

NEW ISSUE

Ratings: Moody's Investor Services, Inc. - "Aaa"
 Standard & Poor's - "AAA"
 (FGIC Insured)

*In the opinion of Bond Counsel, under existing law, interest on the Bonds, as hereafter defined, will be exempt from Rhode Island income taxes, although the Bonds and the income therefrom may be included in the measure of Rhode Island estate taxes and certain Rhode Island corporate and business taxes, and, assuming continued compliance by the Town with the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Bonds will be excluded from gross income for federal income tax purposes, and will not be an item of tax preference for purposes of computing the federal alternative minimum tax imposed on individuals and corporations, although interest on the Bonds will be taken into account in computing certain federal taxes imposed on corporations. **The Bonds are not designated as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. See "Tax Exemption" and "Appendix C" herein.***

\$30,360,000
TOWN OF NORTH KINGSTOWN, RHODE ISLAND
General Obligation Refunding Bonds

Dated: Date of Delivery**Due:** As shown below

The Bonds are issuable only as fully registered Bonds without coupons, and, when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000 or any multiple thereof. Purchasers will not receive certificates representing their interest in Bonds purchased. So long as Cede & Co. is the Bondowner, as nominee of DTC, references herein to the Bondowners or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds. So long as DTC or its nominee, Cede & Co., is the Bondowner, principal and semiannual interest payments will be made directly to such Bondowner. Principal of and interest on the Bonds will be payable by U.S. Bank National Association, Corporate Trust Department, Boston, Massachusetts, as Paying Agent, to DTC. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants and the Indirect Participants, as more fully described herein. (See "THE BONDS—Book-Entry Only System" herein.)

The Bonds will be dated the date of delivery. Interest on the Bonds will be payable on October 1, 2005 and semiannually thereafter on April 1 and October 1 of each year at the rates as shown in the maturity schedule below. Principal on the Bonds will be paid on October 1 of each year as shown in the maturity schedule below.

<u>Maturity</u> <u>October 1,</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price or</u> <u>Yield</u>	<u>CUSIP</u> <u>No.**</u>	<u>Maturity</u> <u>October 1,</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price or</u> <u>Yield</u>	<u>CUSIP</u> <u>No.**</u>
2005	\$ 350,000	3.00%	2.57%	660325 SQ5	2015	\$1,380,000	4.00%	3.96%	660325 TB7
2006	1,985,000	3.00	2.67	660325 SR3	2016	1,360,000	4.00	4.05	660325 TC5
2007	1,955,000	3.00	2.85	660325 SS1	2017	1,345,000	5.00	107.493*	660325 TD3
2008	1,925,000	3.25	3.01	660325 ST9	2018	1,335,000	4.50	102.088*	660325 TE1
2009	1,895,000	3.25	3.17	660325 SU6	2019	1,320,000	4.50	101.413*	660325 TF8
2010	1,870,000	3.50	3.33	660325 SV4	2020	1,305,000	4.75	103.241*	660325 TG6
2011	1,840,000	3.50	3.50	660325 SW2	2021	1,290,000	4.75	102.818*	660325 TH4
2012	920,000	3.75	3.65	660325 SX0	2022	1,275,000	4.75	102.397*	660325 TJ0
2012	500,000	4.00	3.65	660325 SY8	2023	1,255,000	4.75	101.978*	660325 TK7
2013	1,400,000	4.00	3.77	660325 SZ5	2024	1,240,000	5.00	104.637*	660325 TL5
2014	1,390,000	5.00	3.87	660325 TA9	2025	1,225,000	5.00	104.297*	660325 TM3

* Priced to the October 1, 2015 optional redemption date at a redemption price of 100%.

**The CUSIP Numbers have been assigned by an independent company not affiliated with the Town or the Underwriters and are included solely for the convenience of the holders of the Bonds. Neither the Underwriters nor the Town is responsible for the selection or uses of the CUSIP numbers, and no representation is made as to their correctness on the Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity.

The Bonds are subject to optional redemption prior to maturity as described herein.

Payment of the principal of and interest on the Bonds when due will be guaranteed by a municipal bond insurance policy issued simultaneously with the delivery of the Bonds by Financial Guaranty Insurance Company.



The Bonds are offered for delivery when, as, and if issued, subject to the final approving opinion of Taft & McSally LLP, Bond Counsel, of Cranston, Rhode Island, and to certain other conditions referred to herein. Certain legal matters in connection with the Bonds will be passed upon by Partridge Snow & Hahn LLP, of Providence, Rhode Island, counsel to the Underwriters. First Southwest Company will be serving as financial advisor to the Town on this transaction. It is expected that the Bonds in definitive form, will be available for delivery to DTC in New York, New York, on or about April 21, 2005.

UBS Financial Services Inc.

Banc of America Securities LLC

Roosevelt & Cross Inc.

April 7, 2005

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No dealer, broker, salesperson or other person has been authorized by the Town to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Town. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

Upon issuance, the Bonds will not be registered under the Securities Act of 1933, as amended, in reliance upon exemptions contained in such Act. The Bonds will not be listed on any stock or other securities exchange. Any registration or qualification of the Bonds in accordance with applicable provisions of securities laws of the states in which the Bonds may be registered or qualified and the exemption from registration or qualification in other states cannot be regarded as a recommendation thereof. Neither the Securities and Exchange Commission nor any other federal, state or other governmental entity or agency will have passed upon the accuracy of the Official Statement or, except for the Town, approved the Bonds for sale. Any representation to the contrary may be a criminal offense.

The information relating to The Depository Trust Company (“DTC”) and the book-entry only system contained in this Official Statement have been furnished by the DTC (see “THE BONDS—Book-Entry Only System” herein). No representation is made by the Town as to the adequacy or accuracy of such information. The Town has not made any independent investigation of DTC or the book-entry only system.

This Official Statement is not to be construed as a contract or agreement between the Town and the purchasers or holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinion and not as representations of fact. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town of since the date hereof.

All quotations from and summaries and explanations of provisions of laws and documents described herein do not purport to be complete and reference is made to said laws and documents for full and complete statements of their provisions.

The financial advisor to the Town has provided the following sentence for inclusion in this Official Statement. The financial advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the Town and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the financial advisor does not guarantee the accuracy or completeness of such information.

THE UNDERWRITERS HAVE PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT. THE UNDERWRITERS HAVE REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS PART OF, THEIR RESPECTIVE RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITERS DO NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

The cover page hereof, this page and the appendices attached hereto are part of this Official Statement.

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OFFICIAL STATEMENT
of the
TOWN OF NORTH KINGSTOWN, RHODE ISLAND
Relating to
\$30,360,000 General Obligation Refunding Bonds

This Official Statement provides certain information concerning the Town of North Kingstown, Rhode Island (the "Town" or the "Issuer") in connection with the issuance by the Town of its \$30,360,000 General Obligation Refunding Bonds dated the date of delivery (the "Bonds").

THE BONDS

Description of the Bonds

The Bonds will be issued only as fully registered Bonds in the denomination of \$5,000 or any integral multiple thereof. The Bonds will be dated the date of delivery and will bear interest at the rates shown on the cover page hereof.

Interest on the Bonds will be payable on October 1, 2005 and semi-annually thereafter on April 1 and October 1 of each year at the rates shown in the maturity schedule on the front cover hereof. Principal of the Bonds will be payable on October 1 of each year set forth on the cover page hereof.

When issued the Bonds will be registered in the name of Cede & Co., as Bondowner and nominee for Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry only form. Purchasers will not receive certificates representing their interest in the Bonds purchased. So long as Cede & Co. is the Bondowner, as nominee of DTC, references herein to the Bondowners or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds. See "THE BONDS - Book-Entry Only System" herein.

Principal of and interest on the Bonds will be paid by U.S. Bank National Association, Corporate Trust Department, Boston, Massachusetts as Paying Agent to DTC. So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments will be made directly to such Bondowner. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants and the Indirect Participants, as more fully described herein. **Interest on the Bonds is computed on the basis of a 360-day year consisting of twelve 30-day months.**

For every transfer and exchange of the Bonds, whether in certified form or otherwise, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto. Adequate indemnification may be required to replace any lost, stolen or destroyed Bonds, whether in certificate form or otherwise.

Record Date

The Record Date for each payment of interest for the Bonds is the fifteenth day preceding the interest payment date or, if such day is not a business day of the Paying Agent, the next preceding day which is a regular business day of the Paying Agent.

Authorization and Purpose of the Bonds

The Bonds in the amount of \$30,360,000 are authorized pursuant to Section 45-12-5.2 of the Rhode Island General Laws and an ordinance passed by the Town Council on February 14, 2005 and March 14, 2005. The Bonds will be applied to provide for the advanced refunding of a portion of the Town's \$5,950,000 General Obligation Bonds dated May 15, 1996 and \$33,000,000 General Obligation Bonds dated December 1, 1999 (collectively the "Refunded Bonds").

Plan of Refunding

A portion of the proceeds of the Bonds will be deposited into a refunding trust fund (the "Refunding Trust Fund") held by U.S. Bank National Association, as Trustee (the "Refunding Trustee"), under a Refunding Trust Agreement (the

“Trust Agreement”) with the Town, dated as of April 21, 2005. The Trustee is also the Paying Agent for the Refunded Bonds. Such proceeds will be invested in certain obligations of the United States Government (the “Government Obligations”). Such proceeds and investments and income therefrom are calculated to be sufficient to pay principal, interest and redemption premium on the Refunded Bonds. See “VERIFICATION OF ARITHMETICAL AND MATHEMATICAL COMPUTATIONS” herein. For a list of the outstanding Bonds of the Town to be refunded through the proceeds of the Bonds, see “Appendix E – Table of Refunded Bonds” herein.

Sources and Uses of Funds

The proceeds of the Bonds are to be applied as follows:

SOURCES OF FUNDS:	
Principal of Bonds	\$30,360,000.00
Premium.....	<u>606,992.30</u>
TOTAL SOURCES OF FUNDS	\$30,966,992.30
 USES OF FUNDS:	
Costs of Issuance ⁽¹⁾	\$ 306,777.30
Payment of Refunded Bonds.....	<u>30,660,215.00</u>
TOTAL USES OF FUNDS	\$30,966,992.30

(1) Includes underwriter’s discount, bond insurance premium, and all other costs and uses of funds.

Book-Entry Only System

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc. the American Stock Exchange LLC and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating; AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners.

Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Town as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium, if any, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Town or the Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments of principal, premium, in any, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Town or the Paying Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Town or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Town may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Town believes to be reliable, but the Town takes no responsibility for the accuracy thereof.

Redemption Prior to Maturity

The Bonds maturing on or after October 1, 2016, shall be subject to redemption prior to their stated dates of maturity, at the option of the Town, on or after October 1, 2015, as a whole or in part at any time (by lot by DTC), in any order of maturity designated by the Town, at 100% of the aggregate principal amount of the Bonds to be redeemed, together with interest accrued and unpaid to the redemption date.

Notice of any redemption of Bonds, specifying the numbers and other designations of the bonds to be redeemed, shall be given by registered mail not more than sixty (60) days, nor less than thirty (30) days, prior to the date set for redemption to the Registered Owners as nominee of DTC. In addition, if required by law, notice of any redemption of Bonds shall be published at least fifteen (15) days prior to the date of redemption in a daily newspaper of general circulation in the State of Rhode Island, and in a nationally distributed financial newspaper devoted primarily to financial or investment information.

The Town, so long as a book-entry system is used for determining beneficial ownership of the Bonds, shall send any notice of redemption to DTC, or its nominee, as registered owner of the Bonds. Transfer of such notice to the DTC Participants is the responsibility of DTC. Transfer of such notice to Beneficial Owners by DTC Participants is the responsibility of the DTC Participants and other nominees of Beneficial Owners of the Bonds. Any failure of DTC to mail such notice to any DTC Participant, or any failure by any DTC Participant to notify any Beneficial Owner, will not affect the validity of the redemption of the Bonds. The Town can make no assurances that DTC, the DTC Participants or other nominees of the Beneficial Owners of the Bonds will distribute such redemption notices to the Beneficial Owners of the Bonds, or that they will do so on a timely basis, or that DTC will act as described in this Official Statement.

Security for the Bonds

Rhode Island General Laws Section 45-15-5 permits any person who shall have any claim for money due from any town to present a demand for such claim to the town council and, if satisfaction of such claim is not made within 40 days, to commence an action against the town treasurer for recovery of the claim. If judgment is obtained for such debt due and if the monies available in the town treasury are insufficient to pay the judgment, Rhode Island General Laws Section 45-15-6 authorizes the town treasurer to apply to any justice of the peace for an order requiring the town to hold a town meeting "for the speedy ordering and making a tax" to be collected for such purpose. If the town meeting shall fail voluntarily to assess a tax sufficient to satisfy judgment on a town debt, the Superior Court is authorized to order the assessors of the town "to assess upon the ratable property thereof, and the collector to collect, a tax sufficient for the payment of such judgment, with all incidental costs and charges, and the expense of assessing and collecting such tax."

The rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

BOND INSURANCE

Payments Under the Policy

Concurrently with the issuance of the Bonds, Financial Guaranty Insurance Company ("Financial Guaranty") will issue its Municipal Bond New Issue Insurance Policy for the Bonds (the "Policy"). The Policy unconditionally guarantees the payment of that portion of the principal or accreted value (if applicable) of and interest on the Bonds which has become due for payment, but shall be unpaid by reason of nonpayment by the issuer of the Bonds (the "Issuer"). Financial Guaranty will make such payments to U.S. Bank Trust National Association, or its successor as its agent (the "Fiscal Agent"), on the later of the date on which such principal, accreted value or interest (as applicable) is due or on the business day next following the day on which Financial Guaranty shall have received notice (in accordance with the terms of the Policy) from an owner of Bonds or the trustee or paying agent (if any) of the nonpayment of such amount by the Issuer. The Fiscal Agent will disburse such amount due on any Bond to its owner upon receipt by the Fiscal Agent of evidence satisfactory to the Fiscal Agent of the owner's right to receive payment of the principal, accreted value or interest (as applicable) due for payment and evidence, including any appropriate instruments of assignment, that all of such owner's rights to payment of such principal, accreted value or interest (as applicable) shall be vested in Financial Guaranty. The term "nonpayment" in respect of a Bond includes any payment of principal, accreted value or interest (as applicable) made to an owner of a Bond which has been recovered from such owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction.

Once issued, the Policy is non-cancellable by Financial Guaranty. The Policy covers failure to pay principal (or accreted value, if applicable) of the Bonds on their stated maturity dates and their mandatory sinking fund redemption dates, and not on any other date on which the Bonds may have been otherwise called for redemption, accelerated or advanced in maturity. The Policy also covers the failure to pay interest on the stated date for its payment. In the event that payment of the Bonds is accelerated, Financial Guaranty will only be obligated to pay principal (or accreted value, if applicable) and interest in the originally scheduled amounts on the originally scheduled payment dates. Upon such payment, Financial Guaranty will become the owner of the Bond, appurtenant coupon or right to payment of principal or interest on such Bond and will be fully subrogated to all of the Bondholder's rights thereunder.

The Policy does not insure any risk other than Nonpayment by the Issuer, as defined in the Policy. Specifically, the Policy does not cover: (i) payment on acceleration, as a result of a call for redemption (other than mandatory sinking fund

redemption) or as a result of any other advancement of maturity; (ii) payment of any redemption, prepayment or acceleration premium; or (iii) nonpayment of principal (or accreted value, if applicable) or interest caused by the insolvency or negligence or any other act or omission of the trustee or paying agent, if any.

As a condition of its commitment to insure Bonds, Financial Guaranty may be granted certain rights under the Bond documentation. The specific rights, if any, granted to Financial Guaranty in connection with its insurance of the Bonds may be set forth in the description of the principal legal documents appearing elsewhere in this Official Statement, and reference should be made thereto.

The Policy is not covered by the Property/Casualty Insurance Security Fund specified in Article 76 of the New York Insurance Law.

Financial Guaranty Insurance Company

Financial Guaranty, a New York stock insurance corporation, is a direct, wholly-owned subsidiary of FGIC Corporation, a Delaware corporation, and provides financial guaranty insurance for public finance and structured finance obligations. Financial Guaranty is licensed to engage in financial guaranty insurance in all 50 states, the District of Columbia and the Commonwealth of Puerto Rico and, through a branch, in the United Kingdom.

On December 18, 2003, an investor group consisting of The PMI Group, Inc. (“PMI”), affiliates of The Blackstone Group L.P. (“Blackstone”), affiliates of The Cypress Group L.L.C. (“Cypress”) and affiliates of CIVC Partners L.P. (“CIVC”) acquired FGIC Corporation (the “FGIC Acquisition”) from a subsidiary of General Electric Capital Corporation (“GE Capital”). PMI, Blackstone, Cypress and CIVC acquired approximately 42%, 23%, 23% and 7%, respectively, of FGIC Corporation’s common stock. FGIC Corporation paid GE Capital approximately \$284.3 million in pre-closing dividends from the proceeds of dividends it, in turn, had received from Financial Guaranty, and GE Capital retained approximately \$234.6 million in liquidation preference of FGIC Corporation’s convertible participating preferred stock and approximately 5% of FGIC Corporation’s common stock. Neither FGIC Corporation nor any of its shareholders is obligated to pay any debts of Financial Guaranty or any claims under any insurance policy, including the Policy, issued by Financial Guaranty.

Financial Guaranty is subject to the insurance laws and regulations of the State of New York, where it is domiciled, including Article 69 of the New York Insurance Law (“Article 69”), a comprehensive financial guaranty insurance statute. Financial Guaranty is also subject to the insurance laws and regulations of all other jurisdictions in which it is licensed to transact insurance business. The insurance laws and regulations, as well as the level of supervisory authority that may be exercised by the various insurance regulators, vary by jurisdiction, but generally require insurance companies to maintain minimum standards of business conduct and solvency, to meet certain financial tests, to comply with requirements concerning permitted investments and the use of policy forms and premium rates and to file quarterly and annual financial statements on the basis of statutory accounting principles (“SAP”) and other reports. In addition, Article 69, among other things, limits the business of each financial guaranty insurer, including Financial Guaranty, to financial guaranty insurance and certain related lines.

For the years ended December 31, 2004, and December 31, 2003, Financial Guaranty had written directly or assumed through reinsurance, guaranties of approximately \$59.5 billion and \$42.4 billion par value of securities, respectively (of which approximately 56% and 79%, respectively, constituted guaranties of municipal bonds), for which it had collected gross premiums of approximately \$323.6 million and \$260.3 million, respectively. For the year ended December 31, 2004, Financial Guaranty had reinsured, through facultative and excess of loss arrangements, approximately 2.3% of the risks it had written.

As of December 31, 2004, Financial Guaranty had net admitted assets of approximately \$3.116 billion, total liabilities of approximately \$1.943 billion, and total capital and policyholders’ surplus of approximately \$1.173 billion, determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities.

The audited financial statements of Financial Guaranty as of December 31, 2004, and the audited financial statements of Financial Guaranty as of December 31, 2003, which have been filed with the Nationally Recognized Municipal Securities Information Repositories (“NRMSIRs”), are hereby included by specific reference in this Official Statement. Any statement contained herein under the heading “BOND INSURANCE,” or in any documents included by specific reference herein, shall be modified or superseded to the extent required by any statement in any document

subsequently filed by Financial Guaranty with such NRMSIRs, and shall not be deemed, except as so modified or superseded, to constitute a part of this Official Statement. All financial statements of Financial Guaranty (if any) included in documents filed by Financial Guaranty with the NRMSIRs subsequent to the date of this Official Statement and prior to the termination of the offering of the Bonds shall be deemed to be included by specific reference into this Official Statement and to be a part hereof from the respective dates of filing of such documents.

Financial Guaranty also prepares quarterly and annual financial statements on the basis of generally accepted accounting principles. Copies of Financial Guaranty's most recent GAAP and SAP financial statements are available upon request to: Financial Guaranty Insurance Company, 125 Park Avenue, New York, NY 10017, Attention: Corporate Communications Department. Financial Guaranty's telephone number is (212) 312-3000.

Financial Guaranty's Credit Ratings

The financial strength of Financial Guaranty is rated "AAA" by Standard & Poor's, a Division of The McGraw-Hill Companies, Inc., "Aaa" by Moody's Investors Service, and "AAA" by Fitch Ratings. Each rating of Financial Guaranty should be evaluated independently. The ratings reflect the respective ratings agencies' current assessments of the insurance financial strength of Financial Guaranty. Any further explanation of any rating may be obtained only from the applicable rating agency. These ratings are not recommendations to buy, sell or hold the Bonds, and are subject to revision or withdrawal at any time by the rating agencies. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of the Bonds. Financial Guaranty does not guarantee the market price or investment value of the Bonds nor does it guarantee that the ratings on the Bonds will not be revised or withdrawn.

Neither Financial Guaranty nor any of its affiliates accepts any responsibility for the accuracy or completeness of the Official Statement or any information or disclosure that is provided to potential purchasers of the Bonds, or omitted from such disclosure, other than with respect to the accuracy of information with respect to Financial Guaranty or the Policy under the heading "BOND INSURANCE." In addition, Financial Guaranty makes no representation regarding the Bonds or the advisability of investing in the Bonds.

TOWN OF NORTH KINGSTOWN

General

North Kingstown, settled in 1641 and incorporated as a Town in 1674, covers an area of 54 square miles and is primarily a residential suburb approximately 22 miles south of Providence but is also emerging as an important employment center because of the location of the Quonset Business Park. North Kingstown, with a population of 26,326 as of the 2000 U.S. Census, has a current full value of real and tangible personal property of \$3,584,646,303 with a budget in excess of \$82,010,742 (i.e. all budgeted funds) for the fiscal year ending June 30, 2005.

Theodore Francis Green Airport, a stop for six major airlines, is located 12 miles north in the City of Warwick via Interstate Route 95.

Government

The Town operates under a home rule charter adopted in 1954, and subsequently amended, providing for a council/town manager form of government with a five-member Town Council headed by a Council President. All legislative powers of the Town are vested in the Town Council by the Charter including the adoption of the Town budget, the ordering of any tax, making appropriations and transacting any other business pertaining to the financial affairs of the Town.

