of the work of the Planning Department over the past year. State legislation mandating the preparation of municipal affordable housing strategies was adopted by the State General Assembly; each municipality was expected to re-examine its policies, regulations, and planning documents to insure consistency with the State Planning Program requirements for Comprehensive Plan Housing elements. During this past year, the Washington County Regional Planning Council was able to secure a grant that supported the development of a regional affordable housing strategy and partially supported the development of the affordable housing strategy for North Kingstown.

### **Police Department**

The Town of North Kingstown recently received a \$326, 000 grant for Homeland Security through the Rhode Island Emergency Management Agency. This is a town wide grant, which will be used by the Police Department, the Fire Department, Public Works and the Water Department. The Police and Fire Departments will, during the 05-06 fiscal year, be going out to bid jointly for replacement electronics for their Centracom II dispatch systems. These identical systems housed at the Police Department and Fire Station #1 are almost 20 years old and in dire need of being replaced. This grant will be giving both departments' brand new communications equipment installed into the existing cabinetry at no cost to North Kingstown taxpayers. This represents the most vital communications link for both departments.

The Police Department will also be going out to bid for video surveillance equipment to better protect town assets. The Town Hall, the new Public Works facility, Allen Harbor, the rear parking lot of the Police Station and the new Transfer station will all be under constant video surveillance from the outside with the images being sent back to monitors at the police department. This system will also have recording capability.

The Police Department will also be going out to bid for two additional Mobile Data Terminals. During the 05-06 fiscal year all of the aging laptop computers in the marked police units will be replaced.

### **Public Works**

Continuing its commitment to maintaining the town road infrastructure, Public Works has used the report from Vanasse Hangen Brustlin Inc., who was contracted by the Town to inspect the pavement condition of all town maintained roads, to assist in developing a schedule for resurfacing town maintained subdivision roadways. During the 2004 paving season thirty-two streets are scheduled for a complete or partial overlay, depending on its rating.

The Wickford Village Improvement Project, a cooperative effort between the Town of North Kingstown and the Rhode Island Department of Transportation is ongoing. Improvements to Brown Street, which included ADA compliant sidewalks, lighting, landscaping, and the reconstruction of Brown Street from Boston Neck Road and Phillips Street to Main Street and West Main Street are seeing the finishing touches. Design Plans for improvements to Main Street and West Main Street are underway.

The department continues its plans for remediation of the Belleville Dam and Spillway, with construction documents nearing 100% completion, and a bid process to follow. Beta Engineering, Inc. has been contracted to assist with this process and to oversee construction work. The Public Works Department continues to work with Lincoln Environmental, Inc. to obtain approval from the Department of Environmental Management for the closure plans for the former Hamilton Allenton and Oak Hill Landfills. This site investigation process is per the requirements of Section 5.0 of the RIDEM Closure Policy for Inactive or Abandoned Solid Waste Landfills.

## ***MUNICIPAL INITIATIVES FOR THE YEAR (Continued)***

### **Public Works (Continued)**

The Facilities Division continues to successfully manage and maintain the increased number of town parks and playground facilities. Many organizations including the Wickford Little League and North Kingstown Youth Football utilize the fields at Wilson Park and McGinn Park, gaining statewide recognition for the quality of these facilities.

The Engineering Division continues to work with the I.S. Department in its implementation of the GIS system, including the digitizing of ortho-photo planimetrics, and the linking of various Town department databases. The division also manages the requests for removal/maintenance of street trees and works with the Tree Warden in following the Street Tree Ordinance. This office acts as a liaison between residents and the Tree Warden during this process.

The pay-as-you-throw program at the Transfer Station on Devils Foot Road continues to be successful in reducing the amount of Solid Waste generated in town. Over 30% of the waste generated in town is recycled, either through the town's curbside recycling program or at the Transfer Station where containers are available for the disposal of acceptable recyclables, at no cost. This diversion rate represents the ratio of recycling tonnage to garbage tonnage disposed of at RI Resource Recovery's landfill and recycling facilities in Johnston. The program saw an increase of 119 tons of materials recycled during the past fiscal year, and for the first time, box springs and mattresses will be recycled, rather than buried in the Central Landfill in Johnston. The Transfer Station's composting operation continues to produce a high quality product, offered to residents at no cost, which is in demand throughout the year. The Town anticipates moving the Transfer Station to its new location, just up the road, as the State's Rte. 403 construction project continues.

### **Water Department**

Providing high quality and adequate quantity of drinking water is the paramount goal of the North Kingstown Department of Water Supply. In this regard, an ultra violet disinfection system was installed at Well #10 allowing us to reactivate the well this year. This well is a two million gallon per day source of water. A hydrological study to locate an additional one million gallon per day water source has been completed and a new well constructed. The next phase of this project includes permitting and well station design and construction. This well will provide redundancy and flexibility in supplying water during times of high demand. The construction of an updated SCADA system has recently been completed. The updated SCADA system will control and/or coordinate the operation of North Kingstown Water's wells and storage facilities to meet existing demands with an emphasis on reducing the overall energy and operational costs. The system will also store and process data to provide unattended monitoring of the water system. In addition the installation of a satellite replacement well for NK Well #5 is in progress.

A five-year update to the *Clean Water Infrastructure Plan* has been completed and approved by the RI Department of Health. This plan details the principal components of the water system infrastructure and provides a mechanism for funding to replace and/or rehabilitate these components at the end of their useful lives. The Water Department also conducted an in-house water rate study, establishing a schedule of rates for years 2004 through 2008.

## ***MUNICIPAL INITIATIVES FOR THE YEAR (Continued)***

### **Library**

Fiscal Year 2003-2004 was a successful and exciting year for the library. The library served 192,959 patrons who visited the library and countless others who called on the telephone or accessed online resources through their home computers. The Library's usage statistics remain at a very high level, keeping us among the top ten busiest public libraries in Rhode Island. The Library checked out 370,692 items last year. The number of items checked out of the library is just one of the many ways to calculate the volume of use that the library enjoyed throughout the year. For instance, library staff responded to more than 61,000 patron questions at our three public service desks; 1,723 new patrons registered to use the library; recorded 31,384 connections to the Web page and more than 65,000 searches were conducted using the online databases which the library makes available. 572 programs were held, which were attended by 10,798 adults, teens, and children. The Library received a grant from The Champlin Foundations to replace the oldest computers, laser printers and receipt printers on the network, and to purchase a piece of equipment that cleans and repairs compact discs and DVDs. The Sunday calendar was expanded to include most Sundays in the school year from late September through mid-June.

### **North Kingstown School Department**

The district continued implementation of a comprehensive seven-year curriculum cycle for the district. The district continued development of curriculum office headed by curriculum director who worked extensively with teachers in a wide range of curriculum areas and initiatives throughout the school year. The department continued development of a system of school level K-12 curriculum coordinators to oversee, lead and monitor curriculum development in specific curriculum areas. The district continued the process of construction of goals, objectives, scope and sequence for the district in each subject area in grades kindergarten through twelve. Over the past seven years the district have reviewed and renewed all of our curriculum areas as a result of our curriculum review cycle. This cycle has provided us with standards based goals and objectives as well as materials in Science, Social Studies, Guidance, Foreign Languages, English/Language Arts, Reading, Mathematics, Art, Music, Careers and Physical Education. This school year the district continued into the second phase of the cycle again with adoption of new materials in Science and World Languages. The Director of Curriculum and Instruction has established and led a cadre of curriculum coordinators and classroom teachers in implementing an excellent system of curriculum renewal. Work has begun in the development of grade level standards in the areas of Mathematics, Language Arts and Reading.

The district developed, implemented and monitored a school level improvement process at each district school. The district continued to implement the district-wide school improvement process in each district school creating improvement plans and stating those plans in terms of student results. Schools utilize student performance assessment data, State Frameworks, National Standards and the 2000 SALT survey data (Information Works) in identifying areas for improvement. The district adopted and implemented a district wide assessment program that is congruent with the state assessment program and provides information at each grade level for curriculum development and improvement of student achievement. The department conducted extensive staff development with school improvement teams in techniques for utilizing data to develop action plans in terms of student results and in effective utilization of information in decision-making. A school level improvement process is functioning at each district school creating improvement plans and stating those plans in terms of student results. This process utilizes student performance assessment data, State Frameworks, National Standards and the SALT survey data (Information Works) in identifying areas for improvement. The school improvement process enables all schools and the district to respond effectively to state/federal requests for information in relation to Improving America's Schools Act, Article 31 and SALT.

## **MUNICIPAL INITIATIVES FOR THE YEAR (Continued)**

### **North Kingstown School Department (Continued)**

This improvement process has also been applied to educational support areas such as guidance, nursing and special education services. All schools except for Quidnessett have participated in very successful SALT visits. North Kingstown High School participated in a very successful accreditation visit by the Northeast Accreditation Association this past fall. A visit to the high school by a team of superintendents from the North East Superintendents Leadership Council brought high praise for the high school guidance and advisory programs.

In the area of educational improvement, the department continues the process of implementing a long-range strategic plan based on bringing the school departments Mission and Belief Statement closer to operational reality.

An instructional improvement process which provides the foundation for the development of the skills of all educational personnel to deliver instruction utilizing a variety of techniques matched to individual student needs continued with the training of new members of the teaching and administrative staff. All teachers in the district have participated in training using The Study of Teaching to continuously improve their skills in instruction and to foster a collegial approach for the improvement of instruction. A teacher evaluation program that emphasizes continuous growth and development has been implemented on an optional basis. A peer mentoring program has also been implemented for new teachers and teachers needing assistance. Partnerships with the University of Rhode Island and Rhode Island College for professional development and teacher preparation have been implemented throughout the district. Our professional development coordinator has been very successful in developing and delivering a broad range of professional development opportunities for professional staff.

Systems to improve parent and community involvement continued in this fiscal year. These systems provides for the continuation of school advisory councils at each of the schools in the district and implementation of the Parents as Teachers program for preschool parents. School Advisory Councils have been established at each district school along with training and follow-up support to each advisory council. Parent development and volunteer programs have been implemented through the local Parent Teacher Organizations, LINKS and the COZ. Our Parents as Teachers program begins working with parents when their children are born. PTO's and SAC's have been very active in addressing district-wide issues in the areas of growth management, technology, grading systems and new high school construction.

Over the past nine years, the technological capability of the school system has been expanded and modernized. All classrooms have computers and high speed Internet access in support of instruction. All teachers have e-mail accounts. Technology has become a common and integral part of our instructional program. North Kingstown students are becoming increasingly comfortable and sophisticated in their use of technology in support of their learning. North Kingstown operates one of three decision centers in the state. A new student information system has been adopted and implemented. This system is a part of a statewide technology initiative to establish a common integrated data system for all school functions.

Our high school students are receiving their educational programs in a state of the art building and utilizing a top-notch athletic facility to participate in interscholastic competitions. Major additions have been constructed on Hamilton, Quidnessett and Stony Lane Elementary Schools. Parking lots, curbing, fire alarm systems, lighting improvement, networking systems, roof and numerous other improvements have been completed in all of our schools over the past ten years. An architectural firm has been retained to review the programmatic needs of all of our schools. While there is still more to do, these improvements of our infrastructure have resulted in a district with buildings and facilities that are among the best in the state. Parents and students take an active role in school beautification programs.

## **MUNICIPAL INITIATIVES FOR THE YEAR (Continued)**

### **North Kingstown School Department (Continued)**

This past year, the district reopened Fishing Cove School as a K-5 school. Redistricting has been completed and will take us well into the future. A pilot full day kindergarten program is being offered at Davisville Elementary School for the third year. The preschool special needs program continues to operate at Fishing Cove and is being supplemented by a preschool program operated by the West Bay YMCA to provide the students with special needs a social environment that is more representative of the community at large. Fishing Cove continues to be used by the LINKS volunteer program and some district specialists.

### **Information Services**

During Fiscal Year 2004, the IS Department deployed several new servers, about a dozen PCs, the installation of a new Tax billing system and the development of a plan to migrate to a new Utility Billing system. The Imaging system was upgraded and converted into a new database format. GIS also saw a significant advancement as the Town continued to work together on this on-going project. 2004 also brought a new Tax billing system to the Town. The IS department, working with the Finance and Assessing departments, is implementing a new Tax system. This project took several months to complete. The Town went live with the first phase of the new system in May 2004.

Deploying the new servers consisted of moving thousands of user files and several databases (Assessing revaluation, Water ISDS and backflow). This task was completed on time and with almost no down time to the end users, as most work was done off hours. In the GIS area, a new server was deployed and 2002 land cuts were integrated into the Town's new geo-database. Working with a consultant, the IS Department gained the necessary skill set to maintain yearly changes to the Town's plat maps and incorporate them into the GIS geo-database.

An Imaging system was installed on a new server and the database was converted as well. This on-going project should be completed in Fiscal Year 2005.

### **Recreation**

North Kingstown Recreation made every effort to reach as many of its very diverse population as possible in the past year. As always, the instructors and leaders were the most important influence to the success of the department.

The Dance Program under a new format was an immediate success as 75 first through fourth graders learned new movements in the All Purpose room at Wickford Elementary School. The 2003 "New Star" was the third to fifth grade Drawing Classes and they, as well as the Saturday Art Program for pre-school through second grade were extremely popular with about 250 participants. Many of the children experienced the excitement of seeing their drawings put on display at the North Kingstown Library throughout the year for the host of visitors to view. One of the older programs to enjoy a leap in success was the Girls Field Hockey League. Attendance moved to 105 players about 25 more than ever before. Some of these also had the opportunity to play games at other towns, moving the level of competition up a notch.

## ***MUNICIPAL INITIATIVES FOR THE YEAR (Continued)***

### **Recreation (Continued)**

This was the tenth season to offer a chance to audition for a play directed by the Missoula Children's Theatre Performance. This year was far different than before because, for the first time, the sponsor was the North Kingstown Recreation Department and the performances took place at the auditorium at North Kingstown High School. The instructors did a wonderful job of leading the 70 boys and girls of all ages in "The Frog Prince". It is always exciting and heart-warming to witness the growth of these actors in a week's time. The children were confident and professional in (almost) every way and never missed a cue as they sang and danced their way across the stage.

The most exciting part of the summer occurred at the Yorktown Playground where the children witnessed the building of a new, brightly colored piece of playground equipment with many ways to have fun and exercise. This was accomplished as a result of donations and grants. Girls Softball was played by over 300 six to thirteen year olds and over 800 of that age group enjoyed boys and girls basketball with about 160 of those participating at the tournament level. Almost 250 girls stretched, vaulted and cart wheeled their way through the gymnastics program. A summer Tennis Ladder League was enjoyed by older teens and adults with another 125 six to thirteen year olds learning the skills in the instructional program.

The Teen Extreme Program for seventh through ninth grade students was again a huge success with almost 100% occupancy (42 per session for four sessions). They enjoyed kayaking, white water rafting, thrills at Six Flags, whale watching, para sailing, rock climbing and many other exhilarating adventures. The "Busy Bodies" Program is continuing to gain momentum as many 18 month to 5 year olds are learning coordination and social skills in the Cold Spring Community Center.

### **Leisure Activities Department**

This year the Department will continue to plan and implement improvements to the Golf Course. A new Greens mower was purchased, the golf cart fleet was upgraded through its three-year replacement plan, the preventative maintenance system was updated for all golf course equipment and new vehicles that will be purchased through Rolling Stock replacement program. Initial planning began for long-term improvements for the Golf Course. At the Allen Harbor Marina, the Department has begun to implement Phase I Improvements for Allen Harbor Master Plan with completion of the design of the new sewer and restrooms. An Assent to expand the Marina by 55 slips was received from the Coastal Resources Management Council as well as permits from Rhode Island Department of Environmental Management and the Army Corps of Engineers. The implementation of the Calf Pasture Point Master Plan to convert the park into a passive recreation complex continued with the design of parking facilities and Phase I trails being the top priority.

The Arts Council has developed another outstanding program including events and concert series for the enjoyment of Town residents. Highlighting this year's Program, in July and August the Arts Council presented "Shakespeare at the Beach" that consisted three different productions of Shakespeare plays by the Trinity Rep Summer Theatre program, Mixed Magic Theatre and the Colonial Theatre Group. It will again seek financial support from the Rhode Island State Council on the Arts.

## **FOR THE FUTURE**

### **Planning Department**

The Planning Department led the Planning Commission and the Town Council through a Comprehensive Plan Five-Year Update process that culminated in the adoption of the document by the Planning Commission in June 2001 and July 2001 by the Town Council. State law mandates this process and North Kingstown was the first Rhode Island community to complete their Five-Year Update. The Five-Year Update to the Plan allowed the community an opportunity to assess progress in accomplishing the goals set out in the 1995 Plan and modify or retarget the Town's view for the future. As a part of the implementation program, the Planning Commission and Town Council will be reviewing the adoption of new regulations that will allow for Conservation Development.

The Planning Department will continue to work with the Wickford Plan Committee and other Town offices to implement the Wickford Village Plan. With the completion of the sidewalk, street, and streetscape improvements in the commercial areas of Wickford, the next focus will be in residential areas within the village; the Planning Department has been assisting the Public Works Department with the public participation component and the review process. The Planning Department will also be working with the Rhode Island Heritage and Historic Preservation Commission and the public in a discussion of a study of potential additional areas of Wickford village that should be incorporated into the National Register Historic District.

To protect farmland from development, the Department is continuing to assess the costs of delivering services to different land use categories; information from studies indicates that residential land uses consume more tax dollars than are generated and that conversely farmland generates more tax dollars than are used to deliver services to agricultural uses. The Department is continuing its development rights acquisition efforts for farms using agriculture monies, state open space funds, the Town open space fund, and the funds authorized by the North Kingstown electorate. The Town through the Planning Department will continue to partner with organizations such as The Nature Conservancy, the North Kingstown Land Conservancy and the Narrow River Land Trust, and the Rhode Island Department of Environmental Management on these efforts. The Town anticipates closing during this next fiscal year on development rights acquisition for another 120 acres of farm, forest, and open space.

The Planning Department will continue to work with the RIEDC to coordinate review of services and facilitate business development. The Planning Department will also work with the RIEDC to assure the full implementation of the Base Re-use Plan adopted for Quonset Point/Davisville. The Planning Department will assist the Planning Commission and Town Council in their review and potential adoption of the Quonset Master Plan as an amendment to the North Kingstown Comprehensive Plan. The Planning Department will continue to support the work of the Planning Commission in developing the Post Road Corridor Plan.

Regional efforts will continue to be a component of the work of the North Kingstown Planning Department. The Planning Department will be participating with Washington Trust Bank's regional planning effort in implementing the vision plan. The Planning Department will also be taking part in a feasibility study examining the potential structure for a regional housing entity. With the Washington County Regional Planning Council, the Town will be working on an assessment of potential for Transit Oriented Development in Washington County; the study will be focused on North Kingstown and neighboring Exeter as prototypes for such development concepts.

## ***FOR THE FUTURE (Continued)***

### **Planning Department**

Over the next year, the Planning Department will focus on completing the implementation strategies associated with a number of special projects: the Hazard Mitigation Plan; the Davisville Neighborhood Revitalization Plan and the various phases of the Allen Harbor Master Plan. In the Wickford harbor area, the Planning Department in conjunction with Save the Bay and the Department of Public Works will be developing the design for improved storm water management systems. The Planning Department will also be working on the grant from the Department of Transportation for the development of a bikeway from Wickford village to the Quonset Point/Davisville and the construction of sidewalks in the village of Wickford.

### **Assessor**

The Tax Assessor's Office continues to maintain sales information by sending out sales verification letters and monitoring sales information to accurately reflect market trends. The December 31, 2003 revaluation was implemented for the 2004 tax roll. The goal of the state mandated triennial revaluations is to promote uniform assessments for all real property. As part of the revaluation the Tax Assessor's Office will assist taxpayers file the Application for Appeal of Property Tax forms. The town's CAMA information will continue to be available on the web to allow the public easier access to all real property information.

### **Senior Services**

The Town has completed the evaluation of the responses to the 5,000 interest surveys sent to adults over age 55 in 2003. Thirteen percent of the surveys were completed and returned and plans are underway to implement as many of the top program choices as possible.

The Town continues to monitor the capacity of the current building to support the level of programming desired by the older adult population in North Kingstown. Participants are sometimes turned away from special events because of limited space. This issue will be given serious consideration and discussion in the upcoming year.

The North Kingstown Senior Association (NKSA) continues to subsidize the majority of the ongoing programs as well as support many new initiatives. Funding from a Community Development Block Grant, will enable us to increase the outreach in the north end and Davisville neighborhoods of North Kingstown.

In 2005-2006 the Department of Senior Services will apply for re-accreditation by the National Council on Aging.

### **Police Department**

The police department looks forward to a new addition between police headquarters and the fire department headquarters. This new building, scheduled to be started in 2005, will be the home of a new communications division that will serve as the joint police/fire dispatching center. On the police side there will be civilian dispatchers on duty at all times. This will allow for more police officers to be on the road since they will no longer be dispatching. The new building will also have the records division, a new Emergency Operation Center (EOC) and a women's locker room. The EOC room will always be available for the Director of Public Safety and the town department heads to gather to coordinate a critical incident response. This new addition will also allow for much needed room in the already crowded existing police department. The Town has obtained a \$250,000 appropriation from the U.S. Senate through Senator Jack Reed's office to purchase equipment for the EOC room.

## **FOR THE FUTURE (Continued)**

### **Police Department (Continued)**

Digital photography is certainly the future of photography in law enforcement. The quality has been getting better every year and the storage and retrieval capability with digital is far superior to traditional 35 mm photography. Currently the police department records mug shots at arrest on a digital camera and then goes through a process of downloading them and linking them to individual arrest records within the computer network. The department would eventually like to purchase digital recording equipment that would automatically take the mug shot and store it within the IMC (Police software system) saving man-hours that are currently used to retrieve and manually store those within the system.

### **Public Works**

The goals of Public Works remain constant and include: Refinement and effective use of a town-wide pavement management program, the first step toward pavement life cycle management; Town-wide Internet accessible GIS system, with integration of state and federal mapping; Continued public works fleet upgrade that will improve the efficiency of the infrastructure maintenance programs; Continued improvement to solid waste program, including household waste reduction and recycling tonnage increase; Implementation of the Town's tree management program; Improvements and Building Life Cycle management of all Town facilities; Implement an improved permit tracking system, allowing interdepartmental database sharing .

### **Water Department**

Maintaining distribution system infrastructure is an important Department initiative. The Water Department maintains four steel water towers and a concrete water storage reservoir. A recent physical inspection of these facilities identified specific tank features that are in need of rehabilitation or repair. The necessary corrective actions/improvements have been incorporated into the Water Department capital and operating budget to assure that these facilities remain structurally sound. Consideration is being given to replacing the Juniper Hill standpipe, which has been a source of water quality problems. This storage tank has been in service since 1939. These recent water quality problems associated with the low service standpipes have led to discussion of system disinfection. The Water Department will be piloting disinfection of the low service area using sodium hypochlorite over the next year as well as exploring other options to ensure the safety of distribution system water quality.

Maintenance of the Town's 10 municipal wells is also of vital importance. Wells are inspected and flow tested on a yearly basis. In addition the wells are on a schedule of redevelopment. This includes capacity testing, TV inspection and a combination of chemical treatment and mechanical surging and pumping to clean the well and maintain well yield.

### **Library**

The North Kingstown Free Library plans to solidify its role as the "symbolic center of the community." The Library's long-range plan and the annual service plans that grows out of that long range plan address the established goals—to maintain and to enhance, where possible, the high quality of the daily service to patrons; to renew continually the commitment to the library collections; to offer a range of public programs for all age groups and educational levels; to solidify the role of the library as a "community gateway" to the technology resources that people need to live their lives in the 21<sup>st</sup> century; to staff the library with well-trained, capable employees who are committed to public service; to provide a safe, accessible, functional, and aesthetically pleasing environment for library service; to ensure the continued fiscal health of the library; to administer library resources and services using sound management practices, a forward-looking vision, and a clear understanding of the democratic principles that guide public library service.

## ***FOR THE FUTURE (Continued)***

### **North Kingstown School Department**

The North Kingstown School Department will continue with the development of the systems it has in place. Greater emphasis will be placed on the development of higher expectations and higher achievement for students with special needs. The implementation of a full day kindergarten program for all students will be investigated. A program of modernization and upgrading of all facilities will be developed and implemented.

### **Information Services**

During Fiscal Year 2005, the IS Department will migrate the Town to a new Water billing system and Imaging system as well as roll out GIS to the desktop of most departments. The new Water billing system, which will also coincide with the Town's new radio reading system, should be live for the March 2005 billing. The IS Department, along with the Water and Finance departments, will work together to verify converted data, system functionality and compare parallel system processing before going live. This system will be integrated with the existing financial system and provide more timely access as it pertains to water billing receivables. 2003 land cuts and parcel adjustments will be incorporated into the GIS geo-database. GIS will also begin to be deployed to departmental desktops. The mapping database, as well as tools to create abutters' list and mailing labels and identify various attributes of property, will be available to most users right from their PCs.

### **Leisure Activities Department**

Completing the construction of a new practice putting green is the top project for this year. The development of a long-range plan to schedule improvements to the Municipal Golf Course will continue by focusing on numerous small projects that will be required to enhance the conditions of the Golf Course. Many of these projects have had initial evaluations and include additional cart paths, rebuilding of tees and greens as needed, rain shelters and replacement of drainage pipes.

Building floats for the new A-dock and South-dock networks at the Allen Harbor Marina will continue in conjunction with the Phase I Improvements. The two new dock networks will be constructed in the Spring of 2005. The Allen Harbor Master Plan will be updated to define the future phases of the Project.

The design of the Calf Pasture Point passive recreation complex will continue with wetlands mitigation and Phase 2 trails being the top priorities. Construction for the 1<sup>st</sup> Phase of improvements is scheduled for Spring of 2005.

The Arts Council continues to add more programs to their schedule including a second "Shakespeare at the Beach" Festival that will consist of three different productions by the Trinity Rep Summer Theatre program, Mixed Magic Theatre and the Colonial Theatre Group. They continue to explore ways to raise additional funds for Arts programming such as sponsorships.

## ***FOR THE FUTURE (Continued)***

### **Fire Department**

The Department is in the process of having all Engine and Ladder Companies Advanced Life Support licensed by the Rhode Island Department of Health. This will provide a much higher level of care for the patient until the arrival of the Rescue. The Department is working with its Computer Aided Dispatch Company to have the rescues equipped with the ability to electronically report State EMS reports directly to Hospitals for quicker patient information to increase the level of care to the patient.

The Department will be working with the Rhode Island Economic Development Corporation officials in the fire-safe development of the Quonset Point/Davisville Industrial Park. The Department will continue with the Radio Master Box replacement program and to update the Computer Aided Dispatch and Records Management program to provide information more quickly and accurately.

### **ACCOMPLISHMENTS**

#### **Department of Planning Development**

The Planning Department prepared three successful grant applications for Transportation Enhancement program monies to the Rhode Island Department of Transportation. One grant for \$500,000 was awarded to improve the sidewalks in Wickford village. A second grant for \$75,000 dovetails with the previous; it has been awarded to provide streetscape improvements such as benches, lighting, and other amenities in Wickford village. A third grant for \$125,000 has been awarded to provide funds for designing a bicycle connection between Wickford village and the Quonset Davisville Port and Commerce Park which is approximately three miles away.

The Planning Department with Save the Bay and the North Kingstown Department of Public Works prepared a successful grant application to the Rhode Island Department of Transportation for funds to design and construct systems to mitigate storm water pollution flowing to Wickford Harbor. A grant from the USEPA allowed the Town to develop a wetlands inventory and plan while a grant from the State Division of Forestry allowed the Town to inventory the street trees on Town roads and develop a management plan for protecting this resource. Both of these plans are now completed and in use by the Town and the public.

The Planning Department prepared a successful grant to the State Department of Environmental Management for funds for an inline skating facility and for the development of trails and amenities at Calf Pasture Point. The Planning Department prepared a successful grant application to the US Department of Agriculture, Natural Resources Conservation Service for funds to provide education to landowners about the benefits of charitable donation of land or development rights. The funds awarded were used in a partnership with two adjacent communities, their respective land trusts, the State Department of Environmental Management, and The Nature Conservancy; while the grant has expired, the Town continues to make the service available through contracts with tax experts.

The Planning Department assisted the Planning Commission and Town Council in the development of the Five-Year Update to the North Kingstown Comprehensive Plan; a Comprehensive Plan Five-Year Update is a requirement of State law and North Kingstown was the first Rhode Island community to submit their Five-Year Update to the State Department of Administration.

## ***ACCOMPLISHMENTS (Continued)***

The Planning Department prepared a successful grant application to the State Community Development Block grant program netting \$134,000 for use in the community this year. Most significantly another three-year commitment of funds has been secured for use in the Davisville neighborhood for housing affordability protection; community services; improving linkages between residential and commercial areas, and making aesthetic improvements to commercial areas.

The Planning Department prepared a successful application to the Rhode Island Economic Development Corporation for a small grant to be used to assist in the redevelopment of a Town-owned property; this property received approval by the voters to be sold for private business use. The grant will assist the Town in marketing the property.

### **Senior Services**

Center programming continues to involve an increasing number of older adults from the community each year. New programs included a Pasta Dinner hosted by the North Kingstown Police and Fire Union and a Senior Prom hosted by the North Kingstown High School Honor Society. AARP Tax Aide was held from February 1, 2004 to April 15, 2004 with three volunteers filing 201 tax returns up from 140 from last year. Thanks to funding from the North Kingstown Senior Association the Crafts Room was completely renovated this year. Exercise programs offered this year were: Tai Chi for Arthritis, PACE (People with Arthritis Can Exercise) Intermediate Fitness, Dancersize (at Beechwood and Essex), Yoga, Lo-Impact Aerobics, and Line Dancing. Evening programs such as Nite Owls continue to be popular, as are special events, dinners, ice cream socials, etc. Trips organized through the senior center during this time period were: China Buffet and Christmas Tree Shop, Boston Duck Tour, Festival Ballet – twice, Log Cabin, PPAC – Music Man and Swing, Newport Playhouse –three times, Theater by the Sea – 3 trips, Foxwoods and West Valley Inn – twice. Special outings are also arranged for non-drivers who dine at Seabreeze Dining- Captain Jack's and other local restaurants.

The senior center also offers extensive volunteer opportunities both at the senior center and in the community through collaboration with Seniors Helping Others, a Retired and Senior Volunteer Program. At the Volunteer Recognition Program held last April 230 volunteers were appreciated for over 8,000 hours of volunteer service. Health Wellness programming continues to expand with use of the Health Room for nursing and other health services. Kent County Hospital, South County Hospital and Visiting Nurse Services each offer monthly health clinics including individual health counseling, blood pressure checks, cholesterol and glucose screenings. Podiatry services are offered weekly in the health room. Special health services are also provided on site by other agencies such as Visiting Nurse Services, which includes Fall Prevention, Balance Screening, Depression and Medication Education. The annual Flu Clinic served 367 individuals. Life Strategies for Older Adults, a new program enhances well-being and coping skills. Insight support group offers support for visually impaired older adults.

The senior center has ongoing intergenerational programs involving youth and seniors. The Pen Pals Program matches second and third graders from Wickford Elementary School with senior 'Pals'. Students and seniors write back and forth during the school year and enjoy special get-togethers. The Special Friends Program involves students from Wickford Middle School who volunteer at the senior center and socialize with seniors through games and volunteer activities. Students of all ages are invited to perform musical programs throughout the year. Girl Scouts and Boy Scouts also help with many of the special events and projects. This year the changes in Medicare and the introduction of the Medicare Approved Drug Card involved considerable staff time and training. Several community presentations on Medicare changes were held on this topic.

## **ACCOMPLISHMENTS (Continued)**

### **Police Department**

The Police Department website has been upgraded and made more user friendly. The public can now fill out security forms on line to give the police department up to date information on homes and businesses in case the need arises to contact people during emergencies. There is also hurricane preparedness information as well as "Slosh" maps that outline areas of possible flooding. The Police Department has begun installing new mobile data terminals in the marked police cars. These new laptops which work in conjunction with Verizon and the Rhode Island State Police (for connectivity) allow for officers to obtain instant information in the cars, including suspect photographs, as well as allowing them to write their reports in the cars saving valuable man hours and keeping officers on the road.

The Commercial Enforcement unit of the police department has two patrol officers certified to conduct traffic stops and inspections of commercial vehicles. To date the Commercial Enforcement Unit has been responsible for removing unsafe commercial vehicles from the roadway as well as working with the Department of Health to remove unsafe food from several trucks, which were operating illegally without the use of refrigeration for food transport. The Training division has been busy recertifying officers with their duty weapons, handcuffing techniques and the Emergency Vehicle Operations Course.

The Police Department has been able to provide almost the entire department with their own portable radio. This allows officers on their way to and from work to have contact with dispatch in case the need arises. This allows for additional "eyes and ears" on the road at shift change each day. The Juvenile Hearing Board is now up and running. This board, selected by the North Kingstown Town Council, sits twice a month at the town hall, and hears juvenile cases which are referred to them by the Youth Services Bureau of the Police Department. Having this board in place allows many juvenile cases to be disposed without having to send families to the Family Court. It allows the juvenile one "bite at the apple" for a first offense.

Crime prevention groups are up and running in many neighborhoods in North Kingstown. These seven (7) groups meet at various times with officers from the 2<sup>nd</sup> shift to discuss problems in their neighborhoods. The residents in the groups also learn to report suspicious activity to the police and to help each other by keeping an eye on their neighborhood collectively. This year the Police Department started the T.E.A.R (Traffic Education and Accident Reduction) program. An officer is on the road for four hours specifically for traffic enforcement in either problematic areas or areas with a high rate of accidents. The program has been very successful. The goal is traffic safety and the method is to change bad driving habits through enforcement.

