

**THE TOWN OF
NORTH KINGSTOWN, RHODE ISLAND**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE YEAR ENDED
JUNE 30, 2003**

Prepared By:

Finance Department

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

YEAR ENDED JUNE 30, 2003

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YEAR ENDED JUNE 30, 2003

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(CONCLUDED)

THE TOWN OF
NORTH KINGSTOWN, RHODE ISLAND

INTRODUCTORY SECTION



INCORPORATED 1674

TOWN OF
NORTH KINGSTOWN, RHODE ISLAND

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December 19, 2003

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, 2003.

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, 2003, 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, 2003, 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: 143rd 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 3,000 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 6,900 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.

ECONOMIC DEVELOPMENT AND OUTLOOK (Continued)

Quonset Point/Davisville Port and Commerce Park (Continued)

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, 204 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.

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. 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 is currently amending the Master Plan for the industrial complex to assure consistency with the Town's 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 is currently constructing 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.

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 is currently seeking approval for a 1.0 million square foot corporate headquarters and distribution facility that is anticipated to be built in the near future. General Dynamics/ Electric Boat, with the 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. Ocean State Oil, a petroleum transportation operation has recently acquired additional land from the RIEDC to facilitate expansion of its operations. D.S. Nelson, a manufacturer of custom interior woodwork completed a small addition to its manufacturing facility last year and has constructed a four-unit 22,000 square foot structure to house its expansion and act as an incubator for additional industrial growth. This distribution facility is housed in a new 120,000 square foot structure. Also of note is the recently opened Community College of Rhode Island Training Center, which will provide trained employees for businesses in the industrial park and the region.

ECONOMIC DEVELOPMENT AND OUTLOOK (Continued)

Quonset Point/Davisville Port and Commerce Park (Continued)

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 received approvals for new facilities to be located 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.

In West Davisville, three businesses have commenced or 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 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 already settled into the renovated buildings. Seafresh USA, a seafood packaging and distribution operation, has begun construction of a 20,000 square foot facility.

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. Along Dry Bridge Road, T. Miozzi, Inc. erected a concrete batch mixing facility and Nooney Controls Inc., a manufacturing operation, has completed construction of a new facility on a nearby lot, also on Dry Bridge Road, that will allow the firm to relocate from its existing facility, which it shares with another operation. The relocation will facilitate the growth of both operations. Atlantic Tree Service is seeking approval to locate its operation on Dry Bridge Road and establish a Tree Farm.

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.

ECONOMIC DEVELOPMENT AND OUTLOOK (Continued)

Commercial Development

Post Road (U.S. 1) and to a smaller degree, Route 2/102 are the primary locations for the larger-scale commercial and shopping plaza uses. 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 28-acre area adjacent to Post Road. The RFP is intended to elicit interest from the development community in the development of the gateway area. Anticipated uses might include a hotel; retail that supports the industrial complex; and office uses.

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 received approval for additional site improvements that will enhance the site through additional parking and enhanced landscaping. Three auto rental agencies have already located on Post Road. 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 a substantial renovation of their facilities.

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 budgeted for the development of a Corridor Plan during FY2004. The consultant will be charged with 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.

ECONOMIC DEVELOPMENT AND OUTLOOK (Continued)

Commercial Development (Continued)

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 has begun implementing plans for Wickford that will provide the village with significant improvements to the roads and right of way amenities without sacrificing the historic character of the village. This improvement process has begun with the improvements to Library Park, a waterfront park linking the commercial heart of the village, Brown Street, with the waterfront and have continued with the start of the Brown Street reconstruction project scheduled for completion by summer 2004; 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.

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. Centerville Bank has begun construction of a new branch facility on a long-vacant property once the 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 the village character. Renovations are now complete on a former diner and office building both recently acquired by the same local businessman.

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 Cocumscussoc in 1637. Through local, State, and Federal assistance, the property was recently 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, is one component of the tourism attractions in North Kingstown.

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. A 120,000 square foot Home Depot is now open on a site in the same vicinity. BankRI is constructing 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.

ECONOMIC DEVELOPMENT AND OUTLOOK (Continued)

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, a 40,000 square foot office complex, also serves the office market in North Kingstown.

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.

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 citizen's 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.

MUNICIPAL PLANNING AND DEVELOPMENT (Continued)

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 helps recognize the limits of growth in the community.

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 1,500 acres of land during the past four years. 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.

MUNICIPAL SERVICES (Continued)

Planning Department (Continued)

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 served as coordinator for the Town's Watershed Watch Program and 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 Annaquatucket 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. 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.

Code Enforcement

The Building Official's Office/Code Enforcement Department is charged with the enforcement of the State Building Code, Zoning Regulations, specific Town Ordinances and the RI Housing Maintenance and Occupancy Code. This department provides interpretation of codes, ordinances and regulations, assistance to the general public and business community throughout the permitting process.

MUNICIPAL SERVICES (Continued)

Police Department

The police department is staffed by fifty-two (52) sworn personnel – the Chief of Police and fifty-one (51) officers of various ranks. The police department is currently without the services of three patrol officers, all of who were activated by the U.S Military for the war in Iraq. Support staff includes three dispatchers, three secretaries, two full-time 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.

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. Our 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. 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 4 employees assigned to maintaining facilities and grounds and 3 employees, 1 full-time and 2 part-time, assigned to custodial coverage.

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 and 1 Special Hazards Vehicle. Their responsibilities include fire suppression, hazardous material response, confined space rescue, rope 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 3,701 requests for emergency services in the past year.

Information Services Department

The Information Services (IS) Department, under the Finance Department, consists of two (2) full-time employees. This department provides services to all departments in the Town Hall, Annex, Senior Center, Department of Public Works (DPW), 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), four (4) frame relay connections (North Kingstown Municipal Golf Course, two (2) remote Fire stations and North Kingstown Transfer Station) and two (2) Point-to-Point (PTP) connections for the new DPW facility and the North Kingstown Senior Center. This department also has the responsibility of maintaining the Town's web site. In 2003, the Geographic Information System (GIS) was added to the responsibility of the IS department with the creation of a new position entitled GIS Manager and the elimination of the Technology Support Technician.

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 4,600 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.

Library

"The North Kingstown Free Library is the symbolic center of our 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 our citizens in living and enriching their daily lives, as a repository of our collective culture and history, and as an embodiment of the democratic ideals that have shaped our society: freedom, equality, and plurality." These words, taken from the library's first long range plan written in 1986, clearly describe our mission to meet the changing and enduring cultural, educational, informational, recreational and research needs of our 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 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, two part-time clerical employees, two part-time custodians, up to seven part-time seasonal Sunday staff members and up to eight high school students work together to provide the high quality public service for which our library has a statewide reputation. The collections of the North Kingstown Free Library number over 119,000 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 six million items in 68 public libraries throughout Rhode Island. North Kingstown cardholders can also search 20 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.

Leisure Activities Department

The Department oversees the administration, personnel, budgeting, policy implementation and supervision of the Quonset/Davisville Enterprise Fund. The Fund supports 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 through the Town. The Golf Course is a classic layout 18-hole and is one of the most popular in the State with over 40,000 rounds played there each year. The Marina consists of 146 slips and moorings. The department also serves as the liaison for the North Kingstown Arts Council. During the past year the Town has acquired Calf Pasture Point, an additional 215 acres of property from the Department of Interior that will be developed into a passive recreation area.

MUNICIPAL SERVICES (Continued)

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 9,022 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 2,000 gallons per minute yield. The wells are located throughout three aquifers, the Hunt, Annaquatucket 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 168 miles of water pipe, 978 fire hydrants, four standpipes, and one storage reservoir.

Tax 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. 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 CAMA system which is available to the public on computers in the assessor's office and on the Vision Appraisal website.

Finance Department

All phases of financial activities of Town government, coordination of all divisional activities and planning, and implementation of new financial and information technology procedures fall within the area of responsibility of the Office of Finance Director. The Finance Director works directly with the Town Manager, assisting in financial research, statistical analysis, budgeting, personnel management, and fiscal policy making, as well as providing general supervision over all divisions of the Finance Department. The Finance Director administers the general government insurance and risk management programs and assures that proper compliance, reporting and accounting requirements are met. Directly responsible to the Finance Director is the Controller or Chief Accounting Officer of the Town. The Controller maintains all books and performs a "continuing" internal audit of various governmental activities. The Controller provides accounting supervision over all departmental activities as well as the day-to-day cash flow analysis, investment scheduling and maintenance of Town's fixed asset system. The Collections/Accounts Receivable Division receives and is responsible for all revenues of the Town. Division personnel provide detailed analysis of the various revenues received by category as well as the maintenance of individual account payments and receivables records for property taxes, water user fees and many varied miscellaneous fees charged by the Town. Division personnel provide tax and water information. The Accounts Payable/Payroll & Employee Benefits Division maintains appropriate ledger control for all funds and disburses all monies from these accounts as well. The pre-audit of vendor invoices is an important function, as are payroll processing and benefits management for general Town employees. The Purchasing Agent carries out the purchasing activities of all Town Departments. The Purchasing Agent is responsible for the procurement of materials, supplies and services required by the Town, and must ensure that the Town receives the desired quantity, quality, and reliability of goods and services and that such goods and services are obtained at the lowest possible cost to the Town.

MUNICIPAL INITIATIVES FOR THE YEAR

Planning Department

North Kingstown received \$183,000 in Community Development Block Grant funds for use in the 2002-2003 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 \$136,000 dedicated to the Town's revitalization effort in the Davisville neighborhood; these funds will be used for housing rehabilitation; renovations of the physical structures at a transitional housing complex; programs in the neighborhood school; assistance for a Town recreation program in the Davisville neighborhood; and redevelopment of a neighborhood park. The neighborhood revitalization funds represent year two 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 Traveler's Aid first in working with the neighborhood to develop a Revitalization Plan and now to implement that plan. The targeted assistance from the first two 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. Over the past year and during the Fall and Spring semesters, a University of Rhode Island Landscape Architecture and Community Planning Department studio class prepared a plan for the Davisville neighborhood to begin the implementation of developing a network of paths and facilities that further the quality of life in the neighborhood. 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.

The Town of North Kingstown has managed a Community Development Block Grant Program for the past 16 years. For the past eight years, the Town has participated in a regional program, first by managing a program for the Town of East Greenwich and since the spring of 1996, when the regional program was expanded to include five other communities, Exeter, West Greenwich, Westerly, Richmond, and Hopkinton.

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 also meets monthly to discuss pending projects.

The Planning Department served as staff to the citizen's 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 reached an implementation stage. A proposal for 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; these improvements were completed last year. Planning for the sidewalk and streetscape improvements was completed recently and is scheduled for construction in the next fiscal year. The Planning Department prepared successful applications to the Rhode Island Department of Transportation Enhancement Program for funding for the sidewalk and streetscape improvements and design monies for a bicycle connection between the village of Wickford and the Quonset Point Davisville Industrial Park.

MUNICIPAL INITIATIVES FOR THE YEAR (Continued)

Planning Department (Continued)

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.

The Planning Department completed a Hazard Mitigation Plan for the Town in cooperation with other Town departments, the public, and the North Kingstown Chamber of Commerce. 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.

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. Development rights to 145 acres of farmland associated with two farms have already been purchased using monies from the Water Resources Board and Town bond funds; 14 acres were purchased using Water Resources Board monies for a future well site. A 200-acre farm and wetland complex was protected by a successful grant application for North American Wetlands Conservation Act monies. 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 previously. 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. 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.

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 support 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. This past year a study of future economic development initiatives was completed.

MUNICIPAL INITIATIVES FOR THE YEAR (Continued)

Code Enforcement

The Code Enforcement Department issued a total of 1,641 permits, representing \$29,232,887.00 in construction value during FY 02/03. Included in the total number of permits issued and total construction value were permits for 152 residential units with a construction value of \$19,374,852.00 and 8 commercial units with a construction value of \$2,990,759.00.

Police Department

The police department is partnering with the community to start new "Crime Watch" groups and to revitalize existing groups. The department recognizes the need for community involvement in trying to deter crimes such as vandalism and larceny within our neighborhoods. Officers will be assigned to start these groups and stay with them throughout the year. The people in that group will have those officers as contacts and continually meet and learn what they can do to help themselves and the police within their own neighborhood.

The police department, through the School Resource Officer assigned to the North Kingstown High School, has begun a Police Cadet Program with over twenty-five students signed up in the first month. The club, which is in its infancy, meets monthly at the high school. Plans for the club, which is geared toward students who have an interest in law enforcement, include bringing in trained police officers as guest lecturers.

The State Legislature and The North Kingstown Town Council recently passed an ordinance that sets up a Juvenile Hearing Board in North Kingstown. The board, which was initiated by the police department, will mirror other boards already in existence in Rhode Island. The Juvenile Hearing Board will consist of five community members appointed by the Town Council to sit and hear cases referred to the board. The Juvenile Hearing Board will give the police department and families the ability to have a wayward juvenile offense adjudicated within town rather than to be referred to the Family Court. The board will have the ability to hand out punishment such as community service and may impose fines. Families who elect the board as an option will be required to admit to the offense prior to any punishment being handed out.

With the aid of grant money and matching funds from the Town the police department has gone out to bid for new portable radios. These new radios will give the police department the ability to have a portable radio assigned permanently to a particular officer. This will allow officers to have radio communication with the police department on the way to and on the way home from work. It has the effect of having more "eyes and ears" on the road if for a limited time each shift.

The North Kingstown Citizens' Traffic Safety Committee which has long been active in working with the police department to make the Town's roads safe has agreed to work with the police department on an educational component geared toward teaching people about safe driving habits.

Public Works

Continuing its commitment to maintaining the Town road infrastructure, Public Works has contracted with Vanasse Hangen Brustlin Inc. to inspect the pavement condition of all Town maintained roads to develop a schedule for resurfacing town maintained subdivision roadways. Eighteen streets, mostly in the Saunderstown area, were targeted for resurfacing during the 2003-paving season.

MUNICIPAL INITIATIVES FOR THE YEAR (Continued)

Public Works (Continued)

The much-anticipated Wickford Village Improvement Project, a cooperative effort between the Town of North Kingstown and the Rhode Island Department of Transportation is underway. Improvements to Brown Street will include 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.

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 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. Approximately 30% of 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 Transfer Station's composting operation continues to produce a product of high quality, available at no cost to residents, and is in demand throughout the year.

Information Services

During Fiscal Year 2003, the IS Department deployed the IP Telephony system at DPW and then to the Town Hall, Annex and the Senior Center offices, continued the advancement of a GIS as well as maintained and/or replaced hardware and software utilized by the Town.

The IP Telephony phone system was put in place late summer of 2002 at the DPW facility and then rolled out at Town Hall, Annex and Senior Center offices. This new system gave these Town facilities greater access to both voice mails and emails as the technology converged these two systems together. Now, users can call into the phone system and listen to voice, as well as email, messages. As part of this installation, the Town networking backbone was upgraded to gigabyte speeds.

In efforts to implement an enterprise wide GIS, the IS department, working with the chosen vendor, conducted a needs analysis of departmental needs and wants for GIS. This process involved many departments such as DPW, Tax Assessor, Water Supply, Building, School, Police and Fire. As part of this project, the Town's 195 plat maps were digitally aligned as well by this vendor working in conjunction with DPW also.

MUNICIPAL INITIATIVES FOR THE YEAR (Continued)

Recreation

North Kingstown was again blessed with a great group of leaders and volunteers in a wide variety of activities and skill levels. A new art program was very well received by third, fourth and fifth grade boys and girls. They were introduced to drawing with a pencil, charcoal, and pen & ink and learned the basics of line, tone, shading and perspective. The North Kingstown Free Library dedicated space after each session to allow the boys and girls to show off their works to the public. The Saturday Morning Art Program for kindergarten to second grade students was also well attended as the children learned how to blend colors and shapes by using their own very vivid imaginations. The tennis program continued to gain appeal as the 6 to 12 year-olds not only honed their skills in our weekly program but also took advantage of the opportunity to move to a higher skill level through a camp offered by the instructors. About 85 boys and girls, ages 6 thru 13 attended the gymnastics program during the summer, while over 150 girls from the first through the sixth grade participated during the winter. They all enjoyed learning how to balance and coordinate their bodies on the beam, bars, floor and vault. Over 825 boys and girls participated in our Saturday basketball program this season and many played on tournament teams that again enjoyed great success. Some of those teams also stepped up to AAU Basketball where they honed their skills against tough competition from all over the eastern half of the United States. One team, the 13 year-old girls, competed in the National finals and finished in the top 25%. Over 60 boys and girls from 5 to 15 years of age again performed at the Theatre By The Sea. The play this year was "Treasure Island". They did two shows on a Friday following the audition the previous Monday. The building was sold-out for both shows and everyone was so impressed by this wonderful example in organization. The children were like veterans of the stage. This was the fifth summer that we have offered a "Teen Extreme" program to seventh through ninth grade students. Over 150 took part in kayaking, white-water rafting, giant water slides, Six Flags, swimming, whale watching, para sailing, deep sea fishing, rock climbing and many more activities throughout New England that made the summer memorable for all. The track and cross country teams reached many hundreds of boys and girls of all ages and a few, including two entire teams, reached the pinnacle of the sport by achieving All America status. However, even those who were not stars felt the exhilaration of doing their personal best and seeing great improvement in their distances and their times. The summer playground program experienced a wonderful transition this summer. For the first time, the boys and girls could participate in many activities from 9 AM to 4 PM in an all day program. This opportunity was highly acclaimed by both parents and children. Many who attended never missed a day. About 9,500 children were bused to the various fun zones of fun this summer, including a basketball clinic at McGinn Park given by a few of the Boston Celtics.

Senior Services

The Department of Senior Services serves as a "community focal point" for senior programs and services and coordinates the following: nutrition and transportation programs, social and recreational activities, health promotion and screenings, 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 2002-2003 is 1,941. Programming at the Senior Center is divided into health wellness and general programming. Over the past year 1,640 individuals participated in programs at the Senior Center.

MUNICIPAL INITIATIVES FOR THE YEAR (Continued)

Senior Services (Continued)

Transportation services made 8,587 calls, assisting 114 seniors. Medical transport to community locations increased 19%. Shopping trips to local supermarkets continue to be utilized at an increasing rate: 36 new riders with a 5% increase in service. 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 22,987 meals were served through our Federal meals program. Meals on site at our Sea Breeze Dining room served 12,323 meals over last year to a total of 299 individuals. Meals on Wheels served 100 homebound seniors with 10,644 meals, a 2% increase from last year. Outreach (social services) assisted 479 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.

North Kingstown School Department

The major initiatives, which the North Kingstown School Department has undertaken during this past fiscal year, are as follows.

Athletic fields for the high school were completed as well as corrections to the high school construction project. School facilities were examined by a citizen committee and a process was begun to upgrade and modernize all school building. Replacement of roofs on three schools has begun.

The district continued implementation of a comprehensive seven-year curriculum cycle for the district. We 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. We 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 we have reviewed and renewed all of our curriculum areas as a result of our curriculum review cycle. This cycle has provided us with standard 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 we begin the cycle again with adoption of new materials in Science. Dr. Fitzsimmons, our 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.

MUNICIPAL INITIATIVES FOR THE YEAR (Continued)

North Kingstown School Department (Continued)

The district developed, implemented and monitored a school level improvement process at each district school. We 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 adopt and implement 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. This improvement process has also been applied to educational support areas such as guidance, nursing and special education services. Forest Park, Stony Lane, and Davisville Elementary Schools as well as Wickford Middle School participated in SALT visits over the past two years and are using these visits to as a basis for improvement in their programs. Hamilton Elementary School and Davisville Middle School will be visited this year. North Kingstown High School is preparing for an accreditation visit by the Northeast Accreditation Association this fall. Dr. Kathy Mort, the Assistant Principal for Curriculum and Instruction has been leading the school in preparations for this visit. John Lalli will assume leadership of this process this school year.

In the area of educational improvement, the department continues the process of implementing a long-range strategic plan. The district mission statement has been expanded throughout this fiscal year.

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. Kent Novak, 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.

MUNICIPAL INITIATIVES FOR THE YEAR (Continued)

North Kingstown School Department (Continued)

Over the past eight years we have implemented a standards based budgeting process to insure that resources are distributed fairly to all schools based on student numbers and needs. This process has resulted in a strong financial underpinning of the North Kingstown educational program and has facilitated a more cooperative relationship between the Town Council and the School Committee.

Over the past eight 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.

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.

This year, we will reopen 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. 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.

Library

The library continues to be one of the busiest public libraries in Rhode Island, checking out 372,632 items last year. The number of items checked out of the library is just one of many ways to calculate the volume of use that the library enjoyed during the year. For instance, library staff responded to 40,941 patron questions at our three public service desks; 1,786 new patrons registered to use the library; we recorded more than 31,000 connections to our Web page and more than 64,000 searches were conducted using the online databases which the library makes available. We held 454 programs, which were attended by more than 11,000 adults and children, and the people counter at the front door recorded 186,090 people visiting the library. The library expanded the Sunday service schedule to encompass the school year, an initiative that patrons have been requesting for a number of years. We re-designed the library web page making it more user-friendly and easier to navigate. We improved the safety in the parking lot through a cooperative project with the Public Works Department to repair the parking lot light fixtures and to replace bulbs on all of the exterior lighting and by having some shrubs removed that interfered with sight lines. Responding to requests from library patrons, the Trustees established a nametag policy that requires all library staff members to wear name tags. The Trustees approved a three-year service plan that is now on file at the State Office of Library and Information Services. We conducted a comprehensive user survey, the results of which will be the basis for revisions to the three-year service plan. Using grant monies received from the Champlin Foundations, we replaced the server on our local area network, replaced a number of patron computers on our network, and purchased a new microfilm reader/printer scanner.

MUNICIPAL INITIATIVES FOR THE YEAR (Continued)

Leisure Activities Department

The North Kingstown Municipal Golf Course, completed another successful season generating revenues in excess of 1.3 million dollars with over 40,000 rounds of golf played there again this year. This year the Department will continue to plan and implement improvements to the Golf Course. The major initiative will be the start of the design of a state-of-the-art irrigation system that will provide greater coverage using less water. In addition, a new Greens mower will be purchased, the golf cart fleet will continue to be upgrade through its three-year replacement plan, the PM system will be updated for all golf course equipment and vehicles will be continued to be purchased through Rolling Stock replacement program. Initial planning has begun for a long-term renovation of the Golf Course.

At the Allen Harbor Marina, the Department has begun to implement Phase I Improvements for Allen Harbor/Calf Pasture Point Master Plan with awarding of a design contract for Phase I Improvements. An application to the CRMC will be submitted for the long planned expansion of the Marina. As part of the expansion, a new sewer system and restroom will be built as well as over thirty additional slips. In addition, an application was submitted for a National Boating Infrastructure Grant for a transient boater facility for a Shower to be added to the planned rest room facility. The Allen Harbor/Calf Pasture Point complex consists of approximately 215 acres of land to be used for passive recreation. The design of parking facilities, trails and paths continues and construction is expected to begin in the Spring of 2004.