The Town Manager is appointed by a majority vote of the Town Council for an indefinite term solely on the basis of his or her executive and administrative qualifications. The Town Manager is the chief executive officer and head of the administrative branch of government. The Charter grants to the Town Manager the authority to appoint or remove all officers or employees of the Town except the Town Solicitor and School Department employees, to prepare and submit to the Town Council the annual budget and annual report of the Town, to recommend to the Town Council pay schedules for Town employees and to recommend to the Town Council the adoption of such measures as he or she may deem necessary for the health, safety or welfare of the Town.

Members of the Town Council are elected on a partisan basis at large for a term of two years. The Charter grants to the Town Council all powers to enact, amend, or repeal ordinances relating to the Town's property, affairs and government including the power to create offices, departments or agencies of the Town, to preserve the public peace, health and safety, to establish personnel policies, to authorize the issuance of Bonds (with the approval of the voters) and to provide for an annual audit of the Town's accounts.

Public Education

The general administration of the Town's school system is directed by a seven-member School Committee elected on a partisan basis from the Town at large to staggered four-year terms. The School Committee determines and controls all policies affecting the administration, maintenance and operations of the public schools in the Town, appoints a Superintendent of Schools as its chief administrative agent and appoints and removes all school employees upon recommendation of the Superintendent of Schools, except as may be provided otherwise by the laws of the State.

The Town has seven elementary schools, two middle schools and one senior high school.

The School Department has 401.2 professional staff members comprised of 381.2 teachers and 20 administrators. The average enrollment is 4,648 students in the 2004—2005 school year. There are approximately 12.2 students per teacher in the system. Historically, more than 77% of the graduating students have attended college.

The total cost of operating the public school system for the 2003-04 school year was \$47,895,836 of which \$11,028,029 came from the State of Rhode Island, \$34,709,274 from the Town's 2004 appropriation, \$2,019,880 from nonresident tuition, and \$138,653 from other sources. Set forth below are actual and projected enrollment data for the years indicated.

	<u>Actual</u>					<u>Projected</u>				
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005*</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Kindergarten.....	292	309	290	261	286	282	279	275	271	268
Grade 1 & PRE 1.....	341	342	331	317	286	314	309	305	301	297
Grade 2.....	341	342	339	332	312	381	309	304	300	297
Grade 3.....	394	362	337	347	338	317	286	314	310	306
Grade 4.....	344	385	353	351	340	331	311	280	307	303
Grade 5.....	352	352	381	354	354	343	334	313	283	310
Grade 6.....	352	354	344	391	349	349	338	329	309	279
Grade 7.....	350	350	355	351	389	347	348	336	327	308
Grade 8.....	338	348	348	352	350	388	347	347	336	327
Grade 9.....	355	386	377	384	369	367	407	364	364	352
Grade 10.....	335	366	395	378	388	373	372	412	368	368
Grade 11.....	305	337	366	365	365	375	361	359	398	355
Grade 12.....	320	300	312	356	346	346	355	341	340	377
Special Education.....	<u>91</u>	<u>120</u>	<u>117</u>	<u>109</u>	<u>120</u>	<u>132</u>	<u>145</u>	<u>160</u>	<u>176</u>	<u>193</u>
Totals.....	4,510	4,653	4,645	4,648	4,592	4,547	4,500	4,441	4,391	4,340

* First grade is impacted by the change in entrance age

In addition to its schools, the Town provides major public services, certain of which are described below:

Government Services

Police and Fire Protection

As of July 1, 2004, the North Kingstown Police Department consisted of 66 employees comprised of 51 law enforcement personnel and 15 civilians. The Town expended \$4,834,215 in fiscal 2004, and the Town's budget for fiscal 2005 is \$5,207,141.

As of July 1, 2004, the Fire Department had a force of 75 employees including 1 civilian worker and 74 fire and rescue personnel. The Town expended \$5,938,228 in fiscal 2004, and the Town's budget for fiscal 2005 is \$6,267,185.

Highway & Public Works

The Town has approximately 152 miles of paved streets maintained by the Public Works Department. In addition to other services, the department maintains Town property and provides snow removal services. The Town operates a trash transfer station, composting facility and recycling program. Refuse collection for the Town is provided by private collectors. The Public Works Department expended \$4,262,780 in fiscal 2004, and the Town's budget for fiscal 2005 is \$4,657,714.

Recreation and Leisure Activities

The Recreation Department provides a variety of activities for the Town's youth including field trips, art and creative dramatics, and most sports that are available through Recreation or organizations that rely on facilities provided by Recreation and the Town of North Kingstown. These facilities include four major areas for active and passive recreation includes boating. They are Ryan Park, Wilson Park, Signal Rock Park and McGinn Park. The Recreation Department Secretary schedules the Cold Spring Community Center, a building used to host meetings, family outings and Recreation Activities. The Arts Council sponsors numerous activities throughout the Town including Children's and Family Concerts and Theater Productions. The Town and the Wickford Art Association work collectively to hold the Annual Wickford Art Festival in Historic Wickford each July.

The North Kingstown Municipal Golf Course recently completed its golf season generating fees in excess of \$1.34 million dollars. The number of rounds played increased 3.5% to 42,000 and the golf course remains one of the busiest in Rhode Island. The Leisure Activities Department is continuing its plan to improve the conditions of the golf course. A new putting green will be constructed in the fall of this year.

The Allen Harbor/Calf Pasture Point Recreation Complex consists of approximately 250 acres on Narragansett Bay including the Allen Harbor Marina and the recently acquired Calf Pasture Point. The Town is expanding the Marina, having received regulatory approvals, by adding 55 slips over the next several years to bring the total number of slips and moorings to 200. A new sewer has been constructed and a new restroom will be built in time for this year's boating season. Future plans include the replacement of the bulkhead in the northern section of the Marina, improving the parking areas and the rehabilitation of the maintenance building and the office building. The Master Plan for the Calf Pasture Point Recreation area has been completed and work is underway to develop trails and outlooks for use by the general public.

Libraries

The North Kingstown Free Library is governed by the Library Board of Trustees, which is made up of seven (7) members appointed by the Town Council for a three-year term. The North Kingstown Free Library, with a staff of 12 full-time and 16 part-time employees, continues to be one of the six busiest public libraries in Rhode Island. The library has more than 123,000 books, magazines, newspapers, videos, DVDs, compact discs, and talking books in its collection. In fiscal year 2003-2004, more than 19,000 CLAN (Cooperating Libraries Automated Network) cardholders borrowed over 370,000 items. More than 192,000 people visited the library to borrow books, to use the Internet computers, to attend public events, and to find information. The library staff hosted 572 public events that were attended by more than 10,000 children, teens, and adults. Patrons asked the staff more than 42,000 reference questions. The Library's 10 public Internet computers were used more than 18,000 times. North Kingstown CLAN cardholders accessed our 17 online reference databases either here at the library or from their homes more than 65,000 times. In addition to the North Kingstown Free Library, the Town's municipal public library, there are two small, non-municipal libraries in North Kingstown: the Willett Free Library in Saunterstown and the Davisville Free Library in Davisville.

Water

The Town of North Kingstown draws groundwater from three aquifers using nine gravel packed wells. Together these wells pump, on average, three million gallons per day (MGD), or one billion gallons per year. Maximum daily production for all wells is 7.8 MGD. Revenue is collected on approximately 91% of total well production. The Town is presently seeking to expand its pumping capacity by drilling a new well. This new well should be on-line by 2007.

North Kingstown meters all active service connections. Inactive accounts are charged a quarterly flat fee. Private fire protection services are charged a quarterly fee depending on size. All Town owned buildings and sales to the Town of Narragansett are metered and charged in accordance with the rate schedule. There is no discount for large volume users. All requests for additional services, such as turn on/off, are charged a service fee of \$25.00. Accounts that fall into arrears are served shut-off notices. The total budget for the Water Department for fiscal year 2005 is \$3,027,028. Ninety-five percent of revenues are from the sale of water. Non-operating revenues such as service fees, lateral charges, penalties, interest and investments makeup the remaining five percent of the needed revenue. In 2004, the Town adopted its current rate schedule. This schedule provides for annual increases for usage, fire protection and flat fees through 2008. A new rate schedule will be in place the following year. The Town is not regulated by the Public Utilities Commission. It is the Town Council by their legislative authority that sets water rates in North Kingstown.

Employee Relations

As of July 1, 2004 the Town had 244 full-time employees exclusive of the School Department. The School Department employs 420.1 professional employees. In addition, there are 177 substitute teachers and 254.5 full-time non-professional employees. Set forth below is the current status of union contracts for municipal employees.

Teachers—3 year contract expires August 31, 2007
Firemen—3 year contract expires June 30, 2007
Policemen—3 year contract expires June 30, 2007
School Service Personnel—3 year contract expires June 30, 2005
Public Works/Clerical—3 year contract expires June 30, 2008
School Paraprofessionals—3 year contract expires June 30, 2005

Employee Retirement Plans

See Note 11 to Financial Statements, Appendix B.

ECONOMIC CHARACTERISTICS

Population

North Kingstown ranks thirteenth among thirty-nine cities and towns in Rhode Island in population, with 26,326 residents according to the 2000 U.S. Census. North Kingstown is the largest of nine communities in Washington County, having approximately 25% of the total county population.

<u>Year</u>	<u>Population</u>
1980	21,938
1982	22,664
1984	22,999
1986	24,080
1990	23,786
1994	24,065
2000	26,326

Source: 2000 U.S. Bureau of the Census. The 1982, 1984 and 1986 population are estimates obtained from the Local Population Estimate Reports, prepared by the U.S. Department of Commerce; 1994 population estimate was obtained from the Population Estimates Branch, U.S. Bureau of the Census, January, 1995 Report.

Employment

In 2003, the Town of North Kingstown had 925 private business and industrial firms subject to employment security taxes with yearly payrolls which totaled \$396,835,738 and the average number of persons employed was 11,667 according to the most recent statistics. The following is a listing of the various types of industry in the Town covered by the Department of Employment Security for the calendar year ended December 31, 2003.

	<u>Average No. of Units</u>	<u>Total Annual Payroll</u>	<u>Average Employment</u>	<u>% Total Covered Employees</u>
Agriculture, Forestry & Fisheries	9	\$1,817,394	51	0.44%
Construction	106	13,604,023	375	3.21
Manufacturing	70	188,616,006	4,285	36.73
Wholesale Trade	108	20,535,703	350	3.00
Retail Trade	107	58,826,595	2,163	18.54
Transportation and Public Utilities	26	9,128,509	340	2.91
Information	25	6,538,050	145	1.24
Finance & Insurance	45	17,953,883	315	2.70
Real Estate, Rental & Leasing	27	1,892,116	94	0.81
Professional & Technical Services	114	14,304,797	278	2.38
Management of Companies & Enterprises	4	6,067,317	413	3.54
Administrative & Waste Services	53	5,886,290	240	2.06
Educational Services	14	2,402,166	77	0.66
Health Care & Social Assistance	60	26,496,706	1,016	8.71
Arts, Entertainment & Recreation	26	4,339,613	184	1.58
Accommodations & Food Services	61	11,111,169	1,053	9.03
Other Services	68	7,132,656	275	2.36
Unclassified Establishments	<u>2</u>	<u>182,745</u>	<u>13</u>	<u>0.11</u>
Totals	925	\$396,835,738	11,667	100.00%

Source: Rhode Island Economic Development Corporation.

Unemployment

The most recent labor market information summary indicates that annualized unemployment for the years indicated was as shown in the following table:

	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Town of North Kingstown	5.1%	3.3%	3.7%	3.4%	3.2%	3.3%	3.7%	4.3%	4.0%	4.1%
State of Rhode Island	6.2	5.3	5.2	4.6	4.2	4.1	4.6	5.1	5.4	5.2
United States	5.6	5.4	4.9	4.5	4.2	4.0	4.7	5.8	6.0	5.5

Source: Department of Labor and Training
Not Seasonally Adjusted

Largest Employers

<u>Name</u>	<u>Type of Business</u>	<u># of Employees</u>
<i>Private Employers</i>		
Electric Boat Corporation	Mfr/Submarine	2,000
Toray Plastics	Mfr/Plastic Products	695
Perspectives, Corp.	Program for Disabled Adults	600
Brown & Sharpe Manf. Company	Mfr/Measuring Products	350
Ocean State Jobbers	Retail Warehouse	300
The Stop & Shop Co., Inc.	Retail	280
Home Depot	Retail	250
Wal-Mart	Retail	200
SENECO	Ship Builders	160
Custom Design	Jewelry Displays	150
Greggs	Restaurant	150
South County Nursing Center	Nursing Home	150
Anvil International	Engineered Pipe Support	134
Scalabrini Villa	Nursing Home	120
Arch Chemicals	Mfg/Chemicals	120
North Atlantic Dist.	Storage & Prep of Imported Cars	100
Adecco Staffing	Employment Staffing	100
<i>Public Employers</i>		
Town of North Kingstown		1,200
R.I. Air National Guard		303
Army Aviation Support Facility		58

Source: Rhode Island Economic Development Corporation—June 2004.

Income Levels

According to the 2000 U.S. Census, median family income for the Town of North Kingstown was \$46,736 compared with \$39,172 for the State as a whole; 1990 per capita income was \$18,218 compared with \$14,981 for the State. The Town ranked 7th and 8th, respectively, for these income levels among the 39 cities and towns in the State.

Housing and Building Permits

The U.S. Census reported a total of 9,348 housing units in the Town in 1990 and 10,743 housing units in 2000; this represents an increase of 1,395 new units, or a 14.9 percent increase.

Building permits issued by the Town's Building Inspector for the fiscal years indicated and the declared value of construction are as follows:

<u>Fiscal Year</u>	<u>Permits Issued</u>	<u>Value</u>
1995	1,159	\$20,650,639
1996	1,210	42,966,083
1997	849	34,235,915
1998	1,009	43,046,625
1999	924	24,026,817
2000	995	44,668,975
2001	997	35,668,975
2002	2,182	38,110,228
2003	1,641	29,232,887
2004	1,001	34,112,952

Source: Town Building Inspector

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 Business Park, which is operated by the Quonset Development Corporation, a subsidiary of the Rhode Island Economic Development Corporation (RIEDC). The industrial and commerce park complex contains 3000 acres of land; approximately 675 acres remain available for development. The park is actually composed of a number of smaller parks that are distinguished by their services and types of industry. The overall industrial park area is served by an airport, rail, and deep-water piers and is thus suitable for a wide diversity of manufacturing and port activities. One hundred thirty-eight tenants employing more than 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.

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

The Town has been participating in the development of plans for Quonset Point/Davisville in anticipation of the full transfer of the Navy property to the State Economic Development Corporation and the Town. The vision for the industrial complex focuses on the development of a commerce park and port area of nearly 2,200 acres. A bond referendum passed by Rhode Island voters secured \$72.0 million to enhance the existing freight rail system and make infrastructure improvements to Quonset Point/Davisville. Rhode Island voters have approved an additional \$48.0 million bond for further infrastructure and aesthetic improvements to the industrial complex. Construction has begun on the relocation and improvement of Route 403, which will, upon completion, provide a limited access highway link between development at Quonset Point and Davisville and Route 4; Phase 1 of the construction will be complete in 2006. The importance of linking the development of Quonset Point/Davisville to community objectives is demonstrated in the recent development of a separate element of the North Kingstown Comprehensive Plan devoted to the industrial complex. The Economic Development Corporation amended its Master Plan for the industrial complex to assure consistency with the Town's Comprehensive Plan. The Town has incorporated the amended Master Plan into the Town Comprehensive Plan.

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

completed a 43,000 square foot industrial building and has another 30,000 square foot building under review by the Town and the RIEDC.

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

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

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

Other Industrial Development

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

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

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

Commercial Development

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

Redevelopment is expected to continue. With a diminishing amount of commercially zoned land, it is anticipated that development will continue to focus on redevelopment of sites along Post Road. The gateway to the Quonset Davisville Industrial Park is located along Post Road and the Economic Development Corporation issued a Request for Proposals for a 90-acre parcel that fronts on Post Road. The RFP is intended to elicit interest from a master developer for the development of the gateway area. Anticipated uses might include a hotel; retail that supports the industrial complex; and office uses. A developer is expected to be selected in April 2005.

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

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

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

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

village character. Renovations are now complete on a former diner and office building both recently acquired by the same local businessman.

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. With local, state, and federal assistance, the property was refurbished over a three-year period and received historic preservation awards from the State of Rhode Island and the National Trust for Historic Preservation. Smith's Castle, along with the Gilbert Stuart Birthplace; Casey Farm, the Quonset Air Museum together with passive recreation sites such as the John H. Chafee Preserve at Rome Point form vital components of North Kingstown's stock of tourism attractions. Helping to better serve visitors to the Town is the recently expanded Hamilton Village Inn and new restaurants such as Bay Leaves and Seven Moons, both of which redeveloped existing sites.

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

Office Development

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

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

MUNICIPAL PLANNING AND DEVELOPMENT

Planning

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

Zoning and Subdivision Regulation

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

Growth Management

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

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

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 over 1600 acres of land. An additional \$4.0 million bond referendum was approved by the voters in November 2000; funds remaining in the 2000 Bond authorization are targeted for additional development rights acquisitions. In addition, the North Kingstown Town Council established an Open Space Fund that is supported by the dedication of a portion of the real estate transfer tax to the fund.

PROPERTY TAXES

General

In North Kingstown, the fiscal year begins July 1 with taxes based on the prior December 31 assessment payable in July 31 or quarterly thereafter.

Rhode Island municipalities, including the Town, are restricted from levying general taxes except *ad valorem* taxes upon real and personal property and excise tax on motor vehicles.

Tax Limitations

Section 44-5-2 of Rhode Island General Laws provides that a city or town may not levy a tax in any year in an amount more than five and one-half percent (5.5%) in excess of the amount levied for the prior year unless it qualifies for certain exceptions relating to loss of non-property tax revenue, emergencies and payment of debt service. Any levy in excess of five and one-half percent (5.5%) must be approved by a majority vote of the governing body of the city or town or, in the case of a city or town having a financial town meeting, the majority of electors present and voting at the financial town meeting.

Section 44-5-2 makes it clear that nothing contained in that Section constrains the payment of obligations as described by Section 45-12-1 of the Rhode Island General Laws, which provides that the outstanding notes, bonds and contracts of cities and towns shall be paid and be fulfilled and that the power and obligation of each city and town to pay its general obligation bonds and notes shall be unlimited and each city and town shall levy *ad valorem* taxes upon all taxable property within the city or town for the payment of such bonds and notes and interest thereon, without limitation as to rate or amount.

Furthermore, Section 44-5-2 expands the cap definition to include the tax rate as a basis for calculating the five and one-half percent (5.5%) increase. In this manner, property assessment growth is captured with the base prior to application of the five and one-half percent (5.5%) limitation.

Motor Vehicle Phaseout Program

The General Assembly passed legislation during the 1998 Legislative Session that eliminates municipal authority to levy an excise tax on motor vehicles and trailers after Fiscal Year 2007. This legislative directive requires all cities and towns to exempt the first \$4,500 (based on NADA valuation) in value on all motor vehicles subject to taxation in Fiscal Year 2003-2004. Thereafter, the value of the exemption will increase each year until a full phase-out is reached in Fiscal Year 2007. The adopted Motor Vehicle Tax Phase-Out also freezes the Town's 1998 Tax Rate for motor vehicles for all future assessment periods.

To offset State budget deficits, in 2002, the General Assembly amended this legislation to extend this phase-out period until fiscal year 2008 and to establish the exemption current for fiscal year 2003 and thereafter at \$4,500. However, phase-outs occurring beyond fiscal year 2003 are subject to annual review and appropriation by the General Assembly. Therefore, no municipality may plan or rely on the continuation of this phase-out beyond fiscal year 2003 unless such phase-out is specifically approved by the General Assembly.

Assessed Valuations

The following table indicates assessed valuations of taxable real and personal property as of December 31 for the years 1999—2003.

	<u>12/31/1999</u>	<u>12/31/2000</u>	<u>12/31/2001</u>	<u>12/31/2002</u>	<u>12/31/2003⁽²⁾</u>
Real Estate	\$1,536,301,370	\$1,954,112,590	\$1,986,996,310	\$2,011,507,975	\$3,373,797,470
Personal Property	<u>277,383,887</u>	<u>294,261,442</u>	<u>308,815,483</u>	<u>313,965,027</u>	<u>305,843,062</u>
Total	\$1,813,685,257	\$2,248,374,032	\$2,295,811,793	\$2,325,473,002	\$3,679,640,532
Less Exemptions ⁽¹⁾	<u>85,165,453</u>	<u>111,877,715</u>	<u>134,732,509</u>	<u>136,310,757</u>	<u>154,036,444</u>
Net Total	\$1,728,519,804	\$2,136,496,317	\$2,161,079,284	\$2,189,162,245	\$3,525,604,088

Full Value Ratio of Assessment	0.88	0.97	0.83	0.72	1.00
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(1) Tax exemptions are applied for on an accrual basis and are allowed as provided under State law. The Town offers exemptions to assessed value to qualified applicants who are Certified Blind Residents, \$24,000; Gold Star Parents, \$8,750; 100% Disabled Veteran, \$11,000; Prisoner of War, \$26,993; Disabled Veteran in Special Housing, \$17,993; Veterans and Widows, \$10,000; Poverty/Infirmity, based on need; Totally Disabled under age 65 with a maximum income of \$25,000, from \$17,993 to \$44,986; and Elderly Exemption for persons over age 65 with income for single person of less than \$16,164 to \$19,756 and married couple of less than \$21,816 to \$26,664, from \$68,182 to \$113,637 with an additional ten percent for persons age 75 and older, and \$24,000 exemption based on years of ownership for elderly.

(2) Revaluation

Principal Taxpayers

The following table sets forth the principal taxpayers in the Town and the assessed valuation of the property held by such taxpayers as of December 31, 2003.