### **Public Works**

The department has settled into its new facility, located on Davisville Road. The Administrative, Highway and Engineering divisions of Public Works are located at the facility. Staff continues to successfully oversee and inspect the numerous subdivisions under construction and related public improvements required by the Town's growth. The Little Red Schoolhouse received a much-needed facelift, including new windows and painting of the exterior. The Facilities division continues to manage and maintain the increased number of parks and playground facilities in Town, as well as all Town owned buildings, with only 5 full-time staff. Public Works continues to strive to promote maximum recycling and reduce the amount of solid waste generated in North Kingstown. To that end, the Town saw an increase of 3.8% in recycling tonnage disposed of at the Rhode Island Resource Recovery Municipal Recycling Facility over the past year. North Kingstown continues to shine with its Maximum Recycling Program, having the highest diversion rate (over 30%) of recyclables to solid waste in the state.

## **ACCOMPLISHMENTS (Continued)**

### **Water Department**

The looping of water mains to allow for uninterrupted water service during emergencies has been an important initiative for the Water Department. The Slocum Road loop has greatly improved system hydraulics as well as fire protection and emergency capabilities. In addition a new connection on Devils Foot road has been installed as part of the state reconstruction of Route 403. North Kingstown Water has been an active participant in the Healthy Landscapes Program in partnership with the University of Rhode Island Cooperative Extension Service. This educational initiative provides information to homeowners on maintaining landscapes for clean water.

The Water Department continues to make water quality data available through voluntary quarterly monitoring of wells and storage tanks and through the distribution and posting of the Department's Annual Drinking Water Quality Report. The Department continues to prepare a quarterly newsletter called *The Puddle* to keep customers informed about water issues. The Wickford Harbor Watershed Wastewater System Improvement Project has and continues to provide grant money toward upgrading individual sewage disposal systems to certain advanced technologies, the goal being to improve wastewater treatment in this important watershed. This is a coordinated effort with the USEPA and the University of Rhode Island.

### **North Kingstown School Department**

North Kingstown teachers and administrators have been selected for recognition at the state and national levels for their contributions to students and their profession. Kathy Mellor was recognized as National Teacher of the Year. The SmART (SPECTRA) program for the integration of the arts has been implemented in most of our elementary schools and is being extended into the middle and high school levels. Forest Park, Stony Lane and Quidnessett Elementary Schools were recognized in the past for the Kennedy Center Creative Ticket award in recognition for their contributions to art education.

Davisville Middle School was named one of the top middle schools in the state in terms of student achievement. The New England Middle Level Education association selected Davisville as an exemplar for middle level education. Jane Kondon was selected as Rhode Island Middle School Principal of the Year. North Kingstown High School offers the highest number of advanced placement courses in the state and is one of the top schools in the state for the number of students receiving college credit for advanced placement courses.

The High School was selected by the College Board for recognition as the top school in New England for the improvement of achievement in advanced placement test results in Math and Science. SAT scores are among the highest in the state. The high school followed up its successful implementation of the advisory program with the start of block scheduling last year in order to provide longer time periods to deliver instruction. All of our students achieve at high levels on state assessments. No school was found to be low achieving and all of our schools have met the No Child Left Behind standard for student achievement for 2011.

## **ACCOMPLISHMENTS (Continued)**

### **Leisure Activities Department**

The North Kingstown Municipal Golf Course, completed another successful season generating revenues in excess of 1.34 million dollars with over 40,000 rounds of golf played there again this year. At the golf course, the golf cart staging area was relocated, all ball washers were refurbished or replaced, club washers were added and over 120 tons of sand was used to improve the bunkers. In addition, signage was replaced to improve the pace of play. Over 300 additional feet of existing docks at the Allen Harbor Marina have been replaced this year. One third of the moorings have been pulled on schedule, inspected and repaired as necessary.

The North Kingstown Arts Council has completed another successful year of programming. The Family Entertainment series and the Tuesday Evening Summer Concert Series at the Town Dock continue to grow. Sunday Musicals and Rhode Island Voices at the North Kingstown Free Library were well attended. The annual Tuba Fests and Bill Stains Concert were back by popular demand. The new "Shakespeare at the Beach" series included outstanding performances by the Trinity Rep Summer Theatre program, by Mixed Magic Theatre and the Colonial Theatre Group. The Council also provided support to Smith's Castle's Strawberry Festival celebration and entertainment for the Senior Center. The Arts Council is grateful for the support from the RI State Council on the Arts for the award of two grants totaling \$6,650.00.

### **Fire Department**

The Fire Department is making progress in the elimination of the town wide (including QPD) overhead fire alarm system, and implementing a system of Radio Fire Alarm Boxes. The Department continues delivery of its Fire Prevention Education program in the school system, the Juvenile Firesetter Program, and the inspections of high hazard occupancies. The Fire Marshal's office has been busy implementing the new State Fire codes and regulations including inspections of all businesses, schools and town buildings.

The fire Department has receives several homeland security grants which has provided the department with a Decontamination Trailer with associated equipment (250,000), a Special Hazards/Heavy Rescue with associated equipment (495,000) a air compressor to fill the departments self contained breathing apparatus (50,000) and many other smaller grants to provide much needed equipment. Finally the department responded to 3,608 emergency requests including 2360 requests for emergency medical services.

## **CASH MANAGEMENT**

The intention of the cash management system is to limit the amount of funds placed in accounts where low or no interest is paid. Idle cash is invested in various instruments with various maturity dates, depending on the anticipated cash requirements during the period.

## **RISK MANAGEMENT**

The Town joined the Rhode Island Interlocal Risk Management Trust (The Trust) in September 2001. Liability as well as collision coverage for all Town vehicles is insured through the Trust as well as coverage for general liability, public officials, law enforcement, employees' liability, flood and boiler. Coverage for worker's compensation is purchased from a separate carrier. The Trust and the Worker's Compensation carrier provide loss control services on a regular basis. They work closely with Department Heads in making loss prevention service visits to all Town facilities. An employee safety group meets monthly to monitor work related injury claims. The Town requires all vendors providing services to the Town to carry \$1,000,000 general liability insurance, workers' compensation according to law and \$1,000,000 automobile liability insurance. Certificates of insurance are required to list the Town as an additional insured on all vendor policies and require a waiver of subrogation in favor of the Town for vendor's workers' compensation coverage.

## **AWARDS**

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 North Kingstown for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2003. 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.

## **ACKNOWLEDGEMENTS**

I would like to take this opportunity to thank the members of the Finance Department in the Division of Accounting Control, Treasury and Tax Collection, Information Services, Contract and Purchase for their diligence and cooperation on a daily basis in carrying out the duties and responsibilities of the Finance Department. The success of this department is due in large part to their efforts.

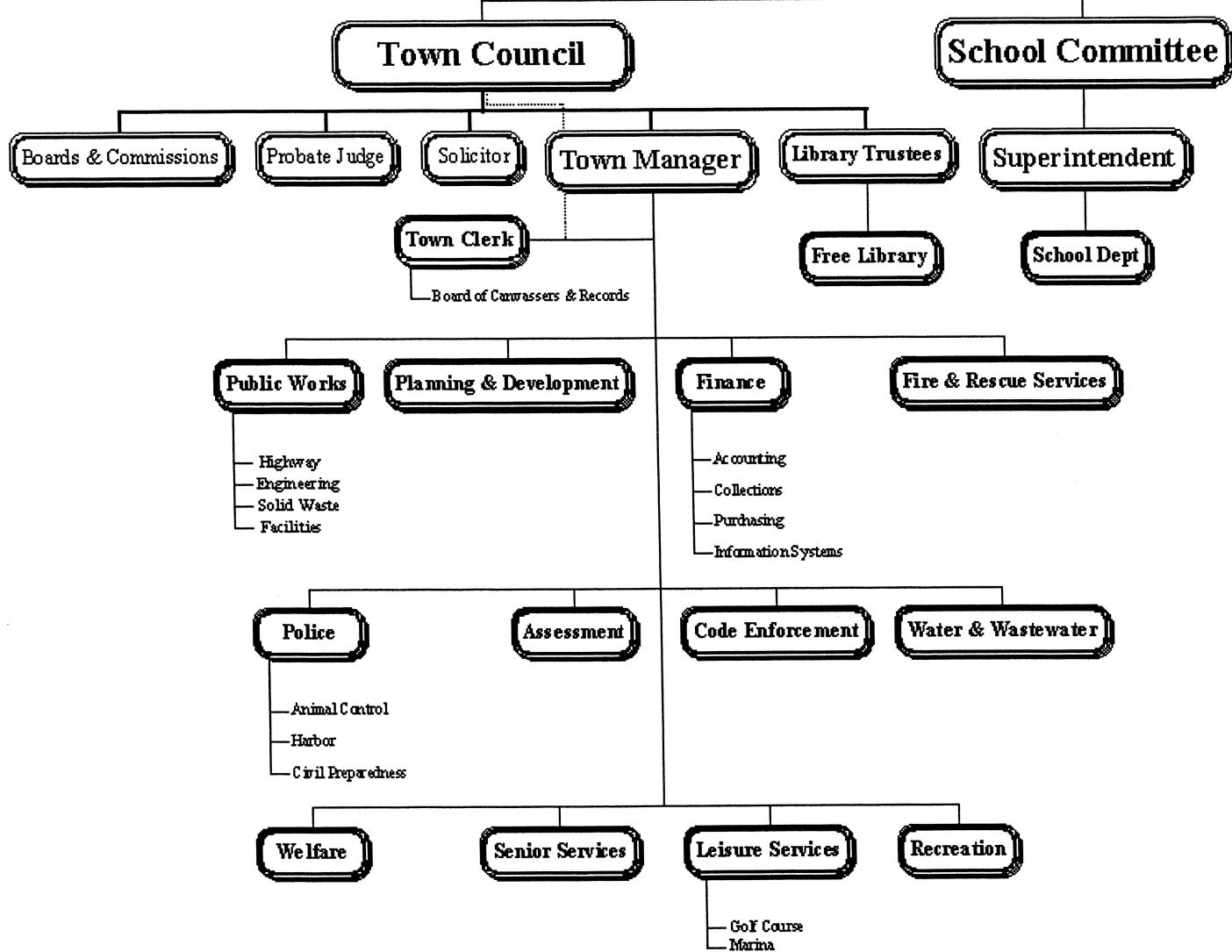
Sincerely,



Cynthia J. Olobri  
Director of Finance

***(THIS PAGE LEFT BLANK INTENTIONALLY.)***

## The People of the Town of North Kingstown



TOWN OF NORTH KINGSTOWN

TOWN COUNCIL

ANTHONY F. MICCOLIS, JR – PRESIDENT  
EDWARD J. COONEY  
SUZANNE M. HENSELER  
JOHN A. PATTERSON  
MARK S. ZACCARIA

SCHOOL COMMITTEE

DONALD DEFEDELE – CHAIRPERSON  
MELVOID J. BENSON  
FAITH RENEE COCKERILL  
DENISE A. COPPA  
JANICE E. DEFRAZES  
BARRY M. MARTASIAN  
WILLIAM C. MUDGE, III

TOWN MANAGER	RICHARD I. KERBEL
TOWN SOLICITOR	A. LAURISTON PARKS, Esq.
TOWN CLERK	JAMES D. MARQUES
DEPUTY TOWN CLERK	JEANNETTE HOLLOWAY
ASSESSOR	LINDA CWIEK
DIRECTOR OF FINANCE	CYNTHIA J. OLOBRI
CONTROLLER	BARBARA L. STRATE
DIRECTOR OF PUBLIC WORKS	PHILIPPE BERGERON
TOWN ENGINEER	DENNIS BROWCHUK
DIRECTOR OF RECREATION	ALLEN SOUTHWICK
DIRECTOR OF LEISURE ACTIVITIES	DANIEL P. O'CONNOR JR.
DIRECTOR OF PLANNING	MARILYN COHEN
POLICE CHIEF, ACTING	JAMES L. WYNNE
FIRE CHIEF	DAVID MURRAY
BUILDING OFFICIAL	JOHN P. LEYDEN
DIRECTOR OF WATER SUPPLY	SUSAN LICARDI
HIGHWAY SUPERINTENDENT	FORREST SPEARS
FACILITIES PROJECT MANAGER	JOHN NELSON
WELFARE DIRECTOR	MARY ELIZABETH WINSOR
DIRECTOR/ SENIOR CITIZENS	KATHLEEN M. CARLAND
ANIMAL WARDEN	MARY E. MACLAUGHLIN
HARBOR MASTER	MARK KNAPP
TOWN SARGEANT	BRUCE RENNER
LIBRARY DIRECTOR	SUSAN AYLWARD
MIS DIRECTOR	LORI-ANN FOX
SCHOOL SUPERINTENDENT	JAMES M. HALLEY

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of North Kingstown,  
Rhode Island

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2003

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



*Nancy L. Ziebell*

President

*Jeffrey R. Ecker*

Executive Director

***(THIS PAGE LEFT BLANK INTENTIONALLY.)***

THE TOWN OF  
NORTH KINGSTOWN, RHODE ISLAND

**FINANCIAL SECTION**



PREScott·CHATELLIER

Fontaine·WILKINSON·LLP

CERTIFIED PUBLIC ACCOUNTANTS  
BUSINESS & FINANCIAL ADVISORS

Two Charles Street, Providence, RI 02904  
401 421 2710 telephone 401 274 5230 facsimile  
[www.yourcpafirm.com](http://www.yourcpafirm.com)

***INDEPENDENT AUDITORS' REPORT***

To the Honorable Town Council  
North Kingstown, Rhode Island

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of North Kingstown, Rhode Island, as of and for the year ended June 30, 2004, which collectively comprise the Town's basic financial statements as listed in the accompanying table of contents. These basic financial statements are the responsibility of the Town of North Kingstown, Rhode Island's management. Our responsibility is to express opinions on these basic 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of North Kingstown, Rhode Island, as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis, historical pension information, and budgetary comparison information on Pages 3 through 11 and 58 through 64 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 22, 2004 on our consideration of the Town of North Kingstown, Rhode Island's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the basic financial statements taken as a whole. The combining and individual fund financial statements and schedules listed in the table of contents, including the schedule of expenditures of federal awards, are presented for purposes of additional analysis and as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and are not a required part of the basic financial statements. Such information, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements; and, in our opinion, the information is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

We did not audit the statistical data as set forth in the table of contents, and therefore, express no opinion thereon.

*Prusort Chatellein Farnam & Williamson, LLP*

November 22, 2004

## Management Discussion and Analysis

The following discussion and analysis of the Town of North Kingstown's financial performance provides an overview of the Town's financial activities for the year ended June 30, 2004 and is intended to serve as an introduction to the Town's basic financial statements. Please read it in conjunction with the transmittal letter at the front of this report and the Town's financial statements, which follow this section.

### Financial Highlights

- The Town of North Kingstown's combined total Net Assets (Government Wide) were virtually unchanged from June 30, 2003 to June 30, 2004, remaining at approximately \$28 million.
- This year's total spending for all Governmental Activities exceeded revenues by approximately \$300,000 and exceeded last year's spending by \$9.5 million.
- Revenues for Business type activities exceeded spending by approximately \$200,000 for fiscal year 2004 and spending increased by approximately \$600,000 over fiscal year 2003.
- The General Fund reported a budgetary surplus this year of approximately \$1.8 million because revenues exceeded estimates in all major revenue categories.
- Fund balance had been appropriated to supplement the resources available for appropriation that were \$500,000 less than budgeted for the General Fund.

Below is a brief discussion of the basic financial statements, including the relationships of the statements to each other and the significant differences in the information they provide. The Town's basic financial statements comprise of 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.

The financial statements include two main basic financial statements in accordance with Statement No. 34 of the Governmental Accounting Standards Board (GASB), the Statement of Net Assets (Statement A-1, Page 12) and the Statement of Activities (Statement A-2, Page 13). These two statements consolidate much of the information contained in the fund based financial statements (Statements B-1, B-2, C-1 and C-2 found on Pages 14 through 21) into statements which facilitate in answering the question is the Town of North Kingstown better or worse off financially than it was in the previous year.

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances in a manner similar to a private-section business. These government-wide financial statements outline both the functions of the Town that are principally supported by property taxes and intergovernmental revenues (Government Activities) and the business-type activities that are supported by fees to

customers. The Government Activities of the Town include Police, Fire and Rescue, Public Works, Education, Recreation, Library, Senior Services, Welfare and General Administration and the Business-type Activities of the Town include the operations of the Department of Water Supply and the Quonset/Davisville Recreation Fund including the North Kingstown Municipal Golf Course and the Allen Harbor Marina Facility. The Government-wide Financial Statements can be found on Pages 12 and 13 (Statements A-1 and A-2) of this report.

The Statement of Net Assets presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. Increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating. Other non-financial factors need to be considered as well such as changes in the Town's property tax base and the condition of the Town's infrastructure to assess the overall health of the Town.

Table 1

	Net Assets						
	Governmental Activities		Business-Type Activities		Total		Total Percent Change
	2003	2004	2003	2004	2003	2004	
Current Assets	\$29,878,297	\$27,263,182	\$5,521,867	\$5,692,470	\$35,400,164	\$32,955,652	
Non-current Assets	46,906,987	46,042,492	5,134,577	5,225,974	52,041,564	51,268,466	
Total Assets	76,785,284	73,305,674	10,656,444	10,918,444	87,441,728	84,224,118	-4%
Current Liabilities (payable from current assets)	8,371,575	8,163,924	640,833	728,654	9,012,408	8,892,578	
Non-current Liabilities	49,607,239	46,610,385	785,407	733,730	50,392,646	47,344,115	
Total Liabilities	57,978,814	54,774,309	1,426,240	1,462,384	59,405,054	56,236,693	-5%
Net Assets invested in capital assets, net of related debt	(4,333,063)	(1,861,551)	4,221,731	4,440,572	(111,332)	2,579,021	
Net Assets restricted	94,442	87,654			94,442	87,654	
Net Assets unrestricted	23,045,091	20,305,262	5,008,473	5,015,488	28,053,564	25,320,750	
Total Net Assets	\$18,806,470	\$18,531,365	\$9,230,204	\$9,456,060	\$28,036,674	\$27,982,425	0%

The Statement of Net Assets provides the perspective of the Town as a whole. The Town's combined total net assets were virtually unchanged between fiscal years 2003 and 2004 remaining at approximately \$28 million. (See Table 1).

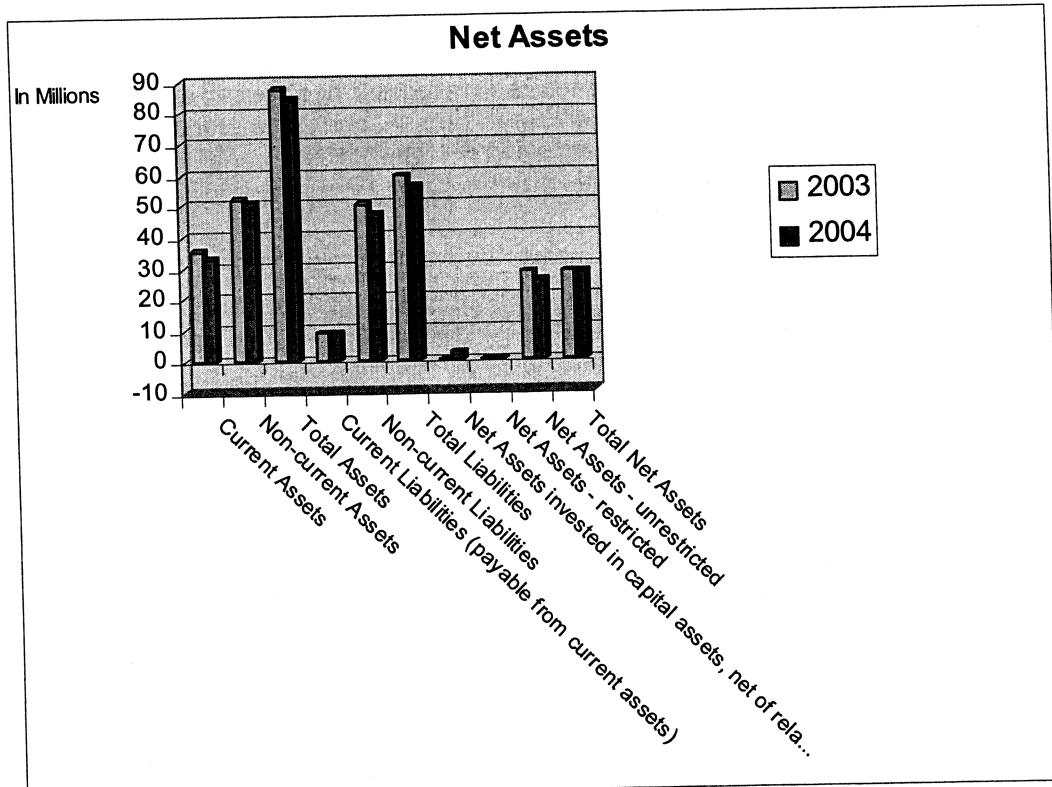
When looked at separately, the net assets of the Town's Governmental Activities decreased slightly overall. A \$2.5 million reduction in the 2003 to 2004 deficit balance in

investments in capital assets, net of related debt, results mainly from the paying down of debt during 2004. The investments in Capital Assets, net of related debt, balances for both 2003 and 2004 are negative amounts because the Town is not yet reporting its infrastructure assets. Under GASB 34, this will not be mandatory for North Kingstown until fiscal year 2006/2007. The reduction in the Current Assets by \$2.6 million from fiscal year 2003 to 2004, resulted from the fiscal year 2004 payments of 2003 year-end encumbrances shown as corresponding reduction in unrestricted net assets. Another factor relates to an increase in the percent of current year levy tax collections from 2003 to 2004 and the abatement of \$550,000 in uncollectable prior year motor vehicle taxes, during 2004, a decrease of \$740,000 in Taxes Receivable from 2003 to 2004 has been reported.

The Net Assets of the Town's business type activities increased by \$225,856 with investments in capital assets representing most of the increase. With the Water System's usage rates generating operating revenue that exceed expenses, the financial condition of the business type activities is sound. The Town continued to invest in our Water system with the encumbrance of funds for tank rehabilitation at Slocum and Bow Hunters and by completion of the reactivation of Well #10 and construction of the Supervisory Control and Data Acquisition system. The Town's Municipal Golf Course and Marina operations unrestricted net assets decreased by \$25,000 due to operational expenses and transfers to the General Fund, Recreation program that exceeded revenues.

The chart below provides a summary of the Town's net assets for fiscal year ended June 30, 2004 compared to June 30, 2003.

Chart 1



Because the Town of North Kingstown is not yet reporting its infrastructure assets, the Town's Net Assets reflected show a lower than actual investment in capital assets. The Town's roads, sidewalks, drainage, bridges, park and recreation improvements and development rights acquisitions are not yet reported but the debt associated with improvements to this unreported infrastructure is booked thereby reducing the total assets. The Town has engaged the services of an engineering firm to inventory its infrastructure assets and that process is ongoing. The Town of North Kingstown uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. The resources needed to repay this debt must be provided from other sources such as tax dollars and impact fees, since the capital assets themselves cannot be used to liquidate these liabilities. Unrestricted net assets may be used to meet the Town's ongoing obligations to its creditors.

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

As shown on Table 2, below, the total revenues and transfers increased by \$3.1 million between 2003 to 2004 for governmental activities. That increase includes a 10% increase in Program revenues or Charges for Services due to increases in Departmental Revenues for Town Clerk Licenses and Recording fees as well as increases in building permit revenues. The \$1.0 million increase in Operating grants and contributions is due to increased intergovernmental state aid and grant funded activities and increases in tuitions for Jamestown students. The increase in General Revenues is for increases in tax revenue that were raised for with increased spending for Town and School employee pay and benefits in the School and General Fund. The balance of the Increased spending was for the grant related expenditures. The business type activities faced the same increases for employee pay and benefits. Overall there was a slight reduction in Net Assets of \$49,249 for FY2004.

	Changes in Net Assets (in millions)				Total	Total Percentage Change	
	Governmental Activities		Business-Type Activities				
	2003	2004	2003	2004	2003	2004	2003-2004
Revenues							
Program Revenues	\$ 5.4	\$ 6.3	\$ 5.0	\$ 5.1	\$ 10.4	\$ 11.3	9%
Operating Grants & Contributions	14.1	15.5			14.1	15.5	10%
General Revenues	58.3	59.3	0.2	0.2	58.5	59.4	2%
Transfers	0.4	0.3	(0.4)	(0.3)			
<b>Total Revenues and Transfers</b>	<b>78.3</b>	<b>81.3</b>	<b>4.8</b>	<b>5.0</b>	<b>83.1</b>	<b>86.3</b>	<b>4%</b>
Program Expenses and Transfers							
Program Expenses	72.1	81.6	4.2	4.8	76.3	86.4	13%
<b>Total Expenses and Transfers</b>	<b>72.1</b>	<b>81.6</b>	<b>4.2</b>	<b>4.8</b>	<b>76.3</b>	<b>86.4</b>	<b>13%</b>
<b>Increase (Decrease) in Net Assets</b>	<b>\$ 6.2</b>	<b>\$ (0.3)</b>	<b>\$ 0.6</b>	<b>\$ 0.2</b>	<b>\$ 6.8</b>	<b>\$ (0.0)</b>	<b>-101%</b>

## Governmental Activities

The Statement of Activities in Chart 3, below, shows the total cost and the net cost of services. The Net Cost identifies the cost of these services supported by tax revenue and unrestricted state aid after deducting for departmental revenues. Spending for all activities other than interest on long-term debt increased. The total net cost of services increased by \$7.3 million. The total cost of Educational services increased from 2003 to 2004 by \$5.1 million and Capital expenses increased by \$1.0 million. General Property Tax revenues increased by \$2.6 million to fund 5% budget increases for the School Fund and General Fund. That increase was mainly associated with increased costs for salaries and employee benefits.

Table 3  
Cost of Governmental Activities (in millions of dollars)

	Total Cost of Services			Net Cost of Services		
	2003	2004	% Change	2003	2004	% Change
Education	\$ 49.0	54.9	10%	\$ 33.4	\$ 37.4	12%
General Government	3.8	5.4	42%	1.6	2.2	38%
Public Works	3.5	4.2	20%	2.7	3.3	22%
Public Safety	10.5	11.1	6%	9.9	10.4	5%
Public Libraries	1.2	1.2	0%	0.9	1.2	33%
Interest on long-term debt	2.7	2.6	-4%	2.7	2.7	0%
Other	1.4	2.9	107%	1.3	2.6	100%
<b>Total Expenses</b>	<b>\$ 72.1</b>	<b>\$ 82.4</b>	<b>13%</b>	<b>\$ 52.5</b>	<b>\$ 59.8</b>	<b>14%</b>

The presentation of the Town's major funds begins on Page 14. Fund Financial reports provide detailed information about the Town's major funds based on the restrictions on the use of monies. The Town has established many funds, which account for the multitude of services, facilities and infrastructure provided to our residents. However, these fund financial statements focus on the Town's most significant funds. In the case of the Town of North Kingstown, the major funds are the General Fund and the School Unrestricted Fund. Shown below is the change in the total fund balance for those two funds. Portions of the fund balance of the General Fund and the School Unrestricted Fund are reserved for encumbrances and designated for fiscal year 2005 leaving an unreserved fund balance of \$7,440,188 in the General Fund and \$362,780 in the School Unrestricted Fund. The major change in the School Unrestricted Fund is that last year ended with reservations for encumbrances of \$2.0 million compared to only \$0.2 million being reserved for encumbrances on June 30, 2004. The fund balance of the non-major, governmental funds, declined mainly due to spending down of the Tax Revaluation Reserve in the amount of \$200,995, the Farmland and Open Space Reserve for the acquisition of development rights in the amount of \$748,197, the Athletic Bond in the amount of \$187,602 and the transfer out of School Capital Reserve funds for upgrades to school property in the amount of \$988,040.

Governmental	Beginning Fund Balance 2004	Ending Fund Balance 2004	Change \$	Change %
General Fund	8,636,351	9,588,276	951,925	11%
School Unrestricted Fund	2,413,348	912,893	(1,500,455)	-62%
<b>Total Major Funds</b>	<b>11,049,699</b>	<b>10,501,169</b>	<b>(548,530)</b>	<b>-5%</b>

Governmental	Beginning Fund Balance 2004	Ending Fund Balance 2004	Change \$	Change %
Non-Major Funds	8,704,233	7,494,291	(1,209,942)	-14%
Governmental				

The proprietary Funds of the Town of North Kingstown report the same functions presented as business-type activities in the Government-wide Financial Statements, only in more detail. The Proprietary Fund Financial Statements provide separate information for the Department of Water Supply and the Quonset/Davisville Recreation Fund including the North Kingstown Municipal Golf Course and the Allen Harbor Marina Facility, both of which are considered to be major funds of the Town of North Kingstown. Enterprise Fund Financial Statements are designed to provide readers with a broad overview of both the Water Fund and the Quonset/Davisville Fund's finances, in a manner similar to a private-section business.

Proprietary	Beginning Net Assets 2004	Ending Net Assets 2004	Change \$	Change %
Water Fund	7,255,860	7,501,197	245,337	3%
Q/D Recreation Fund	1,798,023	1,772,988	(25,035)	-1%
<b>Total Major Funds Proprietary</b>	<b>9,053,883</b>	<b>9,274,185</b>	<b>220,302</b>	<b>2%</b>
Non-Major Funds Proprietary	176,321	181,875	5,554	3%

Below is an analysis showing variations for expenditures between original and final budget amounts and between final budget amounts and actual budget results for the Town's General Fund.

General Fund Expenditures and Transfers Out	Originally Adopted Budget	Final Approved Budget	Actual (Budgetary Basis)	Difference
General Government	\$ 4,511,898	\$ 4,308,198	\$ 4,275,139	\$ 33,059
Public Safety	10,999,760	11,052,760	11,027,864	24,896
Public Works	4,133,412	4,284,112	4,262,780	21,332
Recreation	393,384	393,384	392,901	483
Senior Citizens	290,598	290,598	288,860	1,738
Other	186,085	186,085	186,085	0
<b>Total Expenditures</b>	<b>20,515,137</b>	<b>20,515,137</b>	<b>20,433,629</b>	<b>81,508</b>
Debt Service Transfer out	4,047,472	4,047,472	4,047,472	0
Library Transfer out	908,888	908,888	908,888	0
School Unrestricted Transfer out	33,721,234	33,721,234	33,721,234	0
School Capital Reserve Transfer out	445,000	445,000	445,000	0
<b>GRAND TOTAL</b>	<b>\$59,637,731</b>	<b>\$59,637,731</b>	<b>\$59,556,223</b>	<b>\$ 81,508</b>

The following is an analysis showing variations for revenues between final budget amounts and actual budget results for the General Fund. In total the revenues exceeded estimates by \$1.8 million dollars. Tax collections over estimate account for \$1.1 million dollars of the total revenues over estimate.

General Fund Revenues and Transfers In	Originally Adopted Budget	Final Approved Budget	Actual (Budgetary Basis)	Difference
Property Tax	\$52,751,905	\$52,751,905	\$53,805,401	\$1,053,496
Intergovernmental	3,525,032	3,525,032	3,752,464	227,432
Licenses & Permits	392,015	392,015	524,995	132,980
Investment Income	300,000	300,000	311,965	11,965
Departmental	1,508,395	1,508,395	1,867,607	359,212
Other	12,000	12,000	27,156	15,156
Total Revenues	58,489,347	58,489,347	60,289,587	1,800,240
Transfers from fund balance	500,000	500,000	500,000	0
Transfers in	648,384	648,384	539,404	(108,980)
<b>Total General Fund</b>	<b>\$59,637,731</b>	<b>\$59,637,731</b>	<b>\$61,328,991</b>	<b>\$1,691,260</b>

The Town used a conservative approach when estimating tax dollars to be generated. The tax levy calculation included an allowance for abatements of \$145,000 based upon the prior year's experience and what was known to be potential abatements at the time. The actual abatement of taxes was just over \$100,000 in total. The Town collects supplemental taxes during the course of the year for real estate construction that receives a certificate of occupancy after the assessment date. The amount generated from this is recorded as tax revenue but has not historically been used in the calculation of the tax rate because it is uncertain as to what may occur. Supplemental taxes received for the Fiscal Year were \$193,500.

The balance of the tax revenue generated that exceeded budget was due to a higher than anticipated tax collection rate. In general over the past few years, taxpayers have been keeping more current with taxes. It is believed that this is due to the Town's interest rate for delinquent taxes being 12% per annum, which is higher than may be available from banks and some credit cards. Also there continued to be a widespread refinancing of mortgages on homes due to lower than usual mortgage rates and that has helped taxpayers to keep tax payments up to date. This mortgage refinancing has also impacted the revenues classified as Departmental revenues by generating \$185,000 higher than anticipated fees for recording of documents such as new mortgages in land evidence. Also impacted by the numbers of real estate transactions recorded in land evidence were Realty Conveyance Stamp revenues that were received over budget by \$32,000. These are classified as State Revenues because a portion is kept as Town revenue, a portion is reserved for Farmland/Open Space/Development Rights purchases and a portion is sent to the State.

Other State revenues exceeded estimates in the amount of \$38,500 for the General Purpose State Aid but offset by \$42,500 under budget for the telephone tax monies generated by the State. The State Aid for Meal and Beverage Tax exceeded budget by \$197,000. This amount was in excess of State provided projections received during the budget process and is a result of final increased amounts being provided in the State budget. Rental revenue exceeded budget by \$48,000 for communication tower rental fees. Departmental revenues for the Transfer Station tipping fees exceeded estimates by \$53,000 and the Code Enforcement permits exceeded estimates by \$112,000.