The Arts Council has developed another outstanding program including events and concert series for the enjoyment of Town residents. It will again seek financial support from the RI State Council on the Arts.

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, the Department is just completing the installation of an ultra violet disinfection system to allow us to reactivate Well #10. This well is a two million gallon per day source of water. Additional important projects that are underway in this current budget year include a hydrological study to locate an additional one million gallon per day water source, the replacement of Well #5, and the construction of an updated SCADA system. A promising new well location has been selected and a pump-testing proposal is under review. Developing a new well may take up to five years and cost one million dollars or more. An additional well will provide redundancy and flexibility in supplying water during times of high demand. 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.

This year the Water Department will be preparing a five-year update to our *Clean Water Infrastructure Plan*. 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. We will also be updating the water system hydraulic model. The model is used to determine if water is available at adequate pressure and fire flows to serve proposed development.

MUNICIPAL INITIATIVES FOR THE YEAR (Continued)

Water Department (Continued)

The Water Department continues to work on establishing emergency interconnections with abutting water systems. Construction of an emergency interconnection with Warwick was completed last year and the reestablishment of a connection with Kent County Water Authority is planned for this year. In addition to supplying potable water, the North Kingstown Department of Water Supply is responsible for the Town's Wastewater Management District Ordinance. This ordinance requires that all property owners inspect and maintain their individual sewage disposal system (ISDS) or cesspool. Educating citizens about the importance of such maintenance and the role it plays in protecting their drinking water quality is a major initiative for the Water Department.

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 Subdivisions.

The Planning Department will continue to work with the Wickford Plan Committee and other Town offices to implement the Wickford Village Plan. Funding from the Town, the Rhode Island Department of Environmental Management, and the Rhode Island Department of Transportation has been secured to implement the traffic calming and streetscape improvements envisioned. The business community and the Plum Beach Garden Club are partners in this program. 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 Planning Department is working with the Water Department on a study of future well sites. 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 80 acres of farmland and 86 acres of forested land.

FOR THE FUTURE (Continued)

Planning Department (Continued)

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 be working with the North Kingstown Chamber of Commerce and their Post Road Task Force on a corridor study for Post Road. Consulting services have been secured to assist with this project.

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 the development of an Affordable Housing Plan for the community and the region. With the Washington County Regional Planning Council, the Town will be working on an assessment of potential for Transit Oriented Development in Washington County.

Over the next year, the Planning Department will focus on the preparation of an updated Emergency Operations Plan to respond to the threat of Weapons of Mass Destruction; completion of implementation associated with a number of special projects: the implementation of the Hazard Mitigation Plan; and the implementation of 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 stormwater 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. The Department will also be the lead Town agency in the preparation of the Corridor Plan for Post Road and the planning for Yorktown Park.

Code Enforcement

In recognition of the fact that the general public is often perplexed and sometimes confused with the myriad of codes, ordinances and regulations with which to comply, Code Enforcement has committed to promoting cooperation and understanding of the permitting process by providing assistance, interpretations and information. The department is also accessible via e-mail at jlees@northkingstown.org to share information with the general public regarding pertinent health, safety and building issues.

Police Department

On a weekly basis, the police department receives video tapes which may be of assistance in solving crimes. These tapes come from a variety of sources. The primary source is retail stores ranging from small convenience stores to major department stores. They commonly capture either shoplifters or employees involved in theft. The tapes are also received from private citizens who believe they may have captured criminal activity on video. The analysis of these tapes is very important in being able to identify the alleged culprit. Currently the police department has to rely on outside law enforcement agencies within Rhode Island and sometimes out of the State for assistance in conducting the analysis. The police department would like to be in the position to have the equipment on site to analyze this evidence and provide superior customer service in this area with quicker analysis for quicker apprehension. The department would also be in a position to help other local departments who have similar needs.

FOR THE FUTURE (Continued)

Police Department (Continued)

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 2004, will be the home of a new communications division which will serve as the joint police/fire dispatching center with two 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 critical incident response. This new addition will also allow for much needed room in the already crowded existing police department.

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 digital cameras 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, which 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 future goals of Public Works 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 our 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.

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 will be working with the Town and 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.

FOR THE FUTURE (Continued)

Information Services

In the upcoming year, the IS department will have many tasks to accomplish. As part of our budget, the Town will purchase three (3) new servers to replace older ones, upgrade the Imaging system and convert two (2) major software applications, namely Tax and Utility Billing. The new servers will replace older systems that are at least three to five years old and having space limitations. The new servers will maintain the Town's email, departmental file folders, the upgraded Imaging system, the GIS database and other various databases (such as the Assessor's Vision Appraisal and Water's Backflow and ISDS). The Imaging system will be upgraded to incorporate the Town's desire to have more web-based documents for public access. Currently, the Town maintains all Council and committee agendas and minutes on our web site. The new Imaging system will allow the public to randomly search these documents for any keyword. Thus, allowing another avenue for the public to gain information about the Town.

During the latter part of next fiscal year, the IS department, working with the software vendor and the Finance, Assessing and Water departments, will migrate from a COBOL based Tax and Utility Billing system to a relational database, namely Informix. This upgrade will allow greater flexibility and equip management with better tools for querying, reporting and exporting the data that currently resides in our Tax and Water databases. This migration will take approximately 6 months to complete.

Senior Services

The method of tabulating statistics for Social Services and other components of senior services will be revised based upon new guidelines set forth for senior centers by the Rhode Island Department of Elderly Affairs. The North Kingstown Senior Association (NKSA) continues to fund the majority of our ongoing programs as well as new initiatives. The redecorating project at the Senior Center, which began five years ago with NKSA funding, continues with the refurbishing of the basement space.

One of the goals identified through the self-assessment, which led to National Senior Center Accreditation (2002-2006), was to monitor the capacity of Beechwood House to accommodate senior center activities, programs and services. As a result, a building committee was formed to monitor building use and consider the future space needs of the center. A report from this committee will be presented to the Town Council by the next fiscal year.

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.

FOR THE FUTURE (Continued)

Library

The North Kingstown Free Library plans to solidify its role as the “symbolic center of our community.” Our long-range plan and our annual service plans that grow out of that long range plan address our established goals—to maintain and to enhance, where possible, the high quality of our daily service to patrons; to renew continually our 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 21st 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.

Leisure Activities Department

Continuing the development of a long-range improvement plan and to schedule improvements to the Municipal Golf Course is a top priority. With the initiation of the irrigation system replacement, attention will be given to the numerous small projects that will be required to maintain the Golf Course in top shape. 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. Replacement of existing docks at the Allen Harbor Marina will continue in conjunction with the Phase I Improvements. Next year an update to the Allen Harbor/Calf Pasture Point Master Plan will be completed and will be used to define the future phases of the work. The Arts Council continues to add more programs to their schedule including Mixed Magic Theatre’s Production of Shakespeare’s *A Midsummer Nights Dream*. They continue to explore ways to raise additional funds for Arts programming such as sponsorships.

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. In addition, recent water quality problems associated with the low service standpipes have led to some discussion of system disinfection. The Water Department will be exploring 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.

FOR THE FUTURE (Continued)

Tax Department

The Tax Assessor's Office is currently maintaining sales information by continuing to send out sales verification letters and monitoring sales information to accurately reflect market trends prior to the next town wide revaluation, which will be implemented for the December 31, 2003 assessment date. The goal of the triennial revaluation is to promote uniform assessments for all real property. As part of the revaluation process all real property has been visited and data collectors who measured and inspected the property have verified the current building information. The Tax Assessor's Office and Vision Appraisal Technology will hold public meetings to inform taxpayers of the revaluation process and the current market trends. The Town's CAMA information will continue to be available on the web to allow the public easier access to all real property information.

ACCOMPLISHMENTS

Department of Planning and 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 stormwater pollution flowing to Wickford Harbor. A grant from 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 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 contacts 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.

The Planning Department prepared a successful grant application to the State Community Development Block grant program netting \$183,000 for use in the community. Most significantly a 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.

ACCOMPLISHMENTS (Continued)

Code Enforcement

Many new office procedures have been implemented to protect the health, safety and welfare of the public and to expedite permit processing and field inspection services. This department continues to work closely with the Solicitor's Office, Planning, Police and Fire Departments to facilitate the appropriate response to zoning, property use, business and housing inquiries.

Police Department

The police department completed the first year of the School Resource Officer program at the North Kingstown High School, Davisville Middle School and Wickford Middle School. Having three veteran police officers in the school full-time proved by all accounts to be a resounding success. Our website, which can be found at www.northkingstown.org, has been upgraded, made more user friendly and is constantly updated. The public can now read the "media log" for police calls on a daily basis. We have employment opportunities including applications available on-line. Every time a press release comes out it goes right on the website. The police department recently purchased new weapons for all sworn personnel. The department had issued Ruger .45 caliber handguns which lasted for ten years. Officers now carry the Glock .40 caliber model 22 semi-automatic handgun. The police department recently made a successful transition to the IMC Police software. More than 90% of departments in the State use IMC. This changeover allows the police department to have software that is compatible with virtually the entire State and hopefully be able to share data in the future. The police department is part of the Washington County Computer Task Force. The Task Force promotes the concept of protecting children on-line and investigates computer crimes. Our department has an officer who is a member of the task force. He is trained to forensically examine a computer's hard drive. The police department now has access to AFIS (Automated Fingerprint Identification System) in conjunction with the R.I Attorney General's Office and the F.B.I. When individuals are fingerprinted at police headquarters their digital fingerprints are sent out electronically and compared to the F.B.I database in Virginia. Within minutes the department gets a computerized response that assists in identifying the individual. This allows the police to ascertain the identity of wanted persons who may be trying to conceal their identity to avoid apprehension. The police department now has a Ford Expedition SUV that will allow for travel during adverse weather conditions. This is the first four wheel drive vehicle in the department's fleet. The police department recently sent two officers for training in commercial vehicle enforcement. These two officers are now qualified to on the road inspections of commercial vehicles. This is especially important given the increased industrial traffic in to the Quonset Point / Davisville Industrial complex. Their main job is to maintain public safety by ensuring that the trucks that drive through North Kingstown are up to current safety standards. The Training division of the police department recently worked with the R.I Red Cross to recruit and train community volunteers who will man the town's two emergency shelters in the event of an emergency. This project was so successful that the Red Cross is using it as a model to start similar programs in Rhode Island.

Information Services Department

The biggest accomplishment for FY 2003 was certainly the installation of the IP telephony system. The completion of this project took several months and countless hours by the IS staff and vendor. But the efforts were well worth it as the Town of North Kingstown was the first municipality in the State with such an advanced system. Add to it the advantages of a converged network and greater capabilities of the phone system, the Town benefited in many ways. The GIS leap was also taken this year. Our plat maps are approximately 85% completed. The manually digitized maps have been aligned with the Town's recent aerial images. These images will be the basis of an enterprise wide system available to all Town departments and eventually on the Town's web site as well.

ACCOMPLISHMENTS (Continued)

Public Works

Construction of the new Public Works Facility was completed with the facility opening in the summer of 2002. The Administrative, Highway, and Engineering divisions of Public Works have relocated to this facility on Davisville Road. Staff has been successful in the overseeing and inspection of the numerous subdivisions under construction and related public improvements required by the Town's growth. Our Facilities Division continues its successful management and maintenance of the increased number of parks and playground facilities. The pay-as-you-throw program continues its successful reduction in the amount of solid waste generated in Town and has seen an increase to the amount of recycling tonnage collected both curbside and at the Transfer Station, as reflected by a 3.5% increase in total recycle tonnage for North Kingstown over the previous year at the Rhode Island Resource Recovery's Municipal Recycling Facility. Public Works continues to strive to promote maximum recycling and reduce the amount of solid waste generated in North Kingstown.

Senior Services

In order to assess the programs and activities preferred by the older adults in North Kingstown, senior services staff and Advisory Council members prepared an Interest Survey which was mailed to 5,000 adults between the ages of 55 and 90 years. We received 644 completed surveys, a return rate of 13%. The results of this survey are available for review and will be the basis for program planning for the next three to five years. In addition, a new brochure and Welcome Packet were developed for distribution in the community and at Beechwood House. Working Together for Wellness is providing a grant to continue the popular Nite Owls Program for non-drivers and is partially funding a new program, "Life Strategies for Older Adults". Twenty day trips were offered during the last year as well as two intergenerational programs involving elementary and middle school students interacting and volunteering with older adults from the senior center. Health Wellness programming continues to expand with use of our Health Room for nursing and other health services. Kent County Hospital, South County Hospital and Visiting Nurse Services provide these services. Podiatry services and special health services are also provided by other agencies. Our Volunteer Recognition program recognized 230 volunteers who donated 5,000 hours of volunteer service. The Senior Center also offers extensive volunteer opportunities through collaboration with Seniors Helping Others, a Retired and Senior Volunteer Program.

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. 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 Quidnesset Elementary Schools were selected last year for the Kennedy Center Creative Ticket award in recognition for their contributions to art education.

ACCOMPLISHMENTS (Continued)

North Kingstown School Department (Continued)

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 will follow up its successful implementation of the advisory program with the start of block scheduling this 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 seven of our schools were recognized as high achieving schools that exceed the State requirements in all assessment areas.

Library

Our major accomplishment in FY 2002/2003 was the provision of daily library service to our patrons which includes checking materials in and out, answering reference questions at the public service desks, on the phone, and by e-mail, registering new borrowers, planning and conducting programs for all age groups, developing and maintaining the library collections, maintaining an active presence on the world-wide web, and maintaining membership in the Cooperating Libraries Automated Network (CLAN) and the Library of Rhode Island (LORI) network. Our additional initiatives for the year included the writing of our three-year service plan; conducting a comprehensive user survey; improving the safety in the parking lot; and replacing and upgrading much of our technology hardware resources.

Leisure Activities Department

At the golf course, 2,000 feet of cart paths were installed, the golf cart pen was resurfaced, 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 installed 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 Staines' concert were back by popular demand. A performance at the Town Beach of Shakespeare's *A Midsummer Nights Dream* produced by Mixed Magic Theatre was a great success. The Council also provided support to Smith's Castle's Strawberry Festival and Plantation Days celebration and provided entertainment for the Senior Center. The Arts Council is extremely grateful for the support from the RI State Council on the Arts for the award of two grants totaling \$5,600.

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, which was completed last year, 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 establishment of the North Kingstown Community Septic Loan Program was a major component of the Town's overall wastewater management program. The program provides low interest loans for septic system repair and replacement. Three hundred thousand dollars (\$300,000) of funding made available for the program has all been loaned to property owners for the repair and replacement of onsite septic systems. Another program for wastewater improvements, the Wickford Harbor Watershed Wastewater System Improvement Project is currently providing 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.

Revenues and other financing sources for the general fund totaled \$57,821,266 in 2003, an increase of 6.2 percent over 2002. Property taxes produced 88.7 percent of general revenue compared to 89.5 percent last year. The amount of revenues from various sources and the increase (decrease) over (under) last year are shown in the following tabulation:

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

Effective January 1, 1999, the Town switched to a premium-basis insurance coverage for workers' compensation. The Town remains to be self-insured for property damage.

Formerly, all Town employees, excluding police and fire, and including the School Department, are covered under the Town's self insured Worker's Compensation Program. This program was established in December, 1991 by the Town Council. Committees consisting of department heads were established to oversee claims and make recommendations for improvements to safety practices. The committees meet on a monthly basis. A text containing safety procedures is being compiled by the Safe Work Subcommittee. A service organization and a loss control specialist were contracted to administer the Worker's Compensation Program in accordance with State law and to advise and train in the areas of safety improvements in the work place. Excess insurance for Worker's Compensation is purchased on an annual basis.

RISK MANAGEMENT (Continued)

The Town's general liability insurance carrier provides loss control services on a regular basis. They work closely with Department heads in making loss prevention service visits to all Town facilities. The department heads are given a report of areas of concern and recommendations for improvements. A written response, which includes the action taken by the Town to correct problem areas, is made.

The Town requires all vendors providing services to the Town to carry \$1,000,000 general liability insurance, Worker's 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 policies.

In 1978, the Town established a self insurance fund to self insure physical damage on most Town vehicles. Liability insurance for these vehicles is purchased from a private carrier.

Other types of insurance purchased through private carriers is as follows: public officials' and employees' liability insurance, flood and earthquake insurance, boiler and machinery coverage, law enforcement liability, garage liability, ocean marine, and fiduciary. As of September 1, 2001, the Town of North Kingstown has joined the Rhode Island Interlocal Risk Management Trust (the Trust). Liability as well as collision coverage for all Town vehicles is now insured through the Trust as well as coverage for public officials' and employees' liability, flood, boiler, and law enforcement.

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, 2002. 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

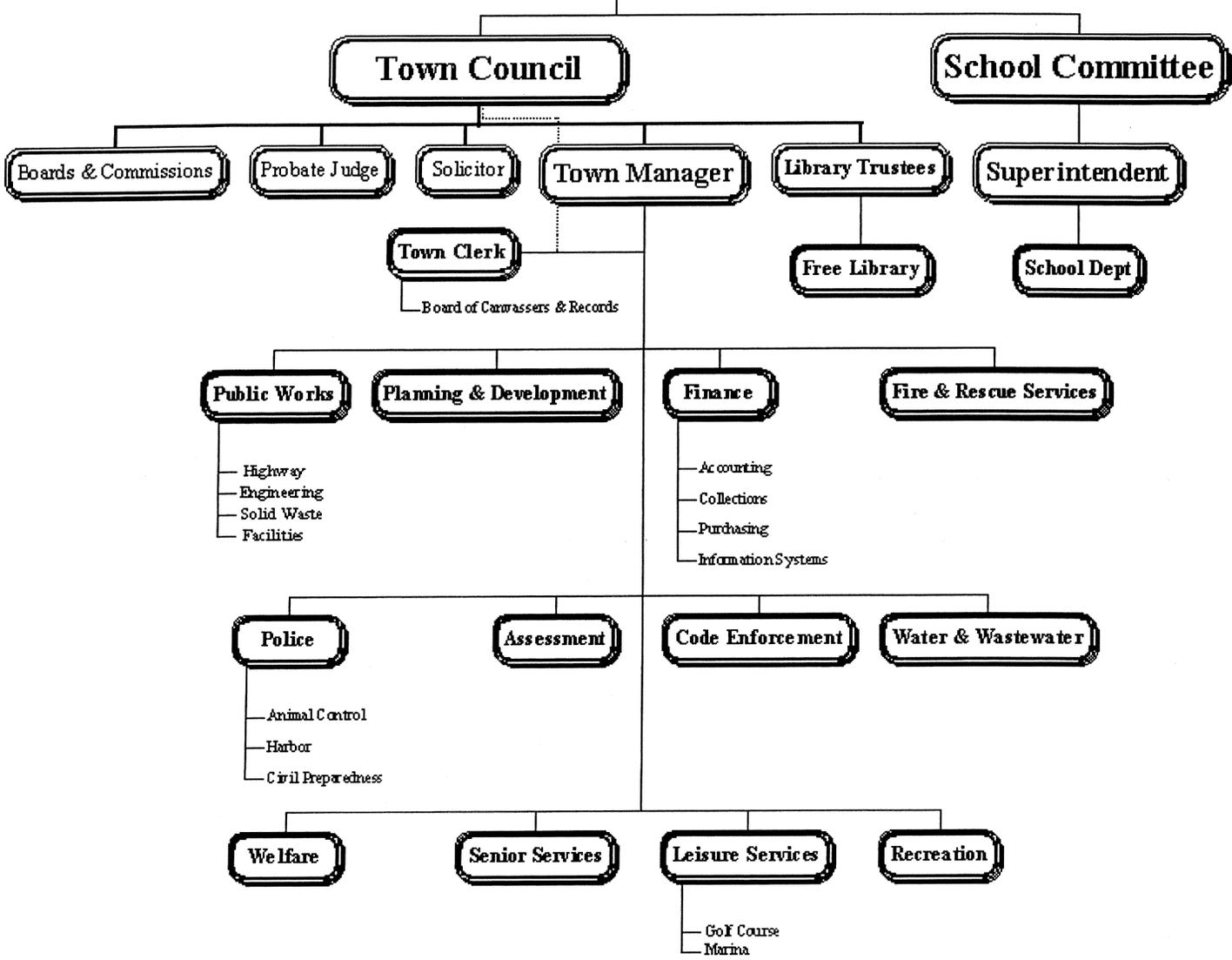
I would like to take this opportunity to thank the members of the Finance Department in the Division of Accounting Control, Treasury and Tax Collection, Contract and Purchase for their diligence and cooperation on a daily basis in carrying out the duties and responsibilities of these departments. The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

Sincerely,

A handwritten signature in cursive script that reads "Cynthia J. Olobri".

Cynthia J. Olobri
Director of Finance

The People of the Town of North Kingstown



TOWN OF NORTH KINGSTOWN

TOWN COUNCIL

ELIZABETH S. DOLAN - PRESIDENT
DALE M. GROGAN
ANTHONY F. MICCOLIS, JR
JOHN A. PATTERSON
ROBIN PORTER

SCHOOL COMMITTEE

DONALD DEFEDELE - CHAIRPERSON
DENISE A. COPPA
CAROL H. HUESTON
BARRY M. MARTASIAN
KEVIN D. MULVEY
WILLIAM C. MUDGE, III
PATRICIA E. WATKINS

TOWN MANAGER
TOWN SOLICITOR
TOWN CLERK
DEPUTY TOWN CLERK
ASSESSOR
DIRECTOR OF FINANCE
CONTROLLER
DIRECTOR OF PUBLIC WORKS
TOWN ENGINEER
DIRECTOR OF RECREATION
DIRECTOR OF LEISURE ACTIVITIES
DIRECTOR OF PLANNING
POLICE CHIEF
FIRE CHIEF
BUILDING OFFICIAL
DIRECTOR OF WATER SUPPLY
HIGHWAY SUPERINTENDENT
FACILITIES PROJECT MANAGER
WELFARE DIRECTOR
DIRECTOR/ SENIOR CITIZENS
ANIMAL WARDEN
HARBOR MASTER
TOWN SARGEANT
LIBRARY DIRECTOR
MIS DIRECTOR
SCHOOL SUPERINTENDENT

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JOHN H. LEES
SUSAN LICARDI
FORREST SPEARS
JOHN NELSON
MARY ELIZABETH WINSOR
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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, 2002

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.



William Patrick Bate

President

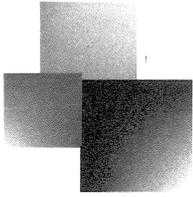
Jeffrey R. Enow

Executive Director

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THE TOWN OF
NORTH KINGSTOWN, RHODE ISLAND

FINANCIAL SECTION



PRESCOTT CHATELLIER
FONTAINE & WILKINSON, LLP

CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

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, 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, 2003, 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, each major fund, and the aggregate remaining fund information of the Town of North Kingstown, Rhode Island, as of June 30, 2003, 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.