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
Narragansett Electric Company	Utility	\$ 27,008,870	0.73%
WREC Precision Park LLC	Manufacturing and Tenants	18,844,700	0.51%
Zakapone Real Estate Association Inc.	Warehouse	16,758,900	0.46%
Home Depot USA, Inc.	Building Supply Store	12,055,490	0.33%
New Plan Hunt River Commons LLC	Retail plaza	11,617,500	0.32%
Wal-Mart Stores Inc.	Discount Department Store	11,502,530	0.31%
ARCH Specialty Chemicals Inc	Manufacturer of photoresist chemicals	9,188,680	0.25%
Millcreek Limited	Apartments	8,036,700	0.22%
Heritage Village Associates	Apartments	7,658,500	0.21%
Quidnessett Country Club	Golf Course	6,922,120	0.19%
Meadows Professional	Office Condos	6,727,900	0.18%
New England Gas Co.	Utility	6,466,140	0.18%
Toray Plastics America	Polypropylene film, polyester film	6,430,330	0.17%
Essex Village Company	Apartments	5,892,300	0.16%
Kingstown Plaza Limited Part	Retail plaza	5,794,000	0.16%
West Davisville Realty Co. LLC	Warehouse	5,246,600	0.14%
Wickford Junction Assoc. LLC	Shopping Center	5,230,500	0.14%
Kings Grant Co.	Apartments	5,169,600	0.14%
Wickford Shipyard Inc.	Warehouse	4,905,200	0.13%
High Lea Properties LLC	Retail plaza	4,620,200	0.13%
South County Nursing & Rehab	Skilled nursing and subacute services	4,490,450	0.12%
Wickford Village Associates	Apartments	4,336,400	0.12%
Stone, Don W.	Real Estate rentals	4,285,400	0.12%
Coxcom, Inc.	Cable Utility Local Office and Maintenance	3,702,420	0.10%
Caldwell, David Sr.	Real Estate	<u>3,378,500</u>	<u>0.09%</u>
		\$202,891,430	4.36%

Taxed Under Payment in Lieu of Taxes (PILOT) Agreements - Not Part of Assessed Valuation:

Toray Plastics America	Polypropylene film, polyester film	\$ 38,098,700
Electric Boat Corporation	Submarine and hull components	19,496,025

Analysis of Property

The following table shows an analysis of taxable real and personal property in the Town and in the State by class for the year ended December 31, 2002 (for Fiscal 2004), the latest year for which such information is available.

Class	Percent of Total Real Estate and Tangible Property	
	Town	State
Residential	74.09%	72.89%
Commercial.....	10.87	14.85
Industrial	3.31	2.67
Utilities & Railroads	1.50	1.59
Motor Vehicles	9.87	7.56
Other	0.38	0.44
	100.00%	100.00%

Source: State of Rhode Island Department of Administration Annual State Report on Local Government Finances and Tax Equalization for 2002.

Tax Rate, Levy and Collection Records

Fiscal Year	Actual Tax		Net abatements or		Uncollected at Fiscal Year end	% Uncollected at Fiscal Year End	Uncollected at 6/30/04	% Uncollected at 6/30/04	Uncollected at 2/28/05	% Uncollected at 2/28/05
	Rate ⁽¹⁾	Levy	Additions	Net Levy						
1995-96	\$ 20.24	\$ 31,217,622	\$ (180,296)	\$ 31,037,326	\$ 1,225,089	3.95%	\$ 74,988	0.24%	\$ 71,202	0.23%
1996-97	20.76	32,777,180	(102,849)	32,674,331	1,394,257	4.27%	66,825	0.20%	62,807	0.19%
1997-98	22.04	35,731,297	7,377	35,738,674	1,413,078	3.95%	74,753	0.21%	70,063	0.20%
1998-99	22.79	38,259,389	79,375	38,338,764	1,344,729	3.51%	77,465	0.20%	72,068	0.19%
1999-00	23.68	40,203,103	22,736	40,225,839	1,239,311	3.08%	70,946	0.18%	65,642	0.16%
2000-01	24.65	42,189,391	35,883	42,225,274	1,128,042	2.67%	57,491	0.14%	51,829	0.12%
2001-02	21.94	46,925,569	(39,896)	46,885,673	1,243,990	2.65%	57,096	0.12%	51,900	0.11%
2002-03	22.60	48,766,433	212,451	48,978,884	1,301,325	2.66%	73,173	0.15%	67,177	0.14%
2003-04	23.38	50,861,710	90,839	50,952,549	1,046,075	2.05%	1,046,075	2.05%	279,498	0.55%
2004-05 ⁽²⁾	14.38	51,656,183	(132,741)	51,523,442	1,160,000	2.25%	n/a	n/a	12,260,445	23.80%

(1) Tax rate for Real Estate (motor vehicle tax rate has been frozen at \$22.04 since Fiscal Year 1999-00).

(2) Estimated.

The Town of North Kingstown has an annual tax sale for prior year delinquent real property taxes. Delinquent automobile excise taxes are collected in cooperation with the Rhode Island Registry of Motor Vehicles. If automobile taxes have not been paid, registration renewals are not mailed to the taxpayer and information is supplied to the Registry of Motor Vehicles and the taxpayer. Motor vehicles may not be re-registered until taxes are paid in full. After 2 years, all unpaid tax accounts are turned over to a collection agency. Other delinquent personal property taxes are collected through delinquency notices and use of collection with legal action by the Town Solicitor. The Town assesses an interest charge of 12% per annum on delinquent accounts.

TOWN DEBT

Debt Limit

Except as provided below, under Rhode Island law the Town may not, without special statutory authorization, incur any debt which would increase its aggregate indebtedness, not otherwise excepted by law, to an amount greater than 3% of the taxable property of the Town. Deducted from the computation of aggregate indebtedness is the amount of any borrowing in anticipation of taxes authorized by law and the amount of any sinking funds maintained by the Town. As of June 30, 2004 the Town had \$785,402 of debt outstanding subject to the 3% debt limit. The current 3% debt limit of the Town is \$105,768,122 as the net assessed valuation as of December 31, 2003 of \$3,525,604,088.

The State Legislature may by special legislation permit the Town to incur indebtedness outside the limitations imposed by the 3% debt limit. Special legislation adopted by the legislature authorizing the Town to incur debt is subject to referendum by the electors of the Town. On June 30, 2004 the total outstanding debt of the Town issued pursuant to special legislation outside the 3% debt limit was \$47,904,043.

In addition to debt authorized within the 3% debt limit and debt authorized by special legislation of the legislature, Rhode Island General Laws 45-12-11 authorizes the Rhode Island State Director of Administration, upon petition by a

municipality, to authorize such municipality to incur indebtedness in excess of the 3% debt limit whenever the Director shall determine that the sums appropriated by the municipality or its funds available are insufficient to pay the necessary expenses of the municipality. The Town has never petitioned the State Director of Administration to authorize indebtedness of the Town under Section 45-12-11.

Current Outstanding Debt

The outstanding general obligation debt of the Town for the fiscal years ended June 30, 2000 through 2004 was as follows:

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
General Obligation Bonds:					
School	\$ 42,311,989	\$ 41,579,464	\$ 41,431,640	\$ 39,192,380	\$ 36,955,171
Public Facilities	2,584,261	4,718,907	4,405,204	4,091,889	3,778,572
Open Space	3,579,655	8,563,437	7,845,869	7,129,349	6,420,777
Library	949,904	899,809	849,714	799,619	749,524
Water and Golf Course	1,264,764	1,152,246	1,035,029	912,844	785,404
Total General Obligation Bonds	\$ 50,690,573	\$ 56,913,863	\$ 55,567,456	\$ 52,126,081	\$ 48,689,448

Actual Bonded Debt Service Requirements

Fiscal Year	Existing Debt Service ⁽¹⁾		This Issue		Total Debt Service
	Principal	Interest	Principal	Interest	
6/30/2006	\$ 3,305,000	\$ 669,624	\$ 350,000	\$ 1,152,367	\$ 5,476,991
6/30/2007	1,265,000	565,341	1,985,000	1,185,438	5,000,779
6/30/2008	1,185,000	513,901	1,955,000	1,126,338	4,780,239
6/30/2009	1,105,000	466,488	1,925,000	1,065,731	4,562,219
6/30/2010	1,110,000	419,955	1,895,000	1,003,656	4,428,611
6/30/2011	1,115,000	372,288	1,870,000	940,138	4,297,425
6/30/2012	1,015,000	325,761	1,840,000	875,213	4,055,974
6/30/2013	920,000	282,572	1,420,000	815,763	3,438,334
6/30/2014	925,000	240,294	1,400,000	760,513	3,325,806
6/30/2015	930,000	197,224	1,390,000	697,763	3,214,986
6/30/2016	930,000	153,238	1,380,000	635,413	3,098,651
6/30/2017	685,000	108,418	1,360,000	580,613	2,734,030
6/30/2018	690,000	74,653	1,345,000	519,788	2,629,440
6/30/2019	695,000	40,475	1,335,000	456,125	2,526,600
6/30/2020	190,000	15,200	1,320,000	396,388	1,921,588
6/30/2021	190,000	5,106	1,305,000	335,694	1,835,800
6/30/2022	-	-	1,290,000	274,063	1,564,063
6/30/2023	-	-	1,275,000	213,144	1,488,144
6/30/2024	-	-	1,255,000	153,056	1,408,056
6/30/2025	-	-	1,240,000	92,250	1,332,250
6/30/2026	-	-	1,225,000	30,625	1,255,625
Total	\$ 16,255,000	\$ 4,450,536	\$ 30,360,000	\$ 13,310,074	\$ 64,375,610

(1) Excludes Refunded Bonds

Debt Ratios and Debt Per Capita

Fiscal Year	Population ⁽¹⁾	Assessed Value ⁽²⁾	Gross Bonded Debt and Bond Anticipation Notes	Debt Payable From Enterprise Revenue	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
1995	24,065 (3)	\$ 1,512,225,068	\$ 5,645,000	\$ 1,016,398	\$ 4,628,602	0.31%	\$ 192.34
1996	24,065 (3)	1,542,372,324	10,925,000	-	10,925,000	0.71%	453.98
1997	24,065 (3)	1,578,054,704	11,365,000	900,000	10,465,000	0.66%	434.86
1998	24,065 (3)	1,622,101,177	10,430,907	830,907	9,600,000	0.59%	398.92
1999	24,065 (3)	1,678,779,770	19,117,841	757,841	18,360,000	1.09%	762.93
2000	26,326	1,709,592,473	50,690,574	680,574	50,010,000	2.93%	1899.64
2001	26,326	1,728,519,804	56,913,864	1,152,248	55,761,616	3.23%	2118.12
2002	26,326	2,136,496,317	55,567,456	1,035,032	54,532,424	2.55%	2071.43
2003	26,326	2,161,079,284	52,126,079	912,846	51,213,233	2.37%	1945.35
2004	26,326	2,189,162,245	48,689,445	785,402	47,904,043	2.19%	1819.65

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

(2) Net taxable assessed value

(3) Obtained from Population Estimates Branch of U.S. Bureau of the Census, January 1995 Report

Overlapping and Underlying Debt

The Town of has no overlapping or underlying governmental units and accordingly has no overlapping or underlying debt.

Outstanding Bond Authorizations

The following schedule sets forth the status of the various bond authorizations including this issue of Bonds.

Authorization			Original Total Authority	Bonds Issued	Bond Anticipation Notes Outstanding	Unissued Authority
Chapter	Year	Purpose				
165	1992	Public Facilities	\$ 6,000,000	\$ 4,710,000	\$ —0—	\$ 1,290,000
13	1997	Library	1,350,000	1,000,000	—0—	350,000
129 & 229	2000	Open Space/Farmland	4,000,000	1,160,000	—0—	2,840,000
534	2004	School Facilities	9,000,000	—0—	—0—	9,000,000
Totals			\$20,350,000	\$ 6,870,000	\$ —0—	\$13,480,000

TOWN FINANCES

Basis of Accounting

See note 1 to Financial Statements, Appendix B.

Annual Audit

The Town Charter provides that within three months after the beginning of each fiscal year the Town Council, by resolution, shall arrange for an annual independent audit of the Town's financial records as of the close of the preceding fiscal year. The audit may be conducted by any independent certified public accountant and the audit shall conform to generally accepted auditing standards.

The comparative financial statements set forth in Appendix A have been prepared by the Town Treasurer from audited financial statements for the fiscal years 2000—2004. Set forth in Appendix B are audited financial statements for the fiscal year ended June 30, 2004.

Budgetary Procedures

The Town Charter requires the following process for adoption of the Town's annual budget. The preliminary preparation for the 2005—2006 budget actually began in September when capital budgets were submitted to the Manager by the department heads. In December, the department heads begin work on their proposed operating budgets which are due to be submitted to the Manager in January. During the months of January and February, the department heads meet with the manager to discuss their requests.

The Library Board of Trustees and the School Committee are required by the charter to submit their budget requests to the manager not later than February 28, 2005.

STEP	DATE	CHARTER CONSTRAINTS
Proposed Budget	March 14, 2005	The Manager shall submit to the Council not later than the fiftieth day preceding the first Wednesday in May a proposed budget of anticipated revenues and proposes expenditures after a review of estimated requirements from department heads.
Preliminary Approval of the Budget	March 28, 2005	The Council has two weeks to give preliminary approval to the manager's budget which the Council may revise.
Public Hearing	April 18, 2005 April 20, 2005	Approximately three weeks after preliminary approval by the Council, two public hearings are held (one for school portion and one for all other budgets).
Petitions to Council	April 25, 2005	After preliminary approval of the budget, any qualified elector may circulate a petition requesting that the Council increase or decrease the budget. At least 50 signatures, validated by the Board of Canvassers, are required. The Council is required to consider and vote on each valid petition.
Final approval of the budget	May 4, 2005	On or before the first Wednesday in May, the Council is required to make any final changes to the budget by a majority vote and consider any petitions. Following final approval, the budget is published and copies are available for the public.
Referendum petitions	May 24, 2005	Following final approval by the Council, any qualified elector may circulate a petition requesting a referendum for either an increase or decrease to the total appropriations for a specific fund. Petition forms approved by the Town Clerk must be returned before the twentieth day following the first Wednesday in May.
Budget Referendum	June 7, 2005	Each valid petition with no less than 300 signatures along with the Council's final adopted budget is presented to the voters for a referendum vote on the first Tuesday following the first Saturday in June. The polls are open from 7:00 a.m. to 8:00 p.m.

Comparative Budgets (General Fund Only)

	Adopted Budget <u>2003/04</u>	Adopted Budget <u>2004/05</u>
<u>Current Revenue</u>		
General Property Tax ⁽¹⁾	\$ 9,868,801	\$ 9,870,689
Prior Year's Taxes	1,135,000	1,235,000
Interest and Penalties	280,000	330,000
State Revenues	3,525,032	3,659,023
Licenses and permits	74,915	98,615
Departmental Revenue	1,661,195	2,134,945
Property Rental	419,300	477,500
Investment Earnings	300,000	300,000
Miscellaneous	12,000	20,000
Payments in Lieu of Tax (PILOT)	2,345,510	2,434,120
Transfer from Q/D Recreation Fund	<u>393,384</u>	<u>375,000</u>
Total Current Revenue	\$ 20,015,137	\$ 20,934,892
Prior Year Revenue	<u>500,000</u>	<u>1,000,000</u>
Total Estimated Available for Appropriation	\$ 20,515,137	\$ 21,934,892
<u>Estimated Requirements</u>		
Personnel Expenses	\$ 15,210,019	\$ 16,561,783
Non-Personnel Expenses	<u>4,669,275</u>	<u>4,855,660</u>
Total Ordinary Recurring Expenses	\$ 19,879,294	\$ 21,417,443
Major Capital Outlay	500,622	395,750
Contributions to Other Agencies	<u>135,221</u>	<u>121,699</u>
Total Estimated Requirements	\$ 20,515,137	\$ 21,934,892

(1) Amount to be raised by tax levy.

Tax Anticipation Notes

Under Rhode Island Law the Town may borrow in each fiscal year in anticipation of the receipt of the proceeds of the property tax due in such fiscal year, an amount which shall not exceed the total tax levy of the then current fiscal year. Tax anticipation notes must be payable no later than one year from their date, but notes issued for less than one year may be renewed provided such renewal notes are payable within one year of the date of the original notes. The Town has not borrowed in anticipation of taxes since 1983 and does not expect to do so in the future.

State Aid

State School Operations Aid

Pursuant to Rhode Island General Laws Sections 16-7-15 to 16-7-34, as amended, the State provides operations assistance to each municipality and school district in the State. The statute provides for a guaranteed minimum per pupil expenditure set by each municipality under a formula prescribed by the statute and equalized with other municipalities on the basis of assessed valuations and other factors as determined by the Rhode Island General Assembly. The legislation guarantees a minimum program for every pupil, and, if the municipality fails to provide adequate funds for such program, the State transfers other State Aid due to the municipality to the school account. The Town's School Department received \$11,028,029 in State School Operations Aid during the fiscal year ended June 30, 2004 and expects to receive \$11,093,578 for the fiscal year ending June 30, 2005.

State School Construction Aid

Pursuant to Rhode Island General Laws Section 16-7-35 to 16-7-47, as amended, the State provides construction aid to Rhode Island municipalities for the cost of building or renovating public schools. All buildings constructed or renovated since July 1, 1949 are eligible for assistance of a minimum of 30% of the full cost of such buildings. Such assistance level may be further increased by a formula which takes into account the equalized assessed valuation and debt service burden of the particular municipality. For the fiscal year ended June 30, 2004 the Town received \$1,623,002 in school construction aid and expects to receive \$1,660,383 in the fiscal year ending June 30, 2005. The legislation authorizing State School Construction Aid is subject to future change and all State aid is subject to annual appropriation by the Rhode Island General Assembly.

Other State Aid

In addition to school operations assistance, municipalities in Rhode Island receive additional aid through the State General Revenue Sharing program. The program, with the distribution formula similar to the Federal Revenue Sharing program, replaced various state grant and aid programs as of July 1, 1987. However, the General Revenue Sharing program has been sharply reduced in recent years. For the fiscal year ended June 30, 2004, the Town received \$821,676 in funding from the General Revenue Sharing program and expects to receive \$806,624 in the fiscal year ending June 30, 2005.

Summary of State Aid Revenues

Shown below is a summary of various State Aid revenues credited to the Town's General Fund (excluding School Operations Aid and School Construction Aid, which are accounted for in the Special Revenue Fund and Debt Services Fund, respectively).

	<u>2001 Actual</u>	<u>2002 Actual</u>	<u>2003 Actual</u>	<u>2004 Actual</u>	<u>2005 Projected</u>
General Revenue Sharing	\$ 493,802	\$ 722,666	\$ 784,034	\$ 821,676	\$ 806,624
Telephone Tax	325,112	422,696	452,550	409,969	361,535
State PILOT (non profits)	5,468	4,466	5,908	8,265	8,301
Excise Tax Phase Out	894,099	1,560,009	2,180,209	2,180,209	2,179,062
Hotel, Meal & Beverage Tax	<u>14,126</u>	<u>9,568</u>	<u>8,581</u>	<u>215,041</u>	<u>385,000</u>
Total State Aid	\$ 1,732,607	\$ 2,719,405	\$ 3,431,282	\$ 3,635,160	\$ 3,740,522

LITIGATION

The Town Solicitor is of the opinion that there is not now pending or, to his knowledge, threatened any litigation seeking to restrain or enjoin the issuance or delivery of the Bonds, or in any way affecting the validity of the Bonds or in any way contesting the power of the Town to sell the Bonds to the purchasers thereof. The Town, its officers and employees are defendants in several lawsuits. The Town Solicitor is of the opinion that none of such litigation is likely to result either individually or in the aggregate in final judgments against the Town which would materially affect its ability to pay the principal of, and interest on, the Bonds.

TAX EXEMPTION

In the opinion of Taft & McSally LLP, Bond Counsel, under existing law, interest on the Bonds will be exempt from Rhode Island income taxes although the Bonds and the income therefrom may be included in the measure of Rhode Island estate taxes and certain Rhode Island corporate and business taxes, and interest on the Bonds will be excludable from the gross income of recipients thereof for federal income tax purposes and will not be treated as an item of preference in calculating the alternative minimum tax imposed on individuals and corporations, although interest on the Bonds will be taken into account in computing certain federal taxes imposed on corporations. See Appendix C herein for "Proposed Form of Legal Opinion".

The opinion of Bond Counsel is subject to the condition that the Town comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code") that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause the interest on the Bonds to be so included in gross income retroactive to the date

of issuance of the Bonds. The Town has covenanted to comply with all such requirements. Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the Bonds.

The foregoing analysis of the exclusion of interest from gross income for purposes of federal income taxation is limited to the initial issuance of the Bonds. Bondholders should consult their tax advisors with respect to any federal tax consequences of secondary market transactions.

Original Issue Discount

Certain of the Bonds (the "Discount Bonds") may be offered and sold to the public at an original issue discount (the "OID"). The OID is the excess of the stated redemption price at maturity (the face amount) over the "issue price" of such Bonds. The issue price of a Discount Bond is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of the Discount Bonds of the same maturity are sold pursuant to that offering. For federal income tax purposes, OID accrues to the holder of a Discount Bond over the period to maturity at a constant yield as described in Income Tax Regulation Section 1.1272-1(b). With respect to an initial purchaser of a Discount Bond at its issue price, the portion of OID that accrues during the period the purchaser owns the Discount Bond (i) is interest excludable from the purchaser's gross income for federal income tax purposes to the same extent and subject to the same considerations discussed above as other interest on the Bonds, and (ii) is added to the purchaser's tax basis for purposes of determining gain or loss on the maturity, redemption, prior sale or other disposition of that Discount Bond. Holders of Discount Bonds should consult their own tax advisors as to the determination for federal income tax purposes of the amount of OID properly accruable each year with respect to the Discount Bond, and as to other federal tax consequences and any state or local tax aspects of owning Discount Bonds.