In 2003 the Town modified its fixed asset recording policy whereby fixed assets with a value of over \$500 are recorded. In prior years a value of \$100 was utilized. The reduction of the total number of fixed assets on record was significant but the reduction in total value was not. In FY 2004 Public Works contracted for overlay of thirty-six streets. In a joint effort with the State, improvements to Brown Street included new sidewalks, lighting, landscaping and road reconstruction. New police cars and a street sweeper were purchased for a total of \$225,000. The Water Department completed construction of the reactivation of Well #10 and construction of the Supervisory Control and Data Acquisition system. The School Department replaced four elementary school roofs totaling almost \$1.0 million. The Town acquired development rights to 86.8 acres of forested land in fiscal year 2004 through the use of Open Space and Farmland Reserve funds.

The Town of North Kingstown had \$47,904,043 in bonds outstanding at fiscal year-end, compared to \$51,213,233 last year, a decrease of 7%. No new debt was issued during the fiscal year ended June 30, 2004. Please refer to Pages 41 to 43 in the Notes for further information regarding outstanding debt. The Town of North Kingstown carried a Moody's rating of "Aa3." On May 24, 2004 the Town was notified that the Standard & Poor's rating was upgraded from "A+" to "AA-." As of June 30, 2004, the Town has \$4,480,000 in unused bonding authority. In addition and subsequent to June 30, 2004, the voters of the Town of North Kingstown have approved a \$9.0 million school bond issue. Under state law, the Town may not, without special statutory authorization, incur any debt that would increase its aggregate indebtedness to an amount greater than 3% of the taxable property of the Town. The Town's debt limit calculation is shown on Page 37 in the Notes and Page 118 of this report.

Historically, infrastructure (roads, sidewalks, drainage and capital improvements other than buildings) has not been reported nor depreciated in Governmental Financial Statements. Infrastructure represents a significant portion of the Town's assets. Similarly, the outflow of resources expended by the Town to maintain infrastructure also represents a sizable portion of its operations. GASB 34 requires that the infrastructure assets be valued and reported within the Governmental column of the Government-wide statements. The Town will defer implementing the infrastructure portion of the Statement. When the Town implements the Infrastructure portion of GASB34, the Town plans to utilize the modified approach to address a majority of its infrastructure assets. GASB 34 requires the Town to have completed this implementation by the end of fiscal year 2007.

The fiscal year 2004 Budget was adopted to include a tax rate increase of 71 cents per thousand of assessed valuation. The Levy was increased by just over \$2 million dollars or a 4.3 percent increase. This increase was required to cover projected increases in spending for personnel related expenses including salaries and significant increases in the cost of health insurance and retirement contributions for personnel. The Town's contributions to the Municipal Employees Retirement System for Fire employees increased from 6.59% to 9.935; and for Police employees increased from .35% to 8%; and for Municipal employees from 0% to 1.9%. The health insurance increase was 12.2% or approximately \$775,000 for all Town and School personnel.

For fiscal year 2005, the budget was adopted to include a tax rate decrease from \$23.31 per thousand of assessed value to \$14.38 per thousand. This decrease was a result of a town-wide revaluation of assessments as of December 31, 2003 where the assessed

value increased from \$2.2 billion to \$3.5 billion. When adjusted for revaluation, the tax rate for fiscal year 2004 would have been \$23.42 or an \$0.11cent increase. The levy increased by \$0.8 million or 1.56%. As in the previous year, this increase was required to cover increased spending for personnel salaries and benefits. Some appeals of assessments are currently under review by the Tax Assessment Board of Appeals. The fiscal year 2005 General Fund budget includes an increase of the appropriation from fund balance from \$500,000 for fiscal year 2004 to \$1,000,000 in fiscal year 2005 to help reduce the tax rate increase.

The fiscal year 2004 rate of collection of current taxes was 98.56%. It is anticipated that the fiscal year 2005 rate of collection will be 97.5% while the rate used in the calculation of the tax rate allowed for 97%. Based upon this, the current projection is that tax collections will exceed estimates by approximately \$250,000 for fiscal 2005. However, It is projected that there will be a shortfall in payments in lieu of taxes for FY2005 of \$600,000 because the budget had been prepared with estimates for classification of the tax roll that was not adjusted when classification did not occur. This was done in anticipation of tax collections that would continue to be over estimate and it was projected that would offset any shortfalls. However if that does not occur, spending for fiscal year 2005 will be reduced to offset any revenue shortfalls.

The Notes to the Financial Statements 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 26 to 57 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 Infrastructure Combining and Individual Fund Statements and Schedule can be found on pages 65 to 98 of this report.

This financial report is designed to provide a general overview of the Town of North Kingstown's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director's Office, Town of North Kingstown, Town Hall, 80 Boston Neck Road, North Kingstown, RI 02852.

***(THIS PAGE LEFT BLANK INTENTIONALLY.)***

TOWN OF NORTH KINGSTOWN**Statement of Net Assets**  
**June 30, 2004**

	Governmental Activities	Business-type Activities	Total	Component Unit North Kingstown Free Library
<b>ASSETS:</b>				
<b>Current Assets:</b>				
Cash and cash equivalents	\$ 23,979,915	\$ 5,007,483	\$ 28,987,398	\$ 193,913
Taxes receivable	1,170,009		1,170,009	
User charges receivables		435,422	435,422	
Other receivables	687,174	95,300	782,474	
Inventory		154,265	154,265	
Due from federal and state governments	894,327		894,327	
Due from grantors	531,757		531,757	
<b>Noncurrent Assets:</b>				
Capital assets:				
Non-depreciable	8,284,542	584,470	8,869,012	
Depreciable, net	37,757,950	4,641,504	42,399,454	
<b>TOTAL ASSETS</b>	<b>73,305,674</b>	<b>10,918,444</b>	<b>84,224,118</b>	<b>193,913</b>
<b>LIABILITIES:</b>				
<b>Current Liabilities:</b>				
Accounts payable	1,665,399	360,761	2,026,160	
Claims payable	239,402		239,402	
Accrued liabilities	556,520		556,520	
Compensated absences payable	163,000	15,620	178,620	
Serial bonds payable	3,309,192	132,991	3,442,183	
Deferred revenue	1,144,566	193,492	1,338,058	
Other payables	554,564		554,564	
Other liabilities		25,790	25,790	
Escrow deposits	531,281		531,281	
<b>Total Current Liabilities</b>	<b>8,163,924</b>	<b>728,654</b>	<b>8,892,578</b>	<b>0</b>
<b>Noncurrent Liabilities:</b>				
Serial bonds payable	44,594,851	652,411	45,247,262	
Compensated absences payable	2,015,534	81,319	2,096,853	
<b>Total Noncurrent Liabilities</b>	<b>46,610,385</b>	<b>733,730</b>	<b>47,344,115</b>	<b>0</b>
<b>TOTAL LIABILITIES</b>	<b>54,774,309</b>	<b>1,462,384</b>	<b>56,236,693</b>	<b>0</b>
<b>NET ASSETS:</b>				
Invested in Capital Assets, net of related debt	(1,861,551)	3,856,102	1,994,551	
Restricted for:				
Permanent funds	87,654		87,654	
Unrestricted	20,305,262	5,599,958	25,905,220	193,913
<b>TOTAL NET ASSETS</b>	<b>\$ 18,531,365</b>	<b>\$ 9,456,060</b>	<b>\$ 27,987,425</b>	<b>\$ 193,913</b>

(CONCLUDED)

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

**TOWN OF NORTH KINGSTOWN****Statement of Activities**  
**Year Ended June 30, 2004**

<b>Functions/Programs:</b>	<b>Program Revenues</b>			<b>Net (Expense) Revenue and Changes in Net Assets</b>	
	<b>Expenses</b>	<b>Operating</b>		<b>Governmental Activities</b>	<b>Business-type Activities</b>
		<b>Charges for Services</b>	<b>Grants and Contributions</b>		
<b>Governmental activities:</b>					
General government	\$ 5,391,630	\$ 2,613,286	\$ 547,442	\$ (2,230,902)	\$ (2,230,902)
Public safety	11,138,814	687,065	14,535	(10,437,214)	(10,437,214)
Public works	4,232,614	581,484	393,376	(3,257,754)	(3,257,754)
Education	54,941,481	2,123,849	15,386,633	(37,430,999)	(37,430,999)
Public libraries	1,185,692			(1,185,692)	(1,185,692)
Other	2,900,209	260,267		(2,639,942)	(2,639,942)
Interest on long-term debt	2,625,066			(2,625,066)	(2,625,066)
<b>Total governmental activities</b>	<b>82,415,506</b>	<b>6,265,951</b>	<b>16,341,986</b>	<b>(59,807,569)</b>	<b>(59,807,569)</b>
<b>Business-type activities:</b>					
Water	2,166,391	2,232,361		\$ 65,970	65,970
Quonset/Davisville Recreation	1,308,819	1,553,365		244,546	244,546
Non-major enterprise funds	1,291,890	1,296,653		4,763	4,763
<b>Total business-type activities (See Note 2)</b>	<b>4,767,100</b>	<b>5,082,379</b>	<b>0</b>	<b>0</b>	<b>315,279</b>
<b>Total</b>	<b>\$ 87,182,606</b>	<b>\$ 11,348,330</b>	<b>\$ 16,341,986</b>	<b>(59,807,569)</b>	<b>(59,492,290)</b>
<b>Component Unit:</b>					
North Kingstown Free Library	\$ 5,161	\$ 11,402			
	\$ 5,161	\$ 11,402			
<b>General revenues:</b>					
Property taxes	53,049,157			53,049,157	
Unrestricted investment earnings	441,941			509,570	
Unrestricted intergovernmental revenue	5,648,071			5,648,071	
Miscellaneous	114,912			236,243	
<b>Transfers</b>	<b>278,383</b>			<b>(278,383)</b>	
<b>Total general revenues and transfers</b>	<b>59,532,464</b>			<b>(89,423)</b>	<b>59,443,041</b>
<b>Change in Net Assets</b>	<b>(275,105)</b>			<b>(49,249)</b>	<b>8,791</b>
<b>Net Assets - beginning, as restated</b>	<b>18,806,470</b>			<b>9,230,204</b>	<b>28,036,674</b>
<b>Net Assets - ending</b>	<b>\$ 18,531,365</b>			<b>\$ 9,456,060</b>	<b>\$ 27,987,425</b>

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

## TOWN OF NORTH KINGSTOWN

Balance Sheet  
Governmental Funds  
June 30, 2004

	General Fund		School Unrestricted Fund		Other Governmental Funds		Total Governmental Funds
	General Fund	Unrestricted Fund					
<b>ASSETS:</b>							
Cash and cash equivalents	\$ 15,663,454	\$ 1,170,009	2,695	\$ 5,992,039	\$ 21,658,188		
Taxes receivable	176,568	114,099		396,507	687,174		
Other receivables	375,066	40		519,221	894,327		
Due from federal and state governments				531,757	531,757		
Due from grantors				2,207,301	4,601,324		
Due from other funds				9,646,825	\$ 29,542,779		
<b>TOTAL ASSETS</b>	<b>\$ 17,788,878</b>	<b>\$ 2,107,076</b>					
<b>LIABILITIES AND FUND BALANCES:</b>							
<b>LIABILITIES:</b>							
Accounts payable	\$ 823,161	\$ 3,785,844	675,353	\$ 156,754	\$ 1,655,268		
Due to other funds	3,060,316	3,060,316	518,830	851,214	5,155,888		
Deferred revenues	531,281			1,144,566	4,204,882		
Escrow deposits		8,200,602	1,194,183	2,152,534	11,547,319		
<b>TOTAL LIABILITIES</b>							
<b>FUND BALANCES:</b>							
Reserved for debt service	973,088	175,000	139,962	1,667,297	1,667,297		
Reserved for encumbrances			90,000		1,113,050		
Reserved for Cops grant					265,000		
Unreserved:							
Designated for subsequent year's expenditures			320,000		1,320,000		
Undesignated			362,931		7,803,119		
Unreserved, reported in nonmajor:							
Special revenue funds				2,602,830	2,602,830		
Capital project funds				3,136,510	3,136,510		
Permanent funds				87,654	87,654		
<b>TOTAL FUND BALANCES</b>	<b>\$ 9,588,276</b>		<b>912,893</b>	<b>7,494,291</b>	<b>17,995,460</b>		
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 17,788,878</b>	<b>\$ 2,107,076</b>		<b>\$ 9,646,825</b>	<b>\$ 29,542,779</b>		

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

(CONTINUED)

**TOWN OF NORTH KINGSTOWN**

**Balance Sheet**  
**Governmental Funds**  
**June 30, 2004**

***Amounts reported for governmental activities in the statement of net assets differ because:***

**Total Fund Balances (B-1)**

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

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

Deferred revenues (net of an allowance for uncollectibles) are recorded in the funds, but are not deferred under the measurement focus employed in the Statement of Net Assets.

Internal Service funds are recorded as proprietary funds in the fund financial statements but are recorded as governmental activities on the government-wide financial statements.

Accrued interest payable is recorded in government activities, but is not recorded in the funds.

**Total Net Assets (A-1)**

	\$	17,995,460
<b>Total Fund Balances (B-1)</b>		46,042,492
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		(50,082,577)
		3,060,316
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		2,072,194
		(556,520)
		<b><u>\$ 18,531,365</u></b>

(CONCLUDED)

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

**TOWN OF NORTH KINGSTOWN**

***Statement of Revenues, Expenditures and Changes in Fund Balances***  
***Governmental Funds***  
***Year Ended June 30, 2004***

	General Fund	School Unrestricted Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>				
General property taxes	\$ 53,805,401	\$ 11,028,029	\$ 4,786,785	\$ 53,805,401
Intergovernmental	3,752,235			19,567,049
Departmental	1,867,836			1,867,836
Licenses and permits	524,995			524,995
Investment income	311,964	4,103	87,071	403,138
Other	27,156	4,296,137	2,087,748	6,411,041
<b>TOTAL REVENUES</b>	<b>60,289,587</b>	<b>15,328,269</b>	<b>6,961,604</b>	<b>82,579,460</b>
 <b>EXPENDITURES:</b>				
<b>Current:</b>				
General government	4,040,582		2,397,154	6,437,736
Public safety	11,290,558		6,502	11,297,060
Public works	3,936,763		393,376	4,330,139
Parks and recreation	593,594			593,594
Senior services	286,475			286,475
Education		51,482,998	2,327,040	53,810,038
Per trust agreements			204,109	204,109
Human resources			228,162	228,162
<b>Debt Service:</b>				
Principal			3,309,190	3,309,190
Interest and other costs			2,564,086	2,564,086
<b>Capital:</b>				
Capital expenditures			1,555,726	1,555,726
<b>TOTAL EXPENDITURES</b>	<b>20,147,972</b>	<b>51,482,998</b>	<b>12,985,345</b>	<b>84,616,315</b>

(CONTINUED)

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

**TOWN OF NORTH KINGSTOWN**

**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended June 30, 2004**

	General Fund	School Unrestricted Fund	Other Governmental Funds	Total Governmental Funds
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)</b>	<b>40,141,615</b>	<b>(36,154,729)</b>	<b>(6,023,741)</b>	<b>(2,036,855)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	539,404	34,709,274	6,459,535	41,708,213
Transfers out	(39,729,094)	(55,000)	(1,645,736)	(41,429,830)
<b>NET OTHER FINANCING SOURCES (USES)</b>	<b>(39,189,690)</b>	<b>34,654,274</b>	<b>4,813,799</b>	<b>278,383</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>951,925</b>	<b>(1,500,455)</b>	<b>(1,209,942)</b>	<b>(1,758,472)</b>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<b>8,636,351</b>	<b>2,413,348</b>	<b>8,704,233</b>	<b>19,753,932</b>
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ 9,588,276</b>	<b>\$ 912,893</b>	<b>\$ 7,494,291</b>	<b>\$ 17,995,460</b>

(CONCLUDED)

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

**TOWN OF NORTH KINGSTOWN**

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds (B-2) to the Statement of Activities (A-2)**  
**Year Ended June 30, 2004**

---

**Net Change in Fund Balances - Total Governmental Funds (B-2):** \$ (1,758,472)

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. This is the amount by which capital outlays exceeded depreciation in the current period. (864,495)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences. 3,090,190

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds. (756,244)

Excess of internal service funds' expenses over revenues, reported as governmental fund activity. 13,916

---

**Change in Net Assets of Governmental Activities in the Statement of Activities (A-2)** \$ (275,105)

---

**TOWN OF NORTH KINGSTOWN**

**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2004**

	Enterprise Funds			Internal Service Funds	
	Quonset/		Non-major		
	Davisville	Recreation	Enterprise Funds		
ASSETS:	Water			Totals	
<b>Current Assets:</b>					
Cash and cash equivalents	\$ 3,929,169	\$ 993,468	\$ 84,846	\$ 5,007,483	
Water and sewer assessments and user fees, net	435,422	3,240	92,000	435,422	
Other receivables	71,014	37,597	45,654	95,300	
Inventory	4,435,605	1,034,305	222,560	154,265	
<b>Total Current Assets</b>				<b>2,321,727</b>	
<b>Net Capital Assets</b>	3,636,161	1,583,607	6,206	5,225,974	
<b>TOTAL ASSETS</b>	<b>8,071,766</b>	<b>2,617,912</b>	<b>228,766</b>	<b>10,918,444</b>	
				<b>2,321,727</b>	
LIABILITIES:					
<b>Current Liabilities:</b>					
Accounts payable	202,996	110,874	46,891	360,761	
Claims payable				10,131	
Due to other funds				239,402	
Deferred revenue				-	
Other liabilities					
Compensated absences payable	43,126	193,492	193,492		
Current portion of long term debt	102,181	25,790	25,790		
<b>Total Current Liabilities</b>	<b>348,303</b>	<b>30,810</b>	<b>30,810</b>	<b>132,991</b>	
				<b>249,533</b>	
<b>Noncurrent Liabilities:</b>					
Long-term debt, net	222,266	430,145	652,411		
<b>Total Noncurrent Liabilities</b>	<b>222,266</b>	<b>430,145</b>	<b>652,411</b>	<b>0</b>	
<b>TOTAL LIABILITIES</b>	<b>570,569</b>	<b>844,924</b>	<b>46,891</b>	<b>1,462,384</b>	
<b>NET ASSETS:</b>					
Unrestricted	\$ 7,501,197	1,772,988	181,875	\$ 9,456,060	
<b>TOTAL NET ASSETS</b>	<b>\$ 7,501,197</b>	<b>\$ 1,772,988</b>	<b>\$ 181,875</b>	<b>\$ 9,456,060</b>	
				<b>2,072,194</b>	

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

**Statement of Revenues, Expenses and Changes in Net Assets**  
**Proprietary Funds**  
**Year Ended June 30, 2004**

		Enterprise Funds			Internal Service Funds	
		Quonset/ Davisville	Non-major Enterprise Funds	Totals		
		Water	Recreation			
<b>OPERATING REVENUES:</b>						
Charges for usage and service	\$ 2,232,361	\$ 1,553,365	\$ 1,296,653	\$ 5,082,379		
Sundry sales and rentals	63,914			63,914		
Miscellaneous	57,417			57,417		
<b>Total Operating Revenues</b>	<b>2,353,692</b>	<b>1,553,365</b>	<b>1,296,653</b>	<b>5,203,710</b>	<b>\$ 0</b>	
<b>OPERATING EXPENSES:</b>						
Operations	1,915,140	482,842	-	1,915,140		24,887
Golf course		398,883			482,842	
Pro shop		183,156			398,883	
Allen's Harbor					183,156	
School cafeteria					1,290,162	
Depreciation					1,290,162	
<b>Total Operating Expenses</b>	<b>227,039</b>	<b>223,628</b>	<b>1,728</b>	<b>452,395</b>		
	<b>2,142,179</b>	<b>1,288,509</b>	<b>1,291,890</b>	<b>4,722,578</b>		<b>24,887</b>
<b>OPERATING (LOSS)/PROFIT</b>	<b>211,513</b>	<b>264,856</b>	<b>4,763</b>	<b>481,132</b>		<b>(24,887)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>						
Investment income	58,036	8,802	791	67,629		38,803
Interest expense	(24,212)	(20,310)		(44,522)		
<b>Net Nonoperating Revenues (Expenses)</b>	<b>33,824</b>	<b>(11,508)</b>	<b>791</b>	<b>23,107</b>		<b>38,803</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>245,337</b>	<b>253,348</b>	<b>5,554</b>	<b>504,239</b>	<b>13,916</b>	

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

(CONTINUED)

## TOWN OF NORTH KINGSTOWN

**Statement of Revenues, Expenses and Changes in Net Assets  
Proprietary Funds  
Year Ended June 30, 2004**

		Enterprise Funds			Internal Service Funds	
		Quonset/ Davisville	Non-major Enterprise Funds	Totals	Funds	
		Recreation	Enterprise Funds			
<i>Transfers:</i>						
Transfers (Out)						
<i>Total Transfers</i>						
245,337		(25,035)	5,554	225,856		
<b>7,255,860</b>		<b>1,798,023</b>	<b>176,321</b>	<b>9,230,204</b>		
<b>\$ 7,501,197</b>	<b>\$ 1,772,988</b>	<b>\$ 181,875</b>	<b>\$ 9,456,060</b>	<b>\$ 2,072,194</b>		
<b>CHANGE IN NET ASSETS</b>						
<b>TOTAL NET ASSETS - BEGINNING</b>						
<b>TOTAL NET ASSETS - ENDING</b>						

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

21

(CONCLUDED)

**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended June 30, 2004**

	Enterprise Funds					Internal Service Funds
	Quonset/ Davisville	Non-major Enterprise Funds	Totals			
Water	Recreation					
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Cash received from customers	\$ 2,282,079	\$ 1,553,936	\$ 1,259,978	\$ 5,095,993		
Cash paid to suppliers	(986,269)	(365,828)	(1,278,899)	(2,630,996)		
Cash paid to employees	(824,814)	(642,274)				
Cash paid for claims						
Cash paid for other operating expenses						
<b>Net cash provided by (used for) operating activities</b>	<b>470,996</b>	<b>545,834</b>	<b>(18,921)</b>	<b>997,909</b>	<b>(117,525)</b>	
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>						
Acquisition of capital assets	(518,292)	(25,500)				(543,792)
Principal paid on bonds	(96,632)	(30,812)				(127,444)
Interest paid on bonds	(24,212)	(20,310)				(44,522)
<b>Net cash used for capital and related financing activities</b>	<b>(639,136)</b>	<b>(76,622)</b>	<b>-</b>	<b>(715,758)</b>	<b>0</b>	
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>						
Decrease in due to other funds	-					
Transfer to general fund						
<b>Net cash provided by (used for) noncapital financing activities</b>	<b>-</b>	<b>(278,383)</b>	<b>0</b>	<b>(278,383)</b>	<b>(8,556)</b>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Interest on investments						
<b>Net cash provided by investing activities</b>	<b>58,036</b>	<b>8,802</b>	<b>791</b>	<b>67,629</b>	<b>38,803</b>	
	<b>58,036</b>	<b>8,802</b>	<b>791</b>	<b>67,629</b>	<b>38,803</b>	

(CONTINUED)

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

**TOWN OF NORTH KINGSTOWN**

**C - 3**

**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended June 30, 2004**

	Enterprise Funds				Internal Service Funds
	Quonset/ Davisville	Non-major Enterprise Funds	Totals		
Water	Recreation	Enterprise Funds			
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(110,104)	199,631	(18,130)	71,397	(87,278)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	4,039,273	793,837	102,976	4,936,086	2,409,005
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 3,929,169</b>	<b>\$ 993,468</b>	<b>\$ 84,846</b>	<b>\$ 5,007,483</b>	<b>\$ 2,321,727</b>
<i>Reconciliation of operating loss to net cash provided by (used for) operating activities:</i>					
Operating income (loss)	\$ 211,513	\$ 264,856	\$ 4,763	\$ 481,132	\$ (24,887)
Adjustments to reconcile:					
Depreciation	227,039	223,628	1,728	452,395	
(Increase) decrease in accounts receivable	(71,613)	571	(36,675)	(107,717)	
(Increase) decrease in inventory	8,180	428	(97)	8,511	
(Increase) decrease in other assets	-		-	-	
123,864	27,593	11,360	162,817	9,766	
Increase (decrease) in accounts payable	-		-		
Increase (decrease) in accrued payroll	-				
Decrease in claims payable	-				
Increase in deferred revenue	-				
Increase (decrease) in compensated absences payable	(214)	3,195	24,992		
Increase (decrease) in other liabilities	(27,773)	571	2,981	(27,202)	
<b>Net cash provided by (used for) operating activities</b>	<b>\$ 470,996</b>	<b>\$ 545,834</b>	<b>\$ (18,921)</b>	<b>\$ 997,909</b>	<b>\$ (117,525)</b>

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

23

(CONCLUDED)

**TOWN OF NORTH KINGSTOWN**

**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2004**

	Police Pension Trust	Private Purpose Trust Funds	Agency Funds
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 83	\$ 31,655	\$ 467,998
Investments	3,804,492		
Due from other funds			554,564
<b>Total assets</b>	<b>\$ 3,804,575</b>	<b>\$ 31,655</b>	<b>\$ 1,022,562</b>
<b>LIABILITIES:</b>			
Due to student groups			\$ 224,620
Payroll withholdings			651,375
Deposits held in custody for others			146,567
<b>Total liabilities</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,022,562</b>
<b>NET ASSETS:</b>			
Reserved for principal		31,655	
Reserved for employee retirement	3,804,575		
<b>Total net assets</b>	<b>\$ 3,804,575</b>	<b>\$ 31,655</b>	<b>\$ 0</b>

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

**TOWN OF NORTH KINGSTOWN**

**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**Year Ended June 30, 2004**

	Police Pension Trust	Private Purpose Trust Funds
<b>ADDITIONS:</b>		
<b>Investment income:</b>		
Interest, dividends and gains	\$ 165,084	\$ 427
Net increase (decrease) in fair value of investment	(191,646)	
Total investment earnings	(26,562)	427
Less investment expense	20,316	
<b>Net investment earnings</b>	<b>(46,878)</b>	<b>427</b>
<b>Other income</b>		0
<b>Total additions</b>	<b>(46,878)</b>	<b>427</b>
<b>DEDUCTIONS:</b>		
Benefits paid	253,134	
Administrative expenses	6,113	
Per trust agreements		61
<b>Total deductions</b>	<b>259,247</b>	<b>61</b>
<b>CHANGE IN NET ASSETS</b>	<b>(306,125)</b>	<b>366</b>
<b>Net Assets - beginning</b>	<b>4,110,700</b>	<b>31,289</b>
<b>Net Assets - ending</b>	<b>\$ 3,804,575</b>	<b>\$ 31,655</b>

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

**TOWN OF NORTH KINGSTOWN, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting methods and procedures adopted by the Town of North Kingstown, Rhode Island conform to generally accepted accounting principles (GAAP) as applied to governmental entities. The following notes to the basic financial statements are an integral part of the Town's Comprehensive Annual Financial Report.

**REPORTING ENTITY**

The Town of North Kingstown was incorporated in 1674. The Town is governed largely under the 1954 North Kingstown Home Rule Charter. In some matters, including the issuance of short and long-term debt, the Town is governed by the general laws of the State of Rhode Island. The Town operates under a Town Council form of Government and provides the following services as authorized by its charter: Public Safety (police, fire, civil preparedness, animal control and harbors and wharfs), Public Works (engineering, highways and facilities maintenance), Water Supply, Code Enforcement, Library, Education, Social Services and General Administration Services.

The Town complies with generally accepted accounting principles (GAAP). Generally accepted accounting principles (GAAP) include all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide Statement of Net Assets and Statement of Activities, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. Enterprise funds also apply the same principles. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement No. 14. Under GASB Statement No. 14, the financial reporting entity includes both the primary government and all of its component units. Component units are legally separate entities that meet any one of the following three tests:

Test 1 - The primary government appoints the voting majority of the board of the potential component unit and

- \* is able to impose its will on the potential component unit and/or
- \* is in a relationship of financial benefit or burden with the potential component unit;

Test 2 - The potential component unit is fiscally dependent upon the primary government; or

Test 3 - The financial statements would be misleading if data from the potential component unit were not included.

(CONTINUED)

**TOWN OF NORTH KINGSTOWN, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The following entities were considered for classification as component units for fiscal year 2004:

- \* North Kingstown School Department
- \* North Kingstown Public Library

Although the North Kingstown School Department met certain criteria of the tests listed above, it is not deemed to have separate legal status apart from the Town. As a result, the financial data of the North Kingstown School Department has been included as a major special revenue fund within the Town's financial statements.

The North Kingstown Free Library Corporation, a not for profit agency was formed in July of 1993. The library supports the charitable, scientific and educational purposes of the North Kingstown Library a non-major fund of the Town of North Kingstown. Accordingly, the Library is included as discretely presented component unit in the financial statements of the Town. The North Kingstown Free Library Corporation issued a separate financial statement dated February 6, 2004, for their fiscal year ended December 31, 2003. A copy of this report can be obtained by contacting the North Kingstown Free Library Corporation, 80 Boston Neck Road, North Kingstown, RI, 02852.

***Recently Issued Accounting Standards***

The Town has implemented GASB Statement No. 39 – Determining Whether Certain Organizations are Component Units – an Amendment of GASB Statement No. 14. The North Kingstown Free Library Corporation has been determined to be a Component unit of the Town.

The Town will adopt the following new accounting pronouncements in future years:

- ✓ GASB Statement No. 40 – Deposits and Investment Risk Disclosures, effective for the Town's fiscal year ending June 30, 2005.
- ✓ GASB Statement No. 42 – Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries, effective for the Town's fiscal year ending June 30, 2006.
- ✓ GASB Statement No. 45 – Accounting and Financial Reporting by Employees for Post-employment Benefits Other Than Pensions, effective for the Town's fiscal year ending June 30, 2008.

The impact of these pronouncements on the Town's financial statements has not been determined.

***Basis of Presentation***

***Government-Wide Financial Statements***

The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

(CONTINUED)

**TOWN OF NORTH KINGSTOWN, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Basis of Presentation (Continued)***

***Fund Financial Statements***

Fund financial statements of the reporting entity are organized into funds each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a) Total assets, liabilities, revenues, or expenditures/expenses of that individual, governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b) Total assets, liabilities, revenues, or expenditures/expenses of the individual, governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

***Governmental Funds***

**General Fund**

The General Fund is the primary operating fund of the Town and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

**Special Revenue Funds**

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally or administratively restricted to expenditures for certain purposes.

**Capital Project Funds**

Capital Project Funds are used to account for resources restricted for the acquisition or construction of specific capital projects or items.

**Permanent Funds**

The Permanent Funds account for assets held by the Town pursuant to trust agreements. The principal portion of this fund type must remain intact, but the earnings may be used to achieve the objectives of the fund.

(CONTINUED)

**TOWN OF NORTH KINGSTOWN, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Governmental Funds (Continued)***

**Proprietary Funds**

Proprietary funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. Operating revenues of the Proprietary Funds consist of customer/taxpayer charges for uses and services and certain other miscellaneous revenues. All other revenues of the Proprietary Funds are considered non-operating sources of revenue. Operating expenses for the enterprise funds includes costs of providing services, including administration and depreciation on capital assets. All other expense items not meeting the above criteria is reported as non operating expenses. The Town has two internal service funds which are used to pay insurance expenses relating to workers and non workers compensation claims.

**Debt Service Fund**

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest, other than those payable from Enterprise Funds.

***Fiduciary Funds (Not included in government-wide statements)***

**Agency Funds**

Agency funds account for assets held by the Town in a purely custodial capacity. The reporting entity includes four agency funds. Since agency funds are custodial in nature (i.e. assets equal liabilities), they do not involve the measurement of results of operations. The agency funds are as follows:

- Student Activity Funds	- School Payroll Fund
- Payroll Fund	- Developer Surety Escrow

***Major and Non-Major Funds***

The funds are further classified as major or non-major as follows:

<u>Fund</u>	<u>Brief Description</u>
-------------	--------------------------

***Major:***

General Fund: See above for description

***Special Revenue:***

School Unrestricted Fund	this fund is used to report all financial transactions of the North Kingstown School Department, which are not legally required to be accounted for separately.
--------------------------	---

(CONTINUED)

**TOWN OF NORTH KINGSTOWN, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Major and Non-Major Funds (Continued)***

**Proprietary:**

Water Fund	Accounts for the supply of water to the Town
Quonset/Davisville Recreation Fund	Accounts for the golf course operations

<u>Fund</u>	<u>Brief Description</u>
<b>Non-Major:</b> Special Revenue:	Beachwood House Senior Center Equipment Escrow, Miscellaneous Federal Grants, State Council on the Arts Grant, Non Civic Detail Escrow Fund, Governor's Justice Commission, Special Purpose Donations, Miscellaneous Senior Citizens Grant, CDBG Grants, Land Dedication Escrow, Fire Alarm Cable, State Elderly Affairs Grant, State Grants – Police Department, Seized and Forfeited Property Escrow, Local Law Enforcement Block Grant, Groundwater Education Donation, School Department Substance Abuse Donations, Infrastructure Replacement, URI Septic Loan Program, Community Center Maintenance, Heritage Committee, Senior Center Legislative Grant, Impact Fees, Emergency Medical Services, Welfare Emergency Fund, RIDEM Potowomut Pond Clean-up, Fire Department Legislative Grant, Tax Revaluation Reserve Fund, Miscellaneous State Water Department Grants, Miscellaneous State Grants, Davisville Library Fund, Champlin Foundation Fund, Library Fund, Willet Library Fund, RI Emergency Management, Miscellaneous Library Donations, Wilson Park, Retirement Allowance Reserve Fund, Health Insurance Reserve, Anne Ward Wallou Memorial Garden, Surplus Property Escrow, Old Library Park, Senior Citizens Center, Senior Citizens Bus Gasoline Escrow, Arts Council, Senior Outreach Escrow, Project D.A.R.E., Leisure Services Brochure, Recreation Escrow, Parade Committee, School Public Law 94-142, School Title I, School Title V, School Title II, Drug Free Schools, School Title II Technology, School Preschool Services, School Department of Health, School Innovative NEA Science, School Davisville Family Center, School Child Opportunity Zone Family Center, School Parent Information Network II, School Substance Abuse, School Literacy Set-Aside, School, School COZ Miscellaneous Donations, School Support System IDEA, School Even Start Family Literacy, School CDBG, School Parent Information Network, School COZ Miscellaneous Donations, School Adult Education Fund, School Summer School Fund, School Sports Camp, School Support System IDEA, School LCI Enhancing Education through Technology, School SAEPP Demonstration Site, School DMS Chesapeake Bay Program.