As described in Note 1 to the basic financial statements, the Town adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments: Omnibus* and Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, as of July 1, 2002. This results in a change in the format and content of the basic financial statements.

TRUST ■ INTEGRITY ■ RESULTS

The Management's Discussion and Analysis, historical pension information, and budgetary comparison information on Pages 3 through 10 and 55 through 58 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 December 19, 2003 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 grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion 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.

Roseann Chutellen Fountain & Wilkinson LLP

December 19, 2003

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, 2003 and is intended to serve as an introduction to the Town's basic financial statements. Please read it in conjunction with the financial statements, which follow this section.

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 are comprised 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) and the Statement of Activities (Statement A-2). 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) 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, 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 11 - 12 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
	2003	2003	2003
Current Assets	\$29,878,297	\$5,521,867	\$ 35,400,164
Non-current Assets	46,906,987	5,134,577	52,041,564
Total Assets	76,785,284	10,656,444	87,441,728
Current Liabilities (payable from current assets)	8,371,575	640,833	9,012,408
Non-current Liabilities	49,607,239	785,407	50,392,646
Total Liabilities	57,978,814	1,426,240	59,405,054
Net Assets invested in capital assets, net of related debt	(4,333,063)	4,221,731	(111,332)
Net Assets - restricted	8,839,234		8,839,234
Net Assets - unrestricted	14,300,299	5,008,473	19,308,772
Total Net Assets	\$18,806,470	\$9,230,204	\$ 28,036,674

Since this is the first year that the Town of North Kingstown has prepared financial statements following GASB Statement 34, comparative data from fiscal year 2002 are not available. In future years, when prior year information is available, a comparative analysis of government-wide data will be presented. The Statement of Net Assets provides the perspective of the Town as a whole.

By far the largest portion of the Town of North Kingstown's Net Assets reflects investment in capital assets (ie. High School and other school improvements...) less any related debt used to acquire those assets that is still outstanding. The Town of North Kingstown uses these capital assets to provide services to 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.

It should be noted that the Net Assets invested in capital assets, net of related debt for Governmental Activities, is a negative amount of (\$4,333,063) as shown in Table 1, above. This is a result of the fact that no Governmental type infrastructure assets have been reported. GASB 34 requires that the infrastructure assets be valued and reported within the Governmental column of the Government-wide statements. The Town will implement the Governmental Infrastructure reporting by the end of fiscal year 2006 as required.

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.

Table 2			
Changes in Net Assets			
	Governmental Activities 2003	Business-Type Activities 2003	Total 2003
Revenues			
Program Revenues:			
Charge for Services	\$ 5,416,121	\$ 5,026,061	\$ 10,442,182
Operating Grants and Contributions	14,133,405		14,133,405
Capital Grants and Contributions			0
General Revenues:			
Property Taxes	51,477,809		51,477,809
Licenses and permits	355,158		355,158
Unrestricted investment earnings	365,601	65,184	430,785
Unrestricted Intergovernmental	5,851,270		5,851,270
Miscellaneous	262,278	111,052	373,330
Transfers	405,241	(405,241)	0
Total Revenues and Transfers	78,266,883	4,797,056	83,063,939
Program Expenses and Transfers			
Education	48,998,563		48,998,563
General Government	3,781,898		3,781,898
Public Works	3,454,217		3,454,217
Public Safety	10,549,612		10,549,612
Public Libraries	1,194,352		1,194,352
Interest on long-term debt	2,725,731		2,725,731
Other	1,371,717		1,371,717
Water Utility		1,819,573	1,819,573
Quonset/Davisville Recreation		1,175,543	1,175,543
Non-major enterprise funds		1,231,243	1,231,243
Transfers			0
Total Expenses and Transfers	72,076,090	4,226,359	76,302,449
Increase in Net Assets	\$ 6,190,793	\$ 570,697	\$ 6,761,490

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. Comparisons to 2002 have not been made since they are not available.

Table 3				
Governmental Activities				
	Total Cost of Services	%	Net Cost of Services	%
	2003		2003	
Education	48,998,563	67.98%	(33,381,300)	63.55%
General Government	3,781,898	5.25%	(1,628,303)	3.10%
Public Works	3,454,217	4.79%	(2,733,011)	5.20%
Public Safety	10,549,612	14.64%	(9,868,648)	18.79%
Public Libraries	1,194,352	1.66%	(936,919)	1.78%
Interest on long-term debt	2,725,731	3.78%	(2,725,731)	5.19%
Other	1,371,717	1.90%	(1,252,652)	2.38%
Total Expenses	72,076,090	100.00%	(52,526,564)	100.00%

The presentation of the Town's major funds begins on Page 13. 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, School Restricted Fund, and the School Unrestricted Fund.

Although not required, the Town of North Kingstown has elected to present separate supplementary information for its funds, which are considered to be non-major.

Major Funds	Beg Balance 2003	Ending Balance 2003	Change\$	Change %
General Fund	6,636,078	8,636,351	2,000,273	30.14%
School Unrestricted Fund	2,196,920	2,413,348	216,428	9.85%

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.

	Beg Balance 2003	Ending Balance 2003	Change\$	Change %
Major Funds				
Water Fund	6,588,153	7,255,860	667,707	10.13%
Q/D Recreation Fund	1,899,056	1,798,023	(101,033)	-5.32%

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 Funds that are supported by tax dollars. The only significant variation is in the Debt Service Fund that was under spent by \$499,059. This was a planned addition to reserves for future year's debt service payments. In fiscal year 2003, the Town Council added \$688,826 to the School Fund appropriation from the School Capital Reserve Fund to cover school related capital improvements. In addition, \$250,000 was transferred from the General Operating appropriation to the Retirement and Health Reserves for future expenses related to retirees; and \$320,000 was transferred from Public Works to the Town Capital Reserve to cover future capital improvements to Town facilities.

DEPARTMENT	Budget 02-03	Adjusted Budget	Expenditures	Difference
Town Council	393,041	43,041	42,964	77
Town Manager	179,026	179,026	177,581	1,445
Town Clerk	439,545	439,413	439,324	89
Town Solicitor	198,000	223,000	214,003	8,997
Finance & Info. Systems	594,337	594,338	593,449	889
Assessment	189,699	189,699	189,699	0
General Operating	2,039,514	1,987,013	1,984,605	2,408
Fire	5,433,723	5,998,223	5,998,195	28
Police, Harbor & Animal Control	4,452,375	4,322,375	4,311,993	10,382
Planning	348,795	353,795	352,790	1,005
Public Works	3,994,980	4,037,112	4,024,201	12,911
Short-term Debt	175,835	56,835	56,202	633
Welfare & Contributions	183,502	183,502	181,246	2,256
Senior Citizens	279,869	279,869	273,856	6,013
Code Enforcement	223,132	238,132	237,613	519
Recreation	404,841	404,841	398,393	6,448
Total General Fund	19,530,214	19,530,214	19,476,114	54,100
Debt Service Fund	6,543,980	6,543,980	6,044,921	499,059
Library Fund	1,111,496	1,111,496	1,108,159	3,337
School Fund	44,131,043	44,819,869	44,789,905	29,964
GRAND TOTAL	71,316,733	72,005,559	71,419,100	586,459

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 \$1.5 million dollars. Tax revenue that was collected over the amount estimated accounts for just under \$1.3 million dollars of the total General Fund revenues that were collected over the amounts estimated at budget adoption.

The Town used a conservative approach when estimating tax dollars to be generated. The tax levy calculation included an allowance for abatements of \$440,000 based upon the prior year's experience and what were known to be potential abatements at the time. The actual abatement of taxes was under \$100,000 in total due to favorable settlement of significant litigation. 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 \$300,000.

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 that is higher than may be available from banks and some credit cards. Also there has been 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 \$128,000 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 \$27,000. These are classified as State Revenues because a portion is kept as Town revenue and a portion is sent to the State. Other State revenues exceeded estimates in the amount of \$207,000 for the excise tax phase-out and \$33,000 for the telephone tax monies generated by the State. These amounts were in excess of State provided projections received during the budget process and are a result of final increased amounts being provided in the State budget. Rental revenue exceed budget by \$39,000 for Wickford Harbor moorings fees that were increased by the Town Council after the budget process. Investment earnings fell short of expectations by almost \$250,000 due to historically low interest rates of return on Town funds.

	Final Budget 2002-2003	Actual Revenues to 6/30/03	\$ Compare Budget FY 03 to Actual FY 03
General Fund			
Tax Revenue	12,771,691	14,069,732	1,298,041
Interest and Penalties	300,000	302,386	2,386
Licenses	76,045	73,085	(2,961)
Departmental Revenues	1,637,971	1,795,798	157,827
State Revenue	3,274,316	3,533,549	259,233
Rental Income	372,950	429,100	56,150
Interest on Investments	530,000	280,399	(249,601)
Miscellaneous Revenue	12,000	31,870	19,870
Transfer from Q/D Recreation	405,241	405,241	0
Appropriation Prior Year Surplus	150,000	150,000	0
Total General Fund Revenues	19,530,214	21,071,160	1,540,946

The Town has modified its Fixed Asset policy whereby fixed assets with a value of over \$500 are recorded as controllable assets. Those assets with a value of \$5,000 or more are reported and depreciated. In prior years all fixed assets with a value of \$100 were recorded. The reduction of the total number of fixed assets on record as a result of this modification of policy was significant but the reduction in total value was not. The number of fixed assets removed that were valued less than \$500 equaled approximately \$2 million dollars for the reduction of approximately 8,000 assets.

During the year the Fire Department has added a new \$514,000 ladder truck and purchased a new \$275,000 fire engine that is to be delivered in December 2003. The telephone system for the Town offices was upgraded in November 2002 at a cost of \$103,500. Six new police cars were purchased for a total of \$140,000.

The Town of North Kingstown had \$51,213,233 in bonds outstanding at fiscal year-end, compared to \$54,532,425 last year, a decrease of 6%. No new debt was issued during the fiscal year ended June 30, 2003. The Town of North Kingstown carried a Moody's rating of Aa3 and a Standard & Poor's rating of A+. As of June 30, 2003, the Town has \$4,480,000 in unused bonding authority. 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 34 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 2006.

In Fiscal Year 2004, the Town is planning to acquire development rights to 86.8 acres of farmland through the use of Farmland Reserve Fund and Open Space Bond Authority. The School Department has conducted a study of its schools to explore the necessity for a new school or major additions to current schools.

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.

The fiscal year 2003 rate of collection of current taxes was 97.77%. It is anticipated that the fiscal year 2004 rate of collection will be 98%. Based upon this, the current projection is that tax collections will exceed estimates by approximately \$500,000 for fiscal 2004.

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 25 to 54 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 pages 59 through 95 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.

TOWN OF NORTH KINGSTOWN**Statement of Net Assets
June 30, 2003**

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Cash and cash equivalents	\$ 26,343,384	\$ 4,936,086	\$ 31,279,470
Taxes receivable	1,909,708		1,909,708
User charges receivables		146,224	146,224
Other receivables	572,854	276,781	849,635
Inventory		162,776	162,776
Due from federal and state governments	1,051,409		1,051,409
Due from grantors	942		942
Capital assets:			
Non-depreciable	8,284,542		8,284,542
Depreciable, net	38,622,445	5,134,577	43,757,022
TOTAL ASSETS	76,785,284	10,656,444	87,441,728
LIABILITIES:			
Current Liabilities:			
Accounts payable	2,712,112	197,944	2,910,056
Claims payable	341,806		341,806
Accrued liabilities	497,696		497,696
Compensated absences payable	290,500	93,958	384,458
Serial bonds payable	3,309,192	127,439	3,436,631
Current portion of leases payable	26,817		26,817
Deferred revenue	609,866	168,500	778,366
Other liabilities		52,992	52,992
Escrow deposits	583,586		583,586
Total Current Liabilities	8,371,575	640,833	9,012,408
Noncurrent Liabilities:			
Serial bonds payable	47,904,041	785,407	48,689,448
Compensated absences payable	1,703,198		1,703,198
Total Noncurrent Liabilities	49,607,239	785,407	50,392,646
TOTAL LIABILITIES	57,978,814	1,426,240	59,405,054
NET ASSETS:			
Invested in Capital Assets, net of related debt	(4,333,063)	4,221,731	(111,332)
Reserved for debt service	1,445,923		1,445,923
Reserved for capital projects	4,412,453		4,412,453
Reserved for specific programs	2,980,858		2,980,858
Unrestricted	14,300,299	5,008,473	19,308,772
TOTAL NET ASSETS	\$ 18,806,470	\$ 9,230,204	\$ 28,036,674

(CONCLUDED)

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF NORTH KINGSTOWN

A - 2

**Statement of Activities
Year Ended June 30, 2003**

Functions/Programs:	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 3,781,898	\$ 1,978,798	\$ 174,797		\$ (1,628,303)	\$	\$ (1,628,303)
Public safety	10,549,612	648,521	32,443		(9,868,648)		(9,868,648)
Public works	3,454,217	574,475	146,731		(2,733,011)		(2,733,011)
Education	48,998,563	2,095,262	13,522,001		(33,381,300)		(33,381,300)
Public libraries	1,194,352		257,433		(936,919)		(936,919)
Other	1,371,717	119,065			(1,252,652)		(1,252,652)
Interest on long-term debt	2,725,731				(2,725,731)		(2,725,731)
Total governmental activities	72,076,090	5,416,121	14,133,405	\$ 0	(52,526,564)		(52,526,564)
Business-type activities:							
Water	1,819,573	2,320,485				\$ 500,912	500,912
Quonset/Davisville Recreation	1,175,543	1,470,694				295,151	295,151
Non-major enterprise funds	1,231,243	1,234,882				3,639	3,639
Total business-type activities (See Note 2)	4,226,359	5,026,061	0	0	0	799,702	799,702
Total	\$ 76,302,449	\$ 10,442,182	\$ 14,133,405	\$ 0	\$ (52,526,564)	799,702	(51,726,862)
General revenues:							
Property taxes					51,477,809		51,477,809
Licenses and permits					355,158		355,158
Unrestricted investment earnings					365,601	65,184	430,785
Unrestricted intergovernmental revenue					5,851,270		5,851,270
Miscellaneous					262,278	111,052	373,330
Transfers					405,241	(405,241)	
Total general revenues					58,717,357	(229,005)	58,488,352
Change in Net Assets					6,190,793	570,697	6,761,490
Net Assets - beginning					12,615,677	8,659,507	21,275,184
Net Assets - ending					\$ 18,806,470	\$ 9,230,204	\$ 28,036,674

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF NORTH KINGSTOWN

**Balance Sheet
Governmental Funds
June 30, 2003**

	General Fund	School Unrestricted	Other Governmental Funds	Total Governmental Funds
ASSETS:				
Cash and cash equivalents	\$ 17,022,271	\$ 352,256	\$ 6,559,852	\$ 23,934,379
Taxes receivable	1,909,708			1,909,708
Other receivables	156,071	73,541	343,242	572,854
Due from federal and state governments	373,071	220	678,118	1,051,409
Due from grantors			942	942
Due from other funds	129,958	3,624,905	2,393,563	6,148,426
TOTAL ASSETS	\$ 19,591,079	\$ 4,050,922	\$ 9,975,717	\$ 33,617,718
LIABILITIES AND FUND BALANCES:				
LIABILITIES:				
Accounts payable	\$ 774,971	\$ 1,161,069	\$ 250,007	\$ 2,186,047
Accrued liabilities		2,156		2,156
Due to other funds	5,779,611	474,349	411,610	6,665,570
Deferred revenues	3,816,560		609,866	4,426,426
Escrow deposits	583,586			583,586
TOTAL LIABILITIES	10,954,728	1,637,574	1,271,483	13,863,785
FUND BALANCES:				
Reserved for debt service			1,445,923	1,445,923
Reserved for encumbrances	1,521,317	1,944,919		3,466,236
Reserved for Cops grant	45,000	90,000		135,000
Unreserved:				
Designated for subsequent year's expenditures	500,000	55,000		555,000
Undesignated	6,570,034	323,429		6,893,463
Unreserved, reported in nonmajor:				
Special revenue funds			1,187,037	1,187,037
Capital project funds			4,412,453	4,412,453
Permanent funds			1,658,821	1,658,821
TOTAL FUND BALANCES	8,636,351	2,413,348	8,704,234	19,753,933
TOTAL LIABILITIES AND FUND BALANCES	\$ 19,591,079	\$ 4,050,922	\$ 9,975,717	\$ 33,617,718

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

(CONTINUED)

TOWN OF NORTH KINGSTOWN

Balance Sheet
Governmental Funds
June 30, 2003

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

Total Fund Balances (B-1)	\$ 19,753,933
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	46,906,987
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(53,233,748)
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.	3,816,560
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.	2,058,278
Accrued interest payable is recorded in government activities, but is not recorded in the funds.	<u>(495,540)</u>
Total Net Assets (A-1)	<u>\$ 18,806,470</u>

(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, 2003

	General Fund	School Unrestricted	Other Governmental Funds	Total Governmental Funds
REVENUES:				
General property taxes	\$ 51,272,225			\$ 51,272,225
Intergovernmental	3,533,549	\$ 10,832,055	\$ 4,241,305	18,606,909
Departmental	1,686,501			1,686,501
Licenses and permits	355,158			355,158
Investment income	280,399	3,761	81,441	365,601
Other	31,870	3,131,038	2,206,756	5,369,664
TOTAL REVENUES	57,159,702	13,966,854	6,529,502	77,656,058
EXPENDITURES:				
Current:				
General government	3,999,356		2,303,712	6,303,068
Public safety	10,108,995		42,093	10,151,088
Public works	3,294,564		21,698	3,316,262
Parks and recreation	376,334			376,334
Senior services	271,638			271,638
Education		45,819,698	1,714,583	47,534,281
Per trust agreements			184,879	184,879
Human resources			138,295	138,295
Debt Service:				
Principal			3,319,190	3,319,190
Interest and other costs			2,725,731	2,725,731
Capital:				
Capital expenditures			458,479	458,479
TOTAL EXPENDITURES	18,050,887	45,819,698	10,908,660	74,779,245

(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, 2003**

EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	39,108,815	(31,852,844)	(4,379,158)	2,876,813
OTHER FINANCING SOURCES (USES)				
Transfers in	661,564	32,189,272	6,114,853	38,965,689
Transfers out	(37,770,106)	(120,000)	(670,342)	(38,560,448)
NET OTHER FINANCING SOURCES (USES)	(37,108,542)	32,069,272	5,444,511	405,241
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	2,000,273	216,428	1,065,353	3,282,054
FUND BALANCE AT BEGINNING OF YEAR	6,636,078	2,196,920	7,638,880	16,471,878
FUND BALANCE AT END OF YEAR	\$ 8,636,351	\$ 2,413,348	\$ 8,704,233	\$ 19,753,932

(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, 2003**

Net Change in Fund Balances - Total Governmental Funds (B-2):	\$ 3,282,054
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.	(560,525)
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.	3,280,522
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.	205,584
Excess of internal service funds' expenses over revenues, reported as governmental fund activity.	(16,842)
 	<hr/>
Change in Net Assets of Governmental Activities in the Statement of Activities (A-2)	<u>\$ 6,190,793</u>

TOWN OF NORTH KINGSTOWN

**Statement of Net Assets
Proprietary Funds
June 30, 2003**

	Enterprise Funds				Internal Service Funds
	Water	Quonset/ Davisville Recreation	Non-major Enterprise Funds	Totals	
ASSETS:					
Current Assets:					
Cash and cash equivalents	\$ 4,039,273	\$ 793,837	\$ 102,976	\$ 4,936,086	\$ 2,409,005
Water and sewer assessments and user fees, net	146,224			146,224	
Other receivables	217,585	3,811	55,385	276,781	
Inventory	79,194	38,025	45,557	162,776	
Total Current Assets	4,482,276	835,673	203,918	5,521,867	2,409,005
Net Capital Assets	3,344,908	1,781,735	7,934	5,134,577	
TOTAL ASSETS	7,827,184	2,617,408	211,852	10,656,444	2,409,005
LIABILITIES:					
Current Liabilities:					
Accounts payable	79,132	83,281	35,531	197,944	365
Claims payable					341,806
Due to other funds					8,556
Deferred revenue		168,500		168,500	
Other liabilities	27,773	25,219		52,992	
Compensated absences payable	43,340	50,618		93,958	
Current portion of long term debt	96,631	30,808		127,439	
Total Current Liabilities	246,876	358,426	35,531	640,833	350,727
Noncurrent Liabilities:					
Long-term debt, net	324,448	460,959		785,407	
Total Noncurrent Liabilities	324,448	460,959	0	785,407	0
TOTAL LIABILITIES	571,324	819,385	35,531	1,426,240	350,727
NET ASSETS:					
Restricted:					
For future commitments		66,415		66,415	
Unrestricted	7,255,860	1,731,608	176,321	9,163,789	2,058,278
TOTAL NET ASSETS	\$ 7,255,860	\$ 1,798,023	\$ 176,321	\$ 9,230,204	\$ 2,058,278

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF NORTH KINGSTOWN

C - 2

**Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
Year Ended June 30, 2003**

	Enterprise Funds				Internal Service Funds
	Water	Quonset/ Davisville Recreation	Non-major Enterprise Funds	Totals	
OPERATING REVENUES:					
Charges for usage and service	\$ 2,320,485	\$ 1,470,694	\$ 1,234,882	\$ 5,026,061	
Sundry sales and rentals	77,921			77,921	
Miscellaneous	33,131			33,131	
Total Operating Revenues	2,431,537	1,470,694	1,234,882	5,137,113	\$ 0
OPERATING EXPENSES:					
Operations	1,634,232		14,000	1,648,232	50,828
Golf course		462,923		462,923	
Pro shop		396,271		396,271	
Allen's Harbor		123,248		123,248	
School cafeteria			1,215,062	1,215,062	
Depreciation	171,297	171,393	2,181	344,871	
Total Operating Expenses	1,805,529	1,153,835	1,231,243	4,190,607	50,828
OPERATING (LOSS)/PROFIT	626,008	316,859	3,639	946,506	(50,828)
NONOPERATING REVENUES (EXPENSES):					
Investment income	55,743	9,057	384	65,184	33,986
Interest expense	(14,044)	(21,708)		(35,752)	
Net Nonoperating Revenues (Expenses)	41,699	(12,651)	384	29,432	33,986
INCOME (LOSS) BEFORE TRANSFERS	667,707	304,208	4,023	975,938	(16,842)

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

(CONTINUED)