Bond Premium

Under the Code, a purchaser (other than a purchaser who holds such Bond as inventory, stock in trade or for sale to customers in the ordinary course of business) who acquires a Bond (a "Premium Bond") for a price in excess of (i) in the case of a Discount Bond, its initial offering price plus accrued OID to the date of purchase (as described in the preceding paragraph) or (ii) in the case of any other non-callable Bond, its stated redemption value at maturity, has acquired the Bond with "bond premium". In the case of Bonds that are callable at the Applicable Call Date (defined below) at a price less than the holder's acquisition price, the bond premium is the excess of the holder's acquisition price over the redemption price on the Applicable Call Date. The Applicable Call Date is the first date on which the Bond may be redeemed for a redemption price less than the holder's acquisition price.

Bond premium is amortized over the remaining term of the Premium Bond for federal income tax purposes. In the case of callable Premium Bonds acquired at a price in excess of par, the bond premium will be amortizable to the Applicable Call Date. For purposes of calculating amortizable bond premium only, a Bond not redeemed on the Applicable Call Date shall be treated as if sold and reacquired on such date at the optional redemption price. The purchaser of a Premium Bond is required to decrease his adjusted basis in the Premium Bond by the amount of amortizable bond premium attributable to each taxable year during the amortization period. The amount of amortizable bond premium attributable to each taxable year is determined actuarially at a constant interest rate. The amortizable bond premium attributable to a taxable year is not deductible for federal income tax purposes. Purchasers of Premium Bonds should consult their own tax advisors with respect to the precise determination for federal income tax purposes of the treatment of bond premium upon sale, redemption or other disposition of Premium Bonds and with respect to the state and local consequences of owning and disposing of Premium Bonds.

Ownership of tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers including, without limitation, corporations subject to the foreign branch profits tax, Subchapter S corporations, financial institutions, certain insurance companies, individual recipients of Social Security or railroad retirement benefits. It should also be noted that Section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Bonds, and that for insurance companies subject to the tax imposed by Section 831 of the Code, the deduction for loss reserves is reduced by 15 percent of the sum of certain items, including interest on the Bonds. In addition, taxpayers disposing of property, the acquisition of which is financed in whole or in part after 1990 with federally-subsidized indebtedness (qualified mortgage bonds or mortgage credit certificates) must take receipts or accruals of interest on the Bonds into account in determining what portion, if any, of the federally-subsidized amount is subject to recapture. Prospective purchasers of the Bonds should consult their tax advisors as to the applicability of any such collateral consequences.

The Bonds are not designated as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

CERTAIN LEGAL MATTERS

All legal matters incidental to the authorization, issuance, sale and delivery of the Bonds are subject to the approval of Taft & McSally LLP, Cranston, Rhode Island, Bond Counsel, whose approving opinion substantially in the form appended hereto as Appendix C will be delivered with the issuance of the Bonds. Certain legal matters will be passed upon for the Underwriters by their counsel, Partridge Snow & Hahn LLP, of Providence, Rhode Island.

CONTINUING DISCLOSURE

The Securities and Exchange Commission has promulgated amendments to Rule 15c2-12 (the "Rule") under the Securities and Exchange Act of 1934, as amended, which requires that issuers of municipal securities undertake to provide continuing disclosure with respect to their securities, subject to certain exemptions. The Rule is effective for municipal securities for which an underwriter enters into a contractual commitment on or after July 3, 1995 to purchase such securities and, therefore, applies to the Bonds. The Town will covenant, at the time of the delivery of the Bonds, to provide continuing disclosure consistent with the terms of the Rule, as provided in a Continuing Disclosure Certificate to be dated as of the date of the Bonds.

Pursuant to the Continuing Disclosure Certificate, the Town will undertake to provide the following continuing disclosure with respect to the Bonds:

- (I.) The Town will provide to each Nationally Recognized Municipal Securities Information Repository ("National Repository") and the appropriate State Information Depository for the State ("State Repository"), if any: (a) not later than nine (9) months after the close of the Town's fiscal year, which is June 30, commencing June 30, 2005, certain financial information and operating data relating to the Town updating the financial information and operating data presented in the Official Statement prepared in connection with the Bonds to the extent required to comply with the Rule; and (b) as soon as available the audited financial statements of the Town for the most recently ended fiscal year, prepared on a modified accrual basis, reflecting assets, liabilities and financial activities not recorded in separate fund groups. The Town reserves the right to provide the information required in the above clauses (a) and (b) separately and to modify from time to time the specific types of information provided under clause (a) above or the format of the presentation of such information, to the extent necessary or appropriate, provided that any such modification will be done in a manner consistent with the Rule.
- (II.) The Town will provide in a timely manner to each National Repository or the Municipal Securities Rulemaking Board, and the State Repository, if any, notice of the occurrence of any of the following events with respect to the Bonds, if material:
 - 1. Principal and interest payment delinquencies.
 - 2. Non-payment related defaults.
 - 3. Unscheduled draws on debt service reserves reflecting financial difficulties.
 - 4. Unscheduled draws on credit enhancements reflecting financial difficulties.
 - 5. Substitution of credit or liquidity providers, or their failure to perform.
 - 6. Adverse tax opinions or events affecting the tax-exempt status of the Bonds.
 - 7. Modifications to rights of beneficial owners and the holders of the Bonds.
 - 8. Bond calls.
 - 9. Defeasances.
 - 10. Release, substitution, or sale of property securing repayment of the Bonds.
 - 11. Rating changes.

(a) Whenever the Town obtains knowledge of the occurrence of a listed event, the Town shall as soon as possible determine if such event would constitute material information for the beneficial owners and holders of the Bonds, provided, that any event under subsection (II.) (1), (4), (5) or (6) will always be deemed to be material.

(b) If the Town determines that knowledge of the occurrence of a listed event would be material, the Town, or, if appointed, any Dissemination Agent (as defined in the Continuing Disclosure Certificate) shall promptly file a notice of such occurrence with the Municipal Securities Rulemaking Board or the National Repository and each State Repository. Notwithstanding the foregoing, notice of listed events described in subsections (II.) (8) and (9) need not be given any earlier than the notice (if any) of the underlying event is given to beneficial owners or holders of affected Bonds pursuant to the Bonds or the Legislation (as defined in the Continuing Disclosure Certificate).

The Town from time to time may choose to provide notice of the occurrence of certain other events, in addition to those listed above, if, in the judgment of the Town, such other event is material with respect to the Bonds, but the Town does not undertake to commit to provide any such notice of the occurrence of any material event except those listed above.

(III.) The Town will provide, in a timely manner, to each National Repository or to the Municipal Securities Rulemaking Board and to the State Repository, if any, notice of a failure to satisfy the requirements of paragraph (I) above.

The intent of the Town's undertaking in the Continuing Disclosure Certificate is to provide on a continuing basis the information described in the Rule. Accordingly, the Town reserves the right to modify the disclosure thereunder or format thereof so long as any such modification is made in a manner consistent with the Rule. Furthermore, to the extent that the Rule no longer requires the issuers of municipal securities to provide all or any portion of the information the Town has agreed to provide pursuant to the Continuing Disclosure Certificate, the obligation of the Town to provide such information also shall cease immediately.

The purpose of the Town's undertaking is to conform to the requirements of the Rule and not to create new contractual or other rights for the original purchasers of the Bonds, any registered owner or beneficial owner of the Bonds, any municipal securities broker or dealer, any potential purchaser of the Bonds, the Securities and Exchange Commission or any other person. The sole remedy in the event of any actual or alleged failure by the Town to comply with any covenant of the Continuing Disclosure Certificates shall be an action for the specific performance of the Town's obligations thereunder and not for money damages in any amount. Any failure by the Town to comply with any provision of such undertaking shall not constitute an event of default with respect to the Bonds. The Town has not failed to comply with its continuing disclosure obligations under the Rule.

The Town Treasurer, or such official's designee from time to time, shall be the contact person on behalf of the Town from whom the foregoing information, data and notices may be obtained. The name, address and telephone number of the initial contact person is Cynthia J. Olobri, Town Treasurer, Town of North Kingstown, 80 Boston Neck Road, North Kingstown, Rhode Island 02852, Telephone (401-294-3331).

VERIFICATION OF ARITHMETICAL AND MATHEMATICAL COMPUTATIONS

The accuracy of the mathematical computations of (i) the adequacy of the maturing principal of and interest earned on the escrow securities together with other available funds held in the escrow account, to provide for the payment of the Refunded Bonds; and (ii) the "yield" on the escrow securities and on the Bonds, prepared by the Financial Advisor will be verified by Grant Thornton LLP, a firm of independent certified public accountants.

These computations will be based upon information and assumptions supplied by the Financial Advisor on behalf of the Town. Grant Thornton LLP has restricted its procedures to recalculating the computations provided by the Financial Advisor and has not evaluated or examined the assumptions or information used in the computations.

RATINGS

The Bonds will be rated by Moody's Investors Service Inc. ("Moody's) and Standard & Poor's Ratings Service (S&P). Moody's, upon request, rates bonds insured by the Bond Insurer "Aaa" designated to be of the highest quality. S&P, upon request, rates new issues insured by the Bond Insurer "AAA".

The Moody's rating of the Bond Insurer should be evaluated independently of the S&P rating of the Bond Insurer. No application has been made to any other rating agency in order to obtain additional ratings on the Bonds. The ratings reflect the respective rating agency's current assessment of the creditworthiness of the Bond Insurer and its ability to pay claims on its policies of insurance. Any further explanation as to the significance of the above ratings may be obtained from the applicable rating agency.

The above ratings are not a recommendation to buy, sell or hold the Bonds, and such ratings may be subject to revision or withdrawal at any time by the rating agencies. Any downward revision or withdrawal of the ratings may have an adverse effect on the market price of the Bonds.

FINANCIAL ADVISOR

First Southwest Company ("FSC") is employed by the Town to perform professional services in the capacity of financial advisor. In its role as financial advisor to the Town, FSC has provided advice on the plan of financing and structure of the Bonds, reviewed certain legal and disclosure documents, including this Official Statement, for financial matters, and assisted the Town with the pricing of the Bonds. As the Town's financial advisor, FSC has not independently verified the factual information contained in this Official Statement but relied on the information supplied by the Town and other sources and the Town's certification as to the Official Statement.

UNDERWRITING

The Bonds are being purchased for reoffering by the Underwriters at an aggregate purchase price for the Bonds of par plus a premium of \$606,992.30, less the underwriter's compensation of \$115,268.75. The Underwriters may offer and sell Bonds to certain dealers and others at prices other than the initial offering price. The offering price may be changed from time to time by the Underwriter.

MISCELLANEOUS

All quotations from and summaries and explanations of provisions of laws and documents described herein do not purport to be complete and reference is made to the laws and documents for a full and complete statement of their provisions.

This Official Statement is submitted only in connection with the sale of the Bonds by the Town and may not be reproduced or used in whole or in part for any other purpose.

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

By: /s/ CYNTHIA J. OLOBRI
Town Treasurer

Dated: April 7, 2005

APPENDIX A

TOWN OF NORTH KINGSTOWN

Comparative Balance Sheets—General Fund⁽¹⁾

	For Fiscal Years Ended June 30,				
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
	ASSETS				
Cash and investments	\$ 9,822,927	\$11,763,319	\$13,628,643	\$17,022,271	\$15,663,454
Property tax receivables	1,964,705	1,875,928	1,900,776	1,909,708	1,170,009
Federa, state grants receivable	287,183	301,920	270,567	373,071	375,066
Due from other funds	104,588	481,556	155,085	129,958	403,781
Other assets	<u>117,436</u>	<u>132,042</u>	<u>152,163</u>	<u>156,071</u>	<u>176,568</u>
Total	\$12,296,839	\$14,554,765	\$16,107,234	\$19,591,079	\$17,788,878
	LIABILITIES AND FUND EQUITY				
<i>Liabilities:</i>					
Accts. Payable, accrued expenses	\$ 738,910	\$ 588,078	\$ 582,066	\$ 774,971	\$ 823,161
Deferred revenues	3,810,045	3,781,170	3,610,976	3,816,560	3,060,316
Due to other funds	2,533,161	2,968,194	4,575,187	5,779,611	3,785,844
Other liabilities	<u>271,908</u>	<u>310,358</u>	<u>402,927</u>	<u>583,586</u>	<u>531,281</u>
Total	\$ 7,354,024	\$ 7,647,800	\$ 9,471,156	\$10,954,728	\$8,200,602
<i>Fund Equity:</i>					
Fund balances:					
Reserved	\$ 673,354	\$ 1,766,553	\$ 1,089,535	\$ 1,566,317	\$ 1,148,088
Unreserved	<u>4,269,461</u>	<u>5,140,412</u>	<u>5,546,543</u>	<u>7,070,034</u>	<u>8,440,188</u>
Total fund balances	\$ 4,942,815	\$ 6,906,965	\$ 6,636,078	\$ 8,636,351	\$ 9,588,276
TOTAL LIABILITIES AND FUND EQUITY	<u>\$12,296,839</u>	<u>\$14,554,765</u>	<u>\$16,107,234</u>	<u>\$19,591,079</u>	<u>\$17,788,878</u>

(1) Prepared from audited financial statements.

TOWN OF NORTH KINGSTOWN

Comparative Statement of Revenues and Expenditures—General Fund⁽¹⁾

	For Fiscal Years Ended June 30,				
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Revenues:					
Taxes	\$42,758,479	\$44,883,156	\$48,570,277	\$51,272,225	\$53,805,401
Intergovernmental/Departments	2,634,755	3,188,940	4,231,343	5,220,050	5,620,071
Local receipts	<u>1,155,186</u>	<u>1,310,864</u>	<u>782,902</u>	<u>667,427</u>	<u>864,115</u>
Total revenues	\$46,548,420	\$49,382,960	\$53,584,522	\$57,159,702	\$60,289,587
Expenditures:					
General government	\$ 3,700,422	\$ 4,238,457	\$ 3,991,423	\$ 3,999,356	\$ 4,040,582
Public safety	8,639,405	8,896,960	10,037,113	10,108,995	11,290,558
Public works	3,413,799	2,977,767	3,521,915	3,294,564	3,936,763
Senior services	-0-	-0-	-0-	271,638	286,475
Human resources	<u>750,296</u>	<u>802,496</u>	<u>788,645</u>	<u>-0-</u>	<u>-0-</u>
Total expenditures	\$16,503,922	\$16,915,680	\$18,339,096	\$18,050,887	\$20,147,972
Excess (deficiency) of revenues over expenditures	\$30,044,498	\$32,467,280	\$35,245,426	\$39,108,815	\$40,141,615
Other financing sources (uses)	(28,636,188)	(30,503,130)	(35,516,313)	(37,108,542)	(39,189,690)
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ 1,408,310	\$ 1,964,150	\$ (270,887)	\$ 2,000,273	\$ 951,925

(1) Prepared from audited financial statements.

TOWN OF NORTH KINGSTOWN

Comparative Statement of Changes in Fund Balance—General Fund⁽¹⁾

	For Fiscal Years Ended June 30,				
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Fund Balance, July 1	\$3,709,505	\$4,942,815	\$6,906,965	\$6,636,351	\$8,696,351
Prior Period Adjustment	(175,000)	-0-	-0-	-0-	-0-
Current Year Excess (Deficiency) of Revenues Over Expenditures	1,408,310	1,964,150	(270,887)	2,000,273	951,925
Fund Balance June 30, 2000	<u>\$4,942,815</u>				
Fund Balance June 30, 2001		<u>\$6,906,965</u>			
Fund Balance June 30, 2002			<u>\$6,636,078</u>		
Fund Balance June 30, 2003				<u>\$8,636,351</u>	
Fund Balance June 30, 2004					<u>\$9,588,276</u>

(1) Prepared from audited financial statements.

THE TOWN OF
NORTH KINGSTOWN, RHODE ISLAND

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR THE YEAR ENDED
JUNE 30, 2004

Prepared By:

Finance Department

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TOWN OF NORTH KINGSTOWN, RHODE ISLAND

YEAR ENDED JUNE 30, 2004

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YEAR ENDED JUNE 30, 2004

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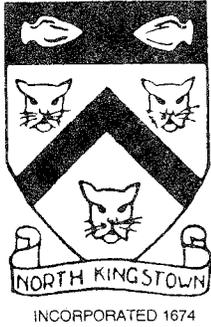
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(CONCLUDED)

THE TOWN OF
NORTH KINGSTOWN, RHODE ISLAND

INTRODUCTORY SECTION

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TOWN OF
NORTH KINGSTOWN, RHODE ISLAND

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November 22, 2004

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

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the Town of North Kingstown for the fiscal year ended June 30, 2004.

This report consists of management's representations concerning the finances of the Town of North Kingstown. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Town of North Kingstown has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Town of North Kingstown's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Town of North Kingstown's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Town of North Kingstown's financial statements have been audited by Prescott Chatellier Fontaine & Wilkinson, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of North Kingstown for the fiscal year ended June 30, 2004, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Town of North Kingstown's financial statements for the fiscal year ended June 30, 2004, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

REPORTING ENTITY AND ITS SERVICES

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

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

ECONOMIC DEVELOPMENT AND OUTLOOK

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

Industrial Development

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

Other significant employers include: 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 3000 acres of land; approximately 675 acres remain available for development. The park is actually composed of a number of smaller parks that are distinguished by their services and types of industry. The overall industrial park area is served by an airport, rail, and deep-water piers and is thus suitable for a wide diversity of manufacturing and port activities. One hundred thirty-eight tenants employing more than 6900 employees currently occupy the industrial park. The complex also includes an 18-hole golf course and marina owned and operated by the Town of North Kingstown.

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

ECONOMIC DEVELOPMENT AND OUTLOOK (Continued)

Quonset Point/Davisville Port and Commerce Park (Continued)

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

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

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

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

ECONOMIC DEVELOPMENT AND OUTLOOK (Continued)

Quonset Point/Davisville Port and Commerce Park (Continued)

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

Other Industrial Development

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

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

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

Commercial Development

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

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

ECONOMIC DEVELOPMENT AND OUTLOOK (Continued)

Commercial Development (Continued)

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

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

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

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

ECONOMIC DEVELOPMENT AND OUTLOOK (Continued)

Commercial Development (Continued)

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

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

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

Office Development

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

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

ECONOMIC DEVELOPMENT AND OUTLOOK (Continued)

BUSINESS TAX EXEMPTIONS AND ECONOMIC DEVELOPMENT TAX INCENTIVE

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

MUNICIPAL PLANNING AND DEVELOPMENT

Planning

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

Zoning and Subdivision Regulation

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

Growth Management

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

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

MUNICIPAL PLANNING AND DEVELOPMENT (Continued)

Growth Management (Continued)

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

MUNICIPAL SERVICES

Planning Department

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

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

The Planning Department prepares the Town's annual application for the State Community Development Block Grant program. The Department is and has been involved in Town environmental, economic development, and transportation programs. As an example, the Planning Department worked with the Conservation Commission in the development of a proposed wetland restoration program. In conjunction with the Groundwater Committee, the Planning Department prepared the Groundwater Protection Plan for the Town's aquifer areas. This plan was adopted by the Town Council and incorporated into the town's Comprehensive Plan by the Planning Commission. The delineation of the 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.

MUNICIPAL SERVICES (Continued)

Planning Department (Continued)

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

Assessor

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

Senior Services

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

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

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

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

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

MUNICIPAL SERVICES (Continued)

Police Department

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

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

Public Works

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

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

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

MUNICIPAL SERVICES (Continued)

Public Works (Continued)

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

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

Water Department

The Department of Water Supply provides domestic water service and fire protection to the majority of residents and businesses in North Kingstown. Currently there are 9,137 active accounts. In addition, North Kingstown also provides water to the Town of Narragansett and has served as an emergency source of supply to the Town of Jamestown. Narragansett meters and bills for water under their own rate structure. North Kingstown Water owns and operates 10 gravel packed wells ranging in capacity from 180 to 2000 gallons per minute. The wells are located throughout three aquifers, the Hunt, 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 170 miles of water pipe, 994 fire hydrants, four standpipes, and one storage reservoir.

Library

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

MUNICIPAL SERVICES (Continued)

North Kingstown School Department

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

Information Services Department

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

Leisure Activities Department

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

MUNICIPAL SERVICES (Continued)

Fire Department

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

MUNICIPAL INITIATIVES FOR THE YEAR

Planning Department

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

MUNICIPAL INITIATIVES FOR THE YEAR (Continued)

Planning Department (Continued)

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

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

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

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

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

MUNICIPAL INITIATIVES FOR THE YEAR (Continued)

Planning Department (Continued)

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

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

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

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

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

MUNICIPAL INITIATIVES FOR THE YEAR (Continued)

Planning Department (Continued)

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

Police Department

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

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

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

Public Works

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

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

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

MUNICIPAL INITIATIVES FOR THE YEAR (Continued)

Public Works (Continued)

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

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

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

Water Department

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

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

MUNICIPAL INITIATIVES FOR THE YEAR (Continued)

Library

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

North Kingstown School Department

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

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

MUNICIPAL INITIATIVES FOR THE YEAR (Continued)

North Kingstown School Department (Continued)

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

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

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

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

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

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

MUNICIPAL INITIATIVES FOR THE YEAR (Continued)

North Kingstown School Department (Continued)

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

Information Services

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

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

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

Recreation

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

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

MUNICIPAL INITIATIVES FOR THE YEAR (Continued)

Recreation (Continued)

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

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

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

Leisure Activities Department

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

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

FOR THE FUTURE

Planning Department

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

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

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

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

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

FOR THE FUTURE (Continued)

Planning Department

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

Assessor

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

Senior Services

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

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

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

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

Police Department

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

FOR THE FUTURE (Continued)

Police Department (Continued)

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

Public Works

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

Water Department

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

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

Library

The North Kingstown Free Library plans to solidify its role as the "symbolic center of the community." The Library's long-range plan and the annual service plans that grows out of that long range plan address the established goals—to maintain and to enhance, where possible, the high quality of the daily service to patrons; to renew continually the commitment to the library collections; to offer a range of public programs for all age groups and educational levels; to solidify the role of the library as a "community gateway" to the technology resources that people need to live their lives in the 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.