(CONTINUED)

**TOWN OF NORTH KINGSTOWN, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Major and Non-Major Funds (Continued)***

<u>Fund</u>	<u>Brief Description</u>
Debt Service Fund	
Capital Projects:	Capital Reserve, School Capital Reserve Fund, 6.5 School Additions Bond, 6M Public Facilities Plan Bond, Farmland & Open Space Reserve, 2.3M Athletic Facilities Bond Fund, High School Bond Fund
Permanent Funds:	Tri-Centennial Park, 400 <sup>th</sup> Anniversary, School Updike Fund, School Gardiner Fund, School Library Fund, School Tennis Fund, Henry Reynolds Indigent Care, Henry Reynolds Outside Poor Fund, John J. Spink Outside Poor Fund, Thomas Casey Outside Poor Fund, Elizabeth Miller Library Fund, William D. Davis Library Fund, Veterans Memorial Scholarship, John B. Spink Outside Poor Fund.
Private Purpose Trust Funds:	Hall, Vaughn, Young, Rebecca Hammond, W.H. Welling, George C. Hall, B.H. Davis, Updike, Mary Carpenter, Smith-Lawton, Old Baptist Cemetery, Smith, Lawton, Weeks, E. Rogers/C. Levalley, Cogan, Jones.
Enterprise Funds:	Quonset/Dasiville Reserve Fund, School Lunch Fund

***Measurement Focus***

On the government-wide Statement of Net Assets and the Statement of Activities both governmental and business-like activities are presented using the economic resources measurement focus as defined in item (b) below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- (a) All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period. The Town considers property taxes as available if they are collected within 60 days after year end.
- (b) All proprietary funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of net income, financial position and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.

---

(CONTINUED)

**TOWN OF NORTH KINGSTOWN, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Measurement Focus (Continued)***

(c) Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

***Basis of Accounting***

In the government-wide Statement of Net Assets and Statement of Activities both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available". Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days thereafter to pay current liabilities. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

All proprietary funds, private purpose trust funds and agency funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

Amounts reported as program revenues include charges to customers or applicants for goods, services or privileges provided and operating grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

***Cash Equivalents***

For purposes of the cash flow statement, the proprietary funds consider all investments with original maturities of three months or less when purchased to be cash equivalents.

***Accounts Receivable***

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include property taxes and intergovernmental receivables. Business-type activities report service fees as its major receivables.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as property taxes and grants and other similar intergovernmental revenues since they are usually both measurable and available. Non-exchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivables are based upon historical trends and the periodic aging of accounts receivable. The allowance for uncollectible accounts receivable amounted to \$490,000 at June 30, 2004. Major receivable balances for the governmental activities include property taxes (68% of balance). Business-type activities report service fees as its major receivables.

(CONTINUED)

**TOWN OF NORTH KINGSTOWN, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Property Taxes***

Real and personal property taxes are based on values assessed as of each December 31 (lien date) and attach as an enforceable lien on property as of July 1 (levy date). Taxes are due in equal quarterly installments on July 1, October 1, January 1 and April 1, annually. Taxes due and unpaid after the respective due dates are subject to interest rate at the rate of 12% per annum calculated on the unpaid portion of the total tax. An automatic lien is placed on the taxpayer's property if payment has not been received by the tax due date. Property taxes levied are recorded as receivables in the fiscal year of levy. Property tax revenues are recorded in accordance with the modified accrual basis of accounting in the fund financial statements.

***Encumbrances***

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in governmental funds. Open encumbrances at year-end are reported as reservations of fund balance since they do not constitute expenditures or liabilities.

Certain unexpended and unencumbered appropriations for incomplete projects are carried over to succeeding years. Such continuing appropriations are accounted for similar to encumbrances. Other unencumbered appropriations lapse at year end.

***Investments***

In accordance with GASB No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments are reported at fair value.

***Compensated Absences***

Under the terms of various contracts and policies, Town employees are granted vacation and sick leave based on length of service. The Town's policy is to recognize the cost of vacation and sick leave in governmental funds when paid and on the accrual basis in proprietary funds. The amount of earned but unpaid vacation and sick leave relating to governmental fund employees is recorded as long-term debt in the government-wide financial statements.

***Judgments and Claims***

Liabilities for legal cases and other claims against governmental funds are recorded when the ultimate liability can be estimated and such cases are expected to be liquidated with expendable available financial resources. Proprietary fund types record these liabilities using the accrual basis of accounting.

***Inventory***

Proprietary fund inventory is stated at cost (first-in, first-out). Inventory consists primarily of materials and supplies. Inventory maintained in governmental funds is recorded as expenditures at the time of purchase.

(CONTINUED)

**TOWN OF NORTH KINGSTOWN, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Property, Plant and Equipment***

The accounting treatment over property, plant and equipment (fixed assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

**Government-Wide Financial Statements**

In the government-wide financial statements, fixed assets are accounted for as capital assets. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets, which are recorded at their estimated fair value at the date of donation.

As of June 30, 2004, the Town's infrastructure assets placed in service prior to July 1, 2002 have not been capitalized and reported within the financial statements. The Town is in the process of developing the information necessary to report all pre-existing infrastructure assets (including roads) within its future financial statements.

Capital assets are defined by the Town, as assets with an initial individual cost of \$5,000 or more and an estimated useful life in excess of one year.

Depreciation of all exhaustible capital assets is recorded, as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings .....	10 – 50 years
Equipment.....	3 – 20 years
Property and leasehold improvements .....	5 – 10 years
Furniture.....	5 – 10 years
Vehicles and golf carts.....	3 – 4 years

**Fund Financial Statements**

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide financial statements.

***Deferred Revenues***

In the government-wide financial statements, deferred revenues represent funds received in advance of being earned/owed or receivables which will be collected and included in revenues of future fiscal years. In the General Fund, (of the financial statements), deferred revenues include property tax receivables which are assessed on December 31, 2002 and prior and are not collected within 60 days of June 30, 2004. Net deferred taxes included in the fund financial statements were \$3,031,880.

(CONTINUED)

**TOWN OF NORTH KINGSTOWN, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Interfund Transactions***

Interfund activity within and among the funds of the Town have been classified and reported as follows:

- Reciprocal interfund activities:
  - Interfund loans are reported as interfund receivables in the lending fund and interfund payables in borrower funds.
  - Interfund services are reported as revenues in the seller fund and as expenditures on expenses in the purchasing fund.
- Non-reciprocal interfund activities:
  - Interfund transfers are reported in governmental funds as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers. In proprietary funds, transfers are reported after nonoperating revenues and expenses.
  - Interfund reimbursements are repayments from the fund responsible for particular expenditures or expenses to other funds that initially paid for them. Reimbursements are not displayed separately within the financial statements.
  - Interfund transactions are accounted for as expenditures/expenses when they constitute reimbursements from one fund to another. These transactions are recorded as expenditures/expenses in the reimbursing fund and are recorded as reductions of expenditures/expenses in the fund receiving the reimbursement. All other interfund transactions are reported as transfers.

***Self-Insurance***

The Town's self-insurance costs for health and general liabilities are accounted for in the Town's internal service funds. Claims incurred but not paid, including those which have not been reported, are accounted for as expenses and accrued claims in those funds when a liability has been incurred.

***Equity Classifications***

**Government-Wide Statements**

Equity is classified as net assets and displayed in three components:

- (a) Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

(CONTINUED)

**TOWN OF NORTH KINGSTOWN, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Equity Classifications (Continued)***

**Government-Wide Statements (Continued)**

- (b) Restricted net assets - Consists of net assets with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- (c) Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

**Fund Financial Statements**

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the government-wide statements.

***Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and the Government-wide Statement of Activities***

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances – total governmental funds and changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense." The details of this \$(864,495) difference are as follows:

Capital outlays (net of disposals).....	\$ 948,466
Depreciation expense .....	<u>(1,812,961)</u>
Net adjustment.....	<u>\$ (864,495)</u>

Another element of that reconciliation states that "the issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net assets." The details of this \$3,090,190 difference are as follows:

Increase in Accrued Interest.....	\$ (60,981)
Increase in liability for Compensated Absences.....	(184,836)
Principal repayments .....	<u>3,336,007</u>
Net adjustment.....	<u>\$3,090,190</u>

(CONTINUED)

**TOWN OF NORTH KINGSTOWN, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Change in Accounting Method***

For the year ended June 30, 2003 Medicaid revenue was net of related education expense. For the year ended June 30, 2004 the Medicaid revenue is included in other revenue, and the related expense is included in education.

***Fund Reclassification***

For the year ended June 30, 2004 various permanent funds were reclassified to a special revenue fund, both funds use the same basis of accounting and therefore no adjustment to fund balance was made.

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

***Legal Debt Margin***

The Town's legal debt margin as set forth by State Statute is limited to three percent of total assessed value which approximates \$64,889,465. As of June 30, 2004, the Town had \$785,402 of debt outstanding subject to the Maximum Aggregate Indebtedness provision (3% Debt Limit) of the Rhode Island General Laws 45-12-2. All other Town debt has been incurred through special statutory authority which consists of approval by the legislature and voter referendum.

**3. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2004 was as follows:

<b>PRIMARY GOVERNMENT</b>				
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b><i>Governmental activities:</i></b>				
<b><i>Capital assets not being depreciated:</i></b>				
Library collections .....	\$ 2,912,429			\$ 2,912,429
Land .....	5,372,113			5,372,113
<b>Total capital assets not being depreciated</b> .....	<b><u>\$ 8,284,542</u></b>			<b><u>\$ 8,284,542</u></b>
<b><i>Other capital assets:</i></b>				
Buildings .....	\$46,629,105	\$ 17,100	\$ 0	\$46,646,205
Equipment.....	8,204,491	948,692	145,259	9,007,924
<b>Total other capital assets at historical cost</b> .....	<b><u>54,833,596</u></b>	<b><u>965,792</u></b>	<b><u>145,259</u></b>	<b><u>55,654,129</u></b>
Less: accumulated depreciation for:				
Buildings .....	(11,078,773)	(1,095,215)		(12,173,988)
Equipment.....	(5,132,378)	(717,746)	127,933	(5,722,191)
<b>Total accumulated depreciation</b> .....	<b><u>(16,211,151)</u></b>	<b><u>(1,812,961)</u></b>	<b><u>127,933</u></b>	<b><u>(17,896,179)</u></b>

(CONTINUED)

**TOWN OF NORTH KINGSTOWN, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

**3. CAPITAL ASSETS (Continued)**

<b>PRIMARY GOVERNMENT</b>				
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Other capital assets, net .....</b>	<u>38,622,445</u>	<u>(847,169)</u>	<u>(17,326)</u>	<u>37,757,950</u>
<b>Governmental activities capital assets, net .....</b>	<u>\$46,906,987</u>	<u>\$(847,169)</u>	<u>\$(17,326)</u>	<u>\$46,042,492</u>
<b>Business-type activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land .....	<u>\$ 584,470</u>			<u>\$ 584,470</u>
<b>Total capital assets not being depreciated .....</b>	<u>\$ 584,470</u>			<u>\$ 584,470</u>
<b>Other capital assets:</b>				
Buildings .....	<u>\$ 8,528,258</u>	<u>\$ 168,097</u>		<u>\$ 8,696,355</u>
Property and leasehold improvements .....	<u>525,672</u>			<u>525,672</u>
Furniture and equipment.....	<u>1,659,203</u>	<u>333,556</u>		<u>1,992,759</u>
Vehicles and golf carts.....	<u>697,728</u>	<u>91,775</u>	<u>\$ 49,640</u>	<u>739,863</u>
<b>Total other capital assets at historical cost .....</b>	<u>11,410,861</u>	<u>593,428</u>	<u>49,640</u>	<u>11,954,649</u>
Less: accumulated depreciation for:				
Buildings .....	<u>(4,603,614)</u>	<u>(148,787)</u>		<u>(4,752,401)</u>
Property and leasehold improvements .....	<u>(444,438)</u>	<u>(129,227)</u>		<u>(573,665)</u>
Furniture and equipment.....	<u>(1,253,289)</u>	<u>(78,842)</u>		<u>(1,332,131)</u>
Vehicles and golf carts.....	<u>(559,409)</u>	<u>(95,539)</u>		<u>(654,948)</u>
<b>Total accumulated depreciation .....</b>	<u>(6,860,750)</u>	<u>(452,395)</u>		<u>(7,313,145)</u>
<b>Other capital assets, net .....</b>	<u>4,550,111</u>	<u>141,033</u>	<u>0</u>	<u>4,641,504</u>
<b>Business-type activities capital assets, net.....</b>	<u>\$ 5,134,581</u>	<u>\$ 141,033</u>	<u>\$ 0</u>	<u>\$ 5,225,974</u>

Depreciation expense was charged to functions as follows:

**Governmental activities:**

General government .....	\$ 54,451
Public safety.....	266,513
Public works.....	165,962
Education .....	1,185,651
Parks and recreation.....	9,762
Public libraries.....	122,697
Senior services .....	7,925
<b>Total governmental activities depreciation expense .....</b>	<u>1,812,961</u>

**Business-type activities:**

**Major Funds:**

Water .....	227,039
Quonset/Davisville Recreation.....	223,628
Non-major enterprise funds .....	1,728
<b>Total business-type activities depreciation expense.....</b>	<u>452,395</u>

(CONTINUED)

**TOWN OF NORTH KINGSTOWN, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

**4. PROPERTY TAXES**

The Town is responsible for assessing, collecting, and distributing property taxes in accordance with enabling state legislation.

Net property taxes levied for the fiscal year 2004 were based on a net assessed value of approximately \$2,190,000,000 at December 31, 2002 and amounted to \$51,861,710. Collections through June 30, 2004 amounted to \$49,906,474, which represents approximately 98.12% of the total tax levy.

The Town recognizes property tax revenues in accordance with Section P70, "Property Taxes" of the Codification of Governmental Accounting and Financial Reporting Standards on the Fund statements. Unpaid property taxes as of June 30, 2004 (\$1,170,009) are recorded as a receivable, net of an allowance for uncollectible property taxes of \$490,000. Those net property taxes receivable which were not collected within the 60 days immediately following June 30, 2004 are recorded as deferred revenue and amounted to \$852,819 at June 30, 2004. Property taxes recognized as revenue on the Fund statements for the fiscal year ended June 30, 2004 (due to their collection within the 60 days immediately following June 30, 2004) amounted to \$317,190.

On June 30, 2004, the Town levied property taxes for its next fiscal year based on the December 31, 2003 assessment as follows (unaudited):

	<u>Taxable Assessment</u>	<u>Exemptions</u>	<u>Net Taxable Assessments</u>	<u>Rate Per \$1,000</u>	<u>Net Levy</u>
Real property .....	\$3,373,797,470	\$59,042,215	\$3,314,755,255	\$14.38	\$47,688,260
Motor vehicle .....	221,425,702	94,335,027	127,090,675	22.04	2,760,868
Tangible property.....	84,417,360	659,202	83,758,158	14.38	1,207,054
Total.....	<u>\$3,679,640,532</u>	<u>\$153,926,444</u>	<u>\$3,525,604,088</u>		<u>\$51,656,182</u>

Taxes are due in equal quarterly installments on July 1, October 1, January 1, and April 1 during the fiscal year.

**5. CASH DEPOSITS**

At June 30, 2004, the carrying amount of the Town's deposits was \$29,487,134, while the bank balance was \$29,878,563. Of the balance, \$500,000 was covered by federal depository insurance and \$28,378,563 was uninsured. The uninsured balance includes \$15,222,892 which is collateralized and \$13,155,671 which is uncollateralized.

***Reconciliation to Government-wide Statement of Net Assets:***

Unrestricted cash, including time deposits .....	\$29,487,134
Less: Fiduciary funds cash, including time deposits (not included in the government-wide statement) .....	(499,736)
<b>Total cash and cash equivalents on A-1 .....</b>	<b><u>\$28,987,398</u></b>

(CONTINUED)

**TOWN OF NORTH KINGSTOWN, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

**6. INVESTMENTS**

The Town invests in various types of investments which are stated at fair value. The Finance Director has control over the type of investments made. The Town Charter nor any other legally contracted agreement limits the type of investments that may be made.

The Town's investment holdings include collateralized mortgage obligations (CMO's), which are a form of a mortgage backed security commonly termed a derivative. These securities are used in part to maximize yields and in part to hedge against a rise in interest rates. These securities are based on cash flows from interest payments on underlying mortgages. Therefore, they are sensitive to prepayments by mortgagees, which may result from a decline in interest rates. For example, if interest rates decline and homeowners refinance mortgages, thereby prepaying the mortgages underlying these securities, the cash flows from interest payments are reduced and the value of these securities decline. Likewise, if homeowners pay on mortgages longer than anticipated, the cash flows are greater and the return on the initial investment would be higher than anticipated.

<u>Description</u>	<u>Fair Value</u>
U.S. Government agency	
Obligations .....	\$1,460,961
Corporate obligations .....	1,563,682
Collateralized mortgage obligations.	<u>779,848</u>
Total investments.....	<u><u>\$3,804,492</u></u>

**Reconciliation to Government-wide Statement of Net Assets:**

Unrestricted investments .....	\$3,804,492
Less: Fiduciary fund investments (not included in government-wide statement)...	<u>(3,804,492)</u>
<b>Total cash and cash equivalents on A-1 .....</b>	<b><u>\$ 0</u></b>

**7. LONG-TERM LIABILITIES**

**(a) Long-Term Liability Activity**

Long-term liability activity for the year ended June 30, 2004 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<b><i>Governmental Activities:</i></b>					
<b><i>Long-term debt:</i></b>					
General obligation debt.....	\$51,213,233		(\$3,309,190)	\$47,904,043	\$3,309,192
Lease payable .....	26,817		(26,817)	0	0
<b>Total long-term debt .....</b>	<b><u>51,240,050</u></b>		<b><u>(3,336,007)</u></b>	<b><u>47,904,043</u></b>	<b><u>3,309,192</u></b>
<b><i>Other long-term liabilities:</i></b>					
Compensated absences .....	1,993,698	\$1,206,372	(1,021,536)	2,178,534	163,000
<b>Total other long-term liabilities .....</b>	<b><u>1,993,698</u></b>	<b><u>1,206,372</u></b>	<b><u>(1,021,536)</u></b>	<b><u>2,178,534</u></b>	<b><u>163,000</u></b>
<b><i>Governmental activities:</i></b>					
Long-term liabilities.....	<u>\$53,233,748</u>	<u>\$1,167,664</u>	<u>(\$4,357,543)</u>	<u>\$50,082,577</u>	<u>\$3,472,192</u>

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

**7. LONG-TERM LIABILITIES (Continued)**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
--	--------------------------	------------------	-------------------	-----------------------	------------------------------------

***Business-type Activities:***

<b>Long-term debt:</b>	
General obligation debt.....	\$ 912,846
<b>Total long-term debt.....</b>	<b>912,846</b>

***Other long-term liabilities:***

Compensated absences.....	92,589
<b>Total other long-term liabilities.....</b>	<b>92,589</b>

***Business-type activities:***

Long-term liabilities.....	\$1,005,435

Payments on all long-term debt and other long-term liabilities that pertain to the Town's governmental activities are made by the Debt Service Fund and General Fund.

**(b) Debt Maturity**

Debt service requirements at June 30, 2004 were as follows:

**GOVERNMENTAL ACTIVITIES**

**General Obligation Debt**

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>
2005 .....	\$ 3,309,192	\$ 2,396,211
2006 .....	3,274,192	2,253,160
2007 .....	2,949,192	2,098,836
2008 .....	2,869,192	1,951,050
2009 .....	2,789,192	1,819,422
2010 - 2014 .....	12,715,957	7,143,814
2015 - 2019 .....	10,377,126	4,199,403
2020 - 2024 .....	6,980,000	1,770,490
2025 - 2026 .....	2,640,000	155,100
<b>Total .....</b>	<b>\$47,904,043</b>	<b>\$23,787,486</b>

(CONTINUED)

**TOWN OF NORTH KINGSTOWN, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

**7. LONG-TERM LIABILITIES (Continued)**

**BUSINESS-TYPE ACTIVITIES**

<b>Year Ended June 30,</b>	<b>General Obligation Debt</b>
	<b>Principal</b>
	<b>Interest</b>
2005 .....	\$ 132,991
2006 .....	138,872
2007 .....	145,006
2008 .....	30,808
2009 .....	30,808
2010 - 2014 .....	154,043
2015 - 2019 .....	152,874
Total .....	<u>\$785,402</u>
	<u>\$214,410</u>

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

**7. LONG-TERM LIABILITIES (Continued)**

General long-term liabilities consists of the long-term liabilities that are not recorded as fund liabilities (i.e., debt of the proprietary fund). Amounts are as follows:

	Date of Issue	Amount Issued	Interest Rate	Maturity Date	Balance Outstanding 6/30/03	Additions	Retirements	Balance Outstanding 6/30/04
<b>General obligation debt:</b>								
\$7.885M GOB 1998 Series A	12/15/98	\$ 7,885,000	3.7 – 6%	12/15/99 – 18	\$ 6,305,000		\$ 395,000	\$ 5,910,000
Less: Q/D recreation portion of bond.....					(491,767)		(30,810)	(460,957)
\$3.3M GOB 1998 Series B	12/15/98	3,300,000	3.0 – 5.5%	7/15/99 – 07	1,445,000	440,000		1,005,000
Refunding Bond .....	12/15/92	800,000	6.3 – 8.5%	12/15/92 – 06	290,000	65,000		225,000
\$800,000 Bond .....	5/15/96	5,950,000	5.0 – 6.0%	8/01/97 – 11	3,555,000	395,000		3,160,000
\$5.95 M GOB .....	6/15/99	1,505,000	4.8 – 7.0%	6/15/00 – 19	1,310,000	55,000		1,255,000
\$1.505 M GOB .....	12/1/99	33,000,000	5.25 – 5.875%	10/01/01 – 25	30,360,000	1,320,000		29,040,000
\$3.3M GOB .....	9/15/00	3,835,000	4.75 – 6.5%	9/15/01 – 20	3,445,000	195,000		3,250,000
\$3.835 M GOB .....	6/15/01	3,845,000	3.75 – 5.5%	6/15/02 – 16	3,295,000	275,000		3,020,000
\$3.845 M GOB .....	12/15/01	1,900,000	3.5 – 4.35%	12/15/02 – 11	1,700,000	200,000		1,500,000
<b>Total general obligation debt.....</b>		<b>62,020,000</b>			<b>51,213,233</b>		<b>3,309,190</b>	<b>47,904,043</b>
<b>Lease payable:</b>								
John Deere Credit .....	10/20/99	<u>122,545</u>	<u>5.6%</u>	<u>10/20/99 – 03</u>	<u>26,817</u>		<u>26,817</u>	<u>0</u>
<b>Total long-term liabilities ..</b>		<b>\$62,142,545</b>				<b>\$51,240,050</b>	<b>\$0</b>	<b>\$3,336,007</b>
Total interest expense paid on general long-term liabilities for the year ended June 30, 2004 was approximately \$2,564,590.								

(CONTINUED)

**TOWN OF NORTH KINGSTOWN, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

**8. INTERFUND RECEIVABLES AND PAYABLES**

Interfund receivable and payable balances at June 30, 2004 are as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
<b>General Fund</b> .....	<b>\$ 403,781</b>	<b>\$3,785,844</b>
<b>Special Revenue Funds:</b>		
Community Development Block Grants.....		6,205
Library Fund.....	107,212	
School Unrestricted Fund.....	1,990,242	518,830
Noncivic Detail Escrow Fund.....		98,818
Miscellaneous State Water Dept. Grants.....		7,625
Miscellaneous Federal Grants.....		236,521
IDEA.....		135,315
Tax Revaluation Reserve Fund.....		43,841
RI Parent Info Network.....		2,626
Even Start Family Literacy.....		12,202
Tutorial MCKCoz Homeless.....		3,654
Coz Family Center.....		41,554
RI Emergency Management.....		7,969
Comprehensive School Reform.....		11,616
Past V IDEA.....		208
School & Support System.....		3,355
Title IV Drug Free Schools.....		200
Title II.....		61,646
Title V.....		10,990
Title B.....		165,185
Willett Library.....		1,684
<b>Total special revenue funds</b> .....	<b>2,097,454</b>	<b>1,370,044</b>
<b>Debt service fund</b> .....		1,667,297
<b>Fiduciary Funds:</b>		
Payroll Fund.....	36,851	
School Payroll Fund.....	517,713	
<b>Total fiduciary funds</b> .....	<b>554,564</b>	
<b>Capital Projects:</b>		
School Capital Reserve Fund.....	432,792	
<b>Total capital projects</b> .....	<b>432,792</b>	
<b>TOTALS</b> .....	<b>\$5,155,888</b>	<b>\$5,155,888</b>

(CONTINUED)

**TOWN OF NORTH KINGSTOWN, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

**9. FUND EQUITY**

**(a) Reserves and Designations**

Reservations and designations of fund balances at June 30, 2004 were as follows:

**General Fund:**

Reserved for encumbrances.....	\$ 973,088
Reserved for COPS Grant .....	175,000
Designated for future expenditures.....	1,000,000

**Special Revenue Fund Types:**

Reserved for COPS grant.....	90,000
------------------------------	--------

**Debt Service Fund:**

Reserved for debt service .....	1,667,297
---------------------------------	-----------

**Fiduciary Fund Types:**

Reserved for trust principal .....	31,655
Reserved for employee retirement system.....	<u>3,804,575</u>

**Total reservations and designations of fund balances .....** **\$7,741,615**

**(b) Operating Transfers In and Out**

	<u>Transfers In</u>	<u>Transfers Out</u>
<b>Major Funds:</b>		
General fund .....	\$ 539,404	\$39,729,094
School unrestricted fund .....	34,709,274	55,000
Quonset/Davisville Recreation Fund .....		278,383
<b>Non-major Funds:</b>		
Special revenue funds .....	908,888	261,021
Debt service fund .....	4,426,154	378,682
Capital project funds .....		
Permanent funds.....		17,993
Library fund .....		500,000
School capital reserve.....	320,000	988,040
Capital reserve.....	304,493	
Internal service.....		
<b>Totals</b> .....	<u><b>\$41,708,213</b></u>	<u><b>\$41,708,213</b></u>

(CONTINUED)

**TOWN OF NORTH KINGSTOWN, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

---

**10. BONDS AUTHORIZED BUT UNISSUED**

Bonds authorized but unissued at June 30, 2004 are as follows:

Open Space/Farmland Bonds .....	\$2,840,000
Public Facilities Plan Bonds.....	1,290,000
Library .....	<u>350,000</u>
 <b>Total</b> .....	 <u>\$4,480,000</u>

**11. DEFINED BENEFIT PENSION PLANS**

**(a) General Municipal Employees' Pension Plan**

The Town of North Kingstown participates in the Municipal Employees' Retirement System of the State of Rhode Island ("System"), an agent multiple employer defined benefit plan. The System includes a normal plan for general employees and both a normal and optional plan for police and fire personnel. All full-time Town and non-certified School Department general employees participate in the System.

The payroll for employees covered by the System for the year ended June 30, 2004 was \$10,553,586 and the Town wide payroll was approximately \$45,175,828.

***Plan Description***

The following eligibility and benefit provisions are established by State Statute. The System generally provides retirement benefits equal to 2 percent of final average salary per year of service with a maximum benefit of 75 percent of final average salary. Final average salary is the three highest consecutive years of earned salary exclusive of overtime, bonuses or severance pay. Such benefits are available to members at least age 58 with 10 years of service or after 30 years regardless of age. The plan also provides non-occupational disability benefits after 5 years of service, occupational disability benefits with no minimum service requirement, survivors' benefits, and certain lump sum death benefits. Employees are vested in their retirement benefits on completion of 10 years of service. Benefits are established by State Statute.

***Contributions Required and Contributions Made***

General employees were required by State Statute to contribute 7% of their annual earnings until the maximum benefit (75 percent of final average salary) is accrued. The Town is required to contribute based on an actuarially computed amount and as provided by State Statute for each participating municipality. The actuarial method used is the entry age normal cost with part of each municipality's unfunded actuarial liability funded over a closed thirty year amortization period and the balance funded over the projected future payroll of active members. Due to large fluctuations in the contribution rates of certain municipalities, the plan has adopted a procedure which would allow a unit the option of paying a smoothed contribution rate. The smoothed contribution rate equals the previous fiscal year's contribution rate plus the greater of 2 percent or one eighth of the increase in contribution rate plus the cost of any benefit improvements. The actuarially determined contribution amount for the Town was determined as described above and was based on an actuarial valuation as of June 30, 2001.

---

(CONTINUED)

**TOWN OF NORTH KINGSTOWN, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

---

**11. DEFINED BENEFIT PENSION PLANS (Continued)**

**(a) General Municipal Employees' Pension Plan (Continued)**

The annual required contribution for the Town which equals the annual pension cost for the year ended June 30, 2004 was \$200,425 for general employees. This contribution represents 1.90% of covered payroll. General municipal employees were required to contribute \$738,414. This contribution represents 7% of covered payroll.

There were no current year changes in actuarial assumptions, benefit provisions, or actuarial funding method that would significantly affect the contribution requirement. Significant actuarial assumptions and other actuarial information are presented in the following required supplemental information.

***Trend Information***

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2002	\$0	100%	\$0
2003	\$0	100%	\$0
2004	\$200,425	100%	\$0

Trend information showing the System's progress in accumulating sufficient assets to pay benefits when due is presented in the State of Rhode Island's Employee Retirement System's June 30, 2003 annual financial report, which may be obtained from the administrative offices of the State of Rhode Island Retirement Board, 40 Fountain Street, Providence, Rhode Island. This report is the most recent report available from the State who administers the Plan.

**(b) Police and Fire Pension Plans**

***Town of North Kingstown Police Pension Fund Plan Description***

All retired police department personnel as of June 30, 1996 are covered by the Town of North Kingstown PERS. The Police Pension Fund is a single-employer defined benefit pension plan that was established by the Town in accordance with state statutes. Included in the plan are only 11 retired, 4 disabled and 4 beneficiaries. All active participants as of July 1, 1996 were transferred into the Employee's Retirement System of the State of Rhode Island.

As of June 30, 2004 employee membership data related to the pension plan is as follows:

Retirees and beneficiaries ..... 19

The following eligibility and benefit provisions are established or amended by the Administrator of the Plan, the Town of North Kingstown. The publicly available financial report may be obtained by writing to the Town of North Kingstown, 80 Boston Neck Road, North Kingstown, RI 02852-5767.

(CONTINUED)

**TOWN OF NORTH KINGSTOWN, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

**11. DEFINED BENEFIT PENSION PLANS (Continued)**

**(b) Police and Fire Pension Plans (Continued)**

**Town of North Kingstown Police Pension Fund Plan Description (Continued)**

The pension plan provides pension benefits, disability and survivorship benefits. A member may retire the first day of the month following the attainment of age 55 or completion of 20 years of service, if earlier. Benefits vest 100% after 10 years of service.

Compensation averaged over the 3 consecutive years out of the last 10 years producing the highest average prior to termination of employment or normal retirement date is used in determining pension benefits.

Upon the death of any regular and permanent police official or officer, 67.5% of the benefits paid to such policeman shall be paid to his dependent widow for her lifetime until she remarries or, if there is no widow or the widow remarries, then to his dependent children until they attain the age of eighteen.

The Police Pension Fund is presented on the accrual basis of accounting. Investment income is recognized as earned by the pension plan. Investments are valued at fair value. Neither the Town nor any individual employee is contributing to this plan.

The actuarial method used is the Entry Age Normal Actuarial Cost Method.

The net pension obligation was determined as part of an actuarial valuation at July 1, 2003. Significant actuarial assumptions used include:

a) Rate of return on investment of present and future assets compounded annually	7.5%
b) Projected salary increases attributable to inflation	N/A
c) Pre and post mortality tables	1994 Group Annuity Mortality Table.
d) Assumed retirement age	Later of attainment of age 50 or the completion of 20 years of service. Participants who are past this age are assumed to retire immediately.
e) Disability	N/A
f) Cost of living increase	None

No changes in actuarial assumptions have occurred since the prior valuation.

**Required Supplementary Information**

**Three-Year Trend Information**

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/02	\$0	N/A	\$0
6/30/03	\$0	N/A	\$0
6/30/04	\$0	N/A	\$0

Ten-year historical trend information is disclosed in the supplemental section of this report.

(CONTINUED)

**TOWN OF NORTH KINGSTOWN**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

---

**11. DEFINED BENEFIT PENSION PLANS (Continued)**

**(b) Police and Fire Pension Plans (Continued)**

***Municipal Police and Fire Pension Fund Plans***

The Town of North Kingstown participates in the Municipal Employees' Retirement System of the State of Rhode Island ("System"), an agent multiple employer defined benefit plan. The System includes a normal plan for general employees and both a normal and optional plan for police and fire personnel. All active participants as of July 1, 1996 were transferred into the Employee's Retirement System of the State of Rhode Island. All full-time police and fire personnel participate in the System.