TOWN OF NORTH KINGSTOWN

C - 2

**Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
Year Ended June 30, 2003**

	Enterprise Funds				Internal Service Funds
	Water	Quonset/ Davisville Recreation	Non-major Enterprise Funds	Totals	
Transfers:					
Transfers (Out)		(405,241)		(405,241)	
Total Transfers	0	(405,241)	0	(405,241)	0
CHANGE IN NET ASSETS	667,707	(101,033)	4,023	570,697	(16,842)
TOTAL NET ASSETS - BEGINNING	6,588,153	1,899,056	172,298	8,659,507	2,075,120
TOTAL NET ASSETS - ENDING	\$ 7,255,860	\$ 1,798,023	\$ 176,321	\$ 9,230,204	\$ 2,058,278

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

(CONCLUDED)

Statement of Cash Flows
 Proprietary Funds
 Year Ended June 30, 2003

	Enterprise Funds					Internal Service Funds
	Water	Quonset/ Davisville Recreation	Non-major Enterprise Funds	Totals		
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash received from customers	\$ 2,468,875	\$ 1,443,942	\$ 1,235,311	\$ 5,148,128		
Cash received from providing services			(14,000)	(14,000)		
Cash paid to suppliers	(1,073,374)	(501,863)	(760,187)	(2,335,424)		
Cash paid to employees	(619,492)	(457,727)	(460,869)	(1,538,088)		
Cash paid for claims						
Cash paid for other operating expenses						\$ (10,059)
Net cash provided by (used for) operating activities			255	1,260,616		(6,574)
	776,009	484,352				(16,633)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Acquisition of capital assets	(193,698)	(45,508)	(1,435)	(240,641)		
Principal paid on bonds	(91,377)			(91,377)		
Interest paid on bonds	(14,044)	(21,708)		(35,752)		
Net cash used for capital and related financing activities			(1,435)	(367,770)		0
	(299,119)	(67,216)				
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Increase in due to other funds						1,128
Transfer to general fund		(405,241)		(405,241)		
Net cash provided by noncapital financing activities			0	(405,241)		1,128
	0	(405,241)				
CASH FLOWS FROM INVESTING ACTIVITIES:						
Interest on investments	55,743	9,057	384	65,184		33,986
Net cash provided by investing activities			384	65,184		33,986
	55,743	9,057				

(CONTINUED)

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2003

	Enterprise Funds					Internal Service Funds
	Quonset/		Non-major Enterprise Funds	Totals		
	Water	Davisville Recreation				
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	532,633	20,952	(796)	552,789		18,481
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	3,506,640	772,885	103,772	4,383,297		2,390,524
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 4,039,273	\$ 793,837	\$ 102,976	\$ 4,936,086		\$ 2,409,005
Reconciliation of operating loss to net cash provided by (used for) operating activities:						
Operating income (loss)	\$ 626,008	\$ 286,051	\$ 3,639	\$ 915,698		\$ (50,828)
Adjustments to reconcile:						
Depreciation	171,297	171,393	2,181	344,871		
(Increase) decrease in accounts receivable	35,219			35,219		
Increase in inventory	(7,587)	(12,176)	(7,307)	(27,070)		
(Increase) decrease in other assets	2,119	(3,251)	429	(703)		
Increase (decrease) in accounts payable	(28,960)	21,221	1,313	(6,426)		(1,397)
Increase (decrease) in accrued payroll	(6,122)			(6,122)		
Increase in claims payable						35,592
Increase in deferred revenue		(23,501)		(23,501)		
Increase (decrease) in compensated absences payable	(15,965)	19,396		3,431		
Increase in other liabilities		25,219		25,219		
Net cash provided by (used for) operating activities	\$ 776,009	\$ 484,352	\$ 255	\$ 1,260,616		\$ (16,633)

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF NORTH KINGSTOWN

Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2003

	Police Pension Trust	Private Purpose Trust Funds	Agency Funds
ASSETS:			
Cash and cash equivalents	\$ 404,815	\$ 31,289	\$ 606,740
Investments	3,705,885		
Due from other funds			525,696
Total assets	\$ 4,110,700	\$ 31,289	\$ 1,132,436
LIABILITIES:			
Accounts payable			
Due to student groups			\$ 217,215
Payroll withholdings			613,661
Deposits held in custody for others			301,560
Total liabilities	\$ 0	\$ 0	1,132,436
NET ASSETS:			
Reserved for principal		31,288	
Reserved for employee retirement	4,110,700		
Total net assets	\$ 4,110,700	\$ 31,289	\$ 0

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF NORTH KINGSTOWN

Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
Year Ended June 30, 2003

	Police Pension Trust	Private Purpose Trust Funds
ADDITIONS:		
<i>Investment income:</i>		
Interest and dividends	\$ 333,391	\$ 314
Net increase in fair value of investment	179,212	
Total investment earnings	512,603	314
Less investment expense	70,821	
Net investment earnings	441,782	314
 <i>Other income</i>	 0	 0
 Total additions	 441,782	 314
DEDUCTIONS:		
Benefits paid	269,185	
Administrative expenses	23,442	
Per trust agreements		103
Total deductions	292,627	103
 CHANGE IN NET ASSETS	 149,155	 211
 <i>Net Assets - beginning</i>	 3,961,545	 31,077
 Net Assets - ending	 \$ 4,110,700	 \$ 31,288

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2003**

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.

1. 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. Proprietary 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. For the year ended June 30, 2003, the Town implemented the new financial reporting requirements of GASB Statement No. 34. As a result, an entirely new financial presentation format has been implemented. In addition, the Town has implemented GASB Statement No. 37 which provides for expanded language regarding GASB 34. The adoption of the new standards in 2003 did not have a significant impact on the Town's financial position or results of operations.

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 BASIC FINANCIAL STATEMENTS
JUNE 30, 2003**

1. REPORTING ENTITY (Continued)

The following entities were considered for classification as component units for fiscal year 2003:

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

Although these entities meet certain criteria of the tests listed above, neither entity is deemed to have separate legal status apart from the Town. As a result, the financial data of the above entities has been included within the Town's financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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.

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

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>
<i>Major:</i>	
General Fund:	See above for description
Special Revenue:	School Unrestricted Fund
Proprietary:	Water Fund, Quonset/Davisville Recreation Fund

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2003**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Major and Non-Major Funds (Continued)

<u>Fund</u>	<u>Brief Description</u>
Non-Major: Special Revenue:	Senior Health Insurance Program, HUD CAED Planning Grant, 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, Operation Drug Dog, 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, Miscellaneous Library Donations, School Public Law 94-142, School Title I, School Title VI, 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 Reading Excellence, School Parent Information Network II, School Substance Abuse, School Literacy Set-Aside, School Parents as Teachers, School Even Start Family Literacy, School CDBG, School Parent Information Network, School RIF Smith Castle 2002, School COZ Miscellaneous Donations, School A Window into the New Millennium, School Adult Education Fund, School Summer School Fund, School Sports Camp
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, Asset Protection Bond Fund, Capital Lease Fund, High School Bond Fund
Permanent Funds:	Tri-Centennial Park, 400 th Anniversary, Wilson Park, Retirement Allowance Reserve Fund, Health Insurance Reserve, School Updike Fund, School Gardiner Fund, School Library Fund, School Tennis Fund, Henry Reynolds Indigent Care, Ann Ward Wallou Memorial Garden, 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, Surplus Property Escrow, Old Library Park, Veterans Memorial Scholarship, Senior Citizens Center, Senior Citizens Bus Gasoline Escrow, Arts Council, Senior Outreach Escrow, Project Dare, Leisure Services Brochure, Recreation Escrow

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2003**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Major and Non-Major Funds (Continued)

<u>Fund</u>	<u>Brief Description</u>
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
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.
- (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 and agency 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.

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2003

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

Basis of Accounting (Continued)

All proprietary 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, 2003. Major receivable balances for the governmental activities include property taxes (92% of balance). Business-type activities report service fees as its major receivables.

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.

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2003**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2003, 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.

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2003**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, Plant and Equipment (Continued)

Government-Wide Financial Statements (Continued)

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.

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.

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2003**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.
- (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 \$(560,525) difference are as follows:

Capital outlays (net of disposals).....	\$1,595,304
Depreciation expense.....	<u>(2,155,829)</u>
Net adjustment.....	\$ <u>(560,525)</u>

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2003**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 \$3,280,522 difference are as follows:

Debt issued.....	\$	-0-
Principal repayments.....		<u>3,280,522</u>
Net adjustment.....		<u>\$3,280,522</u>

3. 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 \$64,832,379. As of June 30, 2003, the Town had \$912,846 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.

4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2003 was as follows:

	PRIMARY GOVERNMENT			
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<i>Governmental activities:</i>				
<i>Capital assets not being depreciated:</i>				
Library collections	\$ 2,912,429			\$ 2,912,429
Land	5,295,513	\$ 76,600	\$ 0	5,372,113
<i>Total capital assets not being depreciated.....</i>	<u>\$ 8,207,942</u>	<u>\$ 76,600</u>	<u>\$ 0</u>	<u>\$ 8,284,542</u>
<i>Other capital assets:</i>				
Buildings.....	\$46,629,105			\$46,629,105
Equipment.....	7,028,117	\$ 1,597,077	\$ (420,703)	8,204,491
<i>Total other capital assets at historical cost ...</i>	<u>53,657,222</u>	<u>1,597,077</u>	<u>(420,703)</u>	<u>54,833,596</u>
Less: accumulated depreciation for:				
Buildings.....	(9,984,242)	(1,094,531)		(11,078,773)
Equipment.....	(4,413,410)	(1,061,298)	342,330	(5,132,378)
<i>Total accumulated depreciation</i>	<u>(14,397,652)</u>	<u>(2,155,829)</u>	<u>342,330</u>	<u>(16,211,151)</u>

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2003**

4. CAPITAL ASSETS (Continued)

	<u>PRIMARY GOVERNMENT</u>			
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<i>Other capital assets, net</i>	39,259,570	(558,752)	(78,373)	38,622,445
<i>Governmental activities capital assets, net</i>	\$47,467,512	\$ (482,152)	\$ (78,373)	\$46,906,987
<i>Business-type activities:</i>				
Capital assets not being depreciated:				
Land	\$ 584,470			\$ 584,470
Total capital assets not being depreciated	\$ 584,470	\$ 0	\$ 0	\$ 584,470
<i>Other capital assets:</i>				
Buildings.....	\$ 8,337,623	\$ 190,635		\$ 8,528,258
Property and leasehold improvements.....	519,772	5,900		525,672
Furniture and equipment	1,617,868	41,335		1,659,203
Vehicles and golf carts	694,917	102,601	\$ (99,790)	697,728
Total other capital assets at historical cost	11,170,180	340,471	(99,790)	11,410,861
Less: accumulated depreciation for:				
Buildings.....	(4,350,922)	(252,692)		(4,603,614)
Property and leasehold improvements.....	(422,196)	(22,242)		(444,438)
Furniture and equipment	(1,192,057)	(61,232)		(1,253,289)
Vehicles and golf carts	(650,494)	(8,705)	99,790	(559,409)
Total accumulated depreciation	(6,615,669)	(344,871)	99,790	(6,860,750)
<i>Other capital assets, net</i>	4,554,511	(4,400)	0	4,550,111
<i>Business-type activities capital assets, net</i>	\$ 5,138,981	\$ (4,400)	\$ 0	\$ 5,134,581

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government.....	\$ 41,594
Public safety	398,524
Public works	161,047
Education.....	1,464,282
Parks and recreation	10,768
Public libraries	71,690
Senior services	7,924
Total governmental activities depreciation expense	\$2,155,829
Business-type activities:	
Major Funds:	
Water	\$ 171,297
Quonset/Davisville Recreation	171,393
Non-major enterprise funds.....	2,181
Total business-type activities depreciation expense	\$ 344,871

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2003**

5. PROPERTY TAXES

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

The Town recognizes property tax revenues in accordance with Section P70, "Property Taxes" of the Codification of Governmental Accounting and Financial Reporting Standards. Unpaid property taxes as of June 30, 2003 are recorded as a receivable, net of an allowance for uncollectible property taxes of \$490,000.

6. CASH DEPOSITS

At June 30, 2003, the carrying amount of the Town's deposits was \$2,477,540, while the bank balance was \$2,738,370. Of the balance, \$400,000 was covered by federal depository insurance and \$2,338,370 was uninsured and uncollateralized. In addition, the Town had \$29,844,774 in certificates of deposit.

Reconciliation to Government-wide Statement of Net Assets:

Unrestricted cash, including time deposits.....	\$ 2,477,540
Certificate of deposit.....	29,844,774
Less: Fiduciary funds cash, including time deposits (not included in the government-wide statement).....	<u>(1,042,844)</u>
Total cash and cash equivalents on A-1.....	<u>\$31,279,470</u>

7. 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.....	\$1,785,872
Corporate obligations	1,537,328
Collateralized mortgage obligations	<u>382,685</u>
Total investments	<u>\$3,705,885</u>

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2003**

7. INVESTMENTS (Continued)

Reconciliation to Government-wide Statement of Net Assets:

Unrestricted investments.....	\$3,705,885
Less: Fiduciary fund investments (not included in government-wide statement) ..	<u>(3,705,885)</u>
Total cash and cash equivalents on A-1.....	\$ 0

8. LONG-TERM LIABILITIES

(a) Long-Term Liability Activity

Long-term liability activity for the year ended June 30, 2003 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Long-term debt:					
General obligation debt.....	\$54,532,425		\$(3,319,192)	\$51,213,233	\$3,309,192
Lease payable.....	104,484		(77,667)	26,817	26,817
Total long-term debt.....	<u>54,636,909</u>	\$ 0	<u>(3,396,859)</u>	<u>51,240,050</u>	<u>3,336,009</u>
Other long-term liabilities:					
Compensated absences.....	1,877,361	1,181,132	(1,064,795)	1,993,698	290,500
Total other long-term liabilities.....	<u>1,877,361</u>	<u>1,181,132</u>	<u>(1,064,795)</u>	<u>1,993,698</u>	<u>290,500</u>
Governmental activities:					
Long-term liabilities	<u>\$56,514,270</u>	<u>\$1,181,132</u>	<u>\$(4,461,654)</u>	<u>\$53,233,748</u>	<u>\$3,626,509</u>
Business-type Activities:					
Long-term debt:					
General obligation debt.....	\$ 1,035,031		\$ (122,185)	\$ 912,846	\$ 127,400
Total long-term debt.....	<u>1,035,031</u>	\$ 0	<u>(122,185)</u>	<u>912,846</u>	<u>127,400</u>
Other long-term liabilities:					
Compensated absences.....	90,528	74,881	(72,820)	92,589	9,000
Total other long-term liabilities	<u>90,528</u>	<u>74,881</u>	<u>(72,820)</u>	<u>92,589</u>	<u>9,000</u>
Business-type activities:					
Long-term liabilities	<u>\$ 1,125,559</u>	<u>\$ 74,881</u>	<u>\$ (195,005)</u>	<u>\$ 1,005,435</u>	<u>\$ 136,400</u>

Payments on all long-term debt and other long-term liabilities that pertain to the Town's governmental activities are made by the general fund.

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2003

8. LONG-TERM LIABILITIES (Continued)

(b) Debt Maturity

Debt service requirements at June 30, 2003 were as follows:

GOVERNMENTAL ACTIVITIES

Year Ended June 30,	<u>General Obligation Debt</u>		<u>Lease Payable</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2004.....	\$ 3,309,192	\$ 2,591,776	\$26,817	\$504
2005.....	3,309,192	2,396,211		
2006.....	3,274,192	2,253,160		
2007.....	2,949,192	2,098,837		
2008.....	2,869,192	1,951,051		
2009 - 2013.....	13,290,958	7,781,093		
2014 - 2018.....	10,601,737	4,762,126		
2019 - 2023.....	7,649,578	2,196,035		
2024 - 2026.....	3,960,000	348,975		
Total.....	<u>\$51,213,233</u>	<u>\$26,379,264</u>	<u>\$26,817</u>	<u>\$504</u>

BUSINESS-TYPE ACTIVITIES

Year Ended June 30,	<u>General Obligation Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2004.....	\$127,400	\$ 45,919
2005.....	132,996	38,965
2006.....	138,872	31,934
2007.....	145,006	24,542
2008.....	30,809	16,782
2009 - 2013.....	154,043	49,728
2014 - 2018.....	153,264	32,013
2019.....	30,456	2,882
Total.....	<u>\$912,846</u>	<u>\$242,765</u>

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2003

8. 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 6/30/02	Additions	Retirements	Balance Outstanding 6/30/03
General obligation debt:								
\$7.885M GOB	12/15/98	\$ 7,885,000	3.7 - 6%	12/15/99 - 18	\$ 6,177,425		\$ 364,192	\$ 5,813,233
\$3.3M GOB	12/15/98	3,300,000	3.0 - 5.5%	7/15/99 - 07	1,900,000		455,000	1,445,000
\$800,000 GOB	12/15/92	800,000	6.3 - 8.5%	12/15/92 - 06	355,000		65,000	290,000
\$5.95 M GOB	5/15/96	5,950,000	5.0 - 6.0%	8/01/97 - 11	3,950,000		395,000	3,555,000
\$1.505 M GOB	6/15/99	1,505,000	4.8 - 7.0%	6/15/00 - 19	1,360,000		50,000	1,310,000
\$33M GOB	12/1/99	33,000,000	5.25 - 5.875%	10/01/01 - 25	31,680,000		1,320,000	30,360,000
\$3.835 M GOB	9/15/00	3,835,000	4.75 - 6.5%	9/15/01 - 20	3,640,000		195,000	3,445,000
\$3.845 M GOB	6/15/01	3,845,000	3.75 - 5.5%	6/15/02 - 16	3,570,000		275,000	3,295,000
\$1.9 M GOB	12/15/01	1,900,000	3.5 - 4.35%	12/15/02 - 11	1,900,000		200,000	1,700,000
Total general obligation debt		62,020,000			54,532,425		3,319,192	51,213,233
Lease payable:								
John Deere	10/20/99	122,545	5.6%	10/20/99 - 03	52,177		25,360	26,817
Total long-term liabilities ...		\$62,142,545			\$54,584,602	\$0	\$3,344,552	\$51,240,050

Total interest expense paid on general long-term liabilities for the year ended June 30, 2003 was approximately \$2,727,692. The Statement of Net Assets includes \$122,545 of leased capital assets.

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2003**

9. INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at June 30, 2003 are as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 129,958	\$5,779,611
Special Revenue Funds:		
Community Development Block Grants		9,812
Library Fund	124,027	
School Unrestricted Fund	3,624,905	474,349
Miscellaneous Federal Grants		32,029
School Restricted Fund		290,205
Noncivic Detail Escrow Fund		61,209
Miscellaneous State Water Dept. Grants		7,625
Miscellaneous State Grants		10,727
Total special revenue funds	<u>3,748,932</u>	<u>885,956</u>
Debt service fund	1,445,923	
Fiduciary Funds:		
Payroll Fund	51,348	
School Payroll Fund	474,349	
Total fiduciary funds	<u>525,697</u>	
Capital Projects:		
School Capital Reserve Fund	823,613	
Total capital projects	<u>823,613</u>	
Internal Service Fund:		
Self insurance fund		8,556
TOTALS	<u>\$6,674,123</u>	<u>\$6,674,123</u>

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2003

10. FUND EQUITY

(a) Reserves and Designations

Reservations and designations of fund balances at June 30, 2003 were as follows:

General Fund:

Reserved for encumbrances	\$1,521,317
Reserved for COPS Grant.....	45,000
Designated for future expenditures	500,000

Special Revenue Fund Types:

Reserved for encumbrances	1,944,919
Reserved for COPS grant	90,000
Designated for future expenditures	55,000

Debt Service Fund:

Reserved for debt service	1,445,923
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Fiduciary Fund Types:

Reserved for trust principal	31,288
Reserved for employee retirement system	<u>4,110,700</u>

Total reservations and designations of fund balances **\$9,744,147**

(b) Operating Transfers In and Out

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Funds:		
General fund.....	\$ 661,564	\$(37,770,106)
School unrestricted fund.....	32,189,272	(120,000)
Quonset/Davisville Recreation Fund.....		(405,241)
Non-major Funds:		
Special revenue funds.....	892,155	(670,342)
Debt service fund	4,352,698	
Capital project funds.....	620,000	
Permanent funds	250,000	
Totals	<u><u>\$38,965,689</u></u>	<u><u>\$(38,965,689)</u></u>

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2003**

11. BONDS AUTHORIZED BUT UNISSUED

Bonds authorized but unissued at June 30, 2003 are as follows:

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

12. 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, 2003 was \$9,562,349 and the Town wide payroll was approximately \$41,955,032.

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, 2002.

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2003**

12. 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, 2003 was \$0 for general employees. This contribution represents 0% of covered payroll. General municipal employees were required to contribute \$669,366. 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>
2001	\$0	100%	\$0
2002	\$0	100%	\$0
2003	\$0	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, 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.

(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, 2003 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 BASIC FINANCIAL STATEMENTS
JUNE 30, 2003**

12. DEFINED BENEFIT PENSION PLANS (Continued)

(b) Police and Fire Pension Plans (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 1971 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>
6/30/01	\$0	N/A	\$0
6/30/02	\$0	N/A	\$0
6/30/03	\$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 BASIC FINANCIAL STATEMENTS
JUNE 30, 2003

12. DEFINED BENEFIT 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, 2003 was approximately \$2,107,014 and \$3,097,684, respectively. The Town wide payroll was approximately \$41,955,032.

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.

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, 2002.

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2003**

12. DEFINED BENEFIT PENSION PLANS (Continued)

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

The annual required contribution for police and fire personnel for the Town which equals the annual pension cost for the year ended June 30, 2003 was \$211,512. These contributions represent 6.59% of covered payroll for fire personnel and 0.35% for police personnel. Police and fire personnel were required to contribute \$189,631 and \$278,793, 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>
2001	\$ 0	100%	\$0
2002	\$ 0	100%	\$0
2003	\$7,375	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>
2001	\$ 0	100%	\$0
2002	\$ 55,920	100%	\$0
2003	\$204,137	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, 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.

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2003

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

Pension Plan Required Supplemental Information
(unaudited)

Schedules of Funding Progress (1)

	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Funding Excess (deficit)	Funded Ratio	Covered Payroll	Funding Excess (deficit) as a Percentage of Covered Payroll
General municipal employees pension plan	6/30/00	27,773,145	25,079,454	2,693,691	110.7%	8,377,608	32.2%
	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%
Municipal police pension plan	6/30/00	12,197,066	10,262,549	1,934,517	118.9%	1,997,601	96.8%
	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%
Municipal firemen pension plan	6/30/00	20,021,727	18,946,070	1,075,657	105.7%	3,077,298	35.0%
	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%

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

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2003

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

Pension Plan Required Supplemental Information
(unaudited)

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:

	General Municipal Employees <u>Pension Plan</u>	Municipal Police and Fire <u>Pension Plan</u>
Valuation Date	6/30/02	6/30/02
Actuarial Cost Method	Entry Age Normal Cost	Entry Age Normal Cost
Amortization Method	Level Percent Closed	Level Percent Closed
Remaining Amortization Period	N/A - No unfunded actuarial accrued liability	N/A - No unfunded actuarial accrued liability
Asset Valuation Method	3-year Smoothed Market Value	5-Year Smoothed Market Value
Actuarial assumptions:		
Investment rate of return	8.25%, compounded annually	8.25%, compounded annually
Projected Salary Increases	4.25% - 10.25%, compounded annually	5.0% - 15.0%, compounded annually
Cost-of-living Adjustments	3.0% not compounded	3%, not compounded, beginning on the January 1 following participant's retirement
Participant Information	Active Employees 375	Active Employees 125
	Retirees and beneficiaries <u>126</u>	Retirees and beneficiaries <u>61</u>
		<u>186</u>

Note: As of January 1, 2001, COLA B was put into place for General Municipal Employees.