FOR THE FUTURE (Continued)

North Kingstown School Department

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

Information Services

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

Leisure Activities Department

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

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

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

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

FOR THE FUTURE (Continued)

Fire Department

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

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

ACCOMPLISHMENTS

Department of Planning Development

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

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

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

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

ACCOMPLISHMENTS (Continued)

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

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

Senior Services

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

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

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

ACCOMPLISHMENTS (Continued)

Police Department

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

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

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

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

Public Works

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

ACCOMPLISHMENTS (Continued)

Water Department

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

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

North Kingstown School Department

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

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

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

ACCOMPLISHMENTS (Continued)

Leisure Activities Department

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

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

Fire Department

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

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

CASH MANAGEMENT

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

RISK MANAGEMENT

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

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of North Kingstown for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2003. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

ACKNOWLEDGEMENTS

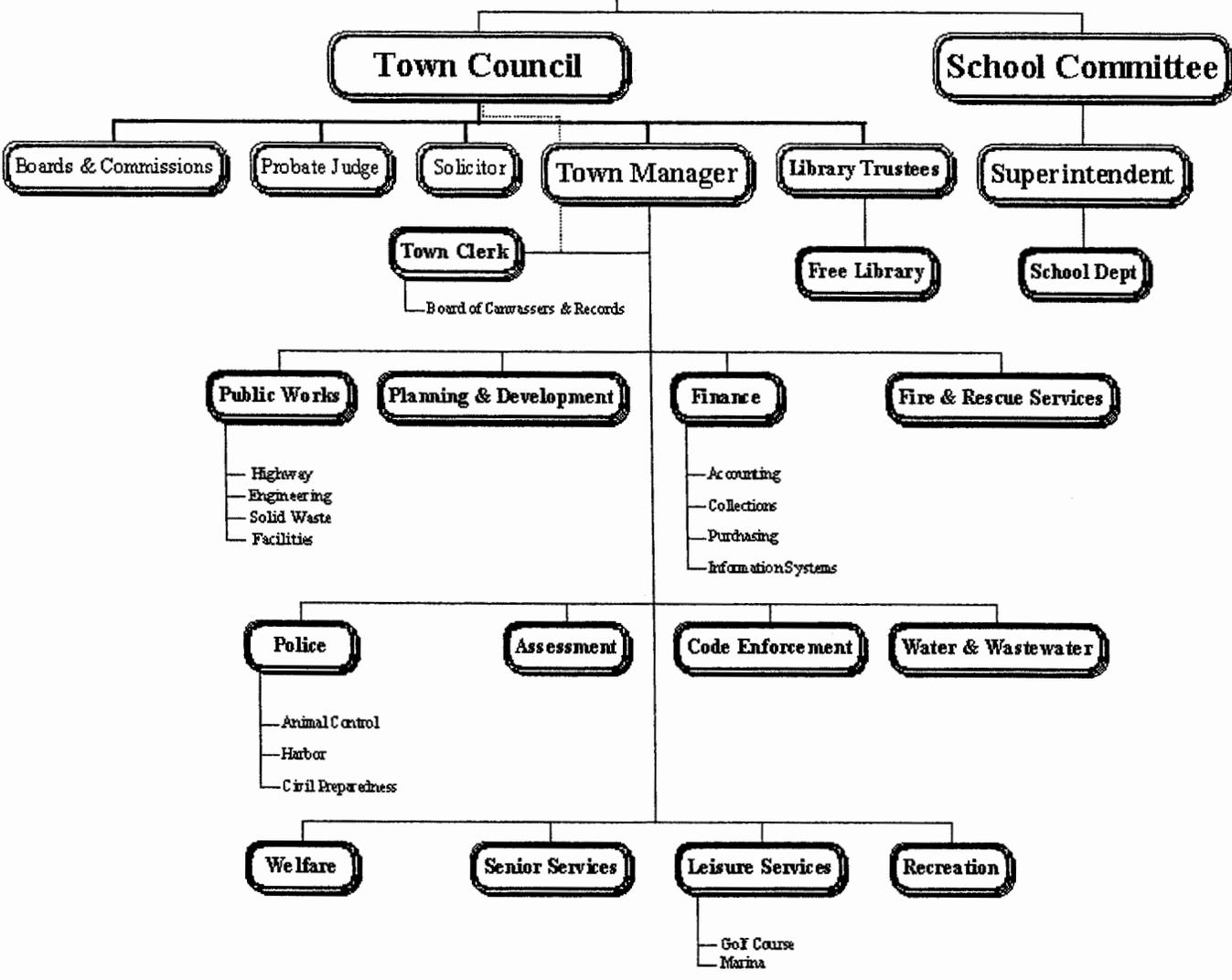
I would like to take this opportunity to thank the members of the Finance Department in the Division of Accounting Control, Treasury and Tax Collection, Information Services, Contract and Purchase for their diligence and cooperation on a daily basis in carrying out the duties and responsibilities of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

Sincerely,



Cynthia J. Olobri
Director of Finance

The People of the Town of North Kingstown



TOWN OF NORTH KINGSTOWN

TOWN COUNCIL

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EDWARD J. COONEY
SUZANNE M. HENSELER
JOHN A. PATTERSON
MARK S. ZACCARIA

SCHOOL COMMITTEE

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TOWN ENGINEER
DIRECTOR OF RECREATION
DIRECTOR OF LEISURE ACTIVITIES
DIRECTOR OF PLANNING
POLICE CHIEF, ACTING
FIRE CHIEF
BUILDING OFFICIAL
DIRECTOR OF WATER SUPPLY
HIGHWAY SUPERINTENDENT
FACILITIES PROJECT MANAGER
WELFARE DIRECTOR
DIRECTOR/ SENIOR CITIZENS
ANIMAL WARDEN
HARBOR MASTER
TOWN SARGEANT
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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, 2003

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



Nancy L. Zjelle

President

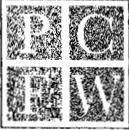
Jeffrey R. Enos

Executive Director

THE TOWN OF
NORTH KINGSTOWN, RHODE ISLAND

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

To the Honorable Town Council
North Kingstown, Rhode Island

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of North Kingstown, Rhode Island, as of and for the year ended June 30, 2004, which collectively comprise the Town's basic financial statements as listed in the accompanying table of contents. These basic financial statements are the responsibility of the Town of North Kingstown, Rhode Island's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

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

In accordance with *Government Auditing Standards*, we have also issued a report dated November 22, 2004 on our consideration of the Town of North Kingstown, Rhode Island's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

Prescott Chatelle's Fontaine & Wilkinson, LLP

November 22, 2004

Management Discussion and Analysis

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

Financial Highlights

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

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

- 1) Government-wide Financial Statements,
- 2) Fund Financial Statements and
- 3) Notes to the Financial Statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

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

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

Table 1

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

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

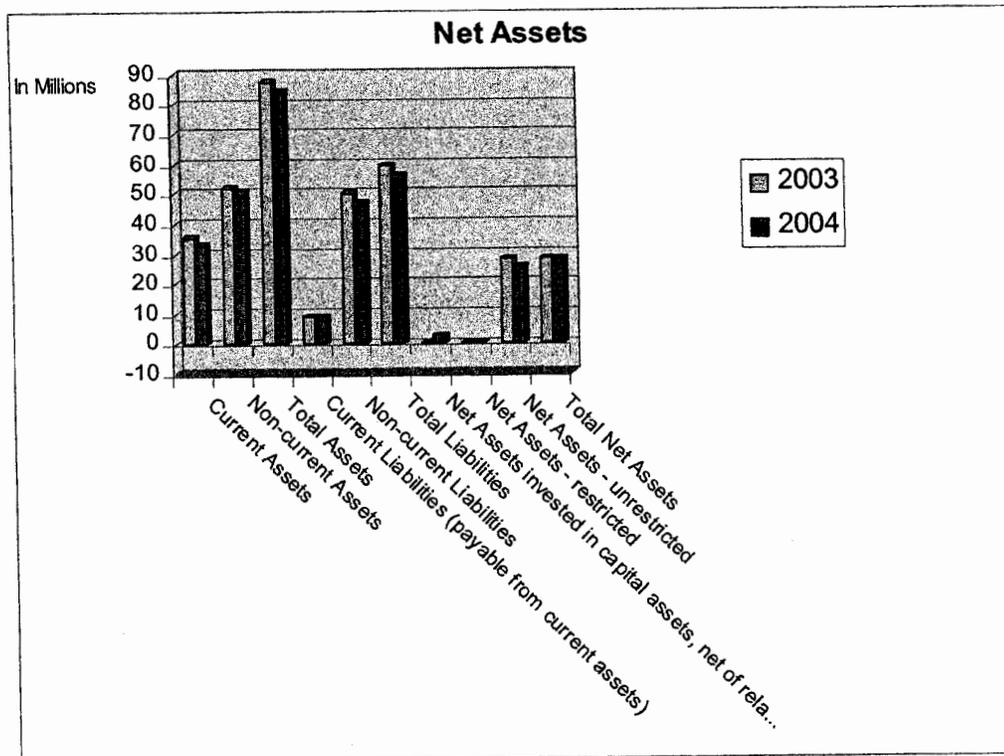
When looked at separately, the net assets of the Town's Governmental Activities decreased slightly overall. A \$2.5 million reduction in the 2003 to 2004 deficit balance in

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

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

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

Chart 1



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

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

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

Table 2
Changes in Net Assets (in millions)

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

Governmental Activities

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the Government-wide and Fund Financial Statements. The Notes to the Financial Statements can be found on Pages 26 to 57 of this report.

The Combining Statements referred to earlier in connection with non-major Governmental Funds are presented immediately following the Required Supplementary Information on Infrastructure Combining and Individual Fund Statements and Schedule can be found on pages 65 to 98 of this report.

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

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

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

(CONCLUDED)

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF NORTH KINGSTOWN

A - 2

**Statement of Activities
Year Ended June 30, 2004**

Functions/Programs:	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Unit North Kingstown Free Library
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Governmental activities:							
General government	\$ 5,391,630	\$ 2,613,286	\$ 547,442	\$ (2,230,902)		\$ (2,230,902)	
Public safety	11,138,814	687,065	14,535	(10,437,214)		(10,437,214)	
Public works	4,232,614	581,484	393,376	(3,257,754)		(3,257,754)	
Education	54,941,481	2,123,849	15,386,633	(37,430,999)		(37,430,999)	
Public libraries	1,185,692			(1,185,692)		(1,185,692)	
Other	2,900,209	260,267		(2,639,942)		(2,639,942)	
Interest on long-term debt	2,625,066			(2,625,066)		(2,625,066)	
Total governmental activities	82,415,506	6,265,951	16,341,986	(59,807,569)		(59,807,569)	
Business-type activities:							
Water	2,166,391	2,232,361			\$ 65,970	65,970	
Quonset/Davisville Recreation	1,308,819	1,553,365			244,546	244,546	
Non-major enterprise funds	1,291,890	1,296,653			4,763	4,763	
Total business-type activities (See Note 2)	4,767,100	5,082,379	0	0	315,279	315,279	
Total	\$ 87,182,606	\$ 11,348,330	\$ 16,341,986	(59,807,569)	315,279	(59,492,290)	
Component Unit:							
North Kingstown Free Library	\$ 5,161		\$ 11,402				\$ 6,241
	\$ 5,161		\$ 11,402				6,241
General revenues:							
Property taxes				53,049,157		53,049,157	
Unrestricted investment earnings				441,941	67,629	509,570	2,550
Unrestricted intergovernmental revenue				5,648,071		5,648,071	
Miscellaneous				114,912	121,331	236,243	
Transfers				278,383	(278,383)	-	
Total general revenues and transfers				59,532,464	(89,423)	59,443,041	2,550
Change in Net Assets				(275,105)	225,856	(49,249)	8,791
Net Assets - beginning, as restated				18,806,470	9,230,204	28,036,674	185,122
Net Assets - ending				\$ 18,531,365	\$ 9,456,060	\$ 27,987,425	\$ 193,913

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF NORTH KINGSTOWN**Balance Sheet
Governmental Funds
June 30, 2004**

	General Fund	School Unrestricted Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:				
Cash and cash equivalents	\$ 15,663,454	\$ 2,695	\$ 5,992,039	\$ 21,658,188
Taxes receivable	1,170,009			1,170,009
Other receivables	176,568	114,099	396,507	687,174
Due from federal and state governments	375,066	40	519,221	894,327
Due from grantors			531,757	531,757
Due from other funds	403,781	1,990,242	2,207,301	4,601,324
TOTAL ASSETS	\$ 17,788,878	\$ 2,107,076	\$ 9,646,825	\$ 29,542,779
LIABILITIES AND FUND BALANCES:				
LIABILITIES:				
Accounts payable	\$ 823,161	\$ 675,353	\$ 156,754	\$ 1,655,268
Due to other funds	3,785,844	518,830	851,214	5,155,888
Deferred revenues	3,060,316		1,144,566	4,204,882
Escrow deposits	531,281			531,281
TOTAL LIABILITIES	8,200,602	1,194,183	2,152,534	11,547,319
FUND BALANCES:				
Reserved for debt service			1,667,297	1,667,297
Reserved for encumbrances	973,088	139,962		1,113,050
Reserved for Cops grant	175,000	90,000		265,000
Unreserved:				
Designated for subsequent year's expenditures	1,000,000	320,000		1,320,000
Undesignated	7,440,188	362,931		7,803,119
Unreserved, reported in nonmajor:				
Special revenue funds			2,602,830	2,602,830
Capital project funds			3,136,510	3,136,510
Permanent funds			87,654	87,654
TOTAL FUND BALANCES	9,588,276	912,893	7,494,291	17,995,460
TOTAL LIABILITIES AND FUND BALANCES	\$ 17,788,878	\$ 2,107,076	\$ 9,646,825	\$ 29,542,779

(CONTINUED)

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF NORTH KINGSTOWN**Balance Sheet
Governmental Funds
June 30, 2004****Amounts reported for governmental activities in the statement of net assets differ because:**

Total Fund Balances (B-1)	\$ 17,995,460
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	46,042,492
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	(50,082,577)
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.	3,060,316
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.	2,072,194
Accrued interest payable is recorded in government activities, but is not recorded in the funds.	<u>(556,520)</u>
Total Net Assets (A-1)	<u>\$ 18,531,365</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, 2004**

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

(CONTINUED)

SEE NOTES TO BASIC FINANCIAL STATEMENTS.

TOWN OF NORTH KINGSTOWN

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

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

(CONCLUDED)

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

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

Net Change in Fund Balances - Total Governmental Funds (B-2):	\$ (1,758,472)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	(864,495)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences.	3,090,190
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.	(756,244)
Excess of internal service funds' expenses over revenues, reported as governmental fund activity.	13,916
	<hr/>
Change in Net Assets of Governmental Activities in the Statement of Activities (A-2)	\$ (275,105)

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF NORTH KINGSTOWN

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

	Enterprise Funds				Internal Service Funds
	Water	Quonset/ Davisville Recreation	Non-major Enterprise Funds	Totals	
ASSETS:					
Current Assets:					
Cash and cash equivalents	\$ 3,929,169	\$ 993,468	\$ 84,846	\$ 5,007,483	\$ 2,321,727
Water and sewer assessments and user fees, net	435,422			435,422	
Other receivables		3,240	92,060	95,300	
Inventory	71,014	37,597	45,654	154,265	
Total Current Assets	4,435,605	1,034,305	222,560	5,692,470	2,321,727
Net Capital Assets	3,636,161	1,583,607	6,206	5,225,974	
TOTAL ASSETS	8,071,766	2,617,912	228,766	10,918,444	2,321,727
LIABILITIES:					
Current Liabilities:					
Accounts payable	202,996	110,874	46,891	360,761	10,131
Claims payable					239,402
Due to other funds					-
Deferred revenue		193,492		193,492	
Other liabilities		25,790		25,790	
Compensated absences payable	43,126	53,813		96,939	
Current portion of long term debt	102,181	30,810		132,991	
Total Current Liabilities	348,303	414,779	46,891	809,973	249,533
Noncurrent Liabilities:					
Long-term debt, net	222,266	430,145		652,411	
Total Noncurrent Liabilities	222,266	430,145	0	652,411	0
TOTAL LIABILITIES	570,569	844,924	46,891	1,462,384	249,533
NET ASSETS:					
Unrestricted	7,501,197	1,772,988	181,875	9,456,060	2,072,194
TOTAL NET ASSETS	\$ 7,501,197	\$ 1,772,988	\$ 181,875	\$ 9,456,060	\$ 2,072,194

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, 2004**

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

(CONTINUED)

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, 2004**

	Enterprise Funds				
	Water	Quonset/ Davisville Recreation	Non-major Enterprise Funds	Totals	Internal Service Funds
Transfers:					
Transfers (Out)		(278,383)		(278,383)	
Total Transfers	0	(278,383)	0	(278,383)	0
CHANGE IN NET ASSETS	245,337	(25,035)	5,554	225,856	13,916
TOTAL NET ASSETS - BEGINNING	7,255,860	1,798,023	176,321	9,230,204	2,058,278
TOTAL NET ASSETS - ENDING	<u>\$ 7,501,197</u>	<u>\$ 1,772,988</u>	<u>\$ 181,875</u>	<u>\$ 9,456,060</u>	<u>\$ 2,072,194</u>

(CONCLUDED)

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF NORTH KINGSTOWN

C - 3

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

	Enterprise Funds				Internal Service Funds
	Water	Quonset/ Davisville Recreation	Non-major Enterprise Funds	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	\$ 2,282,079	\$ 1,553,936	\$ 1,259,978	\$ 5,095,993	
Cash paid to suppliers	(986,269)	(365,828)	(1,278,899)	(2,630,996)	
Cash paid to employees	(824,814)	(642,274)		(1,467,088)	
Cash paid for claims					\$ (102,404)
Cash paid for other operating expenses					(15,121)
Net cash provided by (used for) operating activities	<u>470,996</u>	<u>545,834</u>	<u>(18,921)</u>	<u>997,909</u>	<u>(117,525)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition of capital assets	(518,292)	(25,500)		(543,792)	
Principal paid on bonds	(96,632)	(30,812)		(127,444)	
Interest paid on bonds	(24,212)	(20,310)		(44,522)	
Net cash used for capital and related financing activities	<u>(639,136)</u>	<u>(76,622)</u>	<u>-</u>	<u>(715,758)</u>	<u>0</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Decrease in due to other funds	-				(8,556)
Transfer to general fund		(278,383)		(278,383)	
Net cash provided by (used for) noncapital financing activities	<u>-</u>	<u>(278,383)</u>	<u>0</u>	<u>(278,383)</u>	<u>(8,556)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest on investments	58,036	8,802	791	67,629	38,803
Net cash provided by investing activities	<u>58,036</u>	<u>8,802</u>	<u>791</u>	<u>67,629</u>	<u>38,803</u>

(CONTINUED)

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF NORTH KINGSTOWN

C - 3

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

	Enterprise Funds			Totals	Internal Service Funds
	Water	Quonset/ Davisville Recreation	Non-major Enterprise Funds		
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(110,104)	199,631	(18,130)	71,397	(87,278)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	4,039,273	793,837	102,976	4,936,086	2,409,005
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 3,929,169</u>	<u>\$ 993,468</u>	<u>\$ 84,846</u>	<u>\$ 5,007,483</u>	<u>\$ 2,321,727</u>
Reconciliation of operating loss to net cash provided by (used for) operating activities:					
Operating income (loss)	\$ 211,513	\$ 264,856	\$ 4,763	\$ 481,132	\$ (24,887)
Adjustments to reconcile:					
Depreciation	227,039	223,628	1,728	452,395	
(Increase) decrease in accounts receivable	(71,613)	571	(36,675)	(107,717)	
(Increase) decrease in inventory	8,180	428	(97)	8,511	
(Increase) decrease in other assets	-	-	-	-	
Increase (decrease) in accounts payable	123,864	27,593	11,360	162,817	9,766
Increase (decrease) in accrued payroll	-	-	-	-	(102,404)
Decrease in claims payable	-	-	-	24,992	
Increase in deferred revenue	-	24,992	-	24,992	
Increase (decrease) in compensated absences payable	(214)	3,195	-	2,981	
Increase (decrease) in other liabilities	(27,773)	571	-	(27,202)	
Net cash provided by (used for) operating activities	<u>\$ 470,996</u>	<u>\$ 545,834</u>	<u>\$ (18,921)</u>	<u>\$ 997,909</u>	<u>\$ (117,525)</u>

(CONCLUDED)

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

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

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

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF NORTH KINGSTOWN

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

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

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS.

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

REPORTING ENTITY

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

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

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

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

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

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

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

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

Recently Issued Accounting Standards

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

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

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

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

Basis of Presentation

Government-Wide Financial Statements

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

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Fund Financial Statements

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

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

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

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

Special Revenue Funds

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

Capital Project Funds

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

Permanent Funds

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

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds (Continued)

Proprietary Funds

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

Debt Service Fund

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

Fiduciary Funds (Not included in government-wide statements)

Agency Funds

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

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

Major and Non-Major Funds

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

<u>Fund</u>	<u>Brief Description</u>
Major:	
General Fund:	See above for description
Special Revenue:	
School Unrestricted Fund	this fund is used to report all financial transactions of the North Kingstown School Department, which are not legally required to be accounted for separately.