The payroll for police and fire personnel covered by the System for the year ended June 30, 2004 was approximately \$2,259,294 and \$3,341,262, respectively. The Town wide payroll was approximately \$45,175,828.

***Basis of Accounting***

The financial statements of the MERS are prepared in accordance with generally accepted accounting principles using the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when incurred. Dividend income is recorded on the ex-dividend date. Interest income is accrued daily.

***Plan Description***

The following eligibility and benefit provisions are established by State Statute. The System provides the following retirement benefits to employees at or after age 55 with 10 years of service or after 25 years of service with no restriction on age:

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

**Fire** – 2.5% of final average salary per year of service with a maximum benefit of 75% of final average salary.

Final average salary is the three highest consecutive years of earned salary exclusive of overtime, bonuses or severance pay. The plan also provides non-occupational disability benefits after 5 years of service, occupational disability benefits with no minimum service requirement, survivors' benefits, and certain lump sum death benefits. Employees are vested in their retirement benefits on completion of 10 years of service. Retirees' benefits are adjusted annually by 3 percent, not compounded, to allow for increases in the cost of living.

(CONTINUED)

**TOWN OF NORTH KINGSTOWN, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

---

**11. DEFINED BENEFIT PENSION PLANS (Continued)**

**(b) Municipal Police and Fire Pension Plans (Continued)**

**Contributions Required and Contributions Made**

Police and fire personnel are required by State Statute to contribute 9% until the maximum benefit (75 percent of final average salary) is accrued. The Town is required to contribute based on an actuarially computed amount and as provided by State Statute for each participating municipality. The actuarial method used is the entry age normal cost with part of each municipality's unfunded actuarial liability funded over a closed thirty year amortization period and the balance funded over the projected future payroll of active members. Due to large fluctuations in the contribution rates of certain municipalities, the plan has adopted a procedure which would allow a unit the option of paying a smoothed contribution rate. The smoothed contribution rate equals the previous fiscal year's contribution rate plus the greater of 2 percent or one eighth of the increase in contribution rate plus the cost of any benefit improvements. The actuarially determined contribution amount for the Town was determined as described above and was based on an actuarial valuation as of June 30, 2001.

The annual required contribution for police and fire personnel for the Town which equals the annual pension cost for the year ended June 30, 2004 was \$526,398. These contributions represent 9.93% of covered payroll for fire personnel and 8.00% for police personnel. Police and fire personnel were required to contribute \$203,336 and \$300,574, respectively. This contribution represents 9% of covered payroll.

There were no current year changes in actuarial assumptions, benefit provisions, or actuarial funding method that would significantly affect the contribution requirements. Significant actuarial assumptions and other actuarial information are presented in the following required supplemental information.

***Trend Information***

**Municipal Police Pension Plan:**

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2002	\$ 0	100%	\$0
2003	\$ 7,375	100%	\$0
2004	\$187,158	100%	\$0

**Municipal Fire Pension Plan:**

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2002	\$ 55,920	100%	\$0
2003	\$204,137	100%	\$0
2004	\$339,240	100%	\$0

Trend information showing the System's progress in accumulating sufficient assets to pay benefits when due is presented in the State of Rhode Island's Employee Retirement System's June 30, 2003 annual financial report, which may be obtained from the administrative offices of the State of Rhode Island Retirement Board, 40 Fountain Street, Providence, Rhode Island. This report is the most recent report available from the State, who administers the Plan.

(CONTINUED)

**TOWN OF NORTH KINGSTOWN, RHODE ISLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

**11. DEFINED BENEFIT PENSION PLANS (Continued)**

**The information presented in the required supplementary schedules was determined as part of the annual actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:**

	<u>Municipal Police and Fire Pension Plan</u>	<u>General Municipal Employees Pension Plan</u>
Valuation Date .....	6/30/02	6/30/02
Actuarial Cost Method .....	Entry Age Normal Cost Level Percent Closed	Entry Age Normal Cost Level Percent Closed
Amortization Method .....	27 years	27 years
Remaining Amortization Period .....	5-year Smoothed Market Value	5-Year Smoothed Market Value
Asset Valuation Method .....		
Actuarial assumptions:		8.25%, compounded annually
Investment rate of return .....		8.25%, compounded annually
Projected Salary Increases .....		4.25% - 10.25%, compounded annually
Cost-of-living Adjustments .....		3.0% not compounded
Inflation Adjustments .....		3.0%
Participant Information .....	Active Employees Retirees and beneficiaries	354 126 <u>480</u>
		122 61 <u>183</u>

Note: COLA C was put into place for General Municipal Employees.  
 Fire and Police have adopted COLA Plan C and 20 year optional Police and Fire Plan.

(CONTINUED)

**TOWN OF NORTH KINGSTOWN, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

---

**11. DEFINED BENEFIT PENSION PLANS (Continued)**

**(c) Teacher's Pension Plan**

All North Kingstown School Department certified school personnel participate in the Employees' Retirement System of the State of Rhode Island ("System"), a cost-sharing multiple-employer defined benefit plan. The payroll for employees covered by the System for the year ended June 30, 2004 was \$22,968,488, which consisted of \$498,945 for employees charged to federal programs and \$22,469,543 for all other employees. The School Department's total payroll was approximately \$29,370,695. The Town wide payroll for the year ended June 30, 2004 was approximately \$45,175,828

***Plan Description***

The following eligibility and benefit provisions are established by State Statute. All North Kingstown School Department certified school personnel are eligible to participate in the System if they are certified by the Board of Regents, engaged in teaching as principal occupation, and are regularly employed on at least a half time basis. Employees who retire at or after age 60 with 10 years of credited service or after 28 years of credited service regardless of age are entitled to a retirement benefit. The retirement benefit is equal to 1.7 percent of their final average salary for each year of credited service up to 10 years, plus 1.9 percent of their final average salary in excess of 10 years through 20 years, plus 3.0 percent of their final average salary in excess of 20 years up to the 34th year of service, plus 2.0 percent of their final average salary for the 35th year, up to a maximum benefit of 80 percent of their final average salary. Final average salary is the three highest consecutive years of earned salary exclusive of overtime, bonuses, or severance pay. Employees are vested in their retirement benefits on completion of 10 years of service. Retirees' benefits are adjusted annually by 3 percent compounded to allow for increases in cost of living. Cost of living adjustments begin on the January 1st following the third anniversary of an employee's retirement. There were no changes in the method, and assumptions in the June 30, 2003 actuarial valuation to determine plan cost. The System also provides death and disability benefits. The System also provides pre-retirement benefits at a minimum of 17% of salary for non-occupational disabilities after 5 years of service and at 67% of salary for occupational disabilities regardless of service. Surviving spouses are also eligible for both pre and post-retirement benefits with minimum amounts established under varying circumstances.

***Funding Policy***

Rhode Island general laws set the contribution rates for participating plan employees at 9.5% of salary. Annual contributions by both employers and the State on behalf of those employees are determined by actuaries and assessed as a percentage of participants' payroll. The School Department was required to contribute 7.99%, 6.93% and 5.73% for all full-time employees for fiscal years 2004, 2003, and 2002, respectively. The required contributions include (a) normal costs; (b) payments to amortize the unfunded frozen actuarial accrued liability as of July 1, 1985 over 30 years; and (c) interest on the unfunded frozen actuarial liability. Normal cost is determined using the entry age normal cost method with frozen initial liability. A variety of significant actuarial assumptions are used and these assumptions are summarized below:

- (a) ***Mortality*** – 1994 Uninsured Pensioner mortality tables.
- (b) ***Investment return*** – 8.25 percent, compounded annually.
- (c) ***Salary increase*** - Salaries will increase at a rate of 4.50 – 17.0 percent, compounded annually.
- (d) ***Retirement age*** - Teachers are assumed to retire at the later of age 61 or completion of the service requirements.
- (e) ***Cost of living adjustments*** – 3.0 percent compounded annually beginning on the January 1st following a participant's third anniversary of retirement.
- (f) ***Inflation rate*** – 3.0 percent

(CONTINUED)

**TOWN OF NORTH KINGSTOWN, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

---

**11. DEFINED BENEFIT PENSION PLANS (Continued)**

**(c) Teacher's Pension Plan (Continued)**

**Funding Policy (Continued)**

As prescribed by Rhode Island general law, the State pays the entire portion of the annual required contribution attributable to the costs of contributions deferred by the State in prior years plus 40% of contributions assessed to employers on payroll not reimbursable through Federal programs. For fiscal year 2004, actuarial required contributions were 13.72% of participant salary, plus an additional .5% of non-federally reimbursable salary attributable to State contribution deferrals. This resulted in contribution rates paid by the State on behalf of the School Department of 5.737% of non-federally reimbursable payrolls totaling \$1,316,094 for the fiscal year ended June 30, 2004.

The School Department does not have any investments or related party investments with the State Plan. The School Department's contribution represented 2.70 percent of total contributions required of all participating entities.

The amounts contributed to the plan are as follows:

<u>Years Ending June 30,</u>	<u>Employee</u>	<u>Town's Portion of Annual Required Contributions</u>	<u>Percentage Contributed</u>
2004	2,182,010	\$1,795,320	100%
2003	2,080,241	\$1,486,295	100%
2002	1,977,662	\$1,168,324	100%

In accordance with GASB 27, "Accounting for Pensions by State and Local Governmental Employers," the School Department has determined that there is no net pension obligation relating to the funding requirements of the plan.

Trend information showing the System's progress in accumulating sufficient assets to pay benefits when due is presented in the State of Rhode Island's Employee Retirement System's June 30, 2002 annual financial report, which may be obtained from the administrative offices of the State of Rhode Island Retirement Board, 40 Fountain Street, Providence, Rhode Island. This report is the most recent report available from the State who administers the Plan.

**12. POST RETIREMENT BENEFITS**

In addition to the pension benefits described in Note 11, the Town provides post employment benefits (health insurance) in accordance with union contracts and Town personnel policies. These benefits, by employee group, are described below.

***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.

(CONTINUED)

---

**TOWN OF NORTH KINGSTOWN, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

---

**12. POST RETIREMENT BENEFITS (Continued)**

***Other Municipal Employees***

The Town is obligated to provide health insurance coverage for certain retirees until the retiree or spouse obtains an alternative health insurance plan.

***Fire Department 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.

The expenditures for these post retirement benefits are recognized on a pay-as-you-go basis as the monthly premiums for the benefits become due. During the year ended June 30, 2004, expenditures of \$614,851 were recognized for post retirement benefits. Of this amount, \$267,256 was paid for health insurance for 27 fire department retirees, \$151,809 was paid for health insurance for 39 municipal retirees and their spouses, and \$195,786 was paid for health insurance for 22 police retirees.

**13. COMMUNICATION TOWER RENTALS**

The Town leases several structures to four unrelated parties under separate operating leases.

The minimum future rentals for these leases were determined using the rates in effect at June 30, 2004. Minimum rentals on the leases for the next five years are as follows:

<u>Year Ended</u> <u>June 30</u>	<u>Amount</u>
2005 .....	\$ 306,905
2006 .....	288,906
2007 .....	285,607
2008 .....	126,060
2009 .....	24,000
Total .....	<u>\$1,031,478</u>

(CONTINUED)

**TOWN OF NORTH KINGSTOWN, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

---

**14. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES AND COMMITMENTS**

***Litigation***

During the ordinary course of its operations, the Town is a party to various claims, legal actions and complaints. In the opinion of the Town's management and legal counsel, these matters are not anticipated to have a material financial impact on the Town.

***Commitments***

The Town had a \$300,000 available line of credit from the Rhode Island Clean Water Finance Agency for the Community Septic System Loan Program. The balance on the line of credit was \$0 at June 30, 2004.

The Town of North Kingstown had several outstanding construction and technology projects as of June 30, 2004. These projects are evidenced by contractual commitments with contractors and include:

<b>Fund/Project</b>	<b>Spent-to-Date</b>	<b>Commitment Remaining</b>	<b>Funding Source(s)</b>
High School.....	\$35,612,228	\$ 1,876	General Obligation Bonds and Project Earnings
High School.....	139,562	189,403	Self Insurance Fund
School Athletic Facilities .....	2,375,418	82,766	General Obligation Bonds
Wickford Sidewalks.....	38,006	18,459	General Fund, Operating Budget
Wickford Bikeway.....	96,074	24,920	State Grant Funds
Wickford Bikeway.....	19,851	5,149	Town Capital Reserve Funds
Wickford Bikeway.....	1,000	1,000	General Fund, Operating Budget
Overlaying Services.....	711,036	353,836	General Fund, Operating Budget
Post Road Corridor .....	24,800	12,200	General Fund, Operating Budget
Post Road Corridor .....		18,000	Community Development Block Grant
Yorktown Park Master Plan .....	458	607	General Fund, Operating Budget
Yorktown Park Master Plan .....	9,327	5,673	State Grant Funds
Wickford Improvements .....	28,767	57,052	General Fund, Operating Budget
Wickford Improvements .....	196,516	378,484	Federal Grant Funds
Wickford Improvements .....	45,250	87,150	State Grant Funds
Wickford Improvements .....	103,311	282,311	General Obligation Funds
Wickford Improvements .....		7,395	Donations
Salt Shed .....		105,520	Town Capital Reserve Funds
Little Red School House Improvement .	22,833	64,800	Town Capital Reserve Funds
Allen Harbor, Calf Pasture Improve ..	9,683	20,317	State Grant Funds
Allen Harbor, Calf Pasture Improve ..	8,631	16,869	Payment in Lieu of Land Decation
Allen Harbor, Calf Pasture Improve ..	4,723	15,487	Q/D Recreation Fund, Operating Budget
Allen Harbor, Calf Pasture Improve.....		25,500	General Fund Operating Budget
Water System Upgrades for Highway/Bridge Construction.....	243,906	112,742	Water Fund, Operating Budget
Phase II New Well Development .....	137,410	13,590	Water Fund, Operating Budget
SCADA System.....	384,376	77,030	Water Fund, Operating Budget
New Well #5.....	25,000	148,378	Water Fund, Operating Budget
Total .....	<b>\$40,213,166</b>	<b>\$2,126,516</b>	

(CONTINUED)

**TOWN OF NORTH KINGSTOWN, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

---

**15. DEFERRED COMPENSATION PLAN**

The Town offers its municipal employees a deferred compensation plan established in accordance with the provisions of Internal Revenue Code Section 457. The Plan, available to certain municipal employees, permits the deferral of a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

During the year ended June 30, 2000, the Town implemented the Governmental Accounting Standards Board, Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plan*. All assets and income of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries. As a result, deferred compensation investments and the respective liability have been removed from the Town's financial statements.

**16. SELF-INSURANCE ACTIVITIES**

The Town, on July 1, 1992, adopted the provisions of the Governmental Accounting Standards Board Statement 10 (GASB 10) and has classified its self-insurance activities as Internal Service Funds. These activities (subject to the stop/loss insurance provisions explained below) have included the financing of workers' compensation and property damage losses on behalf of all Town departments. The Town's Finance Department oversees the self-insurance program, and a consultant is used to administer the claims of the workers' compensation fund.

Effective January 1, 1999, the Town switched to a premium-basis insurance coverage plan for workers' compensation. Effective September 1, 2001, the Town switched to a premium-basis insurance coverage for property damage.

For self-insured worker's compensation activities, individual Town funds/departments were charged a "premium" based on actuarial studies considering historical claims experience, projected payroll levels, administration costs, and projected insurance industry inflation rates. Assessments for property damage were based upon estimates of liability for uninsured losses to be incurred by the Town as a whole, apportioned to individual funds based on historical experience. Billings from the Workers' Compensation and Property Damage funds for the fiscal year ended June 30, 2004 were \$0.

(CONTINUED)

**TOWN OF NORTH KINGSTOWN, RHODE ISLAND**

**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2004**

---

**16. SELF-INSURANCE ACTIVITIES (Continued)**

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors. Changes in the balances of claims liabilities during the past two fiscal years are as follows:

	<b>June 30, 2004</b>			<b>June 30, 2003</b>		
	<u>Workers' Compensation Fund</u>	<u>Property Damage Fund</u>	<u>Total</u>	<u>Workers' Compensation Fund</u>	<u>Property Damage Fund</u>	<u>Total</u>
Unpaid claims, beginning of fiscal year.....	\$50,000	\$291,806	\$341,806	\$50,000	\$256,214	\$306,214
Incurred claims (including IBNR's).....		153,384	153,384		36,018	36,018
Claim payments .....		(255,788)	(255,788)		(426)	(426)
Unpaid claims, end of fiscal year .....	<u>\$50,000</u>	<u>\$189,402</u>	<u>\$ 239,402</u>	<u>\$50,000</u>	<u>\$ 291,806</u>	<u>\$341,806</u>

Other types of insurance coverage purchased through the Rhode Island Interlocal Risk Management Trust and private insurers are as follows: Property including blanket Buildings and Contents, Flood and Earthquake, Business Interruptions, Auto Physical Damage, Valuable papers, EDP Media and Equipment, Crime and Employee Dishonesty, Comprehensive General Liability, Automotive Liability, Uninsured Motorist, Medical Payments, Police Professional Liability, Medical Service Providers' Liability, Employee Benefit Liability, Public Officials' Liability, School Board Liability, Marina Operators, and Accidental Death Police and Fire including volunteers and community service personnel.

There have been no significant reductions in insurance coverage during the year ended June 30, 2004 as compared to the previous year. The claims incurred did not exceed insurance coverage in any of the last three years.

---

**17. RESTATEMENT**

The June 30, 2003 financial statements have been restated to include the net assets of the North Kingstown Free Library (NKFL). NKFL is a not-for profit corporation that meets the criteria established in GASB statement #39 and #14 defining a component unit for inclusion in the government-wide financial statements. Based on additional information that became available, it was determined that the NKFL is a component unit of the Town of North Kingstown, Rhode Island. The effect of this restatement is the inclusion of component unit net assets totaling \$185,122 at June 30, 2003. The June 30, 2004 statements of net assets and activities include all the financial information of the NKFL in a separate column in accordance with auditing standards generally accepted in the United States of America.

(CONCLUDED)

**TOWN OF NORTH KINGSTOWN, RHODE ISLAND**

**REQUIRED SUPPLEMENTARY INFORMATION**

---

This section presents the Schedule of Funding Progress for Pension Plan. This schedule is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board.

This section also presents budgetary comparison schedules for the Town's major funds. These schedules are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board.

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FUNDING PROGRESS FOR PENSION PLAN**  
**JUNE 30, 2004**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	AAL (UAAL) Funding Excess (deficit) <u>(deficit)</u>	Funded Ratio	AAL (UAAL) Funding Excess (deficit) as a Percentage of Covered Payroll		
					Covered Payroll		
General municipal employees pension plan	6/30/01	28,215,457	27,040,314	1,175,143	104.3%	9,099,206	12.9%
	6/30/02	28,506,420	30,754,335	(2,247,915)	92.7%	9,940,187	(22.6%)
	6/30/03	27,651,706	32,946,121	(5,294,415)	83.9%	9,517,449	(5.6%)
Municipal police pension plan	6/30/01	12,445,877	11,800,939	644,938	105.5%	1,922,487	33.5%
	6/30/02	12,568,807	12,913,813	(345,006)	97.3%	1,951,474	(17.7%)
	6/30/03	12,085,034	13,454,686	(1,369,652)	89.8%	2,067,633	(66.2%)
Municipal firemen pension plan	6/30/01	19,930,543	19,787,772	142,771	100.7%	2,687,200	5.3%
	6/30/02	19,873,191	20,244,577	(371,386)	98.2%	3,173,051	(11.7%)
	6/30/03	19,276,926	22,508,273	(3,231,347)	85.6%	3,291,128	(98.2%)

(1) The information included in the schedule of funding progress was obtained from the annual actuarial valuation at the date indicated.

TOWN OF NORTH KINGSTOWN

**Schedule of Revenues and Expenditures (Non-GAAP Budgetary Basis)**  
**Budget and Actual**  
**(Unaudited)**

**General Fund**  
**Year Ended June 30, 2004**

	Originally Adopted Budget	Final Approved Budget	Actual (Budgetary Basis)	Variance Positive (Negative)
<b>Revenues:</b>				
Property Tax	\$ 52,751,905	\$ 52,751,905	\$ 53,805,401	\$ 1,053,496
Intergovernmental	3,525,032	3,525,032	3,752,464	227,432
Licenses & Permits	392,015	392,015	524,995	132,980
Investment Income	300,000	300,000	311,965	11,965
Departmental	1,508,395	1,508,395	1,867,607	359,212
Other	12,000	12,000	27,156	15,156
<b>Total Revenues</b>	<b>58,489,347</b>	<b>58,489,347</b>	<b>60,289,587</b>	<b>1,800,240</b>
<b>Expenditures:</b>				
Town Council	\$ 305,041	\$ 45,341	\$ 45,259	\$ 82
Town Manager	187,264	189,864	189,281	583
Town Clerk & Elections	470,331	425,331	399,943	25,388
Town Solicitor	248,000	392,200	392,200	(0)
Finance and Information Systems	633,049	633,049	632,810	239
Assessor	202,791	202,791	200,736	2,055
Planning	367,421	361,421	359,435	1,986
General Operating	1,811,501	1,771,701	1,768,975	2,726
Code Enforcement	249,884	262,884	255,420	7,464
Fire	5,793,446	5,953,446	5,938,228	15,218
Police, Harbor & Animal Control	4,956,430	4,836,430	4,834,215	2,215
Public Works	3,813,412	3,964,112	3,942,780	21,332
Recreation	393,384	393,384	392,901	483
Senior Citizens	290,598	290,598	288,860	1,738
Contributions	135,221	135,221	135,221	0
Welfare	50,864	50,864	50,864	0
<b>Total Expenditures</b>	<b>19,908,637</b>	<b>19,908,637</b>	<b>19,827,129</b>	<b>81,508</b>
<b>Excess of revenues over expenditures</b>	<b>38,580,710</b>	<b>38,580,710</b>	<b>40,462,458</b>	<b>1,881,748</b>
<b>Other financing sources (uses):</b>				
Transfers from fund balance	500,000	500,000	500,000	-
Transfers in	648,384	648,384	539,404	(108,980)
Transfers out	(39,729,094)	(39,729,094)	(39,729,094)	-
<b>Net other financing sources (uses)</b>	<b>(38,580,710)</b>	<b>(38,580,710)</b>	<b>(38,689,690)</b>	<b>(108,980)</b>
<b>Excess (deficiency) of revenues and other sources over expenditures and other uses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,772,768</b>	<b>\$ 1,772,768</b>

**TOWN OF NORTH KINGSTOWN**

**Schedule of Revenues and Expenditures (Non-GAAP Budgetary Basis)**  
**Budget and Actual**  
**(Unaudited)**

**North Kingstown School Department General Fund**  
**Year Ended June 30, 2004**

	Originally Adopted <u>Budget</u>	Final Approved Adopted <u>Budget</u>	Actual (Budgetary Basis)	Variance Positive (Negative)
<b>Revenues:</b>				
State Aid	\$ 10,848,027	\$ 11,028,029	\$ 11,028,029	\$ -
Tuition	1,857,515	1,857,515	2,019,880	162,365
Miscellaneous	110,500	110,500	138,653	28,153
<b>Total Revenues</b>	<b>12,816,042</b>	<b>12,996,044</b>	<b>13,186,563</b>	<b>190,519</b>
 <b>Expenditures:</b>				
Education	46,537,276	47,705,318	47,588,837	116,481
<b>Total Expenditures</b>	<b>46,537,276</b>	<b>47,705,318</b>	<b>47,588,837</b>	<b>116,481</b>
 <b>Excess of expenditures over revenues</b>	<b>(33,721,234)</b>	<b>(34,709,274)</b>	<b>(34,402,274)</b>	<b>307,000</b>
 <b>Other financing sources:</b>				
Operating transfer from Town	33,721,234	34,709,274	34,709,274	0
 <b>Excess (deficiency) of revenues and other sources over expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 307,000</b>	<b>\$ 307,000</b>

**TOWN OF NORTH KINGSTOWN**

***Schedule of Revenues and Expenditures (Non-GAAP Budgetary Basis)  
Budget and Actual  
(Unaudited)***

***Library Fund  
Year Ended June 30, 2004***

	Originally Adopted Budget	Final Approved Budget	Actual (Budgetary Basis)	Variance Positive (Negative)
<b>Revenues:</b>				
State Aid	\$ 182,241	\$ 182,241	\$ 182,241	\$ (0)
Departmental Revenue	37,000	37,000	45,745	8,745
Miscellaneous	500	500	53	(447)
<b>Total Revenues</b>	<b>219,741</b>	<b>219,741</b>	<b>228,039</b>	<b>8,298</b>
<b>Expenditures:</b>				
Library	1,140,629	1,140,629	1,133,352	7,277
<b>Total Expenditures</b>	<b>1,140,629</b>	<b>1,140,629</b>	<b>1,133,352</b>	<b>7,277</b>
<b>Excess of expenditures over revenues</b>	<b>(920,888)</b>	<b>(920,888)</b>	<b>(905,313)</b>	<b>15,575</b>
<b>Other financing sources:</b>				
Operating transfer from Town	908,888	908,888	908,888	-
Transfer from fund balance	12,000	12,000	12,000	-
<b>Net other financing sources</b>	<b>920,888</b>	<b>920,888</b>	<b>920,888</b>	<b>-</b>
<b>Excess (deficiency) of revenues and other sources over expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 15,575</b>	<b>\$ 15,575</b>

TOWN OF NORTH KINGSTOWN

**Schedule of Revenues and Expenditures (Non-GAAP Budgetary Basis)**  
**Budget and Actual**  
**(Unaudited)**

**Debt Service Fund**  
**Year Ended June 30, 2004**

	Originally Adopted Budget	Final Approved Budget	Actual (Budgetary Basis)	Variance Positive (Negative)
<b>Revenues:</b>				
State Aid	\$ 1,430,505	\$ 1,430,505	\$ 1,668,465	\$ 237,960
Miscellaneous	500	500	30	(470)
<b>Total Revenues</b>	<b>1,431,005</b>	<b>1,431,005</b>	<b>1,668,495</b>	<b>237,490</b>
<b>Expenditures:</b>				
Debt Service Municipal	1,599,591	1,599,591	1,599,590	1
Debt Service School	4,273,886	4,273,886	4,273,686	200
<b>Total Expenditures</b>	<b>5,873,477</b>	<b>5,873,477</b>	<b>5,873,276</b>	<b>201</b>
<b>Excess of expenditures over revenues</b>	<b>(4,442,472)</b>	<b>(4,442,472)</b>	<b>(4,204,781)</b>	<b>237,691</b>
<b>Other financing sources:</b>				
Operating transfer from Town	4,047,472	4,047,472	4,047,472	-
Transfer from Impact Fees	350,000	350,000	378,682	28,682
Transfer from fund balance	45,000	45,000	45,000	-
<b>Net other financing sources</b>	<b>4,442,472</b>	<b>4,442,472</b>	<b>4,471,154</b>	<b>28,682</b>
<b>Excess (deficiency) of revenues and other sources over expenditures and other uses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 266,374</b>	<b>\$ 266,374</b>

**TOWN OF NORTH KINGSTOWN**

**E-6**

**Schedule of Revenues and Expenditures (Non-GAAP Budgetary Basis)**  
**Budget and Actual**  
**(Unaudited)**

**School Capital Reserve Fund**

**Year Ended June 30, 2004**

	Originally Adopted Budget	Final Approved Budget	Actual (Budgetary Basis)	Variance Positive (Negative)
<b>Revenues:</b>				
Investment Earnings	\$ -	\$ -	\$ 191	\$ 191
<b>Total Revenues</b>	<b>-</b>	<b>-</b>	<b>191</b>	<b>191</b>
 <b>Other financing sources (uses):</b>				
Operating transfer from Town	445,000	445,000	445,000	-
Transfer from fund balance	55,000	55,000	55,000	-
Transfer to School Fund	-	(988,040)	(988,040)	-
<b>Net other financing sources (uses)</b>	<b>500,000</b>	<b>(488,040)</b>	<b>(488,040)</b>	<b>-</b>
 <b>Excess (deficiency) of revenues and other sources over other uses</b>	<b>\$ 500,000</b>	<b>\$ (488,040)</b>	<b>\$ (487,849)</b>	<b>\$ 191</b>

**TOWN OF NORTH KINGSTOWN, RHODE ISLAND****NOTE TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2004*****Budgetary to GAAP Basis Reconciliation***

The following reconciliation summarizes the difference for the Town's General Fund between budgetary and GAAP basis accounting principles for the year ended June 30, 2004:

Excess revenues and other sources over expenditures and other uses (Non-GAAP Budgetary Basis) .....	\$ 1,772,768
Use of accumulated fund balance .....	(500,000)
Fund balance transfer included in public safety .....	130,000
Net change in encumbrances and designations .....	<u>(450,843)</u>
Excess of revenues and other sources over expenditures and other uses (GAAP).....	<u>\$ 951,925</u>

The following reconciliation summarizes the difference for the School's Unrestricted Fund between budgetary and GAAP basis accounting principles for the year ended June 30, 2004:

Excess of revenues and other sources over expenditures and other uses (Non-GAAP Budgetary Basis) .....	\$ 307,000
Net change in encumbrances and designations .....	(1,752,455)
Use of accumulated fund balance .....	<u>(55,000)</u>
Excess of expenditures and other sources over revenues (GAAP) .....	<u>\$(1,500,455)</u>

***(THIS PAGE LEFT BLANK INTENTIONALLY.)***

**TOWN OF NORTH KINGSTOWN, RHODE ISLAND**

**NON-MAJOR GOVERNMENTAL FUNDS**

---

**SPECIAL REVENUE FUNDS:**

Special Revenue Funds are used to account for revenues from specific taxes or other earmarked revenue sources which by law are designated to finance particular functions or activities of government, and which therefore cannot be diverted to other uses.

**Beechwood House Senior Center Equipment Escrow** - To account for reimbursements to the Town for possible major equipment replacement expenses provided at the Beechwood House Senior Center for the operation of the Elderly Lunch Program.

**Miscellaneous Federal Grants** – To account for monies received from the Federal Government for miscellaneous purposes.

**State Council on the Arts Grant** – To account for monies received from the State Council on the Arts to support the advancement of arts in North Kingstown.

**Non Civic Detail Escrow Fund** - To account for police detail revenues and expenditures.

**Governor's Justice Commission** – To account for funds received from the Governor's Justice Commission to assist the Police Department.

**Special Purpose Donations** - To account for any minor miscellaneous monies received by the Town for various special purposes.

**Miscellaneous Senior Citizens Grant** – To account for monies received, to be used by the Senior Citizens Department.

**Community Development Block Grants** - To account for Federal Community Development Block Grants.

**Land Dedication Escrow** - To account for monies received from local land developers in lieu of open space which is proportioned between education, recreation and general improvements to the community.

**Fire Alarm Cable** - To account for fees charged for fire alarm cable installations provided by the Fire Department to the general business community.

**State Elderly Affairs Grant** - To account for State Department of Elderly Affairs Grant used for the purpose of providing Senior Citizens with special elderly programs.

**State Grants - Police Department** - To account for money received from the State for miscellaneous purposes.

**Seized & Forfeited Property Escrow** - To account for money received as the result of drug related criminal seizures and forfeitures.

(CONTINUED)

**TOWN OF NORTH KINGSTOWN, RHODE ISLAND**

**NON-MAJOR GOVERNMENTAL FUNDS**

---

**SPECIAL REVENUE FUNDS (CONTINUED):**

**Local Law Enforcement Block Grant** – To account for funds received from the State that allows the Police Department to provide certain stated additional services.

**Groundwater Education Donation** – To account for donations received by the Town to be used for Groundwater Education.

**School Department Substance Abuse Donations** - To account for donations received to be used by Working Together for Wellness, formerly the Substance Abuse Task Force.

**Infrastructure Replacement** – To account for monies received to be used for the replacement of the Water System Infrastructure.

**URI Septic Loan Program** – To account for a grant from URI funded by URI's EPA fine funds.

**Community Center Maintenance** - To account for monies received for the use of the Community Center.

**Heritage Committee** - To account for funds raised by the Heritage Committee to be used for North Kingstown Community functions.

**Senior Center Legislative Grant** - To account for money received from the State for the Senior Citizens Center.

**Impact Fees** - To account for funds received from anyone obtaining a new building permit to offset the impact of increased population on education, recreation, and library use.

**Emergency Medical Services** - To account for funds received for payment for services provided by Fire Department Rescue Division.

**Welfare Emergency Fund** - To account for funds received to be used by the welfare department in case of an emergency.

**RIDEM Potowomut Pond Clean-up** - To account for funds received from the State to be used for the clean up of Potowomut Pond.

**Fire Department Legislative Grant** – To account for money received from the State to be used by the Fire Department.

**Tax Revaluation Reserve Fund** – To account for monies set aside for the 2004 townwide revaluation project.

**Miscellaneous State Water Department Grants** – To account for monies received from the State for miscellaneous water department related purposes.

**Miscellaneous State Grants** – To account for monies received from the State for miscellaneous purposes.

**Rhode Island Emergency Management** – To account for monies received from the State to fund State sponsored Homeland Security efforts.

**Wilson Park** - To account for monies received as donations for the upkeep and improvement of Wilson Park.

---

(CONTINUED)

**TOWN OF NORTH KINGSTOWN, RHODE ISLAND**

**NON-MAJOR GOVERNMENTAL FUNDS**

---

**SPECIAL REVENUE FUNDS (CONTINUED):**

**Retirement Allowance Reserve Fund** - To account for monies set aside to pay accrued sick and vacation due upon retirement

**Health Insurance Reserve** - To account for monies set aside to pay health insurance due upon retirement.

**Anne Ward Wallou Memorial Garden** - An account established as bequested to the Town of North Kingstown to be used to plant and preserve a garden, in memory of Anne Ward Wallou, in Updike Park.