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2003**

12. 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, 2003 was \$21,897,205, which consisted of \$439,339 for employees charged to federal programs and \$21,457,866 for all other employees. The School Department's total payroll was approximately \$29,509,612. The Town wide payroll for the year ended June 30, 2003 was approximately \$41,955,032.

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, 2002 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 5.73%, 6.86%, and 8.43% for all full-time employees for fiscal years 2003, 2002, and 2001, 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 4.25 - 16.75 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 BASIC FINANCIAL STATEMENTS
JUNE 30, 2003**

12. 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 2003, actuarial required contributions were 11.97% 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 5.04% of non-federally reimbursable payrolls totaling \$1,078,407 for the fiscal year ended June 30, 2003.

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>
2003	\$2,080,241	\$1,486,295	100%
2002	\$1,977,662	\$1,168,324	100%
2001	\$1,909,632	\$1,394,642	100%

In accordance with GASB 27, "Accounting for Pensions by State and Local Governmental Employers," the School Department has determined that there are no assets or liabilities 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.

13. POST RETIREMENT BENEFITS

In addition to the pension benefits described in Note 12, 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 BASIC FINANCIAL STATEMENTS
JUNE 30, 2003**

13. 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, 2003, expenditures of \$523,810 were recognized for post retirement benefits. Of this amount, \$243,789 was paid for health insurance for 27 fire department retirees, \$112,764 was paid for health insurance for 39 municipal retirees and their spouses, and \$167,257 was paid for health insurance for 21 police retirees.

14. 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, 2003. Minimum rentals on the leases for the next five years are as follows:

<u>Year Ended June 30</u>	<u>Amount</u>
2004.....	\$ 313,000
2005.....	307,000
2006.....	289,000
2007.....	286,000
2008.....	<u>126,000</u>
Total.....	<u>\$1,321,000</u>

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2003**

15. 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, 2003.

The Town of North Kingstown had several outstanding construction and technology projects as of June 30, 2003. These projects are evidenced by contractual commitments with contractors and include:

<u>Fund/Project</u>	<u>Spent-to-Date</u>	<u>Commitment Remaining</u>	<u>Funding Source(s)</u>
High School.....	\$35,612,228	\$ 1,876	General Obligation Bonds
High School.....	37,159	291,806	Self Insurance Fund
High School.....	904,094	270,994	School Capital Reserve Fund
High School.....	216,230		School Fund, Operating Budget
Roads (Public Facilities).....	2,240,815	10,727	General Obligation Bonds
Roads (Public Facilities).....		19,808	General Fund, Operating Budget
School Athletic Facility	2,185,013	273,170	General Obligation Bonds
Overlaying Services		364,872	General Fund, Operating Budget
Triennial Revaluation.....	249,558	195,842	Revaluation Reserve Fund
Allen Harbor, Calf Pasture Improvements.....	7,011	22,989	State Grant Funds
Allen Harbor, Calf Pasture Improvements.....	5,959	19,541	Payment in lieu of Land Decation
Allen Harbor, Calf Pasture Improvements.....	4,723	15,487	Old Recreation Fund, Operating
Allen Harbor, Calf Pasture Improvements.....		20,000	General Fund, Operating Budget
Water System Upgrade for Highway Bridge Construction.....	134,319	222,329	Water Fund, Operating Budget
Phase II New Well Development.....	49,830	101,170	Water Fund, Operating Budget
SCADA System	59,228	402,178	Water Fund, Operating Budget
Post Road Corridor.....		37,000	General Fund, Operating Budget
Post Road Corridor.....		18,000	Community Development Block Grant
Wickford Bikeway		120,994	State Grant Funds
Wickford Bikeway		25,000	Town Capital Reserve Fund
Wickford Sidewalks		56,465	General Fund, Operating Budget
Total	<u>\$41,706,167</u>	<u>\$2,490,248</u>	

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2003**

16. 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.

17. 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, 2003 were \$0.

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2003**

17. 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:

	<u>June 30, 2003</u>			<u>June 30, 2002</u>		
	Workers' Compensation Fund	Property Damage Fund	Total	Workers' Compensation Fund	Property Damage Fund	Total
Unpaid claims, beginning of fiscal year	\$50,000	\$256,214	\$306,214	\$75,900	\$ 0	\$ 75,900
Incurred claims (including IBNR's)		45,650	45,650		300,802	300,802
Claim payments.....		(265,846)	(265,846)	(25,900)	(44,588)	(70,488)
Unpaid claims, end of fiscal year.....	<u>\$50,000</u>	<u>\$ 36,018</u>	<u>\$86,018</u>	<u>\$50,000</u>	<u>\$256,214</u>	<u>\$306,214</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, 2003 as compared to the previous year. The claims incurred did not exceed insurance coverage in any of the last three years.

18. SUBSEQUENT EVENT

The Town and the Local Union representing the Town's firefighters have engaged in a binding arbitration process, in accordance with State law, to obtain a decision as to the contract terms for the period July 1, 2003 through June 30, 2004. The decision of the arbitrators is not expected until March 2004 and will be binding on both parties. The principal issues in the arbitration are staffing of the Fire Department and co-payments on health insurance. The cost to implement all of the union's proposals, if ordered to do so by the Arbitration Panel, is estimated to be approximately \$4.1 million dollars. The Town has engaged the services of its labor attorneys to vigorously defend against all of the union's proposals.

(CONCLUDED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

REQUIRED SUPPLEMENTARY INFORMATION

This section 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

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

General Fund
Year Ended June 30, 2003

	Originally Adopted Budget	Final Approved Budget	Actual (Budgetary Basis)	Variance Favorable (Unfavorable)
REVENUES:				
General property taxes	\$ 49,971,797	\$ 49,971,797	\$ 51,272,225	\$ 1,300,428
Intergovernmental	3,274,316	3,274,316	3,533,549	259,233
Licenses and permits	393,145	393,145	355,158	(37,987)
Investment income	530,000	530,000	280,399	(249,601)
Departmental	1,438,821	1,438,821	1,686,501	247,680
Other	12,000	12,000	31,870	19,870
Total Revenues	55,620,079	55,620,079	57,159,702	1,539,623
EXPENDITURES:				
Current:				
General government	4,131,957	3,759,325	3,743,781	15,544
Public safety	10,109,230	10,558,730	10,547,802	10,928
Public works	3,674,980	3,717,112	3,704,201	12,911
Parks and recreation	395,989	395,989	392,290	3,699
Senior services	279,869	279,869	273,856	6,013
Other	192,354	192,354	187,349	5,005
Debt service:				
Lease payments	175,835	56,835	56,835	-
Total Expenditures	18,960,214	18,960,214	18,906,114	54,100
Excess of revenues over expenditures	36,659,865	36,659,865	38,253,588	1,593,723
Other financing sources (uses):				
Transfers from fund balance	150,000	150,000	150,000	-
Transfers in	660,241	660,241	661,564	1,323
Transfers out	(37,470,106)	(37,470,106)	(37,770,106)	(300,000)
Net other financing sources (uses)	(36,659,865)	(36,659,865)	(36,958,542)	(298,677)
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ -	\$ -	\$ 1,295,046	\$ 1,295,046

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, 2003

	Originally Adopted Budget	Final Approved Budget	Actual (Budgetary Basis)	Variance Favorable (Unfavorable)
Revenues:				
State Aid	\$ 10,767,382	\$ 10,767,382	\$ 10,832,055	\$ 64,673
Tuition	1,765,000	1,765,000	1,840,612	75,612
Miscellaneous	97,500	97,500	403,891	306,391
Total revenues	12,629,882	12,629,882	13,076,558	446,676
Expenditures:				
Education	44,131,043	44,819,869	44,196,318	623,551
Total expenditures	44,131,043	44,819,869	44,196,318	623,551
Excess of expenditures over revenues	(31,501,161)	(32,189,987)	(31,119,760)	1,070,227
Other financing sources :				
Operating transfer from Town	31,501,161	32,189,987	32,001,161	(188,826)
Excess of revenues over expenditures and other financing sources	\$ 0	\$ 0	\$ 881,401	\$ 881,401

TOWN OF NORTH KINGSTOWN

ENTERPRISE FUNDS

**Combining Schedule of Revenues and Expenses - Non GAAP Budgetary Basis
Budget and Actual
Year Ended June 30, 2003**

	Water Fund				Quonset/Davisville Recreation Fund				Variance Favorable (Unfavorable)
	Originally Adopted Budget	Final Approved Budget	Actual	Variance Favorable (Unfavorable)	Originally Adopted Budget	Final Approved Budget	Actual	Variance Favorable (Unfavorable)	
Operating Revenues:									
Charges for usage and service	\$ 2,334,954	\$ 2,334,954	\$ 2,320,485	\$ (14,469)	\$ 1,674,980	\$ 1,674,980	\$ 1,470,694	\$ (204,286)	
Sundry sales and rentals	50,234	50,234	77,921	27,687					
Miscellaneous	5,000	5,000	33,131	28,131					
Total Operating Revenues	2,390,188	2,390,188	2,431,537	41,349	1,674,980	1,674,980	1,470,694	(204,286)	
Operating Expenses:									
Operations	2,410,721	2,410,721	1,634,232	776,489					
Golf course					606,796	606,796	462,923	143,873	
Pro shop					488,817	488,817	427,079	61,738	
Allen's Harbor					307,844	307,844	123,248	184,596	
Depreciation			171,297	(171,297)			171,393	(171,393)	
Total Operating Expenses	2,410,721	2,410,721	1,805,529	605,192	1,403,457	1,403,457	1,184,643	218,814	
Nonoperating Revenues (Expenses):									
Investment earnings	50,000	50,000	55,743	5,743	13,000	13,000	9,057	(3,943)	
Interest expense	(29,467)	(29,467)	(14,044)	15,423	(21,708)	(21,708)	(21,708)	0	
Total Nonoperating Revenues (Expenses)	20,533	20,533	41,699	21,166	(8,708)	(8,708)	(12,651)	(3,943)	
Other financing sources (uses):									
Appropriation of prior year surplus					142,426	142,426	142,426	0	
Transfers in									
Transfers out					(405,241)	(405,241)	(405,241)	0	
Net other financing sources (uses)	0	0	0	0	(262,815)	(262,815)	(262,815)	0	
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ 0	\$ 0	\$ 667,707	\$ 667,707	\$ 0	\$ 0	\$ 10,585	\$ 10,585	

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TOWN OF NORTH KINGSTOWN, RHODE ISLAND

**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2003**

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, 2003:

Excess revenues and other sources over expenditures and other uses (Non-GAAP Budgetary Basis)	\$1,295,046
Use of accumulated fund balance	(150,000)
Net change in encumbrances and designations.....	<u>855,227</u>
Excess of revenues and other sources over expenditures and other uses (GAAP).....	<u>\$2,000,273</u>

The following reconciliation summarizes the difference for the School's General Fund between budgetary and GAAP basis accounting principles for the year ended June 30, 2003:

Deficiency of revenues and other sources over expenditures and other uses (Non-GAAP Budgetary Basis)	\$881,401
Net change in encumbrances and designations.....	<u>(664,973)</u>
Excess of expenditures and other sources over revenues (GAAP)	<u>\$216,428</u>

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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.

Senior Health Insurance Program - To account for monies received from the State to be used in informing adults about health insurance eligibility and benefits available to them.

HUD CAED Planning Grant – To account for funds received from the U.S. Department of Housing and Urban Development to assist local government in providing economic diversification planning services.

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.

Operation Drug Dog - To account for donations received to help provide care and support for “Heidi” the Town’s drug dog.

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.

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS (CONTINUED):

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

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	Reading Excellence
Title I	Parent Information Network II
Title VI	Substance Abuse
Title II	Literacy Set-Aside
Drug-Free Schools	Parents as Teachers
Title II Technology	Even Start Family Literacy
Preschool Services	Community Development Block Grant
Department of Health	Parent Information Network
Innovative NEA Science	RIF Smith Castle
Davisville Family Center	COZ Miscellaneous Donations
Child Opportunity Zone Family Center	A Window Into the New Millennium
Adult Education Fund	Summer School Fund
Sports Camp	

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.

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

NON-MAJOR GOVERNMENTAL 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.

Asset Protection Bond Fund - To account for funding to support the requirements of the Town's Asset Protection Plan.

Capital Lease Fund - To account for purchases made under a Lease Purchase agreement.

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

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.

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

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.

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

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

NON-MAJOR GOVERNMENTAL FUNDS

PERMANENT FUNDS (Continued):

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.

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.

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

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.

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.

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.

(CONCLUDED)

TOWN OF NORTH KINGSTOWN
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2003

E-1

SPECIAL REVENUE FUNDS

	Senior Health Insurance Program	HUD CAED Planning Grant	Beachwood House Senior Center Equipment Escrow	Miscellaneous Federal Grants	State Council on the Arts Grant	Non Civic Detail Escrow Fund
Cash and cash equivalents						
Due from other governments						
Due from grantor			709	32,029	2,897	
Due from other funds						
Other receivables						
TOTAL ASSETS	\$ 0	\$ 0	\$ 709	\$ 32,029	\$ 2,897	\$ 61,209
LIABILITIES:						
Accounts payable						
Due to other funds						
Deferred revenue						
TOTAL LIABILITIES	\$ 0	\$ 0	\$ 0	\$ 32,029	\$ 0	\$ 61,209
FUND BALANCES:						
Capital Projects						
Special Revenue			709		2,897	
Permanent Fund						
Debt Service						
TOTAL FUND BALANCES	0	0	709	0	2,897	0
TOTAL LIABILITIES AND FUND BALANCES	\$ 0	\$ 0	\$ 709	\$ 32,029	\$ 2,897	\$ 61,209

(CONTINUED)

TOWN OF NORTH KINGSTOWN
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2003

F-1

		SPECIAL REVENUE FUNDS					
		Governor's Justice Commission	Special Purpose Donations	Miscellaneous Senior Citizens Grant	CDBG Grants	Land Dedication Escrow	Fire Alarm Cable
ASSETS:							
Cash and cash equivalents							
Due from other governments							
Due from grantor							
Due from other funds							
Other receivables							
TOTAL ASSETS							
		\$ 6,154	\$ 7,187	\$ 800	\$ 17,466	\$ 89,671	\$ 1,509
					289,768		
		\$ 6,154	\$ 7,187	\$ 800	\$ 588,632	\$ 89,671	\$ 1,509
LIABILITIES:							
Accounts payable							
Due to other funds							
Deferred revenue							
TOTAL LIABILITIES							
		\$ 0	\$ 0	\$ 150	\$ 9,812	\$ 3,615	\$ 0
					578,820		
		\$ 0	\$ 0	\$ 150	\$ 588,632	\$ 3,615	\$ 0
FUND BALANCES:							
Capital Projects							
Special Revenue							
Permanent Fund							
Debt Service							
TOTAL FUND BALANCES							
		6,154	7,187	650		86,056	1,509
		6,154	7,187	650	0	86,056	1,509
TOTAL LIABILITIES AND FUND BALANCES							
		\$ 6,154	\$ 7,187	\$ 800	\$ 588,632	\$ 89,671	\$ 1,509

(CONTINUED)

TOWN OF NORTH KINGSTOWN
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2003

F-1

		SPECIAL REVENUE FUNDS					
	State Elderly Affairs Grant	State Grants - Police Department	Seized and Forfeited Property Escrow	Local Law Enforcement Block Grant	Groundwater Education Donation	Operation Drug Dog	
ASSETS:							
Cash and cash equivalents	\$ 3,782	\$ 1,007	\$ 1,151	\$ 19,315	\$ 780		
Due from other governments		1,697					
Due from grantor							
Due from other funds							
Other receivables							
TOTAL ASSETS	\$ 3,782	\$ 2,704	\$ 1,151	\$ 19,315	\$ 780	\$ 0	
LIABILITIES:							
Accounts payable	\$ 809	\$ 1,265	\$	\$ 8,239			
Due to other funds							
Deferred revenue							
TOTAL LIABILITIES	809	1,265	0	8,239	0	0	
FUND BALANCES:							
Capital Projects							
Special Revenue	2,973	1,439	1,151	11,076	780		
Permanent Fund							
Debt Service							
TOTAL FUND BALANCES	2,973	1,439	1,151	11,076	780	0	
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,782	\$ 2,704	\$ 1,151	\$ 19,315	\$ 780	\$ 0	

TOWN OF NORTH KINGSTOWN
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2003

E-1

SPECIAL REVENUE FUNDS

	School Department Substance Abuse Donations	Infrastructure Replacement	URI Septic Loan Program	Community Center Maintenance	Heritage Committee	Senior Center Legislative Grant
ASSETS:						
Cash and cash equivalents	\$ 176	\$ 38,771	\$ 255,684	\$ 6,252	\$ 144	\$ 581
Due from other governments						
Due from grantor						
Due from other funds						
Other receivables						
TOTAL ASSETS	\$ 176	\$ 38,771	\$ 255,684	\$ 6,252	\$ 144	\$ 581
LIABILITIES:						
Accounts payable			\$ 222			
Due to other funds						
Deferred revenue			6,030		144	
TOTAL LIABILITIES	\$ 0	\$ 0	\$ 6,252	\$ 6,252	\$ 144	\$ 0
FUND BALANCES:						
Capital Projects						
Special Revenue	176	38,771	255,684			581
Permanent Fund						
Debt Service						
TOTAL FUND BALANCES	176	38,771	255,684	0	0	581
TOTAL LIABILITIES AND FUND BALANCES	\$ 176	\$ 38,771	\$ 255,684	\$ 6,252	\$ 144	\$ 581

(CONTINUED)

TOWN OF NORTH KINGSTOWN
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2003

F-1

SPECIAL REVENUE FUNDS

	Impact Fees	Emergency Medical Services	Welfare Emergency Fund	RIDEM Potowomut Pond Clean-up	Fire Department Legislative Grant	Tax Revaluation Reserve Fund
ASSETS:						
Cash and cash equivalents	\$ 378,682	\$ 3,894	\$ 300	\$ 4,500	\$ 9,500	\$ 241,191
Due from other governments						
Due from grantor		942				
Due from other funds						
Other receivables						
TOTAL ASSETS	\$ 378,682	\$ 4,836	\$ 300	\$ 4,500	\$ 9,500	\$ 241,191
LIABILITIES:						
Accounts payable	\$	4,836				\$ 29,115
Due to other funds						
Deferred revenue						
TOTAL LIABILITIES	\$ 0	\$ 4,836	\$ 0	\$ 0	\$ 0	\$ 29,115
FUND BALANCES:						
Capital Projects						
Special Revenue	378,682		300	4,500	9,500	212,076
Permanent Fund						
Debt Service						
TOTAL FUND BALANCES	378,682	0	300	4,500	9,500	212,076
TOTAL LIABILITIES AND FUND BALANCES	\$ 378,682	\$ 4,836	\$ 300	\$ 4,500	\$ 9,500	\$ 241,191

TOWN OF NORTH KINGSTOWN
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2003

F-1

SPECIAL REVENUE FUNDS

	Miscellaneous State Water Department Grants	Miscellaneous State Grants	Davisville Library Fund	Champlin Foundation Fund	Library Fund	Willet Library Fund
ASSETS:						
Cash and cash equivalents						
Due from other governments						
Due from grantor	\$ 7,625	\$ 28,150	\$ 3,974	\$ 17,087	\$ 50	\$ 616
Due from other funds						
Other receivables					124,027	
TOTAL ASSETS	\$ 7,625	\$ 28,150	\$ 3,974	\$ 17,087	\$ 124,077	\$ 616
LIABILITIES:						
Accounts payable						
Due to other funds	\$ 7,625	\$ 5,407	\$ 3,225	\$ 49,283		
Deferred revenue		10,728				
		12,015				
TOTAL LIABILITIES	7,625	28,150	0	3,225	49,283	0
FUND BALANCES:						
Capital Projects						
Special Revenue			3,974	13,862	74,794	616
Permanent Fund						
Debt Service						
TOTAL FUND BALANCES	0	0	3,974	13,862	74,794	616
TOTAL LIABILITIES AND FUND BALANCES	\$ 7,625	\$ 28,150	\$ 3,974	\$ 17,087	\$ 124,077	\$ 616

TOWN OF NORTH KINGSTOWN
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2003

F-1

SPECIAL REVENUE FUNDS

	Miscellaneous Library Donations	School Public Law 94-142	School Title I	School Title VI	School Title II	Drug Free Schools
ASSETS:						
Cash and cash equivalents	\$ 5,500					
Due from other governments		\$ 71,092	\$ 47,684	\$ 7,245	\$ 92,589	\$ 772
Due from grantor						
Due from other funds						
Other receivables						
TOTAL ASSETS	\$ 5,500	\$ 71,092	\$ 47,684	\$ 7,245	\$ 92,589	\$ 772
LIABILITIES:						
Accounts payable	\$ 284	\$ 9,275				
Due to other funds		\$ 61,817	\$ 47,684	\$ 7,245	\$ 92,589	\$ 772
Deferred revenue						
TOTAL LIABILITIES	284	71,092	47,684	7,245	92,589	772
FUND BALANCES:						
Capital Projects						
Special Revenue	5,216					
Permanent Fund						
Debt Service						
TOTAL FUND BALANCES	5,216	0	0	0	0	0
TOTAL LIABILITIES AND FUND BALANCES	\$ 5,500	\$ 71,092	\$ 47,684	\$ 7,245	\$ 92,589	\$ 772

(CONTINUED)

TOWN OF NORTH KINGSTOWN
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2003

SPECIAL REVENUE FUNDS

	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
ASSETS:						
Cash and cash equivalents						
Due from other governments	\$ 11,522	\$ 5,739	\$ 1,589	\$ 776	\$ 46,764	\$ 1,128
Due from grantor						
Due from other funds						
Other receivables						
TOTAL ASSETS	\$ 11,522	\$ 5,739	\$ 1,589	\$ 776	\$ 46,764	\$ 1,128
LIABILITIES:						
Accounts payable	\$ 7,313	\$ 5,739	\$ 1,326			
Due to other funds	4,209		263			
Deferred revenue				\$ 776	\$ 46,764	\$ 1,128
TOTAL LIABILITIES	11,522	5,739	1,589	776	46,764	1,128
FUND BALANCES:						
Capital Projects						
Special Revenue						
Permanent Fund						
Debt Service						
TOTAL FUND BALANCES	0	0	0	0	0	0
TOTAL LIABILITIES AND FUND BALANCES	\$ 11,522	\$ 5,739	\$ 1,589	\$ 776	\$ 46,764	\$ 1,128