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Major and Non-Major Funds (Continued)

Proprietary:

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

<u>Fund</u>	<u>Brief Description</u>
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Non-Major:

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Major and Non-Major Funds (Continued)

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

Measurement Focus

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

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

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

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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

Basis of Accounting

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

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

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

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

Cash Equivalents

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

Accounts Receivable

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

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

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes

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

Encumbrances

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

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

Investments

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

Compensated Absences

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

Judgments and Claims

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

Inventory

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

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, Plant and Equipment

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

Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

Deferred Revenues

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

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfund Transactions

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

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

Self-Insurance

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

Equity Classifications

Government-Wide Statements

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

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

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equity Classifications (Continued)

Government-Wide Statements (Continued)

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

Fund Financial Statements

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

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

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

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

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

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

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Change in Accounting Method

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

Fund Reclassification

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

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Legal Debt Margin

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

3. CAPITAL ASSETS

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

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

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

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

3. CAPITAL ASSETS (Continued)

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

Depreciation expense was charged to functions as follows:

Governmental activities:

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

Business-type activities:

Major Funds:

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

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

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

4. PROPERTY TAXES

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

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

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

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

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

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

5. CASH DEPOSITS

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

Reconciliation to Government-wide Statement of Net Assets:

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

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

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

6. INVESTMENTS

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

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

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

Reconciliation to Government-wide Statement of Net Assets:

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

7. LONG-TERM LIABILITIES

(a) Long-Term Liability Activity

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

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

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

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

7. LONG-TERM LIABILITIES (Continued)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Business-type Activities:					
Long-term debt:					
General obligation debt.....	\$ 912,846		\$(127,434)	\$785,402	\$132,991
Total long-term debt	<u>912,846</u>		<u>(127,434)</u>	<u>785,402</u>	<u>132,991</u>
Other long-term liabilities:					
Compensated absences.....	92,589	\$72,524	(68,174)	96,939	15,620
Total other long-term liabilities	<u>92,589</u>	<u>72,524</u>	<u>(68,174)</u>	<u>96,939</u>	<u>15,620</u>
Business-type activities:					
Long-term liabilities.....	<u>\$1,005,435</u>	<u>\$72,524</u>	<u>\$(195,608)</u>	<u>\$882,341</u>	<u>\$148,611</u>

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

(b) Debt Maturity

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

GOVERNMENTAL ACTIVITIES

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

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

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

7. LONG-TERM LIABILITIES (Continued)

BUSINESS-TYPE ACTIVITIES

General Obligation Debt

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>
2005	\$132,991	\$ 38,965
2006	138,872	31,934
2007	145,006	24,542
2008	30,808	16,782
2009	30,808	15,565
2010 - 2014	154,043	58,903
2015 - 2019	152,874	25,719
Total	<u>\$785,402</u>	<u>\$214,410</u>

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

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

7. LONG-TERM LIABILITIES (Continued)

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

	<u>Date of Issue</u>	<u>Amount Issued</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance Outstanding 6/30/03</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance Outstanding 6/30/04</u>
General obligation debt:								
\$7.885M GOB 1998 Series A	12/15/98	\$ 7,885,000	3.7 – 6%	12/15/99 – 18	\$ 6,305,000		\$ 395,000	\$ 5,910,000
Less: Q/D recreation portion of bond					(491,767)		(30,810)	(460,957)
\$3.3M GOB 1998 Series B Refunding Bond	12/15/98	3,300,000	3.0 – 5.5%	7/15/99 – 07	1,445,000		440,000	1,005,000
\$800,000 Bond	12/15/92	800,000	6.3 – 8.5%	12/15/92 – 06	290,000		65,000	225,000
\$5.95 M GOB	5/15/96	5,950,000	5.0 – 6.0%	8/01/97 – 11	3,555,000		395,000	3,160,000
\$1.505 M GOB	6/15/99	1,505,000	4.8 – 7.0%	6/15/00 – 19	1,310,000		55,000	1,255,000
\$33M GOB	12/1/99	33,000,000	5.25 – 5.875%	10/01/01 – 25	30,360,000		1,320,000	29,040,000
\$3.835 M GOB	9/15/00	3,835,000	4.75 – 6.5%	9/15/01 – 20	3,445,000		195,000	3,250,000
\$3.845 M GOB	6/15/01	3,845,000	3.75 – 5.5%	6/15/02 – 16	3,295,000		275,000	3,020,000
\$1.9 M GOB	12/15/01	1,900,000	3.5 – 4.35%	12/15/02 – 11	1,700,000		200,000	1,500,000
Total general obligation debt		62,020,000			51,213,233		3,309,190	47,904,043
Lease payable:								
John Deere Credit	10/20/99	122,545	5.6%	10/20/99 – 03	26,817		26,817	0
Total long-term liabilities ..		\$62,142,545			\$51,240,050	\$0	\$3,336,007	\$47,904,043

Total interest expense paid on general long-term liabilities for the year ended June 30, 2004 was approximately \$2,564,590.

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

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

8. INTERFUND RECEIVABLES AND PAYABLES

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

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

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

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

9. FUND EQUITY

(a) Reserves and Designations

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

General Fund:

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

Special Revenue Fund Types:

Reserved for COPS grant.....	90,000
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Debt Service Fund:

Reserved for debt service.....	1,667,297
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Fiduciary Fund Types:

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

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

(b) Operating Transfers In and Out

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

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

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

10. BONDS AUTHORIZED BUT UNISSUED

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

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

11. DEFINED BENEFIT PENSION PLANS

(a) General Municipal Employees' Pension Plan

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

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

Plan Description

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

Contributions Required and Contributions Made

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

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

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

11. DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

Trend Information

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

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

(b) Police and Fire Pension Plans

Town of North Kingstown Police Pension Fund Plan Description

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

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

Retirees and beneficiaries 19

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

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

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

11. DEFINED BENEFIT PENSION PLANS (Continued)

(b) Police and Fire Pension Plans (Continued)

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

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

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

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

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

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

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

- a) Rate of return on investment of present and future assets
 compounded annually 7.5%
 - b) Projected salary increases attributable to inflation N/A
 - c) Pre and post mortality tables 1994 Group Annuity Mortality Table.
 - d) Assumed retirement age Later of attainment of age 50 or the
 completion of 20 years of service.
 Participants who are past this age are
 assumed to retire immediately.
 - e) Disability N/A
 - f) Cost of living increase None
- No changes in actuarial assumptions have occurred since the prior valuation.

Required Supplementary Information

Three-Year Trend Information

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

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

(CONTINUED)

TOWN OF NORTH KINGSTOWN

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

11. DEFINED BENEFIT PENSION PLANS (Continued)

(b) Police and Fire Pension Plans (Continued)

Municipal Police and Fire Pension Fund Plans

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

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

Basis of Accounting

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

Plan Description

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

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

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

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

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

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

11. DEFINED BENEFIT PENSION PLANS (Continued)

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

Contributions Required and Contributions Made

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

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

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

Trend Information

Municipal Police Pension Plan:

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

Municipal Fire Pension Plan:

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

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

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

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

11. DEFINED BENEFIT PENSION PLANS (Continued)

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

	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	27 years		27 years
Asset Valuation Method	5-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% - 15.5%, compounded annually
Cost-of-living Adjustments	3.0% not compounded		3%, not compounded, beginning on the January 1 following participant's retirement
Inflation Adjustments.....	3.0%		3.0%
Participant Information	Active Employees	354	Active Employees
	Retirees and beneficiaries	<u>126</u>	Retirees and beneficiaries
		<u>480</u>	<u>61</u>
			<u>183</u>

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

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

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

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

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

Plan Description

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

Funding Policy

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

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

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

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

11. DEFINED BENEFIT PENSION PLANS (Continued)

(c) Teacher's Pension Plan (Continued)

Funding Policy (Continued)

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

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

The amounts contributed to the plan are as follows:

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

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

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

12. POST RETIREMENT BENEFITS

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

Police Employees

The Town is obligated to provide health insurance coverage until the retiree reaches age 65, or until the retiree or spouse obtains an alternative health insurance plan.

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

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

12. POST RETIREMENT BENEFITS (Continued)

Other Municipal Employees

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

Fire Department Employees

The Town is obligated to provide health insurance coverage until the retiree reaches age 65, or until the retiree or spouse obtains an alternative health insurance plan.

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

13. COMMUNICATION TOWER RENTALS

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

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

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

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

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

14. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES AND COMMITMENTS

Litigation

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

Commitments

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

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

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

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

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

15. DEFERRED COMPENSATION PLAN

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

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

16. SELF-INSURANCE ACTIVITIES

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

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

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

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

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

16. SELF-INSURANCE ACTIVITIES (Continued)

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

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

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

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

17. RESTATEMENT

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

(CONCLUDED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

REQUIRED SUPPLEMENTARY INFORMATION

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

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

TOWN OF NORTH KINGSTOWN, RHODE ISLAND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS FOR PENSION PLAN
JUNE 30, 2004

	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) Entry Age</u>	<u>AAL (UAAL) Funding Excess (deficit)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>AAL (UAAL) Funding Excess (deficit) as a Percentage of Covered Payroll</u>
General municipal employees pension plan	6/30/01	28,215,457	27,040,314	1,175,143	104.3%	9,099,206	12.9%
	6/30/02	28,506,420	30,754,335	(2,247,915)	92.7%	9,940,187	(22.6%)
	6/30/03	27,651,706	32,946,121	(5,294,415)	83.9%	9,517,449	(55.6%)
Municipal police pension plan	6/30/01	12,445,877	11,800,939	644,938	105.5%	1,922,487	33.5%
	6/30/02	12,568,807	12,913,813	(345,006)	97.3%	1,951,474	(17.7%)
	6/30/03	12,085,034	13,454,686	(1,369,652)	89.8%	2,067,633	(66.2%)
Municipal firemen pension plan	6/30/01	19,930,543	19,787,772	142,771	100.7%	2,687,200	5.3%
	6/30/02	19,873,191	20,244,577	(371,386)	98.2%	3,173,051	(11.7%)
	6/30/03	19,276,926	22,508,273	(3,231,347)	85.6%	3,291,128	(98.2%)

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

TOWN OF NORTH KINGSTOWN

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

General Fund
Year Ended June 30, 2004

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

TOWN OF NORTH KINGSTOWN**Schedule of Revenues and Expenditures (Non-GAAP Budgetary Basis)
Budget and Actual
(Unaudited)****North Kingstown School Department General Fund
Year Ended June 30, 2004**

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

TOWN OF NORTH KINGSTOWN**Schedule of Revenues and Expenditures (Non-GAAP Budgetary Basis)
Budget and Actual
(Unaudited)****Library Fund
Year Ended June 30, 2004**

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

TOWN OF NORTH KINGSTOWN**Schedule of Revenues and Expenditures (Non-GAAP Budgetary Basis)
Budget and Actual
(Unaudited)****Debt Service Fund
Year Ended June 30, 2004**

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

TOWN OF NORTH KINGSTOWN

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

School Capital Reserve Fund

Year Ended June 30, 2004

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

TOWN OF NORTH KINGSTOWN, RHODE ISLAND
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2004

Budgetary to GAAP Basis Reconciliation

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

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

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

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

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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.

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

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

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

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

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

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

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

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

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

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

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

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

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

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS (CONTINUED):

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS (CONTINUED):

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS (CONTINUED):

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

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

DEBT SERVICE FUNDS:

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

CAPITAL PROJECT FUNDS:

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

Capital Reserve – To account for Town capital projects.

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

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

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

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

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

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

(CONTINUED)

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

NON-MAJOR GOVERNMENTAL FUNDS

PERMANENT FUNDS:

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

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

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

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

- Updike
- Gardiner
- Library
- Tennis

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

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

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

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

Elizabeth Miller
William D. Davis

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

(CONCLUDED)

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

	SPECIAL REVENUE FUNDS				
	Beachwood House Senior Center Equipment Escrow	Miscellaneous Federal Grants	State Council on the Arts Grant	Non Civic Detail Escrow Fund	Governor's Justice Commission
ASSETS:					
Cash and cash equivalents	\$ 709		\$ 3,297		\$ 6,191
Due from other governments					
Due from grantor		\$ 236,521			
Due from other funds				\$ 98,818	
Other receivables				\$ 98,818	\$ 6,191
TOTAL ASSETS	\$ 709	\$ 236,521	\$ 3,297	\$ 98,818	\$ 6,191
LIABILITIES:					
Accounts payable			\$ 200		\$ 2,844
Due to other funds		\$ 236,521		\$ 98,818	
Deferred revenue					3,347
TOTAL LIABILITIES	\$ 0	236,521	200	98,818	6,191
FUND BALANCES:					
Capital Projects	709		3,097		-
Special Revenue					
Permanent Fund					
Debt Service					
TOTAL FUND BALANCES	709	0	3,097	0	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 709	\$ 236,521	\$ 3,297	\$ 98,818	\$ 6,191

(CONTINUED)

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

	SPECIAL REVENUE FUNDS					
	Special Purpose Donations	Miscellaneous Senior Citizens Grant	CDBG Grants	Land Dedication Escrow	Fire Alarm Cable	State Elderly Affairs Grant
ASSETS:						
Cash and cash equivalents	\$ 13,220		\$ 24,128	\$ 84,798	\$ 1,509	\$ 1,044
Due from other governments						
Due from grantor			257,718			
Due from other funds			297,661			
Other receivables						
TOTAL ASSETS	\$ 13,220	\$ 0	\$ 579,507	\$ 84,798	\$ 1,509	\$ 1,044
LIABILITIES:						
Accounts payable						\$ 1,044
Due to other funds			\$ 6,205			
Deferred revenue			573,302			
TOTAL LIABILITIES	\$ 0	\$ 0	\$ 579,507	\$ 0	\$ 0	\$ 1,044
FUND BALANCES:						
Capital Projects				84,798	1,509	-
Special Revenue	13,220	-				
Permanent Fund						
Debt Service			0	84,798	1,509	-
TOTAL FUND BALANCES	13,220	-	0	84,798	1,509	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 13,220	\$ 0	\$ 579,507	\$ 84,798	\$ 1,509	\$ 1,044

(CONTINUED)

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

	<u>SPECIAL REVENUE FUNDS</u>				
	<u>State Grants - Police Department</u>	<u>Seized and Forfeited Property Escrow</u>	<u>Local Law Enforcement Block Grant</u>	<u>Groundwater Education Donation</u>	<u>School Department Substance Abuse Donations</u>
ASSETS:					
Cash and cash equivalents	\$ 3,808	\$ 11,391	\$ 15,917	\$ 725	\$ 176
Due from other governments	669				
Due from grantor					
Due from other funds					
Other receivables					
TOTAL ASSETS	<u>\$ 4,477</u>	<u>\$ 11,391</u>	<u>\$ 15,917</u>	<u>\$ 725</u>	<u>\$ 176</u>
LIABILITIES:					
Accounts payable	\$ 153		\$ 13,563		
Due to other funds					
Deferred revenue					
TOTAL LIABILITIES	<u>153</u>	<u>\$ 0</u>	<u>13,563</u>	<u>\$ 0</u>	<u>\$ 0</u>
FUND BALANCES:					
Capital Projects					
Special Revenue	4,324	11,391	2,354	725	176
Permanent Fund					
Debt Service					
TOTAL FUND BALANCES	<u>4,324</u>	<u>11,391</u>	<u>2,354</u>	<u>725</u>	<u>176</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 4,477</u>	<u>\$ 11,391</u>	<u>\$ 15,917</u>	<u>\$ 725</u>	<u>\$ 176</u>

(CONTINUED)

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

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

(CONTINUED)

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

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

(CONTINUED)

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

	SPECIAL REVENUE FUNDS						
	Miscellaneous State Grants	Davisville Library Fund	Champlin Foundation Fund	Library Fund	Willet Library Fund	RI Emergency Management	Miscellaneous Library Donations
ASSETS:							
Cash and cash equivalents	\$ 528,845	\$ -	\$ 8,334	\$ 50	\$ 1,684		\$ 4,722
Due from other governments	50,190						150
Due from grantor						\$ 19,823	
Due from other funds				107,212			
Other receivables							
TOTAL ASSETS	\$ 579,035	\$ -	\$ 8,334	\$ 107,262	\$ 1,684	\$ 19,823	\$ 4,872
LIABILITIES:							
Accounts payable	\$ 14,312			\$ 37,826			\$ 921
Due to other funds					\$ 1,684	\$ 7,969	
Deferred revenue	564,723						
TOTAL LIABILITIES	579,035	\$ 0	\$ 0	37,826	1,684	7,969	921
FUND BALANCES:							
Capital Projects	-	-	8,334	69,436	-	11,854	3,951
Special Revenue							
Permanent Fund							
Debt Service							
TOTAL FUND BALANCES	-	-	8,334	69,436	-	11,854	3,951
TOTAL LIABILITIES AND FUND BALANCES	\$ 579,035	\$ -	\$ 8,334	\$ 107,262	\$ 1,684	\$ 19,823	\$ 4,872

(CONTINUED)

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

	SPECIAL REVENUE FUNDS					
	School Public Law 94-142	School Title I	School Title V	School Title II	Drug Free Schools	School Title II Technology
ASSETS:						
Cash and cash equivalents						
Due from other governments	\$ 136,571	\$ 175,450	\$ 10,990	\$ 61,646	\$ 200	\$ 3,355
Due from grantor						
Due from other funds						
Other receivables	18					
TOTAL ASSETS	\$ 136,589	\$ 175,450	\$ 10,990	\$ 61,646	\$ 200	\$ 3,355
LIABILITIES:						
Accounts payable	\$ 1,274	10,265				
Due to other funds	135,315	\$ 165,185	\$ 10,990	\$ 61,646	\$ 200	\$ 3,355
Deferred revenue						
TOTAL LIABILITIES	136,589	175,450	10,990	61,646	200	3,355
FUND BALANCES:						
Capital Projects						
Special Revenue						
Permanent Fund						
Debt Service						
TOTAL FUND BALANCES	0	0	0	0	0	0
TOTAL LIABILITIES AND FUND BALANCES	\$ 136,589	\$ 175,450	\$ 10,990	\$ 61,646	\$ 200	\$ 3,355

(CONTINUED)

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

	SPECIAL REVENUE FUNDS				
	School Preschool Services	School Department of Health	School Innovative NEA Science	School Davisville Family Center	School Child Opportunity Zone Family Center
ASSETS:					
Cash and cash equivalents					
Due from other governments	\$ 208			\$ 46,774	\$ 5,449
Due from grantor		\$ 17,695			
Due from other funds					
Other receivables					
TOTAL ASSETS	\$ 208	\$ 17,695	\$ -	\$ 46,774	\$ 5,449
LIABILITIES:					
Accounts payable		\$ 6,079		\$ 5,220	\$ 1,795
Due to other funds	\$ 208	11,616		41,554	3,654
Deferred revenue					
TOTAL LIABILITIES	208	17,695	-	46,774	5,449
FUND BALANCES:					
Capital Projects					
Special Revenue					
Permanent Fund					
Debt Service					
TOTAL FUND BALANCES	0	0	0	0	0
TOTAL LIABILITIES AND FUND BALANCES	\$ 208	\$ 17,695	\$ -	\$ 46,774	\$ 5,449

(CONTINUED)

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

	SPECIAL REVENUE FUNDS				
	School Parent Information Network II	School Substance Abuse	School Literacy Set-Aside	School Even Start Family Literacy	School CDBG
ASSETS:					
Cash and cash equivalents		\$ 1,411	\$ 2,026		
Due from other governments				\$ 14,217	
Due from grantor					
Due from other funds					
Other receivables					
TOTAL ASSETS	\$ 0	\$ 1,411	\$ 2,026	\$ 14,217	\$ -
LIABILITIES:					
Accounts payable		\$ 1,411		\$ 2,015	
Due to other funds				12,202	
Deferred revenue					
TOTAL LIABILITIES	\$ 0	\$ 1,411	\$ 0	\$ 14,217	\$ -
FUND BALANCES:					
Capital Projects			2,026		
Special Revenue					
Permanent Fund					
Debt Service					
TOTAL FUND BALANCES	0	0	2,026	0	0
TOTAL LIABILITIES AND FUND BALANCES	\$ 0	\$ 1,411	\$ 2,026	\$ 14,217	\$ -

(CONTINUED)

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

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

(CONTINUED)

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

	SPECIAL REVENUE FUNDS					
	School Sports Camp	LCI Enhancing Education Through Technology	SAELP Demonstration Site	DMS Chesapeake Bay Program	RI Parent Info Network	Debt Service Fund
ASSETS:						
Cash and cash equivalents	\$ 34,553					
Due from other governments		\$ 3,101			\$ 2,626	
Due from grantor						\$ 1,667,297
Due from other funds						
Other receivables						
TOTAL ASSETS	\$ 34,553	\$ 3,101	\$ -	\$ -	\$ 2,626	\$ 1,667,297
LIABILITIES:						
Accounts payable	\$ 268	\$ 3,101			2,626	
Due to other funds						
Deferred revenue						
TOTAL LIABILITIES	268	3,101	-	-	2,626	\$ 0
FUND BALANCES:						
Capital Projects						
Special Revenue	34,285					
Permanent Fund						1,667,297
Debt Service						-
TOTAL FUND BALANCES	34,285	-	-	-	-	1,667,297
TOTAL LIABILITIES AND FUND BALANCES	\$ 34,553	\$ 3,101	\$ -	\$ -	\$ 2,626	\$ 1,667,297

(CONTINUED)

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

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

(CONTINUED)

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

SPECIAL REVENUE FUNDS

	Senior Citizens Center	Senior Citizens Bus Gasoline Escrow	Arts Council	Senior Outreach Escrow	Project Dare	Leisure Services Brochure
ASSETS:						
Cash and cash equivalents	\$ 15,569	\$ 61	\$ 7,699	\$ 1,117	\$ 3,430	\$ 900
Due from other governments						
Due from grantor						
Due from other funds						
Other receivables	10					
TOTAL ASSETS	\$ 15,579	\$ 61	\$ 7,699	\$ 1,117	\$ 3,430	\$ 900
LIABILITIES:						
Accounts payable	\$ 1,644		\$ 1,960	41		
Due to other funds						
Deferred revenue						
TOTAL LIABILITIES	\$ 1,644	\$ 0	\$ 1,960	\$ 41	\$ 0	\$ 0
FUND BALANCES:						
Capital Projects						
Special Revenue	13,935	61	5,739	1,076	3,430	900
Permanent Fund						
Debt Service						
TOTAL FUND BALANCES	13,935	61	5,739	1,076	3,430	900
TOTAL LIABILITIES AND FUND BALANCES	\$ 15,579	\$ 61	\$ 7,699	\$ 1,117	\$ 3,430	\$ 900

(CONTINUED)

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

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

(CONTINUED)