**Surplus Property Escrow** - To account for funds received from surplus property activities.

**Old Library Park** - To account for donations received for the renovation and upkeep of Old Library Park.

**Senior Citizens Center** - To account for monies received as donations for the Senior Citizens Center.

**Senior Citizens Bus Gasoline Escrow** - To account for funds received to pay for special purpose transportation.

**Arts Council** - To account for monies received as donations for the Arts Council.

**Senior Outreach Escrow** - To account for donations received by the Town of North Kingstown to be used to assist elderly in need.

**Project D.A.R.E.** - To account for donations received by the Town of North Kingstown to be used for Drug Abuse Resistance Education.

**Leisure Services Brochure** - To account for monies received to offset the expense of printing a Leisure Services brochure.

**Recreation Escrow** - To account for funds collected for Recreation activities and used to pay for those activities.

**Parade Committee** - To account for donations received to aid in defraying the expense of providing the Veteran's and Memorial Day parades.

**Library Funds** - Funds established to account for State grants and operational activities of the North Kingstown Free Library. The following is a list of the Library Funds included in this section.

Davisville Library Fund  
Champlin Foundation Fund  
Library Fund  
Willet Library Fund  
Miscellaneous Library Donations

---

(CONTINUED)

**TOWN OF NORTH KINGSTOWN, RHODE ISLAND**

**NON-MAJOR GOVERNMENTAL FUNDS**

---

**SPECIAL REVENUE FUNDS (CONTINUED):**

**School Department** - Funds established to account for federal, state, and private grant monies used for the benefit of the North Kingstown School Department. The following is a list of the School funds included in this section:

Public Law 94-142	School Support System IDEA
Title I	Parent Information Network II
Title V	Substance Abuse
Title II	Literacy Set-Aside
Drug-Free Schools	Title II Technology
Even Start Family Literacy	Preschool Services
Community Development Block Grant	Department of Health
Parent Information Network	Innovative NEA Science
LCI Enhancing Education Through Technology	Davisville Family Center
COZ Miscellaneous Donations	School Child Opportunity Zone Family Center
SAELP Demonstration Site	Adult Education Fund
Sports Camp	Summer School Fund
	DMS Chesapeake Bay Program

**DEBT SERVICE FUNDS:**

The Debt Service Fund is used to account for the payment of interest and principal on all general long-term debt other than that payable from the Enterprise Funds.

**CAPITAL PROJECT FUNDS:**

The Capital Project Funds account for all resources used for the acquisition and/or construction of capital facilities by the Town, except those financed by the Enterprise Funds.

**Capital Reserve** – To account for Town capital projects.

**School Capital Reserve Fund** - To account for school capital projects.

**6.5 School Additions Bond** – To account for the construction and renovations of various school buildings.

**6M Public Facilities Plan Bond** - To account for the construction and renovations of various municipal facilities.

**Farmland and Open Space Reserve** – To account for that portion of the realty conveyance fee set aside for preservation of farmland, undeveloped land, or open space.

**2.3M Athletic Facilities Bond Fund** - To account for the improvements of various athletic and physical education facilities at the middle schools and high school.

**High School Bond Fund** – To account for monies used to build a new high school.

---

(CONTINUED)

**TOWN OF NORTH KINGSTOWN, RHODE ISLAND**

**NON-MAJOR GOVERNMENTAL FUNDS**

---

**PERMANENT FUNDS:**

Permanent funds are resources that are legally restricted to the extent that only earnings and not principal may be used for purposes that support the reporting government's programs – that is, for the benefit of the government or its citizenry.

***Tri-Centennial Park*** - To account for monies received in 1974 for upkeep of the Tri-Centennial Park and monument.

***400th Anniversary*** - To account for monies set aside to be used in the year 2074 to fund North Kingstown's 400th Anniversary Celebration.

***School Funds*** - To account for monies bequested to the North Kingstown School Department to be used for various activities. The following is a list of the School Funds included in this Section:

- Updike
- Gardiner
- Library
- Tennis

***Henry Reynolds Indigent Care*** - An account established to benefit the poor and needy of North Kingstown and is authorized to be used as required by the Welfare Director.

***Poor Funds*** - To account for monies left in the wills of various Town citizens to be used for aid to the poor of North Kingstown. The following is a list of Poor Funds included in this section:

Henry Reynolds Outside  
John J. Spink Outside  
John B. Spink Outside  
Thomas Casey Outside

***Library Funds*** - To account for the transfer of interest earned in these funds to the Library Fund to offset expenses. The following is a list of Library Funds included in this section:

Elizabeth Miller  
William D. Davis

***Veterans Memorial Scholarship*** - Fund established to allow the expenditure of interest earned to be used for scholarships as determined by the North Kingstown Veterans Memorial Scholarship Committee.

**TOWN OF NORTH KINGSTOWN**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2004**

<b>SPECIAL REVENUE FUNDS</b>					
Beachwood House	Miscellaneous	State Council	Non Civic	Governor's	
Senior Center	Federal	on the	Detail	Justice	
Equipment	Grants	<u>Arts</u>	<u>Escrow</u> Fund	Commission	
<u>Escrow</u>					
<b>ASSETS:</b>					
Cash and cash equivalents					
Due from other governments					
Due from grantor					
Due from other funds					
Other receivables					
<b>TOTAL ASSETS</b>	<b>\$ 709</b>	<b>\$ 236,521</b>	<b>\$ 3,297</b>	<b>\$ 98,818</b>	<b>\$ 6,191</b>
<b>LIABILITIES:</b>					
Accounts payable					
Due to other funds					
Deferred revenue					
<b>TOTAL LIABILITIES</b>	<b>\$ 0</b>	<b>236,521</b>	<b>200</b>	<b>\$ 98,818</b>	<b>\$ 6,191</b>
<b>FUND BALANCES:</b>					
Capital Projects					
Special Revenue					
Permanent Fund					
Debt Service					
<b>TOTAL FUND BALANCES</b>	<b>\$ 709</b>	<b>0</b>	<b>3,097</b>	<b>0</b>	<b>-</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 709</b>	<b>\$ 236,521</b>	<b>\$ 3,297</b>	<b>\$ 98,818</b>	<b>\$ 6,191</b>

(CONTINUED)

**TOWN OF NORTH KINGSTOWN**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2004**

SPECIAL REVENUE FUNDS						
	Special Purpose Donations	Miscellaneous Senior Citizens Grant	CDBG Grants	Land Dedication Escrow	Fire Alarm Cable	State Elderly Affairs Grant
<b>ASSETS:</b>						
Cash and cash equivalents						
Due from other governments						
Due from grantor						
Due from other funds						
Other receivables						
<b>TOTAL ASSETS</b>	<b>\$ 13,220</b>	<b>\$ 0</b>	<b>\$ 24,128</b>	<b>\$ 84,798</b>	<b>\$ 1,509</b>	<b>\$ 1,044</b>
<b>LIABILITIES:</b>						
Accounts payable						
Due to other funds						
Deferred revenue						
<b>TOTAL LIABILITIES</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 579,507</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,044</b>
<b>FUND BALANCES:</b>						
Capital Projects						
Special Revenue						
Permanent Fund						
Debt Service						
<b>TOTAL FUND BALANCES</b>	<b>\$ 13,220</b>	<b>\$ 0</b>	<b>\$ 579,507</b>	<b>\$ 84,798</b>	<b>\$ 1,509</b>	<b>\$ 1,044</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 13,220</b>	<b>\$ 0</b>	<b>\$ 579,507</b>	<b>\$ 84,798</b>	<b>\$ 1,509</b>	<b>\$ 1,044</b>

(CONTINUED)

**TOWN OF NORTH KINGSTOWN**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2004**

<b>SPECIAL REVENUE FUNDS</b>					
	State Grants - Police Department	Seized and Forfeited Property <u>Escrow</u>	Local Law Enforcement Block Grant	Groundwater Education Donation	School Department Substance Abuse Donations
<b>ASSETS:</b>					
Cash and cash equivalents					
Due from other governments					
Due from grantor					
Due from other funds					
Other receivables					
<b>TOTAL ASSETS</b>	<b>\$ 4,477</b>	<b>\$ 11,391</b>	<b>\$ 15,917</b>	<b>\$ 725</b>	<b>\$ 176</b>
<b>LIABILITIES:</b>					
Accounts payable					
Due to other funds					
Deferred revenue					
<b>TOTAL LIABILITIES</b>	<b>\$ 153</b>	<b>\$ 0</b>	<b>\$ 13,563</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>FUND BALANCES:</b>					
Capital Projects	4,324	11,391	2,354	725	176
Special Revenue					
Permanent Fund					
Debt Service					
<b>TOTAL FUND BALANCES</b>	<b>\$ 4,477</b>	<b>\$ 11,391</b>	<b>\$ 15,917</b>	<b>\$ 725</b>	<b>\$ 176</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>					

(CONTINUED)

**TOWN OF NORTH KINGSTOWN**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2004**

<b>SPECIAL REVENUE FUNDS</b>						
	Infrastructure Replacement	URI Septic Loan Program	Community Center Maintenance	Heritage Committee	Senior Center Legislative Grant	Impact Fees
<b>ASSETS:</b>						
Cash and cash equivalents						
Due from other governments						
Due from grantor						
Due from other funds						
Other receivables						
<b>TOTAL ASSETS</b>	<b>\$ 70,644</b>	<b>\$ 222,052</b>	<b>\$ 10,160</b>	<b>\$ 144</b>	<b>\$ -</b>	<b>\$ 302,856</b>
<b>LIABILITIES:</b>						
Accounts payable						
Due to other funds						
Deferred revenue						
<b>TOTAL LIABILITIES</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 10,160</b>	<b>\$ 144</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>FUND BALANCES:</b>						
Capital Projects	70,644	222,052				302,856
Special Revenue						
Permanent Fund						
Debt Service						
<b>TOTAL FUND BALANCES</b>	<b>\$ 70,644</b>	<b>\$ 222,052</b>	<b>\$ 10,160</b>	<b>\$ 144</b>	<b>\$ -</b>	<b>\$ 302,856</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>						

(CONTINUED)

**TOWN OF NORTH KINGSTOWN**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2004**

SPECIAL REVENUE FUNDS						
	Emergency Medical Services	Welfare Emergency Fund	RIDEM Potowomut Pond Clean-up	Fire Department Legislative Grant	Tax Revaluation Reserve Fund	Miscellaneous State Water Department Grants
<b>ASSETS:</b>						
Cash and cash equivalents						
Due from other governments						
Due from grantor						
Due from other funds						
Other receivables						
<b>TOTAL ASSETS</b>	<b>\$ 3,289</b>	<b>\$ -</b>	<b>\$ 4,500</b>	<b>\$ 11,500</b>	<b>\$ 54,922</b>	<b>\$ 7,625</b>
<b>LIABILITIES:</b>						
Accounts payable						
Due to other funds						
Deferred revenue						
<b>TOTAL LIABILITIES</b>	<b>\$ 6,305</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 43,841</b>	<b>\$ 7,625</b>
<b>FUND BALANCES:</b>						
Capital Projects						
Special Revenue						
Permanent Fund						
Debt Service						
<b>TOTAL FUND BALANCES</b>	<b>\$ (3,016)</b>	<b>\$ -</b>	<b>\$ 4,500</b>	<b>\$ 11,500</b>	<b>\$ 11,081</b>	<b>\$ 0</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 3,289</b>	<b>\$ -</b>	<b>\$ 4,500</b>	<b>\$ 11,500</b>	<b>\$ 54,922</b>	<b>\$ 7,625</b>

(CONTINUED)

**TOWN OF NORTH KINGSTOWN**  
***Combining Balance Sheet***  
***Non-Major Governmental Funds***  
***June 30, 2004***

(CONTINUED)

**TOWN OF NORTH KINGSTOWN**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2004**

<b>SPECIAL REVENUE FUNDS</b>					
	School Public Law <u>94-142</u>	School Title I	School Title V	School Title II	Drug Free Schools
<b>ASSETS:</b>					
Cash and cash equivalents					
Due from other governments					
Due from grantor					
Due from other funds					
Other receivables					
<b>TOTAL ASSETS</b>	<b>\$ 136,589</b>	<b>\$ 175,450</b>	<b>\$ 10,990</b>	<b>\$ 61,646</b>	<b>\$ 200</b>
	<b><u>18</u></b>				
<b>LIABILITIES:</b>					
Accounts payable					
Due to other funds					
Deferred revenue					
<b>TOTAL LIABILITIES</b>	<b>\$ 136,589</b>	<b>\$ 175,450</b>	<b>\$ 10,990</b>	<b>\$ 61,646</b>	<b>\$ 200</b>
	<b><u>3355</u></b>				
<b>FUND BALANCES:</b>					
Capital Projects					
Special Revenue					
Permanent Fund					
Debt Service					
<b>TOTAL FUND BALANCES</b>	<b>\$ 136,589</b>	<b>\$ 175,450</b>	<b>\$ 10,990</b>	<b>\$ 61,646</b>	<b>\$ 200</b>
	<b><u>3355</u></b>				
<b>TOTAL LIABILITIES AND FUND BALANCES</b>					
	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>0</u></b>

(CONTINUED)

**TOWN OF NORTH KINGSTOWN**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2004**

SPECIAL REVENUE FUNDS						
	School Preschool Services	School Department of Health	School Innovative NEA Science	School Davisville Family Center	School Child Opportunity Zone	School Family Center
<b>ASSETS:</b>						
Cash and cash equivalents						
Due from other governments						
Due from grantor						
Due from other funds						
Other receivables						
<b>TOTAL ASSETS</b>	<b>\$ 208</b>	<b>\$ 17,695</b>	<b>\$ -</b>	<b>\$ 46,774</b>	<b>\$ 5,449</b>	
<b>LIABILITIES:</b>						
Accounts payable						
Due to other funds						
Deferred revenue						
<b>TOTAL LIABILITIES</b>	<b>\$ 208</b>	<b>\$ 17,695</b>	<b>\$ -</b>	<b>\$ 46,774</b>	<b>\$ 5,449</b>	
<b>FUND BALANCES:</b>						
Capital Projects						
Special Revenue						
Permanent Fund						
Debt Service						
<b>TOTAL FUND BALANCES</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 208</b>	<b>\$ 17,695</b>	<b>\$ -</b>	<b>\$ 46,774</b>	<b>\$ 5,449</b>	

(CONTINUED)

**TOWN OF NORTH KINGSTOWN**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2004**

<b>SPECIAL REVENUE FUNDS</b>					
	School Parent Information Network II	School Substance Abuse	School Literacy Set-Aside	School Even Start Family Literacy	School CDBG
<b>ASSETS:</b>					
Cash and cash equivalents					
Due from other governments					
Due from grantor					
Due from other funds					
Other receivables					
<b>TOTAL ASSETS</b>	<b>\$ 0</b>	<b>\$ 1,411</b>	<b>\$ 2,026</b>	<b>\$ 14,217</b>	<b>\$ -</b>
<b>LIABILITIES:</b>					
Accounts payable					
Due to other funds					
Deferred revenue					
<b>TOTAL LIABILITIES</b>	<b>\$ 0</b>	<b>\$ 1,411</b>	<b>\$ 0</b>	<b>\$ 14,217</b>	<b>\$ -</b>
<b>FUND BALANCES:</b>					
Capital Projects					
Special Revenue					
Permanent Fund					
Debt Service					
<b>TOTAL FUND BALANCES</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 2,026</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 0</b>	<b>\$ 1,411</b>	<b>\$ 2,026</b>	<b>\$ 14,217</b>	<b>\$ -</b>

(CONTINUED)

**TOWN OF NORTH KINGSTOWN**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2004**

<b>SPECIAL REVENUE FUNDS</b>					
	School COZ Miscellaneous <u>Donations</u>	School Support System <u>IDEA</u>	School Adult Education <u>Fund</u>	School Summer School <u>Fund</u>	
<b>ASSETS:</b>					
Cash and cash equivalents					
Due from other governments					
Due from grantor					
Due from other funds					
Other receivables					
<b>TOTAL ASSETS</b>	<b>\$ 3,194</b>	<b>\$ 0</b>	<b>\$ 703</b>	<b>\$ 22,713</b>	
<b>LIABILITIES:</b>					
Accounts payable					
Due to other funds					
Deferred revenue					
<b>TOTAL LIABILITIES</b>	<b>\$ 3,194</b>	<b>\$ 0</b>	<b>-</b>	<b>177</b>	
<b>FUND BALANCES:</b>					
Capital Projects					
Special Revenue					
Permanent Fund					
Debt Service					
<b>TOTAL FUND BALANCES</b>	<b>0</b>	<b>0</b>	<b>703</b>	<b>22,536</b>	
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 3,194</b>	<b>\$ 0</b>	<b>\$ 703</b>	<b>\$ 22,713</b>	

(CONTINUED)

**TOWN OF NORTH KINGSTOWN**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2004**

SPECIAL REVENUE FUNDS					
	School Sports Camp	LCI Enhancing Education Through Technology	SAELP Demonstration Site	DMS Chesapeake Bay Program	RJ Parent Info Network
<b>ASSETS:</b>					
Cash and cash equivalents					
Due from other governments					
Due from grantor					
Due from other funds					
Other receivables					
<b>TOTAL ASSETS</b>	<b>\$ 34,553</b>	<b>\$ 3,101</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,626</b>
<b>LIABILITIES:</b>					
Accounts payable					
Due to other funds					
Deferred revenue					
<b>TOTAL LIABILITIES</b>	<b>\$ 268</b>	<b>\$ 3,101</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,626</b>
<b>FUND BALANCES:</b>					
Capital Projects	34,285				
Special Revenue					
Permanent Fund					
Debt Service					
<b>TOTAL FUND BALANCES</b>	<b>\$ 34,285</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,667,297</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 34,553</b>	<b>\$ 3,101</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,626</b>

(CONTINUED)

**TOWN OF NORTH KINGSTOWN**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2004**

SPECIAL REVENUE FUNDS					
	Wilson Park	Retirement Allowance Reserve Fund	Health Insurance Reserve	Ann Ward Wallou Memorial Garden	Surplus Property Escrow
<b>ASSETS:</b>					
Cash and cash equivalents					
Due from other governments					
Due from grantor					
Due from other funds					
Other receivables					
<b>TOTAL ASSETS</b>	<b>\$ 3,901</b>	<b>\$ 939,475</b>	<b>\$ 650,854</b>	<b>\$ 2,390</b>	<b>\$ 11,359</b>
<b>LIABILITIES:</b>					
Accounts payable					
Due to other funds					
Deferred revenue					
<b>TOTAL LIABILITIES</b>	<b>\$ 0</b>	<b>-</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>FUND BALANCES:</b>					
Capital Projects					
Special Revenue					
Permanent Fund					
Debt Service					
<b>TOTAL FUND BALANCES</b>	<b>\$ 3,901</b>	<b>\$ 939,475</b>	<b>\$ 650,854</b>	<b>\$ 2,390</b>	<b>\$ 11,359</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 3,901</b>	<b>\$ 939,475</b>	<b>\$ 650,854</b>	<b>\$ 2,390</b>	<b>\$ 11,359</b>
					<b>\$ 19,424</b>

(CONTINUED)

**TOWN OF NORTH KINGSTOWN**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2004**

SPECIAL REVENUE FUNDS						
	Senior Citizens Center	Senior Citizens Bus Gasoline <u>Escrow</u>	Arts Council	Senior Outreach <u>Escrow</u>	Project Date	Leisure Services Brochure
<b>ASSETS:</b>						
Cash and cash equivalents						
Due from other governments						
Due from grantor						
Due from other funds						
Other receivables						
<b>TOTAL ASSETS</b>	<u>10</u>	<u>61</u>	<u>\$</u>	<u>7,699</u>	<u>\$</u>	<u>3,430</u>
	<u>\$</u>	<u>15,579</u>	<u>\$</u>	<u>7,699</u>	<u>\$</u>	<u>3,430</u>
<b>LIABILITIES:</b>						
Accounts payable						
Due to other funds						
Deferred revenue						
<b>TOTAL LIABILITIES</b>	<u>41</u>	<u>\$</u>	<u>1,960</u>	<u>\$</u>	<u>41</u>	<u>0</u>
	<u>\$</u>	<u>1,644</u>	<u>\$</u>	<u>0</u>	<u>\$</u>	<u>0</u>
<b>FUND BALANCES:</b>						
Capital Projects						
Special Revenue						
Permanent Fund						
Debt Service						
<b>TOTAL FUND BALANCES</b>	<u>13,935</u>	<u>61</u>	<u>\$</u>	<u>5,739</u>	<u>1,076</u>	<u>3,430</u>
	<u>\$</u>	<u>15,579</u>	<u>\$</u>	<u>61</u>	<u>\$</u>	<u>900</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>						

(CONTINUED)

**TOWN OF NORTH KINGSTOWN**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2004**

		SPECIAL REVENUE FUNDS				CAPITAL PROJECT FUNDS			
		Recreation Escrow	Parade Committee	6.5 School Additions Bond	6M Public Facilities Plan Bond	Farmland & Open Space Reserve	2.3M Athletic Facilities Bond Fund		
<b>ASSETS:</b>									
<b>Cash and cash equivalents</b>									
Due from other governments									
Due from grantor									
Due from other funds									
Other receivables									
<b>TOTAL ASSETS</b>		<b>\$ 59,220</b>	<b>\$ 498</b>	<b>\$ 4,600</b>	<b>\$ 546,217</b>	<b>\$ 339,170</b>	<b>\$ 96,589</b>		
<b>LIABILITIES:</b>									
Accounts payable									
Due to other funds									
Deferred revenue									
<b>TOTAL LIABILITIES</b>		<b>\$ 4,477</b>		<b>\$ 0</b>	<b>\$ 27,939</b>	<b>-</b>	<b>-</b>		
<b>FUND BALANCES:</b>									
Capital Projects									
Special Revenue									
Permanent Fund									
Debt Service									
<b>TOTAL FUND BALANCES</b>		<b>\$ 54,743</b>	<b>\$ 498</b>	<b>\$ 4,600</b>	<b>\$ 518,278</b>	<b>\$ 339,170</b>	<b>\$ 96,589</b>		
<b>TOTAL LIABILITIES AND FUND BALANCES</b>		<b>\$ 59,220</b>	<b>\$ 498</b>	<b>\$ 4,600</b>	<b>\$ 546,217</b>	<b>\$ 339,170</b>	<b>\$ 96,589</b>		

(CONTINUED)

**TOWN OF NORTH KINGSTOWN**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2004**

CAPITAL PROJECT FUNDS				PERMANENT FUNDS			
	High School Bond Fund	Capital Reserve	School Capital Reserve Fund	Tri-Centennial Park	400th Anniversary		Henry Reynolds Indigent Care
<b>ASSETS:</b>							
Cash and cash equivalents							
Due from other governments							
Due from grantor							
Due from other funds							
Other receivables							
<b>TOTAL ASSETS</b>	<b>\$ 1,878</b>	<b>\$ 1,741,847</b>	<b>\$ 435,764</b>	<b>\$ 6,007</b>	<b>\$ 3,144</b>	<b>\$ 17,395</b>	
<b>LIABILITIES:</b>							
Accounts payable							
Due to other funds							
Deferred revenue							
<b>TOTAL LIABILITIES</b>	<b>\$ 0</b>	<b>\$ 1,616</b>	<b>\$ -</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>FUND BALANCES:</b>							
Capital Projects							
Special Revenue							
Permanent Fund							
Debt Service							
<b>TOTAL FUND BALANCES</b>	<b>\$ 1,878</b>	<b>\$ 1,741,847</b>	<b>\$ 435,764</b>	<b>\$ 6,007</b>	<b>\$ 3,144</b>	<b>\$ 17,395</b>	
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,878</b>	<b>\$ 1,741,847</b>	<b>\$ 435,764</b>	<b>\$ 6,007</b>	<b>\$ 3,144</b>	<b>\$ 17,395</b>	

(CONTINUED)

**TOWN OF NORTH KINGSTOWN**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2004**

PERMANENT FUNDS						
	School Updike Fund	School Gardiner Fund	School Library Fund	School Tennis Fund	Henry Reynolds Outside Poor Fund	Veterans Memorial Scholarship
<b>ASSETS:</b>						
Cash and cash equivalents						
Due from other governments						
Due from grantor						
Due from other funds						
Other receivables						
<b>TOTAL ASSETS</b>	<b>\$ 3,783</b>	<b>\$ 4,833</b>	<b>\$ 8,220</b>	<b>\$ 261</b>	<b>\$ 2,147</b>	<b>\$ 6,826</b>
<b>LIABILITIES:</b>						
Accounts payable						
Due to other funds						
Deferred revenue						
<b>TOTAL LIABILITIES</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>FUND BALANCES:</b>						
Capital Projects						
Special Revenue						
Permanent Fund						
Debt Service						
<b>TOTAL FUND BALANCES</b>	<b>\$ 3,783</b>	<b>\$ 4,833</b>	<b>\$ 8,220</b>	<b>\$ 261</b>	<b>\$ 2,147</b>	<b>\$ 6,826</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 3,783</b>	<b>\$ 4,833</b>	<b>\$ 8,220</b>	<b>\$ 261</b>	<b>\$ 2,147</b>	<b>\$ 6,826</b>

(CONTINUED)

**TOWN OF NORTH KINGSTOWN**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2004**

PERMANENT FUNDS						
	William D. Davis Library Fund	John J. Spink Outside Poor Fund	John B. Spink Outside Poor Fund	Thomas Casey Outside Poor Fund	Elizabeth Miller Library Fund	Grand Totals
<b>ASSETS:</b>						
Cash and cash equivalents						
Due from other governments						
Due from grantor						
Due from other funds						
Other receivables						
<b>TOTAL ASSETS</b>	<b>\$ 5,007</b>	<b>\$ 20,704</b>	<b>\$ 5,176</b>	<b>\$ 2,148</b>	<b>\$ 2,003</b>	<b>\$ 9,646,825</b>
<b>LIABILITIES:</b>						
Accounts payable						
Due to other funds						
Deferred revenue						
<b>TOTAL LIABILITIES</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 2,152,534</b>
<b>FUND BALANCES:</b>						
Capital Projects						
Special Revenue						
Permanent Fund						
Debt Service						
<b>TOTAL FUND BALANCES</b>	<b>\$ 5,007</b>	<b>\$ 20,704</b>	<b>\$ 5,176</b>	<b>\$ 2,148</b>	<b>\$ 2,003</b>	<b>\$ 9,646,825</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 5,007</b>	<b>\$ 20,704</b>	<b>\$ 5,176</b>	<b>\$ 2,148</b>	<b>\$ 2,003</b>	<b>\$ 9,646,825</b>

(CONCLUDED)

**TOWN OF NORTH KINGSTOWN**  
**Combining Statement of Revenues, Expenditures and Changes In Fund Balance**  
**Non-Major Governmental Funds**  
**Year Ended June 30, 2004**

<b>SPECIAL REVENUE FUNDS</b>				
	Beachwood House Senior Center Equipment Escrow	Miscellaneous Federal Grants	State Council on the Arts Grant	Non Civic Detail Escrow Fund
<b>REVENUES:</b>				Governor's Justice Commission
Interest and investment income				\$ 36,663
Intergovernmental				
Other				
<b>TOTAL REVENUES</b>	<b>\$ 0</b>	<b>348,128</b>	<b>\$ 6,650</b>	<b>\$ 354,284</b>
			\$ 6,650	\$ 354,284
<b>EXPENDITURES:</b>				\$ 36,663
General government				
Public safety				
Public works				
Per trust agreements				
Education				
Human resources				
Capital and special appropriations				
Debt service:				
Debt principal				
Debt interest				
<b>TOTAL EXPENDITURES</b>	<b>0</b>	<b>348,128</b>	<b>6,450</b>	<b>\$ 354,284</b>
			6,450	\$ 354,284
<b>Excess of revenues over expenditures before transfers</b>	<b>0</b>	<b>0</b>	<b>200</b>	<b>0</b>
				(6,154)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in				
Transfers out				
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
				0
<b>Excess of revenues and expenditures</b>	<b>0</b>	<b>0</b>	<b>200</b>	<b>0</b>
				(6,154)
<b>Fund balance, beginning of year</b>	<b>709</b>		<b>2,897</b>	<b>0</b>
				6,154
<b>Fund balance, end of year</b>	<b>\$ 709</b>	<b>\$ 0</b>	<b>\$ 3,097</b>	<b>\$ 0</b>
				-

(CONTINUED)

**TOWN OF NORTH KINGSTOWN**  
**Combining Statement of Revenues, Expenditures and Changes In Fund Balance**  
**Non-Major Governmental Funds**  
**Year Ended June 30, 2004**

<b>SPECIAL REVENUE FUNDS</b>					
	Special Purpose Donations	Miscellaneous Senior Citizens Grant	CDBG Grants	Land Dedication Escrow	Fire Alarm Cable
<b>REVENUES:</b>					
Interest and investment income					
Intergovernmental					
Other					
<b>TOTAL REVENUES</b>	<u>\$ 12,535</u>	<u>\$ 2,400</u>	<u>\$ 227,933</u>	<u>\$ 1,414</u>	<u>\$ 0</u>
	<u><u>\$ 12,535</u></u>	<u><u>\$ 2,400</u></u>	<u><u>\$ 227,933</u></u>	<u><u>\$ 1,414</u></u>	<u><u>\$ 0</u></u>
<b>EXPENDITURES:</b>					
General government					
General government	6,502				
Public safety					
Public works					
Per trust agreements					
Education					
Human resources					
Capital and special appropriations					
Debt service:					
Debt principal					
Debt interest					
<b>TOTAL EXPENDITURES</b>	<u>6,502</u>	<u>3,050</u>	<u>227,933</u>	<u>2,672</u>	<u>-</u>
	<u><u>6,502</u></u>	<u><u>3,050</u></u>	<u><u>227,933</u></u>	<u><u>2,672</u></u>	<u><u>-</u></u>
<b>Excess of revenues over expenditures before transfers</b>	6,033	(650)	0	(1,258)	-
	<u><u>6,033</u></u>	<u><u>(650)</u></u>	<u><u>0</u></u>	<u><u>(1,258)</u></u>	<u><u>-</u></u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in					
Transfers out					
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>
<b>Excess of revenues and expenditures</b>	6,033	(650)	0	(1,258)	-
	<u><u>6,033</u></u>	<u><u>(650)</u></u>	<u><u>0</u></u>	<u><u>(1,258)</u></u>	<u><u>-</u></u>
<b>Fund balance, beginning of year</b>	<u>7,187</u>	<u>650</u>	<u>86,056</u>	<u>1,509</u>	<u>2,973</u>
	<u><u>7,187</u></u>	<u><u>650</u></u>	<u><u>86,056</u></u>	<u><u>1,509</u></u>	<u><u>2,973</u></u>
<b>Fund balance, end of year</b>	<u>\$ 13,220</u>	<u>\$ -</u>	<u>\$ 84,798</u>	<u>\$ 1,509</u>	<u>\$ -</u>
	<u><u>\$ 13,220</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 84,798</u></u>	<u><u>\$ 1,509</u></u>	<u><u>\$ -</u></u>

(CONTINUED)

**TOWN OF NORTH KINGSTOWN**  
**Combining Statement of Revenues, Expenditures and Changes In Fund Balance**  
**Non-Major Governmental Funds**  
**Year Ended June 30, 2004**

		<b>SPECIAL REVENUE FUNDS</b>		
		Seized and Forfeited Property Escrow	Local Law Enforcement Block Grant	Groundwater Education Donation
<b>REVENUES:</b>				
Interest and investment income				
Intergovernmental				
Other				
<b>TOTAL REVENUES</b>		<b>\$ 17,535</b>	<b>\$ 15,623</b>	<b>\$ 3,636</b>
<b>EXPENDITURES:</b>				
General government				
Public safety				
Public works				
Per trust agreements				0
Education		14,650		5,383
Human resources				
Capital and special appropriations				
Debt service:				
Debt principal				
Debt interest				
<b>TOTAL EXPENDITURES</b>		<b>14,650</b>	<b>5,383</b>	<b>12,558</b>
<b>Excess of revenues over expenditures before transfers</b>		<b>2,885</b>	<b>10,240</b>	<b>(8,722)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in				
Transfers out				
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>Excess of revenues and expenditures</b>		<b>2,885</b>	<b>10,240</b>	<b>(8,722)</b>
<b>Fund balance, beginning of year</b>		<b>1,439</b>	<b>1,151</b>	<b>11,076</b>
<b>Fund balance, end of year</b>		<b>\$ 4,324</b>	<b>\$ 11,391</b>	<b>\$ 725</b>
				<b>\$ 176</b>

(CONTINUED)

**TOWN OF NORTH KINGSTOWN**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Non-Major Governmental Funds**  
**Year Ended June 30, 2004**

<b>SPECIAL REVENUE FUNDS</b>						
	Infrastructure Replacement	URI Septic Loan Program	Community Center Maintenance	Heritage Committee	Senior Center Legislative Grant	Impact Fees
<b>REVENUES:</b>						
Interest and investment income						
Intergovernmental						
Other						
<b>TOTAL REVENUES</b>	<b>30,833</b>	<b>3,868</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 2,874</b>
<b>EXPENDITURES:</b>						
General government						
Public safety						
Public works						
Per trust agreements						
Education						
Human resources						
Capital and special appropriations						
Debt service:						
Debt principal						
Debt interest						
<b>TOTAL EXPENDITURES</b>	<b>0</b>	<b>\$ 37,500</b>	<b>-</b>	<b>0</b>	<b>581</b>	<b>0</b>
<i>Excess of revenues over expenditures before transfers</i>	<i>31,873</i>	<i>(33,632)</i>	<i>-</i>	<i>0</i>	<i>(581)</i>	<i>302,856</i>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in						
Transfers out						
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(378,682)</b>
<i>Excess of revenues and expenditures</i>	<i>31,873</i>	<i>(33,632)</i>	<i>-</i>	<i>0</i>	<i>(581)</i>	<i>(378,682)</i>
<i>Fund balance, beginning of year</i>	<i>38,771</i>	<i>255,684</i>	<i>-</i>	<i>581</i>	<i>581</i>	<i>378,982</i>
<i>Fund balance, end of year</i>	<i><b>\$ 70,644</b></i>	<i><b>\$ 222,052</b></i>	<i><b>\$ 0</b></i>	<i><b>\$ 0</b></i>	<i><b>\$ 0</b></i>	<i><b>\$ 302,856</b></i>