TOWN OF NORTH KINGSTOWN
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2003

F-1

SPECIAL REVENUE FUNDS

	School Reading Excellence	School Parent Information Network II	School Substance Abuse	School Literacy Set-Aside	School Parents as Teachers	School Even Start Family Literacy
ASSETS:						
Cash and cash equivalents				4,672		
Due from other governments						
Due from grantor			10,583			26,838
Due from other funds						
Other receivables						
TOTAL ASSETS	\$ 0	\$ 0	\$ 10,583	\$ 4,672	\$ 0	\$ 26,838
LIABILITIES:						
Accounts payable						
Due to other funds			10,583			9,725
Deferred revenue				4,672		16,110
TOTAL LIABILITIES	\$ 0	\$ 0	\$ 10,583	\$ 4,672	\$ 0	\$ 26,838
FUND BALANCES:						
Capital Projects						
Special Revenue						
Permanent Fund						
Debt Service						
TOTAL FUND BALANCES	0	0	0	0	0	0
TOTAL LIABILITIES AND FUND BALANCES	\$ 0	\$ 0	\$ 10,583	\$ 4,672	\$ 0	\$ 26,838

(CONTINUED)

TOWN OF NORTH KINGSTOWN
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2003

SPECIAL REVENUE FUNDS

	School CDBG	School Parent Information Network	School RIF Smith Castle 2002	School COZ Miscellaneous Donations	School Window into the New Millennium	School Adult Education Fund
ASSETS:						
Cash and cash equivalents	\$ 3,185	\$	\$	\$ 3,221	\$	\$ 7,463
Due from other governments		1,043				
Due from grantor						
Due from other funds						
Other receivables						
TOTAL ASSETS	\$ 3,185	\$ 1,043	\$ 0	\$ 3,221	\$ 0	\$ 7,463
LIABILITIES:						
Accounts payable						
Due to other funds	\$ 3,185	1,043				\$ 458
Deferred revenue				\$ 3,221		
TOTAL LIABILITIES	\$ 3,185	\$ 1,043	\$ 0	\$ 3,221	\$ 0	\$ 458
FUND BALANCES:						
Capital Projects						
Special Revenue						7,005
Permanent Fund						
Debt Service						
TOTAL FUND BALANCES	0	0	0	0	0	7,005
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,185	\$ 1,043	\$ 0	\$ 3,221	\$ 0	\$ 7,463

TOWN OF NORTH KINGSTOWN
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2003

F-1

	SPECIAL REVENUE FUNDS				CAPITAL PROJECT FUNDS			
	School Summer School Fund	School Sports Camp	Debt Service Fund	Capital Reserve	School Capital Reserve Fund	6.5 School Additions Bond		
ASSETS:								
Cash and cash equivalents	\$ 16,889	\$ 42,393		\$ 1,438,561	\$ 100,000	\$ 16,503		
Due from other governments								
Due from grantor			\$ 1,445,923		823,613			
Due from other funds	635							
Other receivables	17,524	42,393	1,445,923	1,438,561	923,613	16,503		
TOTAL ASSETS								
	\$ 17,524	\$ 42,393	\$ 1,445,923	\$ 1,438,561	\$ 923,613	\$ 16,503		
LIABILITIES:								
Accounts payable	\$ 100	\$ 1,098						
Due to other funds								
Deferred revenue								
TOTAL LIABILITIES								
	100	1,098	0	0	0	0		0
FUND BALANCES:								
Capital Projects				1,438,561	923,613	16,503		
Special Revenue	17,424	41,295						
Permanent Fund								
Debt Service			1,445,923					
TOTAL FUND BALANCES								
	17,424	41,295	1,445,923	1,438,561	923,613	16,503		
TOTAL LIABILITIES AND FUND BALANCES								
	\$ 17,524	\$ 42,393	\$ 1,445,923	\$ 1,438,561	\$ 923,613	\$ 16,503		

(CONTINUED)

TOWN OF NORTH KINGSTOWN
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2003

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CAPITAL PROJECT FUNDS

	6M Public Facilities Plan Bond	Farmland & Open Space Reserve	2.3M Athletic Facilities Bond Fund	Asset Protection Bond Fund	Capital Lease Fund	High School Bond Fund
ASSETS:						
Cash and cash equivalents	\$ 660,340	\$ 1,089,947	\$ 300,441			\$ 1,878
Due from other governments						
Due from grantor						
Due from other funds						
Other receivables						
TOTAL ASSETS	\$ 660,340	\$ 1,089,947	\$ 300,441	\$ 0	\$ 0	\$ 1,878
LIABILITIES:						
Accounts payable	\$	2,580	\$ 16,250			
Due to other funds						
Deferred revenue						
TOTAL LIABILITIES	\$ 0	2,580	16,250	\$ 0	\$ 0	0
FUND BALANCES:						
Capital Projects	660,340	1,087,367	284,191			1,878
Special Revenue						
Permanent Fund						
Debt Service						
TOTAL FUND BALANCES	660,340	1,087,367	284,191	0	0	1,878
TOTAL LIABILITIES AND FUND BALANCES	\$ 660,340	\$ 1,089,947	\$ 300,441	\$ 0	\$ 0	\$ 1,878

(CONTINUED)

TOWN OF NORTH KINGSTOWN
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2003

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PERMANENT FUNDS

	Tri-Centennial Park	400th Anniversary	Wilson Park	Retirement Allowance Reserve Fund	Health Insurance Reserve	School Updike Fund
ASSETS:						
Cash and cash equivalents	\$ 5,972	\$ 3,092	\$ 3,878	\$ 1,014,202	\$ 524,687	\$ 3,774
Due from other governments						
Due from grantor						
Due from other funds						
Other receivables						
TOTAL ASSETS	\$ 5,972	\$ 3,092	\$ 3,878	\$ 1,014,202	\$ 524,687	\$ 3,774
LIABILITIES:						
Accounts payable				\$ 81,672		
Due to other funds						
Deferred revenue						
TOTAL LIABILITIES	\$ 0	\$ 0	\$ 0	\$ 81,672	\$ 0	\$ 0
FUND BALANCES:						
Capital Projects						
Special Revenue						
Permanent Fund	5,972	3,092	3,878	932,530	524,687	3,774
Debt Service						
TOTAL FUND BALANCES	5,972	3,092	3,878	932,530	524,687	3,774
TOTAL LIABILITIES AND FUND BALANCES	\$ 5,972	\$ 3,092	\$ 3,878	\$ 1,014,202	\$ 524,687	\$ 3,774

(CONTINUED)

TOWN OF NORTH KINGSTOWN
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2003

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PERMANENT FUNDS

	School Gardiner Fund	School Library Fund	School Tennis Fund	Henry Reynolds Indigent Care	Ann Ward Wallou Memorial Garden	Henry Reynolds Outside Poor Fund
ASSETS:						
Cash and cash equivalents	\$ 9,774	\$ 8,211	\$ 261	\$ 19,482	\$ 3,101	\$ 2,135
Due from other governments						
Due from grantor						
Due from other funds						
Other receivables						
TOTAL ASSETS	\$ 9,774	\$ 8,211	\$ 261	\$ 19,482	\$ 3,101	\$ 2,135
LIABILITIES:						
Accounts payable						
Due to other funds						
Deferred revenue						
TOTAL LIABILITIES	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
FUND BALANCES:						
Capital Projects						
Special Revenue						
Permanent Fund	9,774	8,211	261	19,482	3,101	2,135
Debt Service						
TOTAL FUND BALANCES	9,774	8,211	261	19,482	3,101	2,135
TOTAL LIABILITIES AND FUND BALANCES	\$ 9,774	\$ 8,211	\$ 261	\$ 19,482	\$ 3,101	\$ 2,135

(CONTINUED)

TOWN OF NORTH KINGSTOWN
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2003

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PERMANENT FUNDS

	John J. Spink Outside Poor Fund	John B. Spink Outside Poor Fund	Thomas Casey Outside Poor Fund	Elizabeth Miller Library Fund	William D. Davis Library Fund	Surplus Property Escrow
ASSETS:						
Cash and cash equivalents	\$ 20,584	\$ 5,146	\$ 2,135	\$ 2,003	\$ 5,008	\$ 11,359
Due from other governments						
Due from grantor						
Due from other funds						
Other receivables						
TOTAL ASSETS	\$ 20,584	\$ 5,146	\$ 2,135	\$ 2,003	\$ 5,008	\$ 11,359
LIABILITIES:						
Accounts payable						
Due to other funds						
Deferred revenue						
TOTAL LIABILITIES	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
FUND BALANCES:						
Capital Projects						
Special Revenue						
Permanent Fund	20,584	5,146	2,135	2,003	5,008	11,359
Debt Service						
TOTAL FUND BALANCES	20,584	5,146	2,135	2,003	5,008	11,359
TOTAL LIABILITIES AND FUND BALANCES	\$ 20,584	\$ 5,146	\$ 2,135	\$ 2,003	\$ 5,008	\$ 11,359

(CONTINUED)

TOWN OF NORTH KINGSTOWN
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2003

PERMANENT FUNDS

	Old Library Park	Veterans Memorial Scholarship	Senior Citizens Center	Senior Citizens Bus Gasoline Escrow	Arts Council	Senior Outreach Escrow
ASSETS:						
Cash and cash equivalents	\$ 21,161	\$ 6,865	\$ 16,289	\$ 61	\$ 1,283	\$ 457
Due from other governments						
Due from grantor						
Due from other funds						
Other receivables						
TOTAL ASSETS	\$ 21,161	\$ 6,865	\$ 16,289	\$ 61	\$ 1,283	\$ 457
LIABILITIES:						
Accounts payable			\$ 1,133		\$ 128	
Due to other funds						
Deferred revenue						
TOTAL LIABILITIES	\$ 0	\$ 0	\$ 1,133	\$ 0	\$ 128	\$ 0
FUND BALANCES:						
Capital Projects						
Special Revenue	21,161	6,865	15,156	61	1,155	457
Permanent Fund						
Debt Service						
TOTAL FUND BALANCES	21,161	6,865	15,156	61	1,155	457
TOTAL LIABILITIES AND FUND BALANCES	\$ 21,161	\$ 6,865	\$ 16,289	\$ 61	\$ 1,283	\$ 457

TOWN OF NORTH KINGSTOWN
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2003

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PERMANENT FUNDS

	Project Date	Leisure Services Brochure	Recreation Escrow	Grand Totals
ASSETS:				
Cash and cash equivalents				
Due from other governments				
Due from grantor	3,626	900	53,068	6,559,852
Due from other funds				678,118
Other receivables				942
TOTAL ASSETS	\$ 3,626	\$ 900	\$ 53,068	\$ 9,975,717
LIABILITIES:				
Accounts payable				
Due to other funds			6,760	250,007
Deferred revenue				411,610
TOTAL LIABILITIES	\$ 0	\$ 0	\$ 6,760	\$ 609,866
FUND BALANCES:				
Capital Projects				4,412,453
Special Revenue	3,626	900	46,308	1,187,037
Permanent Fund				1,658,821
Debt Service	3,626	900	46,308	1,445,923
TOTAL FUND BALANCES	\$ 3,626	\$ 900	\$ 53,068	\$ 9,975,717
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,626	\$ 900	\$ 53,068	\$ 9,975,717

TOWN OF NORTH KINGSTOWN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
June 30, 2003

SPECIAL REVENUE FUNDS

	Senior Health Insurance Program	HUD CAED Planning Grant	Beachwood House Senior Center Equipment Escrow	Miscellaneous Federal Grants	State Council on the Arts Grant	Non Civic Detail Escrow Fund
REVENUES:						
Interest and investment income						
Intergovernmental		\$ 33,205		\$ 125,033		
Other					\$ 5,747	\$ 370,634
TOTAL REVENUES	\$ 0	\$ 33,205	0	\$ 125,033	\$ 5,747	\$ 370,634
EXPENDITURES:						
General government		33,205				370,634
Public safety						
Public works						
Per trust agreements						
Education						
Human resources				125,033		
Capital and special appropriations					5,330	
Debt service:						
Debt principal						
Debt interest						
TOTAL EXPENDITURES	0	33,205	0	125,033	5,330	370,634
Excess of revenues over expenditures before transfers	0	0	0	0	417	0
OTHER FINANCING SOURCES (USES):						
Transfers in						
Transfers out						
TOTAL OTHER FINANCING SOURCES (USES)	0	0	0	0	0	0
Excess of revenues and expenditures	0	0	0	0	417	0
Fund balance, beginning of year	0	0	709	0	2,480	0
Fund balance, end of year	\$ 0	\$ 0	\$ 709	\$ 0	\$ 2,897	\$ 0

TOWN OF NORTH KINGSTOWN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
 June 30, 2003

SPECIAL REVENUE FUNDS

	Governor's Justice Commission	Special Purpose Donations	Miscellaneous Senior Citizens Grant	CDBG Grants	Land Dedication Escrow	Fire Alarm Cable
REVENUES:						
Interest and investment income			\$ 187			
Intergovernmental				136,908		
Other					1,373	
TOTAL REVENUES	\$ 0	\$ 7,850	\$ 1,250	\$ 137,095	\$ 1,373	\$ 0
		7,850	1,250	137,095	1,373	0
EXPENDITURES:						
General government	4,550		2,600	137,095	6,381	
Public safety						
Public works		14,026				103
Per trust agreements						
Education						
Human resources						
Capital and special appropriations						
Debt service:						
Debt principal						
Debt interest						
TOTAL EXPENDITURES	4,550	14,026	2,600	137,095	6,381	103
	4,550	14,026	2,600	137,095	6,381	103
Excess of revenues over expenditures before transfers	(4,550)	(6,176)	(1,350)	0	(5,008)	(103)
OTHER FINANCING SOURCES (USES):						
Transfers in						
Transfers out	0	0	0	0	0	0
TOTAL OTHER FINANCING SOURCES (USES)	0	0	0	0	0	0
	0	0	0	0	0	0
Excess of revenues and expenditures	(4,550)	(6,176)	(1,350)	0	(5,008)	(103)
	(4,550)	(6,176)	(1,350)	0	(5,008)	(103)
Fund balance, beginning of year	10,704	13,363	2,000	0	91,064	1,612
	10,704	13,363	2,000	0	91,064	1,612
Fund balance, end of year	\$ 6,154	\$ 7,187	\$ 650	\$ 0	\$ 86,056	\$ 1,509
	\$ 6,154	\$ 7,187	\$ 650	\$ 0	\$ 86,056	\$ 1,509

TOWN OF NORTH KINGSTOWN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
June 30, 2003

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		SPECIAL REVENUE FUNDS					
		State Elderly Affairs Grant	State Grants - Police Department	Seized and Forfeited Property Escrow	Local Law Enforcement Block Grant	Groundwater Education Donation	Operation Drug Dog
REVENUES:							
Interest and investment income				960			\$ 4
Intergovernmental		\$ 21,600	\$ 18,508	\$	\$ 4,811		\$
Other							
TOTAL REVENUES		<u>21,600</u>	<u>18,508</u>	<u>960</u>	<u>4,811</u>	<u>0</u>	<u>4</u>
EXPENDITURES:							
General government		18,627		4,362		55	
Public safety			18,876		8,239		849
Public works							
Per trust agreements							
Education							
Human resources							
Capital and special appropriations							
Debt service:							
Debt principal							
Debt interest							
TOTAL EXPENDITURES		<u>18,627</u>	<u>18,876</u>	<u>4,362</u>	<u>8,239</u>	<u>55</u>	<u>849</u>
Excess of revenues over expenditures before transfers		2,973	(368)	(3,402)	(3,428)	(55)	(845)
OTHER FINANCING SOURCES (USES):							
Transfers in							
Transfers out		0	0	0	0	0	0
TOTAL OTHER FINANCING SOURCES (USES)		<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of revenues and expenditures		2,973	(368)	(3,402)	(3,428)	(55)	(845)
Fund balance, beginning of year		0	1,807	4,553	14,504	835	845
Fund balance, end of year		<u>\$ 2,973</u>	<u>\$ 1,439</u>	<u>\$ 1,151</u>	<u>\$ 11,076</u>	<u>\$ 780</u>	<u>\$ 0</u>

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TOWN OF NORTH KINGSTOWN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
June 30, 2003

F-2

SPECIAL REVENUE FUNDS

	School Department Substance Abuse Donations	Infrastructure Replacement	URI Septic Loan Program	Community Center Maintenance	Heritage Committee	Senior Center Legislative Grant
REVENUES:						
Interest and investment income	\$	515	\$	3,982		
Intergovernmental						
Other		8,706		8,623		
TOTAL REVENUES	\$	9,221	\$	3,982	\$	8,623
	0			8,623	0	0
EXPENDITURES:						
General government				8,623		
Public safety						
Public works						
Per trust agreements						
Education						
Human resources						4,843
Capital and special appropriations						
Debt service:						
Debt principal						
Debt interest						
TOTAL EXPENDITURES	0	0	0	8,623	0	4,843
Excess of revenues over expenditures before transfers	0	9,221	3,982	0	0	(4,843)
OTHER FINANCING SOURCES (USES):						
Transfers in						
Transfers out	0	0	0	0	0	0
TOTAL OTHER FINANCING SOURCES (USES)	0	0	0	0	0	0
Excess of revenues and expenditures	0	9,221	3,982	0	0	(4,843)
Fund balance, beginning of year	176	29,550	251,702	0	0	5,424
Fund balance, end of year	\$	38,771	\$	255,684	\$	0
	176			0		581

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TOWN OF NORTH KINGSTOWN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
June 30, 2003

SPECIAL REVENUE FUNDS

	Impact Fees	Emergency Medical Services	Welfare Emergency Fund	RIDEM Potowomut Pond Clean-up	Fire Department Legislative Grant	Tax Revaluation Reserve Fund
REVENUES:						
Interest and investment income	\$ 2,700	\$ 1,606			\$ 2,000	
Intergovernmental						
Other	375,982	403,882			7,500	6,017
TOTAL REVENUES	378,682	405,488	0	0	9,500	6,017
EXPENDITURES:						
General government						239,341
Public safety						
Public works						
Per trust agreements						
Education						
Human resources						
Capital and special appropriations						
Debt service:						
Debt principal						
Debt interest						
TOTAL EXPENDITURES	0	149,165	0	0	0	239,341
Excess of revenues over expenditures before transfers	378,682	256,323	0	0	9,500	(233,324)
OTHER FINANCING SOURCES (USES):						
Transfers in						
Transfers out	(345,908)	(256,323)				
TOTAL OTHER FINANCING SOURCES (USES)	(345,908)	(256,323)	0	0	0	0
Excess of revenues and expenditures Fund balance, beginning of year	32,774	0	0	0	9,500	(233,324)
Fund balance, end of year	345,908	0	300	4,500	0	445,400
Fund balance, end of year	\$ 378,682	\$ 0	\$ 300	\$ 4,500	\$ 9,500	\$ 212,076

TOWN OF NORTH KINGSTOWN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
June 30, 2003

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SPECIAL REVENUE FUNDS

	Miscellaneous State Water Department Grants	Miscellaneous State Grants	Davisville Library Fund	Champlin Foundation Fund	Library Fund	Willet Library Fund
REVENUES:						
Interest and investment income						
Intergovernmental						
Other	\$ 21,698	\$ 21,698	15,895	28,490	225,643	\$ 15,895
TOTAL REVENUES	\$ 21,698	21,698	15,895	28,730	225,643	15,895
EXPENDITURES:						
General government						
Public safety						
Public works						
Per trust agreements						
Education						
Human resources						
Capital and special appropriations						
Debt service:						
Debt principal						
Debt interest						
TOTAL EXPENDITURES	0	21,698	11,921	21,517	1,095,462	15,279
Excess of revenues over expenditures before transfers	0	0	3,974	7,213	(869,819)	616
OTHER FINANCING SOURCES (USES):						
Transfers in						
Transfers out					892,155	0
TOTAL OTHER FINANCING SOURCES (USES)	0	0	0	0	892,155	0
Excess of revenues and expenditures	0	0	3,974	7,213	22,336	616
Fund balance, beginning of year	0	0	0	6,649	52,458	0
Fund balance, end of year	\$ 0	\$ 0	\$ 3,974	\$ 13,862	\$ 74,794	\$ 616

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TOWN OF NORTH KINGSTOWN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
June 30, 2003

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SPECIAL REVENUE FUNDS

	Miscellaneous Library Donations	School Public Law 94-142	School Title I	School Title VI	School Title II	School Drug Free Schools
REVENUES:						
Interest and investment income	\$ 93					
Intergovernmental		\$ 558,081	\$ 325,773	\$ 11,500	\$ 189,734	\$ 29,697
Other	380					
TOTAL REVENUES	473	558,081	325,773	11,500	189,734	29,697
EXPENDITURES:						
General government						
Public safety						
Public works						
Per trust agreements						
Education		558,081	325,773	11,500	189,734	29,697
Human resources	3,089					
Capital and special appropriations						
Debt service:						
Debt principal						
Debt interest						
TOTAL EXPENDITURES	3,089	558,081	325,773	11,500	189,734	29,697
Excess of revenues over expenditures before transfers	(2,616)	0	0	0	0	0
OTHER FINANCING SOURCES (USES):						
Transfers in						
Transfers out						
TOTAL OTHER FINANCING SOURCES (USES)	0	0	0	0	0	0
Excess of revenues and expenditures	(2,616)	0	0	0	0	0
Fund balance, beginning of year	7,832	0	0	0	0	0
Fund balance, end of year	\$ 5,216	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

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TOWN OF NORTH KINGSTOWN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
June 30, 2003

F-2

SPECIAL REVENUE FUNDS

	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
REVENUES:						
Interest and investment income						
Intergovernmental	\$ 11,522	\$ 10,788	\$ 1,589	\$ 2,000	\$ 59,237	\$ 20,000
Other						
TOTAL REVENUES	11,522	10,788	1,589	2,000	59,237	20,000
EXPENDITURES:						
General government						
Public safety						
Public works						
Per trust agreements						
Education	11,522	10,788	1,589	2,000	59,237	20,000
Human resources						
Capital and special appropriations						
Debt service:						
Debt principal						
Debt interest						
TOTAL EXPENDITURES	11,522	10,788	1,589	2,000	59,237	20,000
Excess of revenues over expenditures before transfers	0	0	0	0	0	0
OTHER FINANCING SOURCES (USES):						
Transfers in						
Transfers out						
TOTAL OTHER FINANCING SOURCES (USES)	0	0	0	0	0	0
Excess of revenues and expenditures	0	0	0	0	0	0
Fund balance, beginning of year	0	0	0	0	0	0
Fund balance, end of year	0	0	0	0	0	0