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

	CAPITAL PROJECT FUNDS			PERMANENT FUNDS		
	High School Bond Fund	Capital Reserve	School Capital Reserve Fund	Tri-Centennial Park	400th Anniversary	Henry Reynolds Indigent Care
ASSETS:						
Cash and cash equivalents	\$ 1,878	\$ 1,741,847	\$ 2,972	\$ 6,007	\$ 3,144	\$ 17,395
Due from other governments						
Due from grantor			432,792			
Due from other funds						
Other receivables						
TOTAL ASSETS	\$ 1,878	\$ 1,741,847	\$ 435,764	\$ 6,007	\$ 3,144	\$ 17,395
LIABILITIES:						
Accounts payable		1,616				
Due to other funds						
Deferred revenue						
TOTAL LIABILITIES	\$ 0	1,616	-	\$ 0	\$ 0	\$ 0
FUND BALANCES:						
Capital Projects	1,878	1,740,231	435,764			
Special Revenue				6,007	3,144	17,395
Permanent Fund						
Debt Service						
TOTAL FUND BALANCES	1,878	1,740,231	435,764	6,007	3,144	17,395
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,878	\$ 1,741,847	\$ 435,764	\$ 6,007	\$ 3,144	\$ 17,395

(CONTINUED)

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

	PERMANENT FUNDS					
	School Updike Fund	School Gardiner Fund	School Library Fund	School Tennis Fund	Henry Reynolds Outside Poor Fund	Veterans Memorial Scholarship
ASSETS:						
Cash and cash equivalents	\$ 3,783	\$ 4,833	\$ 8,220	\$ 261	\$ 2,147	\$ 6,826
Due from other governments						
Due from grantor						
Due from other funds						
Other receivables						
TOTAL ASSETS	\$ 3,783	\$ 4,833	\$ 8,220	\$ 261	\$ 2,147	\$ 6,826
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	3,783	4,833	8,220	261	2,147	6,826
Debt Service						
TOTAL FUND BALANCES	3,783	4,833	8,220	261	2,147	6,826
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,783	\$ 4,833	\$ 8,220	\$ 261	\$ 2,147	\$ 6,826

(CONTINUED)

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

PERMANENT FUNDS						
	William D. Davis Library Fund	John J. Spink Outside Poor Fund	John B. Spink Outside Poor Fund	Thomas Casey Outside Poor Fund	Elizabeth Miller Library Fund	Grand Totals
ASSETS:						
Cash and cash equivalents	\$ 5,007	\$ 20,704	\$ 5,176	\$ 2,148	\$ 2,003	\$ 5,992,039
Due from other governments						519,221
Due from grantor						531,757
Due from other funds						2,207,301
Other receivables						396,507
TOTAL ASSETS	\$ 5,007	\$ 20,704	\$ 5,176	\$ 2,148	\$ 2,003	\$ 9,646,825
LIABILITIES:						
Accounts payable						\$ 156,754
Due to other funds						851,214
Deferred revenue						1,144,566
TOTAL LIABILITIES	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	2,152,534
FUND BALANCES:						
Capital Projects						3,136,510
Special Revenue						2,602,830
Permanent Fund	5,007	20,704	5,176	2,148	2,003	87,654
Debt Service						1,667,297
TOTAL FUND BALANCES	5,007	20,704	5,176	2,148	2,003	7,494,291
TOTAL LIABILITIES AND FUND BALANCES	\$ 5,007	\$ 20,704	\$ 5,176	\$ 2,148	\$ 2,003	\$ 9,646,825

(CONCLUDED)

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

	SPECIAL REVENUE FUNDS				
	Beachwood House Senior Center Equipment Escrow	Miscellaneous Federal Grants	State Council on the Arts Grant	Non Civic Detail Escrow Fund	Governor's Justice Commission
REVENUES:					
Interest and investment income					
Intergovernmental		\$ 348,128			\$ 36,663
Other			\$ 6,650	\$ 354,284	
TOTAL REVENUES	\$ 0	348,128	6,650	354,284	36,663
EXPENDITURES:					
General government			6,450	354,284	42,817
Public safety					
Public works		196,516			
Per trust agreements					
Education					
Human resources		151,612			
Capital and special appropriations					
Debt service:					
Debt principal					
Debt interest					
TOTAL EXPENDITURES	0	348,128	6,450	354,284	42,817
Excess of revenues over expenditures before transfers	0	0	200	0	(6,154)
OTHER FINANCING SOURCES (USES):					
Transfers in					
Transfers out					
TOTAL OTHER FINANCING SOURCES (USES)	0	0	0	0	0
Excess of revenues and expenditures	0	0	200	0	(6,154)
Fund balance, beginning of year	709		2,897	0	6,154
Fund balance, end of year	\$ 709	\$ 0	\$ 3,097	\$ 0	\$ -

(CONTINUED)

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

SPECIAL REVENUE FUNDS						
	Special Purpose Donations	Miscellaneous Senior Citizens Grant	CDBG Grants	Land Dedication Escrow	Fire Alarm Cable	State Elderly Affairs Grant
REVENUES:						
Interest and investment income				\$ 1,414		\$ 21,600
Intergovernmental			\$ 227,933			
Other	\$ 12,535	\$ 2,400				
TOTAL REVENUES	12,535	2,400	227,933	1,414	\$ 0	21,600
EXPENDITURES:						
General government		3,050	227,933	2,672		
Public safety	6,502					
Public works						
Per trust agreements						
Education						24,573
Human resources						
Capital and special appropriations						
Debt service:						
Debt principal						
Debt interest						
TOTAL EXPENDITURES	6,502	3,050	227,933	2,672	-	24,573
Excess of revenues over expenditures before transfers	6,033	(650)	0	(1,258)	-	(2,973)
OTHER FINANCING SOURCES (USES):						
Transfers in						
Transfers out						
TOTAL OTHER FINANCING SOURCES (USES)	0	0	0	0	0	0
Excess of revenues and expenditures	6,033	(650)	0	(1,258)	-	(2,973)
Fund balance, beginning of year	7,187	650		86,056	1,509	2,973
Fund balance, end of year	\$ 13,220	\$ -	\$ 0	\$ 84,798	\$ 1,509	\$ -

(CONTINUED)

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

	SPECIAL REVENUE FUNDS				
	State Grants - Police Department	Seized and Forfeited Property Escrow	Local Law Enforcement Block Grant	Groundwater Education Donation	School Department Substance Abuse Donations
REVENUES:					
Interest and investment income					
Intergovernmental	\$ 17,535		\$ 3,836		
Other		\$ 15,623			
TOTAL REVENUES	<u>17,535</u>	<u>15,623</u>	<u>3,836</u>	<u>\$ 0</u>	<u>\$ 0</u>
EXPENDITURES:					
General government		5,383		55	
Public safety					
Public works					
Per trust agreements					0
Education					
Human resources	14,650		12,558		
Capital and special appropriations					
Debt service:					
Debt principal					
Debt interest					
TOTAL EXPENDITURES	<u>14,650</u>	<u>5,383</u>	<u>12,558</u>	<u>55</u>	<u>0</u>
Excess of revenues over expenditures before transfers	2,885	10,240	(8,722)	(55)	0
OTHER FINANCING SOURCES (USES):					
Transfers in					
Transfers out					
TOTAL OTHER FINANCING SOURCES (USES)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of revenues and expenditures	2,885	10,240	(8,722)	(55)	0
Fund balance, beginning of year	1,439	1,151	11,076	780	176
Fund balance, end of year	<u>\$ 4,324</u>	<u>\$ 11,391</u>	<u>\$ 2,354</u>	<u>\$ 725</u>	<u>\$ 176</u>

(CONTINUED)

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

	SPECIAL REVENUE FUNDS					
	Infrastructure Replacement	URI Septic Loan Program	Community Center Maintenance	Heritage Committee	Senior Center Legislative Grant	Impact Fees
REVENUES:						
Interest and investment income	\$ 1,040	\$ 3,868				\$ 2,874
Intergovernmental						299,982
Other	30,833					302,856
TOTAL REVENUES	31,873	3,868	\$ 0	\$ 0	\$ 0	302,856
EXPENDITURES:						
General government		37,500			581	
Public safety						
Public works						
Per trust agreements						
Education						
Human resources						
Capital and special appropriations						
Debt service:						
Debt principal						
Debt interest						
TOTAL EXPENDITURES	0	\$ 37,500	-	0	581	0
Excess of revenues over expenditures before transfers	31,873	(33,632)	-	0	(581)	302,856
OTHER FINANCING SOURCES (USES):						
Transfers in						(378,682)
Transfers out						(378,682)
TOTAL OTHER FINANCING SOURCES (USES)	0	0	0	0	0	(75,826)
Excess of revenues and expenditures	31,873	(33,632)	-	0	(581)	(75,826)
Fund balance, beginning of year	38,771	255,684	-	-	581	378,682
Fund balance, end of year	\$ 70,644	\$ 222,052	\$ 0	\$ 0	\$ -	\$ 302,856

(CONTINUED)

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

	SPECIAL REVENUE FUNDS					
	Emergency Medical Services	Welfare Emergency Fund	RIDEM Potowomut Pond Clean-up	Fire Department Legislative Grant	Tax Revaluation Reserve Fund	Miscellaneous State Water Department Grants
REVENUES:						
Interest and investment income	\$ 2,224					
Intergovernmental						
Other	386,390			\$ 2,000	\$ 2,063	
TOTAL REVENUES	<u>388,614</u>	\$ 0	\$ 0	<u>2,000</u>	<u>2,063</u>	\$ 0
EXPENDITURES:						
General government	130,609	300			203,058	
Public safety						
Public works						
Per trust agreements						
Education						
Human resources						
Capital and special appropriations						
Debt service:						
Debt principal						
Debt interest						
TOTAL EXPENDITURES	<u>130,609</u>	<u>300</u>	<u>0</u>	<u>0</u>	<u>203,058</u>	<u>0</u>
Excess of revenues over expenditures before transfers	258,005	(300)	0	2,000	(200,995)	0
OTHER FINANCING SOURCES (USES):						
Transfers in						
Transfers out	(261,021)					
TOTAL OTHER FINANCING SOURCES (USES)	<u>(261,021)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of revenues and expenditures	(3,016)	(300)	0	2,000	(200,995)	0
Fund balance, beginning of year	-	300	4,500	\$ 9,500	212,076	
Fund balance, end of year	<u>\$ (3,016)</u>	<u>\$ -</u>	<u>\$ 4,500</u>	<u>\$ 11,500</u>	<u>\$ 11,081</u>	<u>\$ 0</u>

(CONTINUED)

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

SPECIAL REVENUE FUNDS							
	Miscellaneous State Grants	Davisville Library Fund	Champlin Foundation Fund	Library Fund	Willet Library Fund	RI Emergency Management	Miscellaneous Library Donations
REVENUES:			\$ 192				\$ 77
Interest and investment income							
Intergovernmental	\$ 196,860			\$ 240,039	\$ 16,080	\$ 36,623	1,385
Other		\$ 12,060	14,667				1,462
TOTAL REVENUES	196,860	12,060	14,859	240,039	16,080	36,623	
EXPENDITURES:							
General government		16,034	20,387	1,136,292	16,696		2,727
Public safety							
Public works	196,860						
Per trust agreements							
Education						24,769	
Human resources							
Capital and special appropriations							
Debt service:							
Debt principal							
Debt interest							
TOTAL EXPENDITURES	196,860	16,034	20,387	1,136,292	16,696	24,769	2,727
Excess of revenues over expenditures before transfers	-	(3,974)	(5,528)	(896,253)	(616)	11,854	(1,265)
OTHER FINANCING SOURCES (USES):							
Transfers in				908,888			
Transfers out				(17,993)			
TOTAL OTHER FINANCING SOURCES (USES)	0	0	0	890,895	0	0	0
Excess of revenues and expenditures	-	(3,974)	(5,528)	(5,358)	(616)	11,854	(1,265)
Fund balance, beginning of year	-	3,974	13,862	74,794	616	-	5,216
Fund balance, end of year	\$ -	\$ -	\$ 8,334	\$ 69,436	\$ -	\$ 11,854	\$ 3,951

(CONTINUED)

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

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

(CONTINUED)

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

	SPECIAL REVENUE FUNDS				
	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	\$ 9,369	\$ 44,984	\$ 776	\$ 53,669	\$ 24,629
Other					
TOTAL REVENUES	<u>9,369</u>	<u>44,984</u>	<u>776</u>	<u>53,669</u>	<u>24,629</u>
EXPENDITURES:					
General government					
Public safety					
Public works					
Per trust agreements					
Education	9,369	44,984	776	53,669	24,629
Human resources					
Capital and special appropriations					
Debt service:					
Debt principal					
Debt interest					
TOTAL EXPENDITURES	<u>9,369</u>	<u>44,984</u>	<u>776</u>	<u>53,669</u>	<u>24,629</u>
Excess of revenues over expenditures before transfers	0	0	0	0	0
OTHER FINANCING SOURCES (USES):					
Transfers in					
Transfers out					
TOTAL OTHER FINANCING SOURCES (USES)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of revenues and expenditures	0	-	0	0	0
Fund balance, beginning of year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund balance, end of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

(CONTINUED)

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

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

(CONTINUED)

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

	SPECIAL REVENUE FUNDS			
	School COZ Miscellaneous Donations	School Support System IDEA	School Adult Education Fund	School Summer School Fund
REVENUES:				
Interest and investment income				
Intergovernmental	\$ 108	\$ 11,800		
Other			\$ 22,271	\$ 28,740
TOTAL REVENUES	108	11,800	22,271	28,740
EXPENDITURES:				
General government				
Public safety				
Public works				
Per trust agreements				
Education	108	11,800	28,573	23,628
Human resources				
Capital and special appropriations				
Debt service:				
Debt principal				
Debt interest				
TOTAL EXPENDITURES	108	11,800	28,573	23,628
Excess of revenues over expenditures before transfers	0	0	(6,302)	5,112
OTHER FINANCING SOURCES (USES):				
Transfers in				
Transfers out				
TOTAL OTHER FINANCING SOURCES (USES)	0	0	0	0
Excess of revenues and expenditures	0	0	(6,302)	5,112
Fund balance, beginning of year	0	0	7,005	17,424
Fund balance, end of year	\$ 0	\$ 0	\$ 703	\$ 22,536

(CONTINUED)

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

	SPECIAL REVENUE FUNDS					
	School Sports Camp	LCI Enhancing Education through Technology	SAELP Demonstration Site	DMS Chesapeake Bay Program	RI Parent Info Network	Debt Service Fund
REVENUES:						
Interest and investment income						\$ 30
Intergovernmental						1,668,466
Other	\$ 52,958	\$ 3,101	\$ 10,000	\$ 8,765	\$ 4,398	
TOTAL REVENUES	<u>52,958</u>	<u>3,101</u>	<u>10,000</u>	<u>8,765</u>	<u>4,398</u>	<u>1,668,496</u>
EXPENDITURES:						
General government						
Public safety						
Public works						
Per trust agreements						
Education	59,968	3,101	10,000	8,765	4,398	
Human resources						
Capital and special appropriations						
Debt service:						
Debt principal						3,309,190
Debt interest						2,564,086
TOTAL EXPENDITURES	<u>59,968</u>	<u>3,101</u>	<u>10,000</u>	<u>8,765</u>	<u>4,398</u>	<u>5,873,276</u>
Excess of revenues over expenditures before transfers	(7,010)	-	-	-	-	(4,204,780)
OTHER FINANCING SOURCES (USES):						
Transfers in						4,426,154
Transfers out						
TOTAL OTHER FINANCING SOURCES (USES)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,426,154</u>
Excess of revenues and expenditures	(7,010)	-	-	-	-	221,374
Fund balance, beginning of year	41,295	0	0	0	0	1,445,923
Fund balance, end of year	<u>\$ 34,285</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>\$ 1,667,297</u>

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

	SPECIAL REVENUE FUNDS					
	Wilson Park	Retirement Allowance Reserve Fund	Health Insurance Reserve	Ann Ward Wallou Memorial Garden	Surplus Property Escrow	Old Library Park
REVENUES:						
Interest and investment income	\$ 23	\$ 15,742	\$ 8,667	\$ 44		\$ 332
Intergovernmental						960
Other						1,292
TOTAL REVENUES	<u>23</u>	<u>15,742</u>	<u>8,667</u>	<u>44</u>	<u>\$ 0</u>	<u>1,292</u>
EXPENDITURES:						
General government						3,029
Public safety						
Public works				755		
Per trust agreements		195,790				
Education						
Human resources						
Capital and special appropriations						
Debt service:						
Debt principal						
Debt interest						
TOTAL EXPENDITURES	<u>0</u>	<u>195,790</u>	<u>0</u>	<u>755</u>	<u>0</u>	<u>3,029</u>
Excess of revenues over expenditures before transfers	23	(180,048)	8,667	(711)	0	(1,737)
OTHER FINANCING SOURCES (USES):						
Transfers in		186,993	117,500			
Transfers out						0
TOTAL OTHER FINANCING SOURCES (USES)	<u>0</u>	<u>186,993</u>	<u>117,500</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of revenues and expenditures	23	6,945	126,167	(711)	0	(1,737)
Fund balance, beginning of year	3,878	932,530	524,687	3,101	11,359	21,161
Fund balance, end of year	<u>\$ 3,901</u>	<u>\$ 939,475</u>	<u>\$ 650,854</u>	<u>\$ 2,390</u>	<u>\$ 11,359</u>	<u>\$ 19,424</u>

(CONTINUED)

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

	SPECIAL REVENUE FUNDS					
	Senior Citizens Center	Senior Citizens Bus Gasoline Escrow	Arts Council	Senior Outreach Escrow	Project Dare	Leisure Services Brochure
REVENUES:						
Interest and investment income						
Intergovernmental						
Other	\$ 60,052		\$ 13,586	\$ 660		
TOTAL REVENUES	<u>60,052</u>	<u>\$ 0</u>	<u>13,586</u>	<u>660</u>	<u>\$ 0</u>	<u>0</u>
EXPENDITURES:						
General government	61,273		9,002	41	196	
Public safety						
Public works						
Per trust agreements						
Education						
Human resources						
Capital and special appropriations						
Debt service:						
Debt principal						
Debt interest						
TOTAL EXPENDITURES	<u>61,273</u>	<u>0</u>	<u>9,002</u>	<u>41</u>	<u>196</u>	<u>0</u>
Excess of revenues over expenditures before transfers	(1,221)	0	4,584	619	(196)	0
OTHER FINANCING SOURCES (USES):						
Transfers in						
Transfers out						
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	(1,221)	0	4,584	619	(196)	0
Fund balance, beginning of year	15,156	61	1,155	457	3,626	900
Fund balance, end of year	<u>\$ 13,935</u>	<u>\$ 61</u>	<u>\$ 5,739</u>	<u>\$ 1,076</u>	<u>\$ 3,430</u>	<u>\$ 900</u>

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

	SPECIAL REVENUE FUNDS		CAPITAL PROJECT FUNDS			
	Recreation Escrow	Parade Committee	6.5 School Additions Bond	6M Public Facilities Plan Bond	Farmland & Open Space Reserve	2.3M Athletic Facilities Bond Fund
REVENUES:						
Interest and investment income				\$ 10,292	\$ 13,754	\$ 2,802
Intergovernmental					398,056	
Other	\$ 125,220	\$ 498	\$ 0	10,292	411,810	2,802
TOTAL REVENUES	125,220	498	0	10,292	411,810	2,802
EXPENDITURES:						
General government	116,785					
Public safety						
Public works						
Per trust agreements						
Education						
Human resources			11,903	152,354	1,160,007	190,404
Capital and special appropriations						
Debt service:						
Debt principal						
Debt interest						
TOTAL EXPENDITURES	116,785	0	11,903	152,354	1,160,007	190,404
Excess of revenues over expenditures before transfers	8,435	498	(11,903)	(142,062)	(748,197)	(187,602)
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	8,435	498	(11,903)	(142,062)	(748,197)	(187,602)
Fund balance, beginning of year	46,308	0	16,503	660,340	1,087,367	284,191
Fund balance, end of year	\$ 54,743	\$ 498	\$ 4,600	\$ 518,278	\$ 339,170	\$ 96,589

(CONTINUED)

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

	CAPITAL PROJECT FUNDS			PERMANENT FUNDS		
	High School Bond Fund	Capital Reserve	School Capital Reserve Fund	Tri-Centennial Park	400th Anniversary	Henry Reynolds Indigent Care
REVENUES:						
Interest and investment income		\$ 22,728	\$ 192	\$ 35	\$ 52	\$ 323
Intergovernmental						
Other						
TOTAL REVENUES	\$ 0	22,728	192	35	52	323
EXPENDITURES:						
General government						
Public safety						
Public works						
Per trust agreements						2,410
Education						
Human resources						
Capital and special appropriations		41,058				
Debt service:						
Debt principal						
Debt interest						
TOTAL EXPENDITURES	-	41,058	0	0	0	2,410
Excess of revenues over expenditures before transfers	-	(18,330)	192	35	52	(2,087)
OTHER FINANCING SOURCES (USES):						
Transfers in		320,000	500,000			
Transfers out			(988,040)			
TOTAL OTHER FINANCING SOURCES (USES)	0	320,000	(488,040)	0	0	0
Excess of revenues and expenditures	-	301,670	(487,848)	35	52	(2,087)
Fund balance, beginning of year	1,878	1,438,561	923,612	5,972	3,092	19,482
Fund balance, end of year	\$ 1,878	\$ 1,740,231	\$ 435,764	\$ 6,007	\$ 3,144	\$ 17,395

(CONTINUED)

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

	PERMANENT FUNDS					
	School Updike Fund	School Gardiner Fund	School Library Fund	School Tennis Fund	Henry Reynolds Outside Poor Fund	Veterans Memorial Scholarship
REVENUES:						
Interest and investment income	\$ 9	\$ 24	\$ 9		\$ 12	\$ 108
Intergovernmental						
Other						
TOTAL REVENUES	9	24	9	\$ 0	12	108
EXPENDITURES:						
General government						
Public safety						
Public works						147
Per trust agreements		4,965				
Education						
Human resources						
Capital and special appropriations						
Debt service:						
Debt principal						
Debt interest						147
TOTAL EXPENDITURES	0	4,965	0	0	0	147
Excess of revenues over expenditures before transfers	9	(4,941)	9	0	12	(39)
OTHER FINANCING SOURCES (USES):						
Transfers in						
Transfers out						
TOTAL OTHER FINANCING SOURCES (USES)	0	-	0	0	0	0
Excess of revenues and expenditures	9	(4,941)	9	0	12	(39)
Fund balance, beginning of year	3,774	9,774	8,211	261	2,135	6,865
Fund balance, end of year	\$ 3,783	\$ 4,833	\$ 8,220	\$ 261	\$ 2,147	\$ 6,826