(CONTINUED)

**TOWN OF NORTH KINGSTOWN**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Non-Major Governmental Funds**  
**Year Ended June 30, 2004**

<b>SPECIAL REVENUE FUNDS</b>						
	Emergency Medical Services	Welfare Emergency Fund	RIDEM Potowomut Pond Clean-up	Fire Department Legislative Grant	Tax Revaluation Reserve Fund	Miscellaneous State Water Department Grants
<b>REVENUES:</b>						
Interest and investment income						
Intergovernmental						
Other						
<b>TOTAL REVENUES</b>	<b>\$ 2,224</b>	<b>386,390</b>	<b>0</b>	<b>0</b>	<b>\$ 2,000</b>	<b>\$ 2,063</b>
<b>EXPENDITURES:</b>						
General government						
Public safety						
Public works						
Per trust agreements						
Education						
Human resources						
Capital and special appropriations						
Debt service:						
Debt principal						
Debt interest						
<b>TOTAL EXPENDITURES</b>	<b>130,609</b>	<b>300</b>	<b>0</b>	<b>0</b>	<b>203,058</b>	<b>0</b>
<b>Excess of revenues over expenditures before transfers</b>	<b>258,005</b>	<b>(300)</b>	<b>0</b>	<b>2,000</b>	<b>(200,995)</b>	<b>0</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in						
Transfers out						
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(261,021)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Excess of revenues and expenditures</b>	<b>(3,016)</b>	<b>(300)</b>	<b>0</b>	<b>2,000</b>	<b>(200,995)</b>	<b>0</b>
<b>Fund balance, beginning of year</b>	<b>\$ (3,016)</b>	<b>-</b>	<b>4,500</b>	<b>\$ 9,500</b>	<b>212,076</b>	
<b>Fund balance, end of year</b>	<b>\$ (3,016)</b>	<b>\$ 4,500</b>	<b>\$ 11,500</b>	<b>\$ 11,081</b>	<b>\$ 0</b>	

(CONTINUED)

**TOWN OF NORTH KINGSTOWN**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Non-Major Governmental Funds**  
**Year Ended June 30, 2004**

(CONTINUED)

**TOWN OF NORTH KINGSTOWN**  
**Combining Statement of Revenues, Expenditures and Changes In Fund Balance**  
**Non-Major Governmental Funds**  
**Year Ended June 30, 2004**

<b>SPECIAL REVENUE FUNDS</b>						
	School Public Law 94-142	School Title I	School Title V	School Title II	School Drug Free Schools	School Title II Technology
<b>REVENUES:</b>						
Interest and investment income						
Intergovernmental						
Other						
<b>TOTAL REVENUES</b>	<b>766,258</b>	<b>515,614</b>	<b>26,970</b>	<b>274,111</b>	<b>\$ 29,699</b>	<b>\$ 13,644</b>
<b>EXPENDITURES:</b>						
General government						
Public safety						
Public works						
Per trust agreements						
Education						
Human resources						
Capital and special appropriations						
Debt service:						
Debt principal						
Debt interest						
<b>TOTAL EXPENDITURES</b>	<b>766,258</b>	<b>515,614</b>	<b>26,970</b>	<b>274,111</b>	<b>29,699</b>	<b>13,644</b>
<i>Excess of revenues over expenditures before transfers</i>	0	0	0	0	0	0
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in						
Transfers out						
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<i>Excess of revenues and expenditures</i>	0	0	0	0	0	0
<i>Fund balance, beginning of year</i>	0	0	0	0	0	0
<i>Fund balance, end of year</i>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

(CONTINUED)

**TOWN OF NORTH KINGSTOWN**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Non-Major Governmental Funds**  
**Year Ended June 30, 2004**

		SPECIAL REVENUE FUNDS				
		School Preschool Services	School Department of Health	School Innovative NEA Science	School Davisville Family Center	School Child Opportunity Zone Family Center
<b>REVENUES:</b>						
Interest and investment income						
Intergovernmental						
Other						
<b>TOTAL REVENUES</b>		<u>\$ 9,369</u>	<u>\$ 44,984</u>	<u>\$ 776</u>	<u>\$ 53,669</u>	<u>\$ 24,629</u>
<b>EXPENDITURES:</b>						
General government						
Public safety						
Public works						
Per trust agreements						
Education						
Human resources						
Capital and special appropriations						
Debt service:						
Debt principal						
Debt interest						
<b>TOTAL EXPENDITURES</b>		<u>9,369</u>	<u>44,984</u>	<u>776</u>	<u>53,669</u>	<u>24,629</u>
<b>Excess of revenues over expenditures before transfers</b>		<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in						
Transfers out						
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>		<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Excess of revenues and expenditures</b>		<u>0</u>	<u>-</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund balance, beginning of year</b>		<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund balance, end of year</b>		<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

(CONTINUED)

**TOWN OF NORTH KINGSTOWN**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Non-Major Governmental Funds**  
**Year Ended June 30, 2004**

<b>SPECIAL REVENUE FUNDS</b>					
	School Parent Information Network II	School Substance Abuse	School Literacy Set-Aside	School Even Start Family Literacy	School CDBG
<b>REVENUES:</b>					
Interest and investment income					
Intergovernmental					
Other					
<b>TOTAL REVENUES</b>	<b>\$ 0</b>	<b>\$ 39,952</b>	<b>\$ 293,948</b>	<b>\$ 81,917</b>	<b>\$ 3,185</b>
<b>EXPENDITURES:</b>					
General government					
Public safety					
Public works					
Per trust agreements					
Education					
Human resources					
Capital and special appropriations					
Debt service:					
Debt principal					
Debt interest					
<b>TOTAL EXPENDITURES</b>	<b>-\$ 39,952</b>	<b>-\$ 291,922</b>	<b>-\$ 81,917</b>	<b>-\$ 3,185</b>	
<b>Excess of revenues over expenditures before transfers</b>	<b>0</b>	<b>0</b>	<b>2,026</b>	<b>0</b>	<b>0</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in					
Transfers out					
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Excess of revenues and expenditures</b>	<b>0</b>	<b>0</b>	<b>2,026</b>	<b>0</b>	<b>0</b>
<b>Fund balance, beginning of year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fund balance, end of year</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 2,026</b>	<b>\$ 0</b>	<b>\$ 0</b>

(CONTINUED)

**TOWN OF NORTH KINGSTOWN**  
**Combining Statement of Revenues, Expenditures and Changes In Fund Balance**  
**Non-Major Governmental Funds**  
**Year Ended June 30, 2004**

	<b>SPECIAL REVENUE FUNDS</b>			
	School COZ	School Miscellaneous Donations	Support System IDEA	School Adult Education Fund
<b>REVENUES:</b>				
Interest and investment income				
Intergovernmental				
Other				
<b>TOTAL REVENUES</b>	<b>108</b>	<b>11,800</b>	<b>11,800</b>	<b>22,271</b>
<b>EXPENDITURES:</b>				
General government				
Public safety				
Public works				
Per trust agreements				
Education				
Human resources				
Capital and special appropriations				
Debt service:				
Debt principal				
Debt interest				
<b>TOTAL EXPENDITURES</b>	<b>108</b>	<b>11,800</b>	<b>28,573</b>	<b>23,628</b>
<i>Excess of revenues over expenditures before transfers</i>	0	0	(6,302)	5,112
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in				
Transfers out				
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<i>Excess of revenues and expenditures</i>	0	0	(6,302)	5,112
<i>Fund balance, beginning of year</i>	0	0	7,005	17,424
<i>Fund balance, end of year</i>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 703</b>	<b>\$ 22,536</b>

(CONTINUED)

**TOWN OF NORTH KINGSTOWN**  
**Combining Statement of Revenues, Expenditures and Changes In Fund Balance**  
**Non-Major Governmental Funds**  
**Year Ended June 30, 2004**

<b>SPECIAL REVENUE FUNDS</b>						
	School Sports Camp	LCI Enhancing Education through Technology	SAELP Demonstration Site	DMS Chesapeake Bay Program	RI Parent Info Network	Debt Service Fund
<b>REVENUES:</b>						
Interest and investment income						
Intergovernmental						
Other						
<b>TOTAL REVENUES</b>	<b>\$ 52,958</b>	<b>\$ 3,101</b>	<b>\$ 10,000</b>	<b>\$ 8,765</b>	<b>\$ 4,398</b>	<b>\$ 1,668,466</b>
	<b>\$ 52,958</b>	<b>3,101</b>	<b>10,000</b>	<b>8,765</b>	<b>4,398</b>	<b>1,668,496</b>
<b>EXPENDITURES:</b>						
General government						
Public safety						
Public works						
Per trust agreements						
Education						
Human resources						
Capital and special appropriations						
Debt service:						
Debt principal						
Debt interest						
<b>TOTAL EXPENDITURES</b>	<b>\$ 59,968</b>	<b>3,101</b>	<b>10,000</b>	<b>8,765</b>	<b>4,398</b>	<b>5,873,276</b>
	<b>\$ 59,968</b>	<b>3,101</b>	<b>10,000</b>	<b>8,765</b>	<b>4,398</b>	<b>5,873,276</b>
<i>Excess of revenues over expenditures before transfers</i>	<i>(7,010)</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>(4,204,780)</i>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in						
Transfers out						
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,426,154</b>
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,426,154</b>
<i>Excess of revenues and expenditures</i>	<i>(7,010)</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>221,374</i>
<i>Fund balance, beginning of year</i>	<i>4,1295</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>1,445,923</i>
<i>Fund balance, end of year</i>	<i>\$ 34,285</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>\$ 1,667,297</i>

**TOWN OF NORTH KINGSTOWN**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Non-Major Governmental Funds**  
**Year Ended June 30, 2004**

<b>SPECIAL REVENUE FUNDS</b>						
			Retirement Allowance Reserve Fund	Health Insurance Reserve	Ann Ward Wallou Memorial Garden	Surplus Property Escrow
<b>REVENUES:</b>						Old Library Park
Interest and investment income						
Intergovernmental						
Other						
<b>TOTAL REVENUES</b>	<b>23</b>	<b>\$ 23</b>	<b>\$ 15,742</b>	<b>\$ 8,667</b>	<b>\$ 44</b>	<b>\$ 332</b>
						960
						1,292
<b>EXPENDITURES:</b>						
General government						
Public safety						
Public works						
Per trust agreements						
Education						
Human resources						
Capital and special appropriations						
Debt service:						
Debt principal						
Debt interest						
<b>TOTAL EXPENDITURES</b>	<b>0</b>	<b>\$ 195,790</b>	<b>0</b>	<b>\$ 755</b>	<b>0</b>	<b>\$ 3,029</b>
<b>Excess of revenues over expenditures before transfers</b>	<b>23</b>	<b>(\$ 180,048)</b>	<b>\$ 8,667</b>	<b>(711)</b>	<b>0</b>	<b>(1,737)</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in						
Transfers out						
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>0</b>	<b>\$ 186,993</b>	<b>\$ 117,500</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Excess of revenues and expenditures</b>						
<b>Fund balance, beginning of year</b>	<b>3,878</b>	<b>\$ 932,530</b>	<b>\$ 524,687</b>	<b>(711)</b>	<b>0</b>	<b>(1,737)</b>
<b>Fund balance, end of year</b>	<b>\$ 3,901</b>	<b>\$ 939,475</b>	<b>\$ 650,854</b>	<b>3,101</b>	<b>11,359</b>	<b>21,161</b>
						19,424

(CONTINUED)

**TOWN OF NORTH KINGSTOWN**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Non-Major Governmental Funds**  
**Year Ended June 30, 2004**

<b>SPECIAL REVENUE FUNDS</b>					
	Senior Citizens Center	Senior Citizens Bus Gasoline Escrow	Arts Council	Senior Outreach Escrow	Project Date
<b>REVENUES:</b>					
Interest and investment income					
Intergovernmental					
Other					
<b>TOTAL REVENUES</b>	<u>\$ 60,052</u>	<u>\$ 0</u>	<u>\$ 13,556</u>	<u>\$ 660</u>	<u>\$ 0</u>
<b>EXPENDITURES:</b>					
General government					
Public safety					
Public works					
Per trust agreements					
Education					
Human resources					
Capital and special appropriations					
Debt service:					
Debt principal					
Debt interest					
<b>TOTAL EXPENDITURES</b>	<u>61,273</u>	<u>0</u>	<u>9,002</u>	<u>41</u>	<u>196</u>
<b>Excess of revenues over expenditures before transfers</b>	<u>(1,221)</u>	<u>0</u>	<u>4,584</u>	<u>619</u>	<u>(196)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in					
Transfers out					
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Excess of revenues and expenditures</b>	<u>(1,221)</u>	<u>0</u>	<u>4,584</u>	<u>619</u>	<u>(196)</u>
<b>Fund balance, beginning of year</b>	<u>15,156</u>	<u>61</u>	<u>1,155</u>	<u>457</u>	<u>3,626</u>
<b>Fund balance, end of year</b>	<u>\$ 13,935</u>	<u>\$ 61</u>	<u>\$ 5,739</u>	<u>\$ 1,076</u>	<u>\$ 900</u>

**TOWN OF NORTH KINGSTOWN**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Non-Major Governmental Funds**  
**Year Ended June 30, 2004**

SPECIAL REVENUE FUNDS		CAPITAL PROJECT FUNDS	
Recreation Escrow	Parade Committee	6.5 School Additions Bond	6M Public Facilities Plan Bond
			Fairland & Open Space Reserve
			2.3M Athletic Facilities Bond Fund
			2,802
<b>REVENUES:</b>			
Interest and investment income			
Intergovernmental			
Other	\$ 125,220	\$ 498	\$ 13,754
<b>TOTAL REVENUES</b>	<u>\$ 125,220</u>	<u>\$ 498</u>	<u>\$ 10,292</u>
<b>EXPENDITURES:</b>			
General government			
Public safety			
Public works			
Per trust agreements			
Education			
Human resources			
Capital and special appropriations			
Debt service:			
Debt principal			
Debt interest			
<b>TOTAL EXPENDITURES</b>	<u>116,785</u>	<u>0</u>	<u>11,903</u>
<b>Excess of revenues over expenditures before transfers</b>	<u>8,435</u>	<u>498</u>	<u>(11,903)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in			
Transfers out			
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Excess of revenues and expenditures</b>	<u>8,435</u>	<u>498</u>	<u>(11,903)</u>
<b>Fund balance, beginning of year</b>	<u>46,308</u>	<u>0</u>	<u>16,503</u>
<b>Fund balance, end of year</b>	<u>\$ 54,743</u>	<u>\$ 498</u>	<u>\$ 4,600</u>
		<u>\$ 518,278</u>	<u>\$ 339,170</u>
			<u>\$ 96,589</u>

(CONTINUED)

**TOWN OF NORTH KINGSTOWN**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Non-Major Governmental Funds**  
**Year Ended June 30, 2004**

	CAPITAL PROJECT FUNDS				PERMANENT FUNDS		
<b>REVENUES:</b>							
Interest and investment income							
Intergovernmental							
Other							
<b>TOTAL REVENUES</b>	<b>\$ 0</b>	<b>22,728</b>	<b>\$ 192</b>	<b>\$ 35</b>	<b>\$ 52</b>	<b>\$ 323</b>	
<b>EXPENDITURES:</b>							
General government							
Public safety							
Public works							
Per trust agreements							
Education							
Human resources							
Capital and special appropriations							
Debt service:							
Debt principal							
Debt interest							
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>41,058</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,410</b>
<i>Excess of revenues over expenditures before transfers</i>							
<b>OTHER FINANCING SOURCES (USES):</b>							
Transfers in							
Transfers out							
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>0</b>	<b>320,000</b>	<b>(988,040)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<i>Excess of revenues and expenditures</i>							
<b>Fund balance, beginning of year</b>	<b>1,878</b>	<b>1,438,561</b>	<b>923,612</b>	<b>5,972</b>	<b>3,092</b>	<b>19,482</b>	
<b>Fund balance, end of year</b>	<b>\$ 1,878</b>	<b>\$ 1,740,231</b>	<b>\$ 435,764</b>	<b>\$ 6,007</b>	<b>\$ 3,144</b>	<b>\$ 17,395</b>	

(CONTINUED)

**TOWN OF NORTH KINGSTOWN**  
**Combining Statement of Revenues, Expenditures and Changes In Fund Balance**  
**Non-Major Governmental Funds**  
**Year Ended June 30, 2004**

PERMANENT FUNDS						
	School Updike Fund	School Gardiner Fund	School Library Fund	School Tennis Fund	Henry Reynolds Outside Poor Fund	Veterans Memorial Scholarship
<b>REVENUES:</b>						
Interest and investment income	\$ 9	\$ 24	\$ 9	\$ 9	\$ 12	\$ 108
Intergovernmental						
Other						
<b>TOTAL REVENUES</b>	<b>9</b>	<b>24</b>	<b>9</b>	<b>0</b>	<b>12</b>	<b>108</b>
<b>EXPENDITURES:</b>						
General government						
Public safety						
Public works						
Per trust agreements						
Education						
Human resources						
Capital and special appropriations						
Debt service:						
Debt principal						
Debt interest						
<b>TOTAL EXPENDITURES</b>	<b>0</b>	<b>4,965</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>147</b>
<i>Excess of revenues over expenditures before transfers</i>	<i>9</i>	<i>(4,941)</i>	<i>9</i>	<i>0</i>	<i>12</i>	<i>(39)</i>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in						
Transfers out						
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<i>Excess of revenues and expenditures</i>	<i>9</i>	<i>(4,941)</i>	<i>9</i>	<i>0</i>	<i>12</i>	<i>(39)</i>
<b>Fund balance, beginning of year</b>	<b>\$ 3,783</b>	<b>\$ 4,893</b>	<b>\$ 8,220</b>	<b>\$ 261</b>	<b>\$ 2,147</b>	<b>\$ 6,826</b>

(CONTINUED)

**TOWN OF NORTH KINGSTOWN**  
**Combining Statement of Revenues, Expenditures and Changes In Fund Balance**  
**Non-Major Governmental Funds**  
**Year Ended June 30, 2004**

PERMANENT FUNDS						
William D. Davis Library Fund	John J. Spinck Outside Poor Fund	John B. Spinck Outside Poor Fund	Thomas Casey Outside Poor Fund	Elizabeth Miller Library Fund		Grand Totals
\$ 29	\$ 120	\$ 30	\$ 13	\$ 12	\$ 87,071	4,786,785
						2,087,748
<b>TOTAL REVENUES</b>	<b>29</b>	<b>120</b>	<b>30</b>	<b>13</b>	<b>12</b>	<b>6,961,604</b>
<b>EXPENDITURES:</b>						
General government						2,397,154
Public safety						6,502
Public works						393,376
Per trust agreements						204,109
Education						2,327,040
Human resources						228,162
Capital and special appropriations						1,555,726
Debt service:						-
Debt principal						3,309,190
Debt interest						2,564,086
<b>TOTAL EXPENDITURES</b>	<b>30</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>12</b>	<b>12,985,345</b>
<i>Excess of revenues over expenditures before transfers</i>	(1)	120	30	13	-	(6,023,741)
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in						6,459,535
Transfers out						(1,646,736)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,813,799</b>
<i>Excess of revenues and expenditures</i>	(1)	120	30	13	-	(1,209,942)
<i>Fund balance, beginning of year</i>	5,008	20,584	5,146	2,135	2,003	8,704,233
<i>Fund balance, end of year</i>	<b>\$ 5,007</b>	<b>\$ 20,704</b>	<b>\$ 5,176</b>	<b>\$ 2,148</b>	<b>\$ 2,003</b>	<b>\$ 7,494,291</b>

(CONCLUDED)

**TOWN OF NORTH KINGSTOWN**  
**NON-MAJOR ENTERPRISE FUNDS**

---

The Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprise or where the Town has decided that periodic determination of net income is appropriate for capital maintenance, management control, accountability, public policy or other purposes.

***Quonset/Davisville Reserve*** – To account for funds set aside for capital expenditures of the Quonset/Davisville Recreation Fund.

***School Cafeteria Fund*** - To account for the School's Food Service operation.

**TOWN OF NORTH KINGSTOWN, RHODE ISLAND**

**PRIVATE PURPOSE TRUST FUNDS**

---

Private Purpose Trust Funds are all trust arrangements under which principal and income benefit individuals, private organizations, or other governments. The following is a list of Private Purpose Trust Funds:

**Burial Funds** – To account for the transfer of interest earned in these funds to the General Fund for care and maintenance expenses for certain burial lots by the Town of North Kingstown. The following is a list of Burial Funds included in this section:

Hall	B.H. Davis
Vaughn	Updike
Young	Mary Carpenter
Rebecca Hammond	Smith-Lawton
W.H. Welling	Old Baptist Cemetery
George C. Hall	Smith

**Probate Funds** – Funds established as a result of unlocatable heirs to various funds. The following is a list of Probate Funds accounted for by the Town:

Lawton	E. Rogers/C. Levalley
Weeks	Cogan
Jones	

TOWN OF NORTH KINGSTOWN

**Combining Statement of Net Assets  
Private Purpose Trust Funds  
For the year ended June 30, 2004**

H-1

Burial Funds						
	<u>Hall</u>	<u>Vaughn</u>	<u>Young</u>	<u>Rebecca Hammond</u>	<u>W.H. Welling</u>	<u>George C. Hall</u>
<b>ASSETS</b>						
Cash	\$ 501	\$ 100	\$ 300	\$ 300	\$ 8,536	\$ 200
	0	0	0	0	0	0
<b>LIABILITIES</b>						
<b>NET ASSETS</b>						
Held in Trust for private purposes per trust agreements	\$ 501	\$ 100	\$ 300	\$ 300	\$ 8,536	\$ 200

(CONTINUED)

TOWN OF NORTH KINGSTOWN

H-1

**Combining Statement of Net Assets  
Private Purpose Trust Funds  
For the year ended June 30, 2004**

		Burial Funds						
		<u>B. H. Davis</u>	<u>Updike</u>	<u>Mary Carpenter</u>	<u>Smith- Lawton</u>	<u>Old Baptist Cemetery</u>	<u>Smith</u>	<u>Burial Totals</u>
<b>ASSETS</b>								
Cash		\$ 501	\$ 1,557	\$ 1,001	\$ 4,607	\$ 701	\$ 1,001	\$ 19,305
		0	0	0	0	0	0	0
<b>LIABILITIES</b>								
<b>NET ASSETS</b>								
Held in Trust for private purposes per trust agreements		\$ 501	\$ 1,557	\$ 1,001	\$ 4,607	\$ 701	\$ 1,001	\$ 19,305

(CONTINUED)

## TOWN OF NORTH KINGSTOWN

**Combining Statement of Net Assets  
Private Purpose Trust Funds  
For the year ended June 30, 2004**

Probate Funds					
ASSETS		Probate Totals		Grand Totals	
		E. Rogers/ C. Levalley	Cogan	Jones	
Lawton	Weeks				
\$ 8,176	\$ 2,277	\$ 1,168	\$ 529	\$ 200	\$ 12,350
					\$ 31,655
LIABILITIES					
		0	0	0	0
NET ASSETS					
Held in Trust for private purposes					
per trust agreements					
\$ 8,176	\$ 2,277	\$ 1,168	\$ 529	\$ 200	\$ 12,350
					\$ 31,655

(CONCLUDED)

TOWN OF NORTH KINGSTOWN  
**Combining Statement of Changes in Net Assets**  
**Private Purpose Trust Funds**  
*For the year ended June 30, 2004*

Burial Funds						
	<u>Hall</u>	<u>Vaughn</u>	<u>Young</u>	<u>Rebecca Hammond</u>	<u>W.H. Welling</u>	<u>George C. Hall</u>
<b>ADDITIONS:</b>						
Investment income	\$ 4	\$ 1	\$ 2	\$ 2	\$ 49	\$ 1
	<u>4</u>	<u>1</u>	<u>2</u>	<u>2</u>	<u>49</u>	<u>1</u>
<b>DEDUCTIONS:</b>						
Operating expense per trust agreement	4	1	3	3	0	2
	<u>4</u>	<u>1</u>	<u>3</u>	<u>3</u>	<u>0</u>	<u>2</u>
<b>CHANGE IN NET ASSETS</b>						
<b>Net Assets, beginning</b>	501	100	301	301	8,487	201
<b>Net Assets, ending</b>	<u>\$ 501</u>	<u>\$ 100</u>	<u>\$ 300</u>	<u>\$ 300</u>	<u>\$ 8,536</u>	<u>\$ 200</u>

(CONTINUED)

**TOWN OF NORTH KINGSTOWN**  
**Combining Statement of Changes in Net Assets**  
**Private Purpose Trust Funds**  
**For the year ended June 30, 2003**

(CONTINUED)

TOWN OF NORTH KINGSTOWN  
**Combining Statement of Changes in Net Assets**  
**Private Purpose Trust Funds**  
**For the year ended June 30, 2004**

Probate Funds						
	<u>Lawton</u>	<u>Weeks</u>	<u>E. Rogers/ C. Levalley</u>	<u>Cogan</u>	<u>Jones</u>	<u>Probate Totals</u>
						<u>GRAND TOTALS</u>
<b>ADDITIONS:</b>						
Investment income	\$ 48	\$ 37	\$ 19	\$ 9	\$ 200	\$ 313
	<u>48</u>	<u>37</u>	<u>19</u>	<u>9</u>	<u>200</u>	<u>313</u>
<b>DEDUCTIONS:</b>						
Operating expense per trust agreement	0	0	0	0	0	61
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>61</u>
<b>CHANGE IN NET ASSETS</b>						
<b>Net Assets, beginning</b>	48	37	19	9	200	313
	<u>8,128</u>	<u>2,240</u>	<u>1,149</u>	<u>520</u>	<u>0</u>	<u>12,037</u>
<b>Net Assets, ending</b>	<u>\$ 8,176</u>	<u>\$ 2,277</u>	<u>\$ 1,168</u>	<u>\$ 529</u>	<u>\$ 200</u>	<u>\$ 12,350</u>
						<u>\$ 31,655</u>

(CONCLUDED)

**TOWN OF NORTH KINGSTOWN**

**AGENCY FUNDS**

---

Agency Funds were established to function as clearing mechanisms for cash resources which are collected and disbursed to authorized recipients. The following is a list of Agency Funds included in this section:

***Student Activity Fund*** - To account for monies received and expended for various student activities.

***Payroll Fund*** - To account for the Town's payroll expenses.

***School Payroll Fund*** - To account for the School's payroll expenses.

***Developer Surety Escrow*** - To account for monies received from developers which are drawn upon by the Town due to failure by the developer to complete improvements to roadways, drainage, and for which the Town must use these funds to complete said improvements.

**Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**Year ended June 30, 2004**

	Beginning Balance		Additions		Deductions		Ending Balance
<b>SCHOOL ACTIVITY FUNDS</b>							
<b>ASSETS</b>							
Cash	\$ 217,215		\$ 769,588		\$ 762,183		\$ 224,620
<b>LIABILITIES</b>							
Due to student groups	\$ 217,215		\$ 769,588		\$ 762,183		\$ 224,620
<b>PAYROLL FUND</b>							
<b>ASSETS</b>							
Cash	\$ 10,474		\$ 33,233,467		\$ 33,198,385		\$ 45,556
Due from other funds	51,348		13,868,016		13,882,513		36,851
<b>TOTAL ASSETS</b>	<b>\$ 61,822</b>		<b>\$ 47,101,483</b>		<b>\$ 47,080,898</b>		<b>\$ 82,407</b>
<b>LIABILITIES</b>							
Payroll withholdings	\$ 61,822		\$ 19,940,586		\$ 19,961,171		\$ 82,407
<b>SCHOOL PAYROLL FUND</b>							
<b>ASSETS</b>							
Cash	\$ 77,491		\$ 74,168,597		\$ 74,194,833		\$ 51,255
Due from other funds	474,348		32,417,227		32,373,862		517,713
<b>TOTAL ASSETS</b>	<b>\$ 551,839</b>		<b>\$ 106,585,824</b>		<b>\$ 106,568,695</b>		<b>\$ 534,710</b>
<b>LIABILITIES</b>							
Payroll withholdings	\$ 551,839		\$ 49,156,688		\$ 49,173,817		\$ 534,710

(CONTINUED)

**Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**Year ended June 30, 2004**

DEVELOPER SURETY ESCROW**ASSETS**

Cash	\$ 301,560	\$ 1,372,253	\$ 1,527,246	\$ 146,567
------	------------	--------------	--------------	------------

**LIABILITIES**

Accounts payable	\$ 0	\$ 159,569	\$ 159,569	\$ 0
Deposits held in custody for others	\$ 301,560	\$ 160,157	\$ 5,164	\$ 146,567
<b>TOTAL LIABILITIES</b>	<b>\$ 301,560</b>	<b>\$ 319,726</b>	<b>\$ 164,733</b>	<b>\$ 146,567</b>

**TOTAL - ALL AGENCY FUNDS****ASSETS**

Cash	\$ 606,740	\$ 109,543,905	\$ 109,682,647	\$ 467,998
Due from other funds	\$ 525,696	\$ 46,285,243	\$ 46,256,375	\$ 554,564
<b>TOTAL ASSETS</b>	<b>\$ 1,132,436</b>	<b>\$ 155,829,148</b>	<b>\$ 155,939,022</b>	<b>\$ 1,022,562</b>

**LIABILITIES**

Accounts payable	\$ 0	\$ 159,569	\$ 159,569	\$ 0
Due to student groups	\$ 217,215	\$ 769,588	\$ 762,183	\$ 224,620
Deposits Held in Custody for Others	\$ 301,560	\$ 160,157	\$ 5,164	\$ 146,567
Payroll withholdings	\$ 613,661	\$ 69,097,274	\$ 69,134,988	\$ 651,375
<b>TOTAL LIABILITIES</b>	<b>\$ 1,132,436</b>	<b>\$ 70,186,588</b>	<b>\$ 70,061,904</b>	<b>\$ 1,022,562</b>

(CONCLUDED)

THE TOWN OF  
NORTH KINGSTOWN, RHODE ISLAND

STATISTICAL SECTION

**TABLE 1****TOWN OF NORTH KINGSTOWN****GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION****LAST TEN FISCAL YEARS (1)**

	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
General government	\$ 6,437,736	\$ 6,303,068	\$ 4,620,090	\$ 4,935,355	\$ 4,294,109
Public safety	\$ 11,297,060	\$ 10,151,088	\$ 10,065,679	\$ 8,946,977	\$ 8,647,435
Public works	\$ 4,330,139	\$ 3,316,262	\$ 3,618,773	\$ 3,750,904	\$ 3,459,956
Parks and recreation	\$ 593,594	\$ 376,334	\$ 0	\$ 0	\$ 0
Senior services	\$ 286,475	\$ 271,638	\$ 0	\$ 0	\$ 0
Education	\$ 53,810,038	\$ 47,534,281	\$ 44,401,975	\$ 41,719,508	\$ 39,107,712
Per trust agreements	\$ 204,109	\$ 184,879	\$ 0	\$ 0	\$ 0
Human resources	\$ 228,162	\$ 138,295	\$ 1,940,276	\$ 1,909,148	\$ 1,842,729
Capital improvement	\$ 1,555,726	\$ 458,479	\$ 14,488,499	\$ 23,531,451	\$ 7,856,089
Debt service	\$ 5,873,276	\$ 6,044,921	\$ 6,001,055	\$ 4,012,305	\$ 2,936,840
Other					
<b>TOTAL</b>	<b>\$ 84,616,315</b>	<b>\$ 74,779,245</b>	<b>\$ 85,136,347</b>	<b>\$ 88,805,648</b>	<b>\$ 68,144,870</b>

(1) This schedule includes expenditures of the General Fund, Special Revenue Funds, Debt Service, Capital Project Funds, and Permanent Funds after elimination of transfer between these funds.

(CONTINUED)

**TABLE 1****TOWN OF NORTH KINGSTOWN****GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION****LAST TEN FISCAL YEARS (1)**

	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>
General government	\$ 4,374,433	\$ 3,434,508	\$ 3,224,369	\$ 3,079,558	\$ 3,362,978
Public safety	\$ 8,397,280	\$ 7,878,245	\$ 7,604,265	\$ 7,612,298	\$ 7,000,544
Public works	\$ 3,196,476	\$ 3,609,213	\$ 3,679,032	\$ 3,900,436	\$ 3,405,914
Parks and recreation	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Senior services	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Education	\$ 37,551,560	\$ 34,711,315	\$ 32,464,689	\$ 32,207,641	\$ 30,437,009
Per trust agreements	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Human resources	\$ 1,955,234	\$ 2,123,528	\$ 1,814,810	\$ 1,834,893	\$ 1,591,449
Capital improvement	\$ 5,470,694	\$ 2,249,067	\$ 5,285,928	\$ 2,909,803	\$ 343,012
Debt service	\$ 1,477,845	\$ 1,820,271	\$ 769,514	\$ 913,240	\$ 1,020,724
Other	\$ 447	\$ 447	\$ 92,610	\$ 92,610	\$ 92,610
<b>TOTAL</b>	<b>\$ 62,423,522</b>	<b>\$ 55,826,594</b>	<b>\$ 54,842,607</b>	<b>\$ 52,457,869</b>	<b>\$ 47,254,240</b>

(1) This schedule includes expenditures of the General Fund, Special Revenue Funds, Debt Service, Capital Project Funds, and Permanent Funds after elimination of transfer between these funds.