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TOWN OF NORTH KINGSTOWN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
June 30, 2003

F-2

SPECIAL REVENUE FUNDS

	School Reading Excellence	School Parent Information Network II	School Substance Abuse	School Literacy Set-Aside	School Parents as Teachers	School Even Start Family Literacy
REVENUES:						
Interest and investment income						
Intergovernmental	\$ 1,364		\$ 39,952	\$ 290,604	\$ 582	\$ 43,377
Other		\$ 3,100				
TOTAL REVENUES	1,364	3,100	39,952	290,604	582	43,377
EXPENDITURES:						
General government						
Public safety						
Public works						
Per trust agreements						
Education	1,364	3,100	39,952	290,604	582	43,377
Human resources						
Capital and special appropriations						
Debt service:						
Debt principal						
Debt interest						
TOTAL EXPENDITURES	1,364	3,100	39,952	290,604	582	43,377
Excess of revenues over expenditures before transfers	0	0	0	0	0	0
OTHER FINANCING SOURCES (USES):						
Transfers in						
Transfers out	0	0	0	0	0	0
TOTAL OTHER FINANCING SOURCES (USES)	0	0	0	0	0	0
Excess of revenues and expenditures	0	0	0	0	0	0
Fund balance, beginning of year	0	0	0	0	0	0
Fund balance, end of year	0	0	0	0	0	0

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TOWN OF NORTH KINGSTOWN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
June 30, 2003

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	SPECIAL REVENUE FUNDS						
	School CDBG	School Parent Information Network	School RIF Smith Castle 2002	School COZ Miscellaneous Donations	School A Window into the New Millennium	School Adult Education Fund	
REVENUES:							
Interest and investment income	5,000	3,400	500	3,536	203		35,309
Intergovernmental							
Other							
TOTAL REVENUES	5,000	3,400	500	3,536	203	\$	35,309
							35,309
EXPENDITURES:							
General government							
Public safety							
Public works							
Per trust agreements							
Education	5,000	3,400	500	3,536	203		40,665
Human resources							
Capital and special appropriations							
Debt service:							
Debt principal							
Debt interest							
TOTAL EXPENDITURES	5,000	3,400	500	3,536	203		40,665
Excess of revenues over expenditures before transfers	0	0	0	0	0		(5,356)
OTHER FINANCING SOURCES (USES):							
Transfers in							
Transfers out							
TOTAL OTHER FINANCING SOURCES (USES)	0	0	0	0	0		0
Excess of revenues and expenditures	0	0	0	0	0		(5,356)
Fund balance, beginning of year	0	0	0	0	0		12,361
Fund balance, end of year	0	0	0	0	0	\$	7,005

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TOWN OF NORTH KINGSTOWN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
June 30, 2003

	SPECIAL REVENUE FUNDS			CAPITAL PROJECT FUNDS			
	School Summer School Fund	School Sports Camp	Debt Service Fund	Capital Reserve	School Capital Reserve Fund	6.5 School Additions Bond	
REVENUES:							
Interest and investment income			\$ 2,317,845	\$ 14,030	\$ 4,601	\$ 341	
Intergovernmental							
Other	\$ 19,701	\$ 72,989					
TOTAL REVENUES	19,701	72,989	2,317,845	1,085	4,601	341	
EXPENDITURES:							
General government							
Public safety							
Public works							
Per trust agreements							
Education	18,151	44,228					
Human resources							
Capital and special appropriations				223,915		134,141	
Debt service:							
Debt principal			3,319,190				
Debt interest			2,725,731				
TOTAL EXPENDITURES	18,151	44,228	6,044,921	223,915	0	134,141	
Excess of revenues over expenditures before transfers	1,550	28,761	(3,727,076)	(208,800)	4,601	(133,800)	
OTHER FINANCING SOURCES (USES):							
Transfers in			4,352,698	620,000	620,000	620,000	
Transfers out					(688,111)		
TOTAL OTHER FINANCING SOURCES (USES)	0	0	4,352,698	620,000	(68,111)	0	
Excess of revenues and expenditures	1,550	28,761	625,622	411,200	(63,510)	(133,800)	
Fund balance, beginning of year	15,874	12,534	820,301	1,027,361	987,122	150,303	
Fund balance, end of year	\$ 17,424	\$ 41,295	\$ 1,445,923	\$ 1,438,561	\$ 923,612	\$ 16,503	

TOWN OF NORTH KINGSTOWN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
June 30, 2003

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CAPITAL PROJECT FUNDS

	6M Public Facilities Plan Bond	Farmland & Open Space Reserve	2.3M Athletic Facilities Bond Fund	Asset Protection Bond Fund	Capital Lease Fund	High School Bond Fund
REVENUES:						
Interest and investment income	\$ 9,867	\$ 14,146	\$ 4,680			
Intergovernmental		347,289				
Other	9,867	361,435	4,680	0	0	0
TOTAL REVENUES						
			\$ 4,680	\$ 0	\$ 0	\$ 0
EXPENDITURES:						
General government						
Public safety						
Public works						
Per trust agreements						
Education						
Human resources						
Capital and special appropriations	28,637	29,791	23,782	6,869	2,284	9,060
Debt service:						
Debt principal						
Debt interest						
TOTAL EXPENDITURES	28,637	29,791	23,782	6,869	2,284	9,060
Excess of revenues over expenditures before transfers	(18,770)	331,644	(19,102)	(6,869)	(2,284)	(9,060)
OTHER FINANCING SOURCES (USES):						
Transfers in						
Transfers out	0	0	0	0	0	0
TOTAL OTHER FINANCING SOURCES (USES)						
	(18,770)	331,644	(19,102)	(6,869)	(2,284)	(9,060)
Excess of revenues and expenditures	679,110	755,723	303,293	6,869	2,284	10,938
Fund balance, beginning of year	\$ 660,340	\$ 1,087,367	\$ 284,191	\$ 0	\$ 0	\$ 1,878
Fund balance, end of year						

(CONTINUED)

TOWN OF NORTH KINGSTOWN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
June 30, 2003

F-2

	PERMANENT FUNDS					
	Tri-Centennial Park	400th Anniversary	Wilson Park	Retirement Allowance Reserve Fund	Health Insurance Reserve	School Update Fund
REVENUES:						
Interest and investment income		\$ 45		\$ 13,694	\$ 6,445	\$ 20
Intergovernmental						
Other	54		35	8,800		
TOTAL REVENUES	54	45	35	22,494	6,445	20
EXPENDITURES:						
General government						
Public safety						
Public works						
Per trust agreements				183,682		
Education						
Human resources						
Capital and special appropriations						
Debt service:						
Debt principal						
Debt interest						
TOTAL EXPENDITURES	0	0	0	183,682	0	0
Excess of revenues over expenditures before transfers	54	45	35	(161,188)	6,445	20
OTHER FINANCING SOURCES (USES):						
Transfers in				150,000	100,000	
Transfers out						
TOTAL OTHER FINANCING SOURCES (USES)	0	0	0	150,000	100,000	0
Excess of revenues and expenditures	54	45	35	(11,188)	106,445	20
Fund balance, beginning of year	5,918	3,047	3,843	943,718	418,242	3,754
Fund balance, end of year	\$ 5,972	\$ 3,092	\$ 3,878	\$ 932,530	\$ 524,687	\$ 3,774

(CONTINUED)

TOWN OF NORTH KINGSTOWN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
June 30, 2003

	PERMANENT FUNDS						
	School Gardiner Fund	School Library Fund	School Tennis Fund	Henry Reynolds Indigent Care	Ann Ward Wallou Memorial Garden	Henry Reynolds Outside Poor Fund	
REVENUES:							
Interest and investment income	\$ 53	\$ 28		\$ 312	\$ 54	\$ 19	
Intergovernmental							
Other							
TOTAL REVENUES	53	28	0	312	500	19	
					554		
EXPENDITURES:							
General government							
Public safety							
Public works							
Per trust agreements							
Education							
Human resources							
Capital and special appropriations							
Debt service:							
Debt principal							
Debt interest							
TOTAL EXPENDITURES	0	0	0	0	1,119	0	
Excess of revenues over expenditures before transfers	53	28	0	312	(565)	19	
OTHER FINANCING SOURCES (USES):							
Transfers in							
Transfers out							
TOTAL OTHER FINANCING SOURCES (USES)	0	0	0	0	0	0	
Excess of revenues and expenditures	53	28	0	312	(565)	19	
Fund balance, beginning of year	9,721	8,183	261	19,170	3,666	2,116	
Fund balance, end of year	\$ 9,774	\$ 8,211	\$ 261	\$ 19,482	\$ 3,101	\$ 2,135	

TOWN OF NORTH KINGSTOWN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
June 30, 2003

F-2

	PERMANENT FUNDS						
REVENUES:							
Interest and investment income							
Intergovernmental							
Other							
TOTAL REVENUES	187	47	19	18	46	\$	0
EXPENDITURES:							
General government							
Public safety							
Public works							
Per trust agreements				22	56		
Education							
Human resources							
Capital and special appropriations							
Debt service:							
Debt principal							
Debt interest							
TOTAL EXPENDITURES	0	0	0	22	56	\$	0
Excess of revenues over expenditures before transfers	187	47	19	(4)	(10)	\$	0
OTHER FINANCING SOURCES (USES):							
Transfers in							
Transfers out							
TOTAL OTHER FINANCING SOURCES (USES)	0	0	0	0	0	\$	0
Excess of revenues and expenditures	187	47	19	(4)	(10)	\$	0
Fund balance, beginning of year	20,397	5,099	2,116	2,007	5,018	\$	11,359
Fund balance, end of year	\$ 20,584	\$ 5,146	\$ 2,135	\$ 2,003	\$ 5,008	\$	11,359

TOWN OF NORTH KINGSTOWN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
 June 30, 2003

PERMANENT FUNDS

	Old Library Park	Veterans Memorial Scholarship	Senior Citizens Center	Senior Citizens Bus Gasoline Escrow	Arts Council	Senior Outreach Escrow
REVENUES:						
Interest and investment income	\$ 316	\$ 111				\$ 75
Intergovernmental	1,140		56,656		8,133	
Other	1,456	111	56,656	0	8,133	75
TOTAL REVENUES						
	\$ 3,112	\$ 222	\$ 113,312	\$ 0	\$ 16,266	\$ 75
EXPENDITURES:						
General government			50,786		18,108	358
Public safety						
Public works						
Per trust agreements						
Education						
Human resources						
Capital and special appropriations						
Debt service:						
Debt principal						
Debt interest						
TOTAL EXPENDITURES						
	0	0	50,786	0	18,108	358
Excess of revenues over expenditures before transfers	1,456	111	5,870	0	(9,975)	(283)
OTHER FINANCING SOURCES (USES):						
Transfers in						
Transfers out	0	0	0	0	0	0
TOTAL OTHER FINANCING SOURCES (USES)						
	0	0	0	0	0	0
Excess of revenues and expenditures	1,456	111	5,870	0	(9,975)	(283)
Fund balance, beginning of year	19,705	6,754	9,286	61	11,130	740
Fund balance, end of year	\$ 21,161	\$ 6,865	\$ 15,156	\$ 61	\$ 1,155	\$ 457

TOWN OF NORTH KINGSTOWN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Funds
June 30, 2003

F-2

PERMANENT FUNDS

	Project Date	Leisure Services Brochure	Recreation Escrow	Grand Totals
REVENUES:				
Interest and investment income			\$	81,441
Intergovernmental				4,241,305
Other	2,291		119,065	2,206,756
TOTAL REVENUES	2,291	\$ 0	119,065	6,529,502
EXPENDITURES:				
General government	3,205		112,438	2,303,712
Public safety				42,093
Public works				21,698
Per trust agreements				184,879
Education				1,714,583
Human resources				138,295
Capital and special appropriations				458,479
Debt service:				
Debt principal				3,319,190
Debt interest				2,725,731
TOTAL EXPENDITURES	3,205	0	112,438	10,908,660
Excess of revenues over expenditures before transfers	(914)	0	6,627	(4,379,158)
OTHER FINANCING SOURCES (USES):				
Transfers in				6,734,853
Transfers out				(1,290,342)
TOTAL OTHER FINANCING SOURCES (USES)	0	0	0	5,444,511
Excess of revenues and expenditures	(914)	0	6,627	1,065,353
Fund balance, beginning of year	4,540	900	39,681	7,638,880
Fund balance, end of year	\$ 3,626	\$ 900	\$ 46,308	\$ 8,704,233

(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 KINGSTOWNNON-MAJOR ENTERPRISE FUNDS**COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2003**

	Quonset/ Davisville Reserve	School Cafeteria	Total
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ 25,525	\$ 77,451	\$ 102,976
Other receivables		55,385	55,385
Inventory		45,557	45,557
Total current assets	25,525	178,393	203,918
Net Capital Assets		7,934	7,934
TOTAL ASSETS	\$ 25,525	\$ 186,327	\$ 211,852
<u>LIABILITIES AND FUND EQUITY</u>			
Current liabilities:			
Accounts payable		\$ 35,531	\$ 35,531
Total current liabilities	\$ 0	35,531	35,531
<u>NET ASSETS</u>			
Unrestricted	25,525	150,796	176,321
Total net assets	25,525	150,796	176,321
TOTAL LIABILITIES AND NET ASSETS	\$ 25,525	\$ 186,327	\$ 211,852

TOWN OF NORTH KINGSTOWNNON-MAJOR ENTERPRISE FUNDS

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2003**

	Quonset/ Davisville Reserve	School Cafeteria	Total
Operating revenues:			
Charges for services		\$ 1,234,882	\$ 1,234,882
Total operating revenues	\$ 0	1,234,882	1,234,882
Operating expenses:			
Operations	14,000		14,000
School cafeteria		1,215,062	1,215,062
Depreciation		2,181	2,181
Total operating expenses	14,000	1,217,243	1,231,243
Operating income (loss)	(14,000)	17,639	3,639
Non-operating revenues (expenses):			
Interest income	384		384
Total non-operating revenues (expenses):	384	0	384
Net income (loss)	(13,616)	17,639	4,023
Net assets - July 1, 2001	39,141	133,157	172,298
Net assets - June 30, 2002	\$ 25,525	\$ 150,796	\$ 176,321

TOWN OF NORTH KINGSTOWNNON-MAJOR ENTERPRISE FUNDS**COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2003**

	Quonset/ Davisville Reserve	School Cafeteria	Total
Cash flows from operating activities:			
Cash received from customers		\$ 1,235,311	\$ 1,235,311
Cash payments to suppliers for goods and services	\$ (14,000)	(760,187)	(774,187)
Cash payments to employees for services		(460,869)	(460,869)
Net cash provided (used) by operating activities	(14,000)	14,255	255
Cash flows from capital financing activities:			
Acquisition of capital assets		(1,435)	(1,435)
Net cash used by capital financing activities	0	(1,435)	(1,435)
Cash flows from investing activities:			
Interest on investments	384		384
Net cash provided by investing activities	384	0	384
Net increase (decrease) in cash and cash equivalents	(13,616)	12,820	(796)
Cash and cash equivalents, July 1, 2002	39,141	64,631	103,772
Cash and cash equivalents, June 30, 2003	\$ 25,525	\$ 77,451	\$ 102,976
Reconciliation of operating income to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (14,000)	\$ 17,639	\$ 3,639
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:			
Depreciation		2,181	2,181
Decrease (increase) in other receivable		429	429
Increase in inventory		(7,307)	(7,307)
Increase (decrease) in accounts payable		1,313	1,313
Net cash provided by (used for) operating activities	\$ (14,000)	\$ 14,255	\$ 255

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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

**Combining Statement of Net Assets
Private Purpose Trust Funds
For the year ended June 30, 2003**

Burial Funds

	Hall	Vaughn	Young	Rebecca Hammond	W.H. Welling	GeorgeC. Hall
ASSETS						
Cash	\$ 501	\$ 100	\$ 301	\$ 301	\$ 8,487	\$ 201
LIABILITIES	0	0	0	0	0	0
NET ASSETS	\$ 501	\$ 100	\$ 301	\$ 301	\$ 8,487	\$ 201
Held in Trust for private purposes per trust agreements						

TOWN OF NORTH KINGSTOWN

H-1

**Combining Statement of Net Assets
Private Purpose Trust Funds
For the year ended June 30, 2003**

		Burial Funds						
		Updike	Mary Carpenter	Smith- Lawton	Old Baptist Cemetery	Smith	Burial Totals	
ASSETS								
Cash	\$ 501	\$ 1,548	\$ 1,002	\$ 4,607	\$ 701	\$ 1,002	\$ 19,252	
	0	0	0	0	0	0	0	
LIABILITIES								
NET ASSETS								
Held in Trust for private purposes per trust agreements	\$ 501	\$ 1,548	\$ 1,002	\$ 4,607	\$ 701	\$ 1,002	\$ 19,252	

TOWN OF NORTH KINGSTOWN

H-1

**Combining Statement of Net Assets
Private Purpose Trust Funds
For the year ended June 30, 2003**

	Probate Funds					
	Lawton	Weeks	E. Rogers/ C. Levalley	Cogan	Probate Totals	GRAND TOTALS
ASSETS						
Cash	\$ 8,128	\$ 2,240	\$ 1,149	\$ 520	\$ 12,037	\$ 31,289
	0	0	0	0	0	0
LIABILITIES						
NET ASSETS						
Held in Trust for private purposes per trust agreements	\$ 8,128	\$ 2,240	\$ 1,149	\$ 520	\$ 12,037	\$ 31,289

(CONCLUDED)

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

H-2

Burial Funds

	Hall	Vaughn	Young	Rebecca Hammond	W.H. Welling	GeorgeC. Hall
ADDITIONS:						
Investment income	\$ 5	1	\$ 3	\$ 3	\$ 78	\$ 2
	5	1	3	3	78	2
DEDUCTIONS:						
Operating expense per trust agreement	6	1	3	3		2
	6	1	3	3	0	2
CHANGE IN NET ASSETS	(1)	0	0	0	78	0
Net Assets, beginning	502	100	301	301	8,409	201
Net Assets, ending	\$ 501	\$ 100	\$ 301	\$ 301	\$ 8,487	\$ 201

(CONTINUED)

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

H-2

		Burial Funds							
		Updike	Mary Carpenter	Smith- Lawton	Old Baptist Cemetery	Smith	Burial Totals		
ADDITIONS:									
Investment income	\$	5	14	9	42	6	9	\$ 177	
		5	14	9	42	6	9	177	
DEDUCTIONS:									
Operating expense per trust agreement		6		11	52	8	11	103	
		6	0	11	52	8	11	103	
CHANGE IN NET ASSETS		(1)	14	(2)	(10)	(2)	(2)	74	
Net Assets, beginning		502	1,534	1,004	4,617	703	1,004	19,178	
Net Assets, ending	\$	501	1,548	1,002	4,607	701	1,002	\$ 19,252	

(CONTINUED)

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

H-2

	Probate Funds						GRAND TOTALS
	Lawton	Weeks	E. Rogers/ C. Levalley	Cogan	Probate Totals		
ADDITIONS:							
Investment income	\$ 74	\$ 37	\$ 19	\$ 8	\$ 138	\$	315
	74	37	19	8	138		315
DEDUCTIONS:							
Operating expense per trust agreement	0	0	0	0	0		103
							103
CHANGE IN NET ASSETS	74	37	19	8	138		212
Net Assets, beginning	8,054	2,203	1,130	512	11,899		31,077
Net Assets, ending	\$ 8,128	\$ 2,240	\$ 1,149	\$ 520	\$ 12,037	\$	31,289

(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, 2003

	Beginning Balance	Additions	Deductions	Ending Balance
SCHOOL ACTIVITY FUNDS				
<u>ASSETS</u>				
Cash	\$ 186,189	\$ 632,619	\$ 601,593	\$ 217,215
<u>LIABILITIES</u>				
Due to student groups	\$ 186,189	\$ 632,619	\$ 601,593	\$ 217,215
PAYROLL FUND				
<u>ASSETS</u>				
Cash	\$ 65,272	\$ 29,334,893	\$ 29,389,691	\$ 10,474
Due from other funds	(5,660)	13,100,134	13,043,126	51,348
TOTAL ASSETS	\$ 59,612	\$ 42,435,027	\$ 42,432,817	\$ 61,822
<u>LIABILITIES</u>				
Payroll withholdings	\$ 59,612	\$ 20,677,106	\$ 20,674,896	\$ 61,822
SCHOOL PAYROLL FUND				
<u>ASSETS</u>				
Cash	\$ 35,233	\$ 66,347,936	\$ 66,305,678	\$ 77,491
Due from other funds	465,331	30,809,341	30,800,324	474,348
TOTAL ASSETS	\$ 500,564	\$ 97,157,277	\$ 97,106,002	\$ 551,839
<u>LIABILITIES</u>				
Payroll withholdings	\$ 500,564	\$ 97,157,277	\$ 97,106,002	\$ 551,839

(CONTINUED)

**Statement of Changes in Assets and Liabilities
Agency Funds
Year ended June 30, 2003**

DEVELOPER SURETY ESCROW

ASSETS

Cash	\$ 582,454	\$ 12,019,072	\$ 12,299,966	\$ 301,560
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LIABILITIES

Accounts payable	\$ 0	\$ 291,184	\$ 291,184	\$ 0
Deposits held in custody for others	582,454	292,020	572,914	301,560
TOTAL LIABILITIES	\$ 582,454	\$ 583,204	\$ 864,098	\$ 301,560

TOTAL - ALL AGENCY FUNDS

ASSETS

Cash	\$ 869,148	\$ 108,334,520	\$ 108,596,928	\$ 606,740
Due from other funds	459,671	43,909,475	43,843,450	525,696
TOTAL ASSETS	\$ 1,328,819	\$ 152,243,995	\$ 152,440,378	\$ 1,132,436

LIABILITIES

Accounts payable	\$ 0	\$ 291,184	\$ 291,184	\$ 0
Due to student groups	186,189	632,619	601,593	217,215
Deposits Held in Custody for Others	582,454	292,020	572,914	301,560
Payroll withholdings	560,176	117,834,383	117,780,898	613,661
TOTAL LIABILITIES	\$ 1,328,819	\$ 119,050,206	\$ 119,246,589	\$ 1,132,436

(CONCLUDED)

THE TOWN OF
NORTH KINGSTOWN, RHODE ISLAND

STATISTICAL SECTION

TOWN OF NORTH KINGSTOWN

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION

LAST TEN FISCAL YEARS (1)

	2003	2002	2001	2000	1999
General government	\$ 6,303,068	\$ 4,620,090	\$ 4,935,355	\$ 4,294,109	\$ 4,374,433
Public safety	\$ 10,151,088	\$ 10,065,679	\$ 8,946,977	\$ 8,647,435	\$ 8,397,280
Public works	\$ 3,316,262	\$ 3,618,773	\$ 3,750,904	\$ 3,459,956	\$ 3,196,476
Parks and recreation	\$ 376,334	\$ 0	\$ 0	\$ 0	\$ 0
Senior services	\$ 271,638	\$ 0	\$ 0	\$ 0	\$ 0
Education	\$ 47,534,281	\$ 44,401,975	\$ 41,719,508	\$ 39,107,712	\$ 37,551,560
Per trust agreements	\$ 184,879	\$ 0	\$ 0	\$ 0	\$ 0
Human resources	\$ 138,295	\$ 1,940,276	\$ 1,909,148	\$ 1,842,729	\$ 1,955,234
Capital improvement	\$ 458,479	\$ 14,488,499	\$ 23,531,451	\$ 7,856,089	\$ 5,470,694
Debt service	\$ 6,044,921	\$ 6,001,055	\$ 4,012,305	\$ 2,936,840	\$ 1,477,845
Other					
TOTAL	\$ 74,779,245	\$ 85,136,347	\$ 88,805,648	\$ 68,144,870	\$ 62,423,522

(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.