(CONTINUED)

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

	PERMANENT FUNDS						
	William D. Davis Library Fund	John J. Spink Outside Poor Fund	John B. Spink Outside Poor Fund	Thomas Casey Outside Poor Fund	Elizabeth Miller Library Fund		Grand Totals
REVENUES:							
Interest and investment income	\$ 29	\$ 120	\$ 30	\$ 13	\$ 12	\$	87,071
Intergovernmental							4,786,785
Other							2,087,748
TOTAL REVENUES	<u>29</u>	<u>120</u>	<u>30</u>	<u>13</u>	<u>12</u>		<u>6,961,604</u>
EXPENDITURES:							
General government							2,397,154
Public safety							6,502
Public works							393,376
Per trust agreements	30				12		204,109
Education							2,327,040
Human resources							228,162
Capital and special appropriations							1,555,726
Debt service:							-
Debt principal							3,309,190
Debt interest							2,564,086
TOTAL EXPENDITURES	<u>30</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>12</u>		<u>12,985,345</u>
Excess of revenues over expenditures before transfers	(1)	120	30	13	-		(6,023,741)
OTHER FINANCING SOURCES (USES):							
Transfers in							6,459,535
Transfers out							(1,645,736)
TOTAL OTHER FINANCING SOURCES (USES)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>		<u>4,813,799</u>
Excess of revenues and expenditures	(1)	120	30	13	-		(1,209,942)
Fund balance, beginning of year	5,008	20,584	5,146	2,135	2,003		8,704,233
Fund balance, end of year	<u>\$ 5,007</u>	<u>\$ 20,704</u>	<u>\$ 5,176</u>	<u>\$ 2,148</u>	<u>\$ 2,003</u>	<u>\$</u>	<u>7,494,291</u>

(CONCLUDED)

TOWN OF NORTH KINGSTOWN
NON-MAJOR ENTERPRISE FUNDS

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

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

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

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

PRIVATE PURPOSE TRUST FUNDS

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

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

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

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

Lawton	E. Rogers/C. Levalley
Weeks	Cogan
Jones	

TOWN OF NORTH KINGSTOWN

H-1

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

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

(CONTINUED)

TOWN OF NORTH KINGSTOWN

H-1

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

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

(CONTINUED)

TOWN OF NORTH KINGSTOWN

H-1

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

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

(CONCLUDED)

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

H-2

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

(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						Burial Totals
	B.H. Davis	Udike	Mary Carpenter	Smith- Lawton	Old Baptist Cemetery	Smith	
ADDITIONS:							
Investment income	\$ 3	\$ 9	\$ 6	\$ 27	\$ 4	\$ 6	\$ 114
	3	9	6	27	4	6	114
DEDUCTIONS:							
Operating expense per trust agreement	3		7	27	4	7	61
	3	0	7	27	4	7	61
CHANGE IN NET ASSETS	0	9	(1)	0	0	(1)	53
Net Assets, beginning	501	1,548	1,002	4,607	701	1,002	19,252
Net Assets, ending	\$ 501	\$ 1,557	\$ 1,001	\$ 4,607	\$ 701	\$ 1,001	\$ 19,305

(CONTINUED)

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

H-2

	Probate Funds					Probate Totals	GRAND TOTALS
	Lawton	Weeks	E.Rogers/ C. Levalley	Cogan	Jones		
ADDITIONS:							
Investment income	\$ 48	\$ 37	\$ 19	\$ 9	\$ 200	\$ 313	\$ 427
	48	37	19	9	200	313	427
DEDUCTIONS:							
Operating expense per trust agreement							61
	0	0	0	0	0	0	61
CHANGE IN NET ASSETS	48	37	19	9	200	313	366
Net Assets, beginning	8,128	2,240	1,149	520	0	12,037	31,289
Net Assets, ending	\$ 8,176	\$ 2,277	\$ 1,168	\$ 529	\$ 200	\$ 12,350	\$ 31,655

(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.

TOWN OF NORTH KINGSTOWN

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

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

(CONTINUED)

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

DEVELOPER SURETY ESCROW**ASSETS**

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

LIABILITIES

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

TOTAL - ALL AGENCY FUNDS**ASSETS**

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

LIABILITIES

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

(CONCLUDED)

THE TOWN OF
NORTH KINGSTOWN, RHODE ISLAND

STATISTICAL SECTION

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TABLE 1

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

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

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

(CONTINUED)

TABLE 1

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

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

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

(CONCLUDED)

TABLE 2

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

	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Taxes	\$ 53,805,401	\$ 51,272,225	\$ 48,570,277	\$ 44,883,156	\$ 42,758,479
Intergovernmental revenues	21,434,885	20,293,410	17,772,102	16,835,239	14,836,130
Other	7,339,174	6,090,423	4,605,216	6,496,096	5,142,352
TOTAL	\$ 82,579,460	\$ 77,656,058	\$ 70,947,595	\$ 68,214,491	\$ 62,736,961

	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>
Taxes	\$ 40,769,858	\$ 37,770,965	\$ 34,807,161	\$ 33,050,988	\$ 31,741,576
Intergovernmental revenues	14,174,653	13,214,911	12,408,786	12,780,087	11,005,370
Other	5,664,831	3,476,097	2,646,575	2,948,771	2,352,633
TOTAL	\$ 60,609,342	\$ 54,461,973	\$ 49,862,522	\$ 48,779,846	\$ 45,099,579

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

TABLE 3

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

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

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

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

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

TABLE 5**TOWN OF NORTH KINGSTOWN****PROPERTY TAX RATES
(PER \$1,000 OF ASSESSED VALUE)
"UNAUDITED"****LAST TEN FISCAL YEARS**

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

TOWN OF NORTH KINGSTOWN

WATER ASSESSMENTS

LAST TEN FISCAL YEARS

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

(1) No receivables are deemed to be uncollectible.

TOWN OF NORTH KINGSTOWN

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

LAST TEN FISCAL YEARS

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

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

(2) Net taxable assessed value.

TOWN OF NORTH KINGSTOWNCOMPUTATION OF LEGAL DEBT MARGIN
"UNAUDITED"

JUNE 30, 2004

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

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

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

TOWN OF NORTH KINGSTOWN

COMPUTATION OF OVERLAPPING DEBT

JUNE 30, 2004

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

TOWN OF NORTH KINGSTOWN

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
GENERAL BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES**

LAST TEN FISCAL YEARS

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

TOWN OF NORTH KINGSTOWN

**REVENUE BOND COVERAGE
WATER BONDS**

LAST TEN FISCAL YEARS

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

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

(2) Total expenses exclusive of bond interest.

TABLE 12

TOWN OF NORTH KINGSTOWN

**DEMOGRAPHIC STATISTICS
"UNAUDITED"**

LAST TEN FISCAL YEARS

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

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

(2) Rhode Island Department of Labor and Training

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

TABLE 13

TOWN OF NORTH KINGSTOWN
PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS
"UNAUDITED"
LAST TEN FISCAL YEARS

Fiscal Year	<u>Residential Construction (2)</u>		<u>Commercial Construction (2)</u>		Bank Deposits	<u>Property Value (3)</u>			Total
	Number of Units	Value	Number of Units	Value		Taxable			
						Commercial	Residential	Nontaxable	
1995	138	13,967,813	4	943,000	N/A	168,446,300	1,179,708,600	310,431,000	1,658,585,900
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
1997	147	15,493,941	2	187,285	N/A	173,329,550	1,227,919,150	339,744,000	1,740,992,700
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
1999	134	14,771,530	7	1,676,150	N/A	207,092,900	1,262,944,900	324,483,200	1,794,521,000
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
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
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
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
2004	71	9,275,125	9	27,339,551	N/A	300,609,000	1,710,898,975	346,657,400	2,358,165,375

- (1) Includes aggregate bank deposits of the State of Rhode Island for State Chartered Banks Only. Information relating to the Town of North Kingstown only is not available.
- (2) Information obtained from Building Official.
- (3) Information obtained from Tax Assessor.

TABLE 14

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

JUNE 30, 2004

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

Taxed Under Pilot agreements not part of assessed valuation:

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

TABLE 15

THE TOWN OF NORTH KINGSTOWN

PRINCIPAL EMPLOYERS
"UNAUDITED"

June 30, 2004

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

TOWN OF NORTH KINGSTOWN

USE OF TAX REVENUE

LAST TEN FISCAL YEARS

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

TABLE 17

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

JUNE 30, 2004

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

(CONTINUED)

TABLE 17

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

JUNE 30, 2004

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

(CONTINUED)

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

JUNE 30, 2004

Schools:	
High	1
Middle	2
Elementary	<u>7</u>
Total Schools	<u>10</u>
Students:*	
Kindergarten/Pre-one	293
Elementary (1-5)	1,746
Middle (6-9)	1,076
High (9-12)	1,425
Special Education Program	123
Sub total in our Schools	4,663
Resident Pupils Sent out	66
Total Students	<u>4,429</u>
Personnel:**	
Administrative, Certified	20
Non Certified	16.5
Classroom Teachers	383.6
Aides	116
Lunch workers, bus drivers	53
Clerical	38
Operation and Maintenance	47.5

*Enrolment as of June 2004

**Totals as of June measured in FTE

Municipal Buildings: (Excluding library, Fire, Police, Education)

Town Hall	35 West Main Street
Town Hall Annex	Highway Garage- 55 Oak Hill Road
Beachwood Senior Center	3 Outbuildings - 55 Oak Hill Road
Community Center	Highway Garage-Rear of Water Dept.
Town Beach Snack Bar	Transfer Station-Three Buildings
Beach Facilities	Donald Downes Playground Rec Bldg
Donald Downs Playground - Pressbox	Water Department
Little Red School House	5 Water Towers
Allen Harbor (Three Buildings)	5 Booster Pumping Station (Water & Sewer)
Golf Course Facilities	3 Bay Garage
Maintenance Building	2 Prv Vault
Hazmat Building	8 Well Building
Club House	30 Reynolds Street & Garage
Wickford Public Restrooms	Signal Rock Recreation Center
Wilson Park Recreation	Main Building

(CONTINUED)

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

JUNE 30, 2004

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

(CONCLUDED)

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THE TOWN OF
NORTH KINGSTOWN, RHODE ISLAND

SINGLE AUDIT SECTION

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TOWN OF NORTH KINGSTOWN

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

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

*Denotes major program

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

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

1. General

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

2. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting.

3. Determination of Major Programs

The determination of major federal awards programs was based upon the overall level of expenditures for all federal programs for the Town of North Kingstown. As such, the threshold for determining Type A and Type B programs are defined as those with program expenditures greater than \$300,000 or 3 percent of total expenditures when the total expenditures are over \$10,000,000. The Town had two programs with expenditures greater than \$300,000. For the fiscal year ended June 30, 2004, the Title I and National School Lunch program were the major programs of the Town of North Kingstown.



PRESCOTT·CHATELLIER
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited the financial statements of the governmental activities, the business type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of North Kingstown, Rhode Island as of and for the year ended June 30, 2004, which collectively comprise The Town of North Kingstown's basic financial statements and have issued our report thereon dated November 22, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of North Kingstown's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However we noted other matters involving internal control over financial reporting that we have reported to the management of the Town of North Kingstown, Rhode Island in a separate letter dated November 22, 2004.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of North Kingstown's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

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

Russell A. Atellier, Fountain & Willinson, LLP

November 22, 2004



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

Compliance

We have audited the compliance of the Town of North Kingstown, Rhode Island with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2004. The Town of North Kingstown's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the Town of North Kingstown's management. Our responsibility is to express an opinion on the Town of North Kingstown's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal programs occurred. An audit includes examining, on a test basis, evidence about the Town of North Kingstown's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Town of North Kingstown's compliance with those requirements.

In our opinion, the Town of North Kingstown complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004.

Internal Control Over Compliance

The management of the Town of North Kingstown is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Town of North Kingstown's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

Prussott Chatelain Fontaine & Willinson, LLP

November 22, 2004

TOWN OF NORTH KINGSTOWN, RHODE ISLAND

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2004**

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expressed an unqualified opinion on the financial statements of the Town of North Kingstown.
2. No reportable conditions relating to the audit of the financial statements are reported in the Independent Auditor's report.
3. No instances of noncompliance material to the financial statements of the Town of North Kingstown were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award program were reported.
5. The auditor's report on compliance for the major federal award program for the Town of North Kingstown expresses an unqualified opinion.
6. There were no audit findings relative to the major federal award program from the Town of North Kingstown.
7. The program tested as the major programs include:

Title I.....	84.010
8. National School Lunch Program.....	10.555
9. The threshold for distinguishing Type A and B programs is described in note 3 to the Schedule of Expenditures of Federal Awards.
10. The Town of North Kingstown qualified as a low-risk auditee for the year ended June 30, 2004.

B. FINDINGS – RELATED TO THE AUDIT OF FINANCIAL STATEMENTS

None.

C. FINDINGS AND QUESTIONED COSTS RELATING TO FEDERAL AWARDS

None.

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JAMES L. TAFT
(1925-1959)

BERNARD F. MCSALLY
(1962-1978)

JEFFREY S. FLEISCHAKER *

*also admitted in Massachusetts

*also admitted in Kentucky

April 21, 2005

Town of North Kingstown
80 Boston Neck Road
North Kingstown, RI 02852

Re: Town of North Kingstown, Rhode Island \$30,360,000 General Obligation Refunding Bonds

We have examined a record of proceedings relating to the issue of \$30,360,000 General Obligation Refunding Bonds (the "Bonds") by the Town of North Kingstown, Rhode Island.

The Bonds are dated April 21, 2005. The Bonds mature on October 1 of the years and in the principal amounts, and bear interest at the respective rates, as follows:

<u>Maturity October 1,</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Maturity October 1,</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2005	\$ 350,000	3.00%	2015	\$1,380,000	4.00%
2006	1,985,000	3.00	2016	1,360,000	4.00
2007	1,955,000	3.00	2017	1,345,000	5.00
2008	1,925,000	3.25	2018	1,335,000	4.50
2009	1,895,000	3.25	2019	1,320,000	4.50
2010	1,870,000	3.50	2020	1,305,000	4.75
2011	1,840,000	3.50	2021	1,290,000	4.75
2012	920,000	3.75	2022	1,275,000	4.75
2012	500,000	4.00	2023	1,255,000	4.75
2013	1,400,000	4.00	2024	1,240,000	5.00
2014	1,390,000	5.00	2025	1,225,000	5.00

The Bonds maturing on or prior to October 1, 2015 are not subject to redemption prior to their stated dates of maturity. The Bonds maturing on or after October 1, 2016 are subject to redemption prior to their stated dates of maturity at the option of the Town, on or after October 1 2015, either in whole at any time or in part at any time, upon the terms and conditions and at the respective prices stated in such Bonds.

The Bonds are issued as fully registered bonds without coupon, and are registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York. The Depository Trust Company will act as securities depository of the Bonds. Individual purchases of Bonds will be made in book-entry form only, in the principal amount of \$5,000 and integral multiples thereof. Purchasers will not receive certificates representing their interest in the Bonds purchased.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds and we express no opinion relating thereto.

As to questions of fact material to our opinion we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

On the basis of this examination we are of opinion, as of the date hereof and under existing law:

(1) The Bonds are valid general obligations of the Town of North Kingstown and all taxable property in the Town is subject to ad valorem taxation without limitation as to rate or amount to pay the Bonds and the interest thereon.

(2) The interest on the Bonds is exempt from Rhode Island income taxes, but the Bonds and the income therefrom may be included in the measure of Rhode Island estate taxes and certain Rhode Island corporate and business taxes.

(3) The interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of computing the alternative minimum tax imposed on individuals and corporations under the Internal Revenue Code of 1986, as amended (the "Code"); it should be noted, however, that interest on the Bonds is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes). The opinions set forth in the preceding sentence are subject to the condition that the Town must comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Town has covenanted to comply with these requirements. Failure to comply with certain of these requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding any other federal tax consequences arising with respect to the Bonds.

It is to be understood that the rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

Very truly yours,



Financial Guaranty Insurance Company
125 Park Avenue
New York, NY 10017
T 212-312-3000
T 800-352-0001

Municipal Bond New Issue Insurance Policy

Issuer:	Policy Number:
	Control Number: 0010001
Bonds:	Premium:

Financial Guaranty Insurance Company (“Financial Guaranty”), a New York stock insurance company, in consideration of the payment of the premium and subject to the terms of this Policy, hereby unconditionally and irrevocably agrees to pay to U.S. Bank Trust National Association or its successor, as its agent (the “Fiscal Agent”), for the benefit of Bondholders, that portion of the principal and interest on the above-described debt obligations (the “Bonds”) which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

Financial Guaranty will make such payments to the Fiscal Agent on the date such principal or interest becomes Due for Payment or on the Business Day next following the day on which Financial Guaranty shall have received Notice of Nonpayment, whichever is later. The Fiscal Agent will disburse to the Bondholder the face amount of principal and interest which is then Due for Payment but is unpaid by reason of Nonpayment by the Issuer but only upon receipt by the Fiscal Agent, in form reasonably satisfactory to it, of (i) evidence of the Bondholder’s right to receive payment of the principal or interest Due for Payment and (ii) evidence, including any appropriate instruments of assignment, that all of the Bondholder’s rights to payment of such principal or interest Due for Payment shall thereupon vest in Financial Guaranty. Upon such disbursement, Financial Guaranty shall become the owner of the Bond, appurtenant coupon or right to payment of principal or interest on such Bond and shall be fully subrogated to all of the Bondholder’s rights thereunder, including the Bondholder’s right to payment thereof.

This Policy is non-cancellable for any reason. The premium on this Policy is not refundable for any reason, including the payment of the Bonds prior to their maturity. This Policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Bond.

As used herein, the term “Bondholder” means, as to a particular Bond, the person other than the Issuer who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof. “Due for Payment” means, when referring to the principal of a Bond, the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity and means, when referring to interest on a Bond, the stated date for payment of interest. “Nonpayment” in respect of a Bond means the failure of the Issuer to have provided sufficient funds to the paying agent for payment in full of all



Financial Guaranty Insurance Company
 125 Park Avenue
 New York, NY 10017
 T 212-312-3000
 T 800-352-0001

Municipal Bond New Issue Insurance Policy

principal and interest Due for Payment on such Bond. "Notice" means telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from a Bondholder or a paying agent for the Bonds to Financial Guaranty. "Business Day" means any day other than a Saturday, Sunday or a day on which the Fiscal Agent is authorized by law to remain closed.

In Witness Whereof, Financial Guaranty has caused this Policy to be affixed with its corporate seal and to be signed by its duly authorized officer in facsimile to become effective and binding upon Financial Guaranty by virtue of the countersignature of its duly authorized representative.

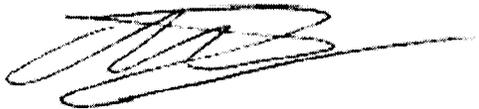


President

Effective Date:

Authorized Representative

U.S. Bank Trust National Association, acknowledges that it has agreed to perform the duties of Fiscal Agent under this Policy.



Authorized Officer



Financial Guaranty Insurance Company
 125 Park Avenue
 New York, NY 10017
 T 212-312-3000
 T 800-352-0001

Endorsement
To Financial Guaranty Insurance Company
Insurance Policy

Policy Number: _____ **Control Number:** 0010001

It is further understood that the term "Nonpayment" in respect of a Bond includes any payment of principal or interest made to a Bondholder by or on behalf of the issuer of such Bond which has been recovered from such Bondholder pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction.

NOTHING HEREIN SHALL BE CONSTRUED TO WAIVE, ALTER, REDUCE OR AMEND COVERAGE IN ANY OTHER SECTION OF THE POLICY. IF FOUND CONTRARY TO THE POLICY LANGUAGE, THE TERMS OF THIS ENDORSEMENT SUPERSEDE THE POLICY LANGUAGE.

In Witness Whereof, Financial Guaranty has caused this Endorsement to be affixed with its corporate seal and to be signed by its duly authorized officer in facsimile to become effective and binding upon Financial Guaranty by virtue of the countersignature of its duly authorized representative.



President

Effective Date:

Authorized Representative

Acknowledged as of the Effective Date written above:



Authorized Officer
U.S. Bank Trust National Association, as Fiscal Agent

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**Town of North Kingstown, Rhode Island
General Obligation Refunding Bonds
Summary of Bonds Refunded**

Series	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
1996	8/1/2006	5.100%	\$ 395,000	8/1/2005	102%
	8/1/2007	5.200	395,000	8/1/2005	102
	8/1/2008	5.300	395,000	8/1/2005	102
	8/1/2009	5.300	395,000	8/1/2005	102
	8/1/2010	5.400	395,000	8/1/2005	102
	8/1/2011	5.400	395,000	8/1/2005	102
1999	10/1/2006	5.250%	\$1,320,000	10/1/2006*	100%
	10/1/2007	5.250	1,320,000	10/1/2007*	100
	10/1/2008	5.250	1,320,000	10/1/2008*	100
	10/1/2009	5.250	1,320,000	10/1/2009*	100
	10/1/2010	5.500	1,320,000	10/1/2009	101
	10/1/2011	5.500	1,320,000	10/1/2009	101
	10/1/2012	5.625	1,320,000	10/1/2009	101
	10/1/2013	5.625	1,320,000	10/1/2009	101
	10/1/2014	5.500	1,320,000	10/1/2009	101
	10/1/2015	5.600	1,320,000	10/1/2009	101
	10/1/2016	5.600	1,320,000	10/1/2009	101
	10/1/2017	5.625	1,320,000	10/1/2009	101
	10/1/2018	5.700	1,320,000	10/1/2009	101
	10/1/2019	5.750	1,320,000	10/1/2009	101
	10/1/2020	5.800	1,320,000	10/1/2009	101
	10/1/2021	5.800	1,320,000	10/1/2009	101
10/1/2025	5.875	5,280,000	10/1/2009	101	

* Scheduled Principal Payment – Escrowed to Maturity.

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