---

**(CONCLUDED)**

**TABLE 2****TOWN OF NORTH KINGSTOWN****GENERAL GOVERNMENTAL REVENUES BY SOURCE****LAST TEN FISCAL YEARS (1)**

	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Taxes	\$ 53,805,401	\$ 51,272,225	\$ 48,570,277	\$ 44,883,156	\$ 42,758,479
Intergovernmental revenues	21,434,885	20,293,410	17,772,102	16,835,239	14,836,130
Other	7,339,174	6,090,423	4,605,216	6,496,096	5,142,352
<b>TOTAL</b>	<b>\$ 82,579,460</b>	<b>\$ 77,656,058</b>	<b>\$ 70,947,595</b>	<b>\$ 68,214,491</b>	<b>\$ 62,736,961</b>
		<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>
Taxes	\$ 40,769,858	\$ 37,770,965	\$ 34,807,161	\$ 33,050,988	\$ 31,741,576
Intergovernmental revenues	14,174,653	13,214,911	12,408,786	12,780,087	11,005,370
Other	5,664,831	3,476,097	2,646,575	2,948,771	2,352,633
<b>TOTAL</b>	<b>\$ 60,609,342</b>	<b>\$ 54,461,973</b>	<b>\$ 49,862,522</b>	<b>\$ 48,779,846</b>	<b>\$ 45,099,579</b>

(1) This schedule includes revenues of the General Fund, Special Revenue Funds, Debt Service, Capital Project Funds and Permanent Funds.

**TABLE 3****TOWN OF NORTH KINGSTOWN****PROPERTY TAX LEVIES AND COLLECTIONS****LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Net Adjusted Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collected</u>	<u>Percent of Total Tax Collections To Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Percent of Delinquent Taxes To Tax Levy</u>
1994/1995	28,840,863	27,579,528	95.63%	1,488,730	29,068,258	100.79%	2,522,171	8.75%
1995/1996	31,037,326	29,812,237	96.05%	1,112,102	30,924,339	99.64%	2,534,065	8.16%
1996/1997	32,674,331	31,280,074	95.73%	1,100,294	32,380,368	99.10%	2,724,267	8.34%
1997/1998	35,738,674	34,325,596	96.05%	1,248,475	35,574,071	99.54%	2,696,351	7.54%
1998/1999	38,338,764	36,994,035	96.49%	1,295,062	38,289,097	99.87%	2,591,196	6.76%
1999/2000	40,225,839	38,986,528	96.92%	1,286,536	40,273,064	100.12%	2,454,705	6.10%
2000/2001	42,225,274	41,097,232	97.33%	1,278,165	42,375,397	100.36%	2,365,928	5.60%
2001/2002	46,885,673	45,641,683	97.35%	1,163,922	46,805,605	99.83%	2,390,776	5.10%
2002/2003	48,766,433	47,677,559	97.77%	1,185,061	48,862,620	100.20%	2,399,708	4.92%
2003/2004	51,861,710	49,906,474	96.23%	1,206,884	51,113,358	98.56%	1,660,009	3.20%

**TABLE 4****TOWN OF NORTH KINGSTOWN****ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
"UNAUDITED"****LAST TEN FISCAL YEARS (1)**

Fiscal Year	Assessed Value (1)	Real Property		Personal Property		TOTAL	Ratio of Total Assessed to Total Estimated Actual Value
		Estimated Actual Value	Assessed Value (1)	Estimated Actual Value	Assessed Value (1)		
1996	1,378,485,000	1,443,273,795	188,068,180	188,068,180	1,566,553,180	1,631,341,975	0.955
1997	1,401,248,700	1,499,336,100	200,492,952	200,492,952	1,601,741,652	1,699,829,052	0.935
1998	1,433,174,000	1,508,604,210	211,230,520	211,230,520	1,644,404,520	1,719,834,730	0.950
1999	1,470,037,800	1,594,401,085	230,918,953	230,918,953	1,700,956,753	1,825,320,038	0.922
2000	1,500,902,170	1,658,455,436	230,541,395	230,541,395	1,765,207,767	1,922,761,033	0.920
2001	1,536,301,370	1,745,797,011	222,929,548	222,929,548	1,759,230,918	2,023,180,898	0.880
2002	1,954,112,590	2,014,549,061	219,842,649	219,842,649	2,173,955,239	2,234,391,710	0.970
2003	1,986,996,310	2,393,971,457	212,176,187	212,176,187	2,199,172,497	2,606,147,644	0.830
2004	2,011,507,975	2,793,761,076	216,786,796	216,786,796	2,228,294,771	3,010,547,872	0.720
2005	3,373,797,470	3,373,797,470	210,848,833	210,848,833	3,584,646,303	3,584,646,303	1.000

(1) Gross amount is reflected without deduction for exemptions.

**TOWN OF NORTH KINGSTOWN**

**TABLE 5**

**PROPERTY TAX RATES  
(PER \$1,000 OF ASSESSED VALUE)  
"UNAUDITED"**

**LAST TEN FISCAL YEARS**

---

<u>Fiscal Year</u>	<u>Total Tax Rate</u>	<u>Municipal Portion</u>	<u>School Portion</u>
1996	20.24	5.82	14.42
1997	20.76	6.01	14.75
1998	22.04	6.39	15.65
1999	22.79	7.09	15.70
2000: RE& PP	23.68	7.18	16.50
2000: MV	22.04	6.68	15.36
2000: Inventory	20.52	6.22	14.30
2001: RE & PP	24.65	6.96	17.69
2001: MV	22.04	6.22	15.82
2001: Inventory	18.24	5.15	13.09
2002: RE & PP	21.94	5.57	16.37
2002: MV	22.04	5.51	16.53
2003: RE & PP	22.60	5.70	16.90
2003: MV	22.04	6.05	15.99
2004: RE & PP	23.31	5.65	17.66
2004: MV	22.04	5.34	16.70
2005: RE & PP	14.38	3.40	10.98
2005: MV	22.04	5.98	16.06

**TOWN OF NORTH KINGSTOWN**

**TABLE 6**

**WATER ASSESSMENTS**

**LAST TEN FISCAL YEARS**

---

Fiscal Year	Current Year <u>Collections</u>	Total Outstanding Assessments at Fiscal Year-end (1)
1995	1,484,336	665,226
1996	1,506,349	529,667
1997	1,569,468	198,021
1998	1,806,026	185,690
1999	2,024,539	174,806
2000	2,272,057	378,322
2001	2,135,896	384,315
2002	2,542,875	401,147
2003	2,398,406	363,809
2004	2,296,275	435,422

(1) No receivables are deemed to be uncollectible.

**TABLE 7****TOWN OF NORTH KINGSTOWN**

**RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE AND  
NET BONDED DEBT PER CAPITA  
"UNAUDITED"**

**LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Assessed Value (2)</u>	<u>Gross Bonded Debt</u>	<u>Debt Payable from Enterprise Revenues</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt per Capita</u>
1994	23,786	\$ 936,642,267	\$ 6,450,000	\$ 271,195	\$ 6,178,805	0.66%	\$ 259.77
1995	23,786	\$ 1,512,225,068	\$ 5,645,000	\$ 1,016,398	\$ 4,628,602	0.31%	\$ 233.04
1996	23,786	\$ 1,542,372,324	\$ 10,925,000	\$ 0	\$ 10,925,000	0.71%	\$ 459.30
1997	23,786	\$ 1,578,054,704	\$ 11,365,000	\$ 900,000	\$ 10,465,000	0.66%	\$ 439.96
1998	23,786	\$ 1,622,101,177	\$ 10,430,907	\$ 830,907	\$ 9,600,000	0.59%	\$ 403.60
1999	23,786	\$ 1,678,779,770	\$ 19,117,841	\$ 757,841	\$ 18,360,000	1.09%	\$ 771.88
2000	23,786	\$ 1,709,592,473	\$ 50,690,574	\$ 680,574	\$ 50,010,000	2.93%	\$ 2,102.50
2001	26,326	\$ 1,759,230,918	\$ 56,913,864	\$ 1,152,248	\$ 55,761,616	3.17%	\$ 2,118.12
2002	26,326	\$ 2,173,955,239	\$ 55,567,456	\$ 1,035,032	\$ 54,532,424	2.51%	\$ 2,071.43
2003	26,326	\$ 2,199,172,497	\$ 52,126,079	\$ 912,846	\$ 51,213,233	2.33%	\$ 1,945.35
2004	26,326	\$ 2,189,162,245	\$ 48,689,445	\$ 785,402	\$ 47,904,043	2.19%	\$ 1,819.65

(1) U.S. Department of Commerce, Bureau of Census 1990 and 2000.

(2) Net taxable assessed value.

**TOWN OF NORTH KINGSTOWN****COMPUTATION OF LEGAL DEBT MARGIN  
"UNAUDITED"****JUNE 30, 2004**

---

Assessed value	\$ 2,325,473,002
Less: exemptions	<u>(136,310,757)</u>
NET TOTAL TAXABLE ASSESSED VALUE	<u>\$ 2,189,162,245</u>
Debt limit - 3 percent of total assessed value	65,674,867
Amount of debt applicable to debt limit: Water Tower Issue	<u>785,402</u>
LEGAL DEBT MARGIN	<u>\$ 64,889,465</u>

**Note:** The Town has only one debt issue outstanding under the Maximum Aggregate Indebtedness provision (3% Debt Limit) - Rhode Island General Law 45-12-2. All other Town debt has been incurred through special statutory authority which consists of approval by the legislature and voter referendum.

The State Legislature may by special act permit the Town to incur indebtedness in excess of the three percent (3%) limit in accordance with Rhode Island General Law 45-12-11. The Town of North Kingstown has never requested authorization under the Authority for the issuance of Indebtedness Excess - Rhode Island General Law 45-12-11.

**TOWN OF NORTH KINGSTOWN**

**COMPUTATION OF OVERLAPPING DEBT**

**JUNE 30, 2004**

---

The Town of North Kingstown does not have any overlapping governmental units, and accordingly, does not have any overlapping debt.

**TOWN OF NORTH KINGSTOWN****RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR  
GENERAL BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES****LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Service</u>	Total Debt	Total General Governmental Expenditures	Ratio of Debt Service to Total General Governmental Expenditures
1995	\$ 635,503	\$ 385,221	\$ 1,020,724	\$ 47,254,240	0.0216	
1996	\$ 568,302	\$ 344,938	\$ 913,240	\$ 52,457,869	0.0174	
1997	\$ 460,000	\$ 309,514	\$ 769,514	\$ 54,842,607	0.0140	
1998	\$ 865,000	\$ 721,118	\$ 1,586,118	\$ 55,644,644	0.0285	
1999	\$ 870,000	\$ 427,660	\$ 1,297,660	\$ 62,423,522	0.0208	
2000	\$ 1,319,190	\$ 986,342	\$ 2,305,532	\$ 68,144,870	0.0338	
2001	\$ 1,344,192	\$ 841,563	\$ 2,185,755	\$ 88,805,648	0.0246	
2002	\$ 3,129,192	\$ 1,941,455	\$ 5,070,647	\$ 85,136,347	0.0596	
2003	\$ 3,319,190	\$ 2,725,731	\$ 6,044,921	\$ 74,779,245	0.0808	
2004	\$ 3,309,190	\$ 2,564,086	\$ 5,873,276	\$ 84,616,315	0.0694	

**TABLE 11**

**TOWN OF NORTH KINGSTOWN**  
**REVENUE BOND COVERAGE**  
**WATER BONDS**

**LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Gross Revenues (1)</u>	<u>Direct Operating Expenses (2)</u>	<u>Net Revenue Available for Debt Service</u>	<u>Principal</u>	<u>Debt Service Requirements Interest</u>	<u>Total</u>	<u>Coverage</u>
1993/1994	\$ 1,422,247	\$ 1,378,374	\$ 43,873	\$ 167,075	\$ 27,817	\$ 194,892	\$ (151,019)
1994/1995	\$ 1,484,336	\$ 1,427,136	\$ 57,200	\$ 169,497	\$ 17,458	\$ 186,955	\$ (129,755)
1995/1996	\$ 1,506,349	\$ 1,490,766	\$ 15,583	\$ 101,698	\$ 6,610	\$ 108,308	\$ (92,725)
1996/1997	\$ 1,569,468	\$ 1,496,749	\$ 72,719	\$ 0	\$ 0	\$ 0	\$ 72,719
1997/1998	\$ 1,806,026	\$ 1,759,703	\$ 46,323	\$ 69,093	\$ 49,531	\$ 118,624	\$ (72,301)
1998/1999	\$ 1,959,705	\$ 1,946,845	\$ 12,860	\$ 73,066	\$ 43,950	\$ 117,016	\$ (104,156)
1999/2000	\$ 2,214,595	\$ 1,779,305	\$ 435,290	\$ 77,267	\$ 40,289	\$ 117,556	\$ 317,734
2000/2001	\$ 2,057,847	\$ 1,922,461	\$ 135,386	\$ 81,710	\$ 42,420	\$ 124,130	\$ 11,256
2001/2002	\$ 2,475,044	\$ 1,575,459	\$ 899,585	\$ 86,408	\$ 26,850	\$ 113,258	\$ 786,327
2002/2003	\$ 2,320,485	\$ 1,805,529	\$ 514,956	\$ 91,377	\$ 29,466	\$ 120,843	\$ 394,113
2003/2004	\$ 2,266,601	\$ 1,920,257	\$ 346,344	\$ 96,631	\$ 24,212	\$ 120,843	\$ 225,501

(1) Gross revenues does not include interest and miscellaneous income.

(2) Total expenses exclusive of bond interest.

**TABLE 12**

**TOWN OF NORTH KINGSTOWN**

**DEMOGRAPHIC STATISTICS  
"UNAUDITED"**

**LAST TEN FISCAL YEARS**

---

<b>Fiscal Year</b>	<b>Population</b>	<b>School Enrollment (1)</b>	<b>Unemployment Rate Percent(2)</b>
1995	23,786	4,354	5.8
1996	23,786	4,470	3.4
1997	23,786	4,482	4.2
1998	23,786	4,533	2.9
1999	23,786	4,539	2.8
2000	23,786	4,560	2.8
2001	26,326	(3) 4,560	3.4
2002	26,326	4,599	3.3
2003	26,326	4,659	3.8
2004	26,326	4,729	4.7

(1) North Kingstown School Department as of June 30th of each year.  
Numbers include resident students sent out.

(2) Rhode Island Department of Labor and Training

(3) U.S. Department of Commerce, Bureau of the Census 2000

**TABLE 12**

**TOWN OF NORTH KINGSTOWN**  
**PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS**  
**"UNAUDITED"**

**LAST TEN FISCAL YEARS**

Fiscal Year	Residential Construction (2)		Commercial Construction (2)		Bank Deposits	Property Value (3)		Total
	Number of Units	Value	Number of Units	Value		Commercial	Taxable Residential	
1995	138	13,967,813	4	943,000	N/A	168,446,300	1,179,708,600	310,431,000
1996	153	16,441,443	6	11,905,114	N/A	172,443,300	1,206,041,700	310,184,700
1997	147	15,493,941	2	187,285	N/A	173,329,550	1,227,919,150	339,744,000
1998	167	16,171,887	16	17,571,217	N/A	204,710,400	1,228,463,600	323,003,500
1999	134	14,771,530	7	1,676,150	N/A	207,092,900	1,262,944,900	324,483,200
2000	151	17,506,881	11	18,621,736	N/A	208,536,370	1,292,365,800	325,207,100
2001	115	13,946,610	9	11,878,148	N/A	213,811,670	1,322,469,700	343,118,710
2002	142	17,332,718	7	2,883,080	N/A	307,983,200	1,646,119,390	350,633,860
2003	152	19,374,852	8	2,990,759	N/A	315,660,100	1,671,336,210	344,614,800
2004	71	9,275,125	9	27,339,551	N/A	300,609,000	1,710,898,975	346,657,400

(1) Includes aggregate bank deposits of the State of Rhode Island for State Chartered Banks Only.  
 Information relating to the Town of North Kingstown only is not available.

(2) Information obtained from Building Official.

(3) Information obtained from Tax Assessor.

**TABLE 14**

**TOWN OF NORTH KINGSTOWN  
PRINCIPAL TAX PAYERS  
"UNAUDITED"**

**JUNE 30, 2004**

Taxpayer	Assessed Valuation	Total Assessed Valuation
Narragansett Electric Company	\$ 27,008,870.00	0.73%
Wrec Precison Park, LLC	18,844,700	0.51%
Zakapone Real Estate Assoc In	16,758,900	0.46%
Home Depot USA Inc.	12,055,490	0.33%
New Plan Hunt River Commons LLC	11,617,500	0.32%
Wal-Mart Stores Inc.	11,502,530	0.31%
Arch Speciality Chemicals Inc.	9,188,680	0.25%
Millcreek Limited	8,036,700	0.22%
Heritage Village Associates	7,658,500	0.21%
Quidnessett Country Club	6,922,120	0.19%
Meadows Professional	6,727,900	0.18%
New England Gas Co.	6,466,140	0.18%
Toray Plastics America	6,430,330	0.17%
Essex Village Company	5,892,300	0.16%
Kingstown Plaza Limited Part	5,794,000	0.16%
West Davisville Realty Co LLC	5,246,600	0.14%
Wickford Juncon Assoc LLC	5,230,500	0.14%
Kings Grant Co.	5,169,600	0.14%
Wickford Ship Yard Inc.	4,905,200	0.13%
High Lea Properties LLC	4,620,200	0.13%
South County Nursing & Rehab	4,490,450	0.12%
Wickford Village Associates	4,336,400	0.12%
Stone, Don W	4,285,400	0.12%
Coxcom Inc.	3,702,420	0.10%
Caldwell, David Sr.	3,378,500	0.09%
	<u>\$ 202,891,430.00</u>	<u>4.36%</u>

Taxed Under Pilot agreements not part of assessed valuation:

Toray Plastics America	38,098,700.00
Electric Boat Corp	19,496,025.00
	<u>\$ 57,594,725.00</u>

**TABLE 15****THE TOWN OF NORTH KINGSTOWN****PRINCIPAL EMPLOYERS  
"UNAUDITED"****June 30, 2004**

<u>Name</u>	<u>Type of Business</u>	<u>Number of Employees</u>
<b>Private Employers</b>		
Electric Boat Corporation	Submarine hull components.	2000
Toray Plastics, Inc.	Polypropylene film, polyester film.	695
Perspectives Corp.	Employment, educational and independent, supported living	600
Brown & Sharpe Manufacturing Company	Designs, manufacturers and markets a line of metrology products	350
Ocean State Jobbers Inc.	Corporate headquarters and distribution center for chain of stores.	300
The Stop & Shop Co., Inc.	Market	225
Wal-Mart	Discount department store.	200
SENECO	Shipbuilders.	160
Gregg's	Family restaurant. In house & take out food & beverage sales.	150
South County Nursing Center	Skilled nursing and subacute services.	150
Custom Design, Inc.	Jewelry displays & silk screening.	150
Anvil International, Inc.	Engineered pipe supports.	134
Scalabrin Villa	Nursing Home	120
Arch Chemicals, Inc.	Manufacturer of photoresist chemicals	120
Dave's Marketplace North Kingstown	Market	100
Dave's Marketplace Wickford	Market	100
Adecco Staffing	Temporary help for all types of business & industry.	100
North Atlantic Distribution Inc. (NORAD)	Storage and port preparation of imported automobiles	100
Icon International, Inc.	Commercial & architectural lighting fixtures.	94
EMAC Transport & Leasing Co., Inc.	Trailer load freight carrier.	90
RI Beverage Packaging Co.	Beverage Warehousing	90
Community Care Nurses Inc.	Home health care and staffing of personnel to health care facilities.	85
Roberts Health Centre, Inc.	Long term nursing care facility specializing in private suites.	82
All American Foods, Inc	Warehouse. Cold Storage and food distribution.	80
Newport Shipyard	Shipyard for military, commercial & pleasure craft, engine repair.	76
Per Diem Nurse Staffing	Health care staffing.	75
B B & S Treated Lumber Of New England	Pressure treated lumber.	70
Cox Communications, Inc. North Kingstown	Local Office and maintenance.	65
J T's Lumber Co., Inc.	Sale of lumber & building materials	60
Maro Display, Inc.	Point of purchase displays. Distribution, warehousing	60
Hope Valley Industries, Inc.	Vinyl welcome mats, automatic mats, fiber optic strength member.	52
Hughes Supply	Pipe fabrication and supply to the fire protection industry.	50
Quidnessett Country Club	Private 19 hole golf course and country club. Banquet facility	50
Paul Bailey Motor Sales Inc.	New and used car sales, service department, body repair.	50
The Lightship Group, LLC	Steel and specialty metals fabrication and welding.	50
Lightship Group LLC	Industrial/marine repair; custom fabrication/welding services	50
New England Stone	Granite Fabricators.	50
Supfina Machine Co., Inc.	Superfinishing machines for metal, machine tools	45
Truscco, Inc.	Design and manufacturer floor & roof truss fabrication.	45
McDonald's		45
Ocean State Oil, Inc.	Motor oil, hydraulic oil, grease, antifreeze, industrial oil	42
Ultra Scientific, Inc.	Chromatographic supplies, chemical standards. ISO Certification:	40
L J M Packaging Co., Inc.	Industrial packaging design and manufacturing	40
Paul Bailey's Dodge	New and used, automobile dealer, service and body repair and rentals.	40
Sunshine Child Care Center, Inc.	Child Care Facility.	35
Star Gas Service	Distributor of propane gas, retail.	35
B S M Pump Corporation	Industrial rotary gear pumps.	35
LJM Packaging Co., Inc.	Wood boxes and products, packaging design and manufacturing for industrial	35
Marshalls	Discount clothing stores.	35
Total		7505
<b>Public Installations</b>		
Town of North Kingstown		1200
RI Air National Guard		303
Army Aviation Support Facility		65
		1568

**TOWN OF NORTH KINGSTOWN**

**TABLE 16**

**USE OF TAX REVENUE**

**LAST TEN FISCAL YEARS**

---

<u>Fiscal Year</u>	<u>Operations</u>	<u>Debt Service</u>	<u>Total Taxes</u>
1993/1994	\$ 27,798,022	\$ 1,078,665	\$ 28,876,687
1994/1995	\$ 27,820,139	\$ 1,020,724	\$ 28,840,863
1995/1996	\$ 30,124,086	\$ 913,240	\$ 31,037,326
1996/1997	\$ 31,904,817	\$ 769,514	\$ 32,674,331
1997/1998	\$ 34,152,556	\$ 1,586,118	\$ 35,738,674
1998/1999	\$ 36,908,065	\$ 1,430,699	\$ 38,338,764
1999/2000	\$ 38,497,839	\$ 1,728,000	\$ 40,225,839
2000/2001	\$ 40,237,693	\$ 1,987,581	\$ 42,225,274
2001/2002	\$ 42,878,883	\$ 4,006,790	\$ 46,885,673
2002/2003	\$ 44,759,643	\$ 4,006,790	\$ 48,766,433
2003/2004	\$ 47,814,238	\$ 4,047,472	\$ 51,861,710

**TABLE 17**

**TOWN OF NORTH KINGSTOWN**  
**MISCELLANEOUS STATISTICS**  
**"UNAUDITED"**

**JUNE 30, 2004**

---

<u>Town Incorporated</u>	1674
<u>Home Rule Charter Adopted</u>	1954
<u>Type of Government</u>	Town Council/Manager
<u>Fiscal Year Begins</u>	July 1
<u>Population</u>	
	Official U.S.Census
1900	4,194
1910	4,084
1920	3,397
1930	4,279
1940	4,604
1950	14,810
1960	18,977
1970	29,793
1980	21,938
1990	23,786
2000	26,326
<u>Area of Town</u>	44.2 SQUARE MILES
<u>Miles of Roads:</u>	
Local Paved	155.65
State Paved	42.65
<u>Municipal Employees:</u>	
Exclusive of Library, Police, Fire and Regulation	
Education	93
Part - time	146
<u>Construction (2003-2004)</u>	
Permits Issued	1001
Total Value	34,112,952
<u>Fire Protection:</u>	
Fire Stations-Town Owned	3
Employees Uniformed	72
Civilian	1
Fire Alarm Boxes	319
Fire Hydrants	994

(CONTINUED)

**TABLE 17**

***TOWN OF NORTH KINGSTOWN  
MISCELLANEOUS STATISTICS  
"UNAUDITED"***

**JUNE 30, 2004**

---

<b><u>Police Protection</u></b>	
Police Buildings	1
Animal Control Buildings	1
Employees: Law Enforcement	51
Civilian	8
Animal Control	3
Harbor Division	3
Presidential Preference Primary (03/02/2004)	
Registered Voters	19,405
Number of votes cast	1,143
Percentage Voting	6%
<b><u>Recreation</u></b>	
Parks and Public Squares	13
Acres For Recreation (Dev)	358.6
Tot Lots	4
Playfield and Major	
Recreation Facilities	4
Playgrounds	5
Bandstand	1
Undeveloped Sites	10
Municipal Tennis Courts	4
In-line hockey Courts	1
Bathing Beaches	1
Golf Courses	1
Marina	1
Ball Diamonds	
Youth Baseball	10
Softball	4
Basketball Courts	
Outdoor	7
Football and Lacross fields	1
Boat Landings	2
Soccer Fields	8
<b><u>Library</u></b>	
Buildings	1
Employees	
Regular	12
Part time	15
<b><u>Education</u></b>	
Central Administrative Building	1

---

(CONTINUED)

**TOWN OF NORTH KINGSTOWN**  
**MISCELLANEOUS STATISTICS**  
**"UNAUDITED"**

**JUNE 30, 2004**

---

Schools:	
High	1
Middle	2
Elementary	7
Total Schools	<u>10</u>
Students:*	
Kindergarten/Pre-one	293
Elementary (1-5)	1,746
Middle (6-9)	1,076
High (9-12)	1,425
Special Education Program	123
Sub total in our Schools	4,663
Resident Pupils Sent out	66
Total Students	<u>4,429</u>
Personnel:**	
Administrative, Certified	20
Non Certified	16.5
Classroom Teachers	383.6
Aides	116
Lunch workers, bus drivers	53
Clerical	38
Operation and Maintenance	47.5
*Enrolment as of June 2004	
**Totals as of June measured in FTE	
Municipal Buildings: (Excluding library, Fire, Police, Education)	
Town Hall	35 West Main Street
Town Hall Annex	Highway Garage- 55 Oak Hill Road
Beachwood Senior Center	3 Outbuildings - 55 Oak Hill Road
Community Center	Highway Garage-Rear of Water Dept.
Town Beach Snack Bar	Transfer Station-Three Buildings
Beach Facilities	Donald Downes Playground Rec Bldg
Donald Downs Playground - Pressbox	Water Department
Little Red School House	5 Water Towers
Allen Harbor (Three Buildings)	5 Booster Pumping Station (Water & Sewer)
Golf Course Facilities	3 Bay Garage
Maintenance Building	2 Prv Vault
Hazmat Building	8 Well Building
Club House	30 Reynolds Street & Garage
Wickford Public Restrooms	Signal Rock Recreation Center
Wilson Park Recreation	Main Building

(CONTINUED)

**TABLE 17**

**TOWN OF NORTH KINGSTOWN  
MISCELLANEOUS STATISTICS  
"UNAUDITED"**

**JUNE 30, 2004**

---

Facilities	Storage Building
2 Concession Stand/Restroom	Press Box/Concession
Gazebo	House & Garage- 37 Oak Hill Road
Wilson Park Maintenance Facility	Bandstand
Ryan Park Nature Center (Includes Meeting Room, Concessions, Restrooms)	Mcginn Park Concession Building (Includes Restrooms, Utility Room and Press Box)
Ryan Park Press Box (2) & Water Shed	Mcginn Park Conex Storage Box
Public Works Facility Davisville	

---

**(CONCLUDED)**

***(THIS PAGE LEFT BLANK INTENTIONALLY.)***

THE TOWN OF  
NORTH KINGSTOWN, RHODE ISLAND

**SINGLE AUDIT SECTION**

**TOWN OF NORTH KINGSTOWN**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2004**

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures Incurred</u>
<b><i>U.S. Department of Housing and Urban Development</i></b>		
Community Development Block Grant (CDBG)	14.219	\$ 231,118
<b><i>Total Department of Housing and Urban and Development</i></b>		<u>231,118</u>
<b><i>U.S. Department of Justice:</i></b>		
Public Safety Partnership and Community Policing grant	16.710	151,611
Local Law Enforcement Block Grant	16.004	<u>12,558</u>
<b><i>Total U.S. Department of Justice</i></b>		<u>164,169</u>
<b><i>U.S. Department of Education:</i></b>		
Public Law 94-142	84.027	766,258
Title I*	84.010	515,614
Title V	84.298A	26,970
Title II	84.164	274,111
Drug-free schools	84.186	29,699
Title II Technology	84.164	13,644
Preschool services	84.173A	9,369
Technical Education	84.318X	3,101
Child Opportunity Zone	84.298	53,669
Education of Homeless Children	84.196	36,429
Even start family literacy	84.213C	81,917
Comprehensive School Reform Program	84.332A	<u>44,984</u>
<b><i>Total U.S. Department of Education</i></b>		<u>1,855,765</u>
<b><i>U.S. Department of Homeland Security:</i></b>		
Homeland Security Domestic Preparedness	97.004	43,234
<b><i>Total U.S. Department of Homeland Security</i></b>		<u>43,234</u>
<b><i>Federal Emergency Management Agency:</i></b>		
Emergency Operations Plan	83.XXX	6,870
<b><i>Total Emergency Mangement Agency</i></b>		<u>6,870</u>
<b><i>U.S. Department of Transportation:</i></b>		
Brown Street Improvements	20.XXX	196,515
<b><i>Total Department of Transportation</i></b>		<u>196,515</u>
<b><i>U.S. Department of Agriculture:</i></b>		
National school lunch*	10.555	222,691
National school milk	10.556	795
National school breakfast	10.557	34,829
Food commodities	10.550	<u>60,693</u>
<b><i>Total U.S. Department of Agriculture</i></b>		<u>319,008</u>
<b><i>Total Expenditures of Federal Awards</i></b>		<u>\$ 2,816,679</u>

\*Denotes major program

**TOWN OF NORTH KINGSTOWN, RHODE ISLAND**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2004**

---

**1. General**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the Town of North Kingstown. All federal awards received from federal agencies are included on the Schedule.

**2. Basis of Accounting**

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting.

**3. Determination of Major Programs**

The determination of major federal awards programs was based upon the overall level of expenditures for all federal programs for the Town of North Kingstown. As such, the threshold for determining Type A and Type B programs are defined as those with program expenditures greater than \$300,000 or 3 percent of total expenditures when the total expenditures are over \$10,000,000. The Town had two programs with expenditures greater than \$300,000. For the fiscal year ended June 30, 2004, the Title I and National School Lunch program were the major programs of the Town of North Kingstown.



PREScott·CHATELLIER  
FONTAINE·WILKINSON·LLP  
CERTIFIED PUBLIC ACCOUNTANTS  
BUSINESS & FINANCIAL ADVISORS

Two Charles Street, Providence, RI 02904  
401 421 2710 telephone 401 274 5230 facsimile  
[www.yourcpafirm.com](http://www.yourcpafirm.com)

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited the financial statements of the governmental activities, the business type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of North Kingstown, Rhode Island as of and for the year ended June 30, 2004, which collectively comprise The Town of North Kingstown's basic financial statements and have issued our report thereon dated November 22, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Town of North Kingstown's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However we noted other matters involving internal control over financial reporting that we have reported to the management of the Town of North Kingstown, Rhode Island in a separate letter dated November 22, 2004.

**Compliance and Other Matters**

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

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

*Prusin Chatellier Farnam & Williamson, LLP*

November 22, 2004



Two Charles Street, Providence, RI 02904  
401 421 2710 telephone 401 274 5230 facsimile  
[www.yourcpafirm.com](http://www.yourcpafirm.com)

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

**Compliance**

We have audited the compliance of the Town of North Kingstown, Rhode Island with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2004. The Town of North Kingstown's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the Town of North Kingstown's management. Our responsibility is to express an opinion on the Town of North Kingstown's compliance based on our audit.

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

In our opinion, the Town of North Kingstown complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004.

**Internal Control Over Compliance**

The management of the Town of North Kingstown is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Town of North Kingstown's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

*Pruson Chatellier Fontaine & Wilkinson, LLP*

November 22, 2004

**TOWN OF NORTH KINGSTOWN, RHODE ISLAND**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2004**

---

**A. SUMMARY OF AUDITOR'S RESULTS**

1. The auditor's report expressed an unqualified opinion on the financial statements of the Town of North Kingstown.
2. No reportable conditions relating to the audit of the financial statements are reported in the Independent Auditor's report.
3. No instances of noncompliance material to the financial statements of the Town of North Kingstown were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award program were reported.
5. The auditor's report on compliance for the major federal award program for the Town of North Kingstown expresses an unqualified opinion.
6. There were no audit findings relative to the major federal award program from the Town of North Kingstown.
7. The program tested as the major programs include:

Title I.....	84.010
National School Lunch Program.....	10.555
9. The threshold for distinguishing Type A and B programs is described in note 3 to the Schedule of Expenditures of Federal Awards.
10. The Town of North Kingstown qualified as a low-risk auditee for the year ended June 30, 2004.

**B. FINDINGS -- RELATED TO THE AUDIT OF FINANCIAL STATEMENTS**

None.

**C. FINDINGS AND QUESTIONED COSTS RELATING TO FEDERAL AWARDS**

None.

***(THIS PAGE LEFT BLANK INTENTIONALLY.)***