TOWN OF NORTH KINGSTOWN

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION

LAST TEN FISCAL YEARS (1)

	1998	1997	1996	1995	1994
General government	\$ 3,434,508	\$ 3,224,369	\$ 3,079,558	\$ 3,362,978	\$ 3,323,485
Public safety	\$ 7,878,245	\$ 7,604,265	\$ 7,612,298	\$ 7,000,544	\$ 6,927,734
Public works	\$ 3,609,213	\$ 3,679,032	\$ 3,900,436	\$ 3,405,914	\$ 2,417,992
Parks and recreation	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Senior services	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Education	\$ 34,711,315	\$ 32,464,689	\$ 32,207,641	\$ 30,437,009	\$ 29,245,062
Per trust agreements	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Human resources	\$ 2,123,528	\$ 1,814,810	\$ 1,834,893	\$ 1,591,449	\$ 1,330,939
Capital improvement	\$ 2,249,067	\$ 5,285,928	\$ 2,909,803	\$ 343,012	\$ 739,276
Debt service	\$ 1,820,271	\$ 769,514	\$ 913,240	\$ 1,020,724	\$ 1,078,665
Other	\$ 447	\$ 0	\$ 0	\$ 92,610	\$ 452,687
TOTAL	\$ 55,826,594	\$ 54,842,607	\$ 52,457,869	\$ 47,254,240	\$ 45,515,840

(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.

TOWN OF NORTH KINGSTOWN

GENERAL GOVERNMENTAL REVENUES BY SOURCE

LAST TEN FISCAL YEARS (1)

	2003	2002	2001	2000	1999
Taxes	\$ 51,272,225	\$ 48,570,277	\$ 44,883,156	\$ 42,758,479	\$ 40,769,858
Intergovernmental revenues	20,293,410	17,772,102	16,835,239	14,836,130	14,174,653
Other	6,090,423	4,605,216	6,496,096	5,142,352	5,664,831
TOTAL	\$ 77,656,058	\$ 70,947,595	\$ 68,214,491	\$ 62,736,961	\$ 60,609,342
Taxes	\$ 37,770,965	\$ 34,807,161	\$ 33,050,988	\$ 31,741,576	\$ 31,618,879
Intergovernmental revenues	13,214,911	12,408,786	12,780,087	11,005,370	10,767,297
Other	3,476,097	2,646,575	2,948,771	2,352,633	2,299,048
TOTAL	\$ 54,461,973	\$ 49,862,522	\$ 48,779,846	\$ 45,099,579	\$ 44,685,224

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

TOWN OF NORTH KINGSTOWN

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

Fiscal Year	Net Adjusted Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collected	Percent of Total Tax Collections To Tax Levy	Outstanding Delinquent Taxes	Percent of Delinquent Taxes To Tax Levy
1993/1994	\$ 28,863,476	\$ 27,232,688	94.35%	\$ 1,665,896	\$ 28,898,584	100.12%	\$ 2,805,101	9.72%
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%

TOWN OF NORTH KINGSTOWN

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
"UNAUDITED"

LAST TEN FISCAL YEARS (1)

Fiscal Year	Real Property		Personal Property		Total		Ratio of Total Assessed to Total Estimated Actual Value
	Assessed Value (1)	Estimated Actual Value	Assessed Value (1)	Estimated Actual Value	Assessed Value (1)	Estimated Actual Value	
1993/1994	790,026,434	2,066,040,658	156,980,638	156,980,638	947,007,072	2,223,021,296	0.426
1994/1995	1,348,154,900	1,348,154,900	187,454,955	187,454,955	1,535,609,855	1,535,609,855	1.000
1995/1996	1,378,485,000	1,443,273,795	188,068,180	188,068,180	1,566,553,180	1,631,341,975	0.955
1996/1997	1,401,248,700	1,499,336,100	200,492,952	200,492,952	1,601,741,652	1,699,829,052	0.935
1997/1998	1,433,174,000	1,508,604,210	211,230,520	211,230,520	1,644,404,520	1,719,834,730	0.950
1998/1999	1,470,037,800	1,594,401,085	230,918,953	230,918,953	1,700,956,753	1,825,320,038	0.922
1999/2000	1,500,902,170	1,658,455,436	230,541,395	230,541,395	1,731,443,565	1,888,996,831	0.920
2000/2001	1,536,301,370	1,745,797,011	222,929,548	222,929,548	1,759,230,918	1,968,726,559	0.880
2001/2002	1,954,112,590	2,014,549,061	219,842,649	219,842,649	2,173,955,239	2,234,391,710	0.973
2002/2003	1,986,996,310	2,393,971,457	212,176,187	212,176,187	2,199,172,497	2,606,147,644	0.830
<u>Prospective Information:</u>							
2003/2004	2,011,507,975	2,793,761,076	216,786,796	216,786,796	2,228,294,771	3,010,547,872	0.720

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

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

LAST TEN FISCAL YEARS

<u>Fiscal</u> <u>Year</u>	<u>Total</u> <u>Tax Rate</u>	<u>Municipal</u> <u>Portion</u>	<u>School</u> <u>Portion</u>
1994	30.83	9.14	21.69
1995	19.26	5.59	13.67
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:			
Real Estate	23.68	7.18	16.50
Motor Vehicle	22.04	6.68	15.36
Tangible	23.68	7.18	16.50
Inventory	20.52	6.22	14.30
2001:			
Real Estate	24.65	6.96	17.69
Motor Vehicle	22.04	6.22	15.82
Tangible	18.24	5.15	13.09
2002:			
Real Estate	21.94	5.57	16.37
Motor Vehicle	22.04	5.51	16.53
Tangible	21.94	5.57	16.37
2003:			
Real Estate	22.60	5.70	16.90
Motor Vehicle	22.04	6.05	15.99
Tangible	22.60	5.70	16.90

Prospective Information:

2004:			
Real Estate	23.31	5.65	17.66
Motor Vehicle	22.04	5.34	16.70
Tangible	23.31	5.65	17.66

TOWN OF NORTH KINGSTOWN

WATER ASSESSMENTS

LAST TEN FISCAL YEARS

Fiscal Year	Current Year Collections	Total Outstanding Assessments at Fiscal Year-End (1)
1993/1994	\$ 1,451,786	\$ 686,940
1994/1995	\$ 1,506,050	\$ 665,226
1995/1996	\$ 1,577,581	\$ 551,541
1996/1997	\$ 2,099,135	\$ 198,021
1997/1998	\$ 1,818,357	\$ 185,690
1998/1999	\$ 1,972,837	\$ 172,558
1999/2000	\$ 2,191,025	\$ 158,492
2000/2001	\$ 2,020,279	\$ 142,615
2001/2002	\$ 2,420,659	\$ 181,443
2002/2003	\$ 2,341,055	\$ 146,224

(1) No receivables are deemed to be uncollectible.

TOWN OF NORTH KINGSTOWN

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

LAST TEN FISCAL YEARS

Fiscal Year	Population (1)	Assessed Value (2)	Gross Bonded Debt	Debt Payable from Enterprise Revenues	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
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

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

(2) Net taxable assessed value.

TOWN OF NORTH KINGSTOWNCOMPUTATION OF LEGAL DEBT MARGIN
"UNAUDITED"

JUNE 30, 2003

Assessed value	\$ 2,199,172,497
Less: exemptions	<u>(38,093,213)</u>
NET TOTAL TAXABLE ASSESSED VALUE	<u><u>\$ 2,161,079,284</u></u>
Debt limit - 3 percent of total assessed value	64,832,379
Amount of debt applicable to debt limit:	
Water Tower Issue	<u>912,846</u>
LEGAL DEBT MARGIN	<u><u>\$ 63,919,533</u></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, 2003

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>Total Debt Service</u>	<u>Total General Governmental Expenditures</u>	<u>Ratio of Debt Service to Total General Governmental Expenditures</u>
1994	\$ 632,925	\$ 445,740	\$ 1,078,665	\$ 45,515,840	0.0237
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

TOWN OF NORTH KINGSTOWN

**REVENUE BOND COVERAGE
WATER BONDS**

LAST TEN FISCAL YEARS

Fiscal Year	Gross Revenues (1)	Direct Operating Expenses (2)	Net Revenue Available for Debt Service	Principal	Debt Service Requirements Interest	Total	Coverage
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

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

(2) Total expenses exclusive of bond interest.

TOWN OF NORTH KINGSTOWN

**DEMOGRAPHIC STATISTICS
"UNAUDITED"**

LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Population</u>	<u>School Enrollment (1)</u>	<u>Unemployment Rate Percent (2)</u>
1993/1994	23,786	4,241	5.0%
1994/1995	23,786	4,354	5.8%
1995/1996	23,786	4,470	3.4%
1996/1997	23,786	4,482	4.2%
1997/1998	23,786	4,533	2.9%
1998/1999	23,786	4,539	2.8%
1999/2000	23,786	4,560	2.8%
2000/2001	26,326 (3)	4,560	3.4%
2001/2002	26,326	4,599	3.3%
2002/2003	26,326	4659	3.8%

Sources:

- (1) North Kingstown School Department as of June 30th of each year. Numbers include resident students sent out.
- (2) Rhode Island Department of Employment Security.
- (3) U.S. Department of Commerce, Bureau of the Census 2000.

TOWN OF NORTH KINGSTOWN

**PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS
"UNAUDITED"**

LAST TEN FISCAL YEARS

Fiscal Year	Residential Construction (1)		Commercial Construction (1)		Bank Deposits	Taxable		Property Value		Total
	Number of Units	Value	Number of Units	Value		Commercial	Residential	Residential	Nontaxable	
1993/1994	131	17,113,666	9	4,427,650	N/A	151,967,944	638,058,490	161,009,410	951,035,844	
1994/1995	138	13,967,813	4	943,000	N/A	168,446,300	1,179,708,600	310,431,000	1,658,585,900	
1995/1996	153	16,441,443	6	11,905,114	N/A	172,443,300	1,206,041,700	310,184,700	1,688,669,700	
1996/1997	147	15,493,941	2	187,285	N/A	173,329,550	1,227,919,150	339,744,000	1,740,992,700	
1997/1998	167	16,171,887	16	17,571,217	N/A	204,710,400	1,228,463,600	323,003,500	1,756,177,500	
1998/1999	134	14,771,530	7	1,675,150	N/A	207,092,900	1,262,944,900	324,483,200	1,794,521,000	
1999/2000	151	17,506,881	11	18,621,736	N/A	208,536,370	1,292,365,800	325,207,100	1,826,109,270	
2000/2001	115	13,946,610	9	11,878,148	N/A	213,811,670	1,322,489,700	343,118,710	1,879,420,080	
2001/2002	142	17,332,718	7	2,883,080	N/A	307,993,200	1,646,119,390	350,633,860	2,304,746,450	
2002/2003	152	19,374,852	8	2,990,759	N/A	315,660,100	1,671,336,210	344,614,800	2,331,611,110	

Information relating to the Town of North Kingstown only is not available.

(1) Information obtained from Building Official

TOWN OF NORTH KINGSTOWNPRINCIPAL TAXPAYERS
"UNAUDITED"

JUNE 30, 2003

<u>Taxpayer</u>	<u>Total Valuation</u>	<u>Percent of Total Assessed Valuation</u>
Narragansett Electric Company	\$ 26,155,690	1.12%
BNS Co.	15,265,600	0.66%
New Plan Hunt River Commons LLC	10,440,700	0.45%
Home Depot USA, Inc.	9,976,370	0.43%
Wal-Mart Stores, Inc.	8,187,900	0.35%
Zakapone Real Estate Associates, Inc.	8,017,400	0.34%
New England Gas Co.	6,904,330	0.30%
Toray Plastics America	6,813,470	0.29%
Arch Specialty Chemicals Inc.	6,615,770	0.28%
Quidnessett Country Club	6,047,120	0.26%
Heritage Village Associates	5,779,300	0.25%
Millcreek Limited	4,717,400	0.20%
Meadows Professional	4,582,300	0.20%
Essex Village Company	4,506,800	0.19%
Kingstown Plaza Limited Part	4,086,300	0.18%
Wickford Junction Assoc LLC	4,082,100	0.18%
Kings Grant Co.	3,964,600	0.17%
Coxcom, Inc.	3,870,900	0.17%
High Lea Properties LLC	3,797,000	0.16%
Wickford Shipyard Inc.	3,637,900	0.16%
Wickford Village Associates	3,619,500	0.16%
South County Nursing & Rehabilitation	3,125,500	0.13%
Stone, Don W.	2,861,900	0.12%
WFD Associates, LP	2,683,400	0.12%
Galahad Reit Holding Co.	2,628,000	0.11%
Total	<u>\$ 162,367,250</u>	

Taxed under pilot agreements not part of assessed valuation:

Toray Plastics America	37,953,400
Electric Boat Corp.	19,496,025
Total	<u>\$ 57,449,425</u>

TOWN OF NORTH KINGSTOWNPRINCIPAL EMPLOYERS
"UNAUDITED"

JUNE 30, 2003

<u>Name</u>	<u>Type of Business</u>	<u>Number of Employees</u>
<u>Private Employers</u>		
Electric Boat Corporation	Submarine Hull Components	2000
Toray Plastics America, Inc.	Polypropylene Film	695
Perspectives Corporation	Operate Program for Disabled Adults	600
Browne & Sharpe Mfg. Co.	Metrology Products	350
Ocean State Jobbers, Inc.	Retail Closeouts & General Merchandise Stores	300
The Home Depot	Retail Home Supply Store	250
The Stop & Shop Co., Inc.	Groceries and Misc Merchandise	225
Wal-Mart	Discount Department Store	200
SENECO	Shipbuilders	160
South County Nursing Center	Nursing Facility	150
Gregg's	Food & Beverage Sales	150
Custom Design, Inc.	Jewelry Displays & Silk Screening	150
Anvil International, Inc.	Engineered Pipe Supports	134
Scalabrini Villa	Nursing Homes	120
Arch Chemicals, Inc.	Manufacturer of Chemicals	120
Dave's Marketplace of Wickford	Market	100
Dave's Marketplace of No. Kingstown	Market	100
Adecco Staffing	Temporary Help for Business & Industry	100
North Atlantic Distribution, Inc.	Storage and Preparation of Import Cars	100
Icon International, Inc.	Commercial & Architectural Lighting Fixtures	94
RI Beverage Packaging Co.	Beverage Warehousing	90
EMAC Transport & Leasing Co., Inc.	Trailer Load Freight Carrier	90
Community Care Nurses, Inc.	Comprehensive Home Health Care	85
Roberts Health Centre, Inc.	Long Term Nursing Care	82
All American Meats & Seafood	Warehouse, Cold Storage & Food Distribution	80
Total		<u>6525</u>
<u>Public Installations</u>		
Town of North Kingstown		1200
R.I. Air National Guard		303
Army Aviation Support Facility		65
Total		<u>1568</u>

TOWN OF NORTH KINGSTOWN

TAX REVENUE BY SOURCE

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

TOWN OF NORTH KINGSTOWN

**MISCELLANEOUS STATISTICS
"UNAUDITED"**

JUNE 30, 2003

<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>	
	<u>Official U.S. Census</u>
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	153.40
State paved	42.65
 <u>Municipal Employees:</u>	
Exclusive of Library, Police, Fire and Regular Education	89
Part-Time	187
 <u>Construction (2001-2002)</u>	
Permits issued	1,641
Total Value	29,232,887
 <u>Fire Protection</u>	
Fire Stations - Town Owned	3
Employees: Uniformed	77
Civilian	1
Fire Alarm Boxes	319
Fire Hydrants	978

(CONTINUED)

TOWN OF NORTH KINGSTOWNMISCELLANEOUS STATISTICS
"UNAUDITED"

JUNE 30, 2003

Police Protection

Police Buildings	1
Animal Control Buildings	1
Employees: Law Enforcement	52
Civilian	8
Animal control	3
Harbor Division	3

Budget/Referendum (November 5, 2002)

Registered Voters	19,476
Number of Votes Cast	11,170
Percentage Voting	57%

Recreation

Parks and Public Squares	12
Acres for Recreation (Development)	358.6
Tot Lots	4
Playfields 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 (INC RIPA):	
Youth Baseball	10
Softball	4
Basketball Courts (outdoor)	7
Football & Lacross Fields	1
Boat Landings	2
Soccer Fields	8

Library

Buildings	1
Employees:	
Regular	12
Part-time	21

(CONTINUED)

TOWN OF NORTH KINGSTOWN

**MISCELLANEOUS STATISTICS
"UNAUDITED"**

JUNE 30, 2003

Education

Central Administrative Building	1
Schools:	
High	1
Middle	2
Elementary	6
Early Childhood Center	<u>1</u>
Total Schools	<u>10</u>

Students *

Kindergarten/Pre-One	310
Elementary (1-5)	1779
Middle (6-9)	1042
High (9-12)	1355
Special Education Program	<u>117</u>
Sub-total in our Schools	4603
Resident Pupils Sent Out	<u>56</u>
Total Students	<u>4659</u>

Personnel **

Administrative and Certified	19
Non-Certified	14.5
Classroom Teachers	370.7
Aides	91
Lunch Workers, Bus Drivers	53
Clerical	37.5
Operation and Maintenance	48.5

* Enrollment as of June 2003

** Totals as of June 2003 measured in FTE

Municipal Buildings - (Excluding Library, Fire, Police and Education)

Town Hall	Highway Garage - 55 Oak Hill Road
	3 Outbuildings - 55 Oak Hill Road
Town Hall Annex	Highway Garage - Rear of Water Dept.
Beachwood Senior Center	Transfer Station - Three Buildings
Community Center	Water Department:
Town Beach Snack Bar and Beach Facilities	5 Towers
Donald Downs Playground - Pressbox	5 Booster Pumping Stations (Water & Sewer)
Little Red School House	3 Bay Garage
Allen Harbor (3 buildings)	PRV Vault
Golf Course/Facilities:	8 Well Buildings
Maintenance Buildings	30 Reynolds Street & Garage

(CONTINUED)

TOWN OF NORTH KINGSTOWN

**MISCELLANEOUS STATISTICS
"UNAUDITED"**

JUNE 30, 2003

Wickford Public Restrooms	Signal Rock Recreation Center:
Wilson Park Recreation:	Main Building
Facilities	Storage Building
2 Concession Stands & Restrooms	Press Box/Concession
Gazebo	House & Garage - 37 Oak Hill Road
Wilson Park Maintenance Facility	Bandstand
Ryan Park Nature Center	McGinn Park Concession Building (includes
(includes Meeting Room, Concessions, Restrooms)	Restrooms, Utility Room and Press Box)
Ryan Park Press Box (2) & Water Shed	McGinn Park Conex Storage Box
35 West Main Street	

(CONCLUDED)

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THE TOWN OF
NORTH KINGSTOWN, RHODE ISLAND

SINGLE AUDIT SECTION

TOWN OF NORTH KINGSTOWN

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2003**

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures Incurred</u>
<i>U.S. Department of Housing and Urban Development:</i>		
Community Development Block Grant (CDBG)	14.219	\$ 140,007
<i>U.S. Department of Justice:</i>		
Cops in School	16.710	125,033
Local Law Enforcement Block Grant	16.004	8,239
<i>Total U.S. Department of Justice</i>		<u>133,272</u>
<i>U.S. Department of Education:</i>		
Public Law 94-142*	84.027	558,081
Title I	84.010	325,773
Title VI	84.151	11,500
Title II	84.164	189,734
Drug-free schools	84.186	29,697
Title II Technology	84.164	11,522
Preschool services	84.173	10,788
COZ Miscellaneous Donations	84.298	59,237
Child Opportunity Zone Family Center	84.298	20,000
Reading Excellence	84.338A	1,349
Even start family literacy	84.213C	43,375
<i>Total U.S. Department of Education</i>		<u>1,261,056</u>
<i>U.S. Department of Agriculture:</i>		
National school lunch	10.555	229,699
National school milk	10.556	1,075
National school breakfast	10.557	37,012
Food commodities	10.550	59,300
<i>Total U.S. Department of Agriculture</i>		<u>327,086</u>
<i>Total Expenditures of Federal Awards</i>		<u>\$ 1,861,421</u>

*Denotes major program

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2003**

1. General

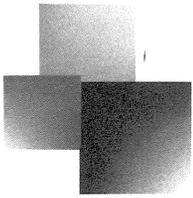
The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the Town of North Kingstown. All federal awards received from federal agencies are included on the Schedule.

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, 2003, the PL 94-142 Grant was the major program of the Town of North Kingstown.



PRESCOTT CHATELLIER
FONTAINE & WILKINSON, LLP

CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

**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 Town of North Kingstown, Rhode Island as of and for the year ended June 30, 2003, and have issued our report thereon dated December 19, 2003. 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.

Compliance

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 grants, 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*.

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 assurance 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 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 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 the internal control over financial reporting that we have reported to the management of the Town of North Kingstown in a separate letter dated December 19, 2003.

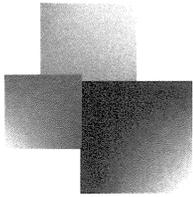
This report is intended solely for the information and use of the Town Council, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Prescott Chatellier Fontaine & Wilkinson, LLP

December 19, 2003

Two Charles Street Providence, RI 02904 401-421-2710 Fax: 401-274-5230 E-mail: info@yourcpafirm.com

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PRESCOTT CHATELLIER
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BUSINESS CONSULTANTS

**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, 2003. 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, 2003.

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.

TRUST ■ INTEGRITY ■ RESULTS

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 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.

Prescott Chutellen Fartain & Wilkinson, LLP

December 19, 2003

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2003**

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:

PL 94-142	84.027
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8. The threshold for distinguishing Type A and B programs is described in note 3 to the Schedule of Expenditures of Federal Awards.
9. The Town of North Kingstown qualified as a low-risk auditee for the year ended June 30, 2003.

B. FINDINGS -- RELATED TO THE AUDIT OF FINANCIAL STATEMENTS

None.

C. FINDINGS AND QUESTIONED COSTS RELATING TO FEDERAL AWARDS

None.